

THE INDIAN HOTELS COMPANY LIMITED

(Incorporated as a public company on April 1, 1902 under the Indian Companies Act VI of 1882)

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

Tel No: (91 22) 66395515 **Fax No:** (91 22) 22027442

Contact Person: Mr. Dev Bajpai, Vice President (Legal) and Company Secretary; Compliance Officer

Email: shares.dept@tajhotels.com **Website:** www.tajhotels.com

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY

DRAFT LETTER OF OFFER

SIMULTANEOUS BUT UNLINKED ISSUE OF 120,570,118 EQUITY SHARES OF RE. 1 EACH AT A PREMIUM OF RS. 69 PER EQUITY SHARE AGGREGATING RS. 8,439.91 MILLION TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARES FOR EVERY 5 EQUITY SHARES HELD ON THE RECORD DATE I.E. [●] AND 60,285,059, 6% NON CONVERTIBLE DEBENTURES (“NCDs”) OF RS. 100 EACH WITH DETACHABLE WARRANTS IN THE RATIO OF 1 NCD WITH DETACHABLE WARRANT FOR EVERY 10 EQUITY SHARES HELD ON THE RECORD DATE (“ISSUE”). THE ISSUE PRICE FOR EQUITY SHARES IS 70 TIMES OF THE FACE VALUE OF THE EQUITY SHARE. TOTAL ISSUE OF EQUITY SHARES AND NCDs WITH DETACHABLE WARRANTS ASSUMING FULL CONVERSION OF DETACHABLE WARRANTS INTO EQUITY SHARES DURING THE WARRANT CONVERSION PERIOD AT WARRANT EXERCISE PRICE WOULD AGGREGATE Rs. [●] MILLION

GENERAL RISKS

Investments in equity and equity related securities involve a high degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to “Risk Factors” on page [-] of this Draft Letter of Offer before making an investment in this Issue.**

ISSUER’S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

CREDIT RATING

The NCDs with detachable Warrants being offered through this Draft Letter of Offer have been rated by: [●] as [●] (pronounced [●]) (indicating [●]) and by: [●] as [●] (pronounced [●]) (indicating [●]).

LISTING

The existing Equity Shares of the Company are listed on The Bombay Stock Exchange Limited (“BSE”) and The National Stock Exchange of India Limited (“NSE”). The Company has received “in-principle” approvals from BSE and NSE for listing the Equity Shares, NCDs and Warrants arising from this Issue vide letters dated [●] and [●] respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●].

LEAD MANAGER TO THE ISSUE



JM Financial Consultants Private Limited

141, Maker Chambers III,
Nariman Point,
Mumbai 400 021, India
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email: ihcl.rights@jmfinancial.in
Website: www.jmfinancial.in

Contact Person: Mr. Mayank Jain/ Ms. Mamta Joshi

REGISTRAR TO THE ISSUE



INTIME SPECTRUM
REGISTRY LIMITED

Intime Spectrum Registry Limited

C 13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai 400 078
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: tihcl.rights@intimespectrum.com
Website: www.intimespectrum.com

Contact Person: Ms. Awani Thakkar

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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OVERSEAS SHAREHOLDERS

The distribution of this Draft Letter of Offer and the issue of Equity Shares and Non-Convertible Debentures with a Warrant (the “Securities”) on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Securities on a rights basis to the shareholders of the Company and will dispatch the Letter of Offer and CAF to shareholders who have an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Securities may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Securities or the rights entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Securities or the rights entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a “Relevant Member State”) it has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) In any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom Restrictions

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

NO OFFER IN THE UNITED STATES

The rights and the Securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the “United States” or “U.S.”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“Regulation S”)), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Draft Letter of Offer are being offered in India, but not in the United States. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Securities or rights. Accordingly, this Draft Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time.

Neither the Company nor any person acting on behalf of the Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on behalf of the Company has reason to believe is, either a “U.S. person” (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Draft Letter of Offer, and all persons subscribing for the Securities and wishing to hold such Securities in registered form must provide an address for registration of the Securities in India. The Company is making this issue of Securities on a rights basis to shareholders of the Company and the Draft Letter of Offer and CAF will be dispatched to shareholders who have an Indian address. Any person who acquires rights and the Securities will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Securities or the rights entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations.

The Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. person” (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations; (ii) appears to the Company or its agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Securities or rights entitlement in respect of any such CAF.

The Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights entitlement may not be transferred or sold to any U.S. Person.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from the Company's non-consolidated and consolidated financial statements and has been prepared in accordance with Indian GAAP. The Company's current fiscal year commenced on April 1, 2007 and ends on March 31, 2008.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

For definitions, please see the section titled "Abbreviations and Technical Terms" on page [●] of this Draft Letter of Offer. All references to "India" contained in this Draft Letter of Offer are to the Republic of India, all references to the "US" or the "U.S." or the "USA", or the "United States" is to the United States of America, and all references to "UK" or the "U.K." are to the United Kingdom. All references to "Rupees", "INR" or "Rs." Are to Indian Rupees, the official currency of the Republic of India, all references to "USD" are to United States Dollars, the official currency of the United States of America, all references to "GBP" or "£" are to Great Britain Pounds, the official currency of the United Kingdom and all references to "EURO" or "€" are to the official currency of the European Union.

Unless stated otherwise, industry data used throughout this Draft Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified.

EXCHANGE RATES

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the rupee and the British Pound Sterling (in rupees per British Pound). The exchange rate as at September 21, 2007 was Rs.80.11 = GBP 1.00. No representation is made that the rupee amounts actually represent such British Pound amounts or could have been or could be converted into British Pounds at the rates indicated, any other rate or at all.

Rupee and British Pounds Exchange Rates

Year ended March 31	Period End	Average	High	Low
2003	74.92	74.84	79.03	69.96
2004	79.06	77.74	85.83	71.82
2005	82.09	82.95	86.08	77.94
2006	77.80	79.02	83.94	75.56
2007	85.53	85.72	88.77	77.15
Month				
January 2007	86.66	86.73	87.61	85.79
February 2007	86.96	86.51	87.01	86.00
March 2007	85.53	85.60	86.62	84.71
April 2007	82.30	83.83	85.36	81.69
May 2007	80.43	80.89	82.02	80.08
June 2007	81.63	80.98	81.81	80.21
July 2007	82.03	82.18	83.08	81.23
August 2007	82.55	82.12	82.76	81.39
Source: Reserve Bank of India				

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the rupee and the American dollar (in rupees per American Dollar). The exchange rate as at September 21, 2007 was Rs39.87. = USD 1.00. No representation is made that the rupee amounts actually represent such American dollar amounts or could have been or could be converted into American dollars at the rates indicated, any other rate or at all.

Rupee and American Dollar Exchange Rates

Year ended March 31	Period End	Average	High	Low
2003	47.47	48.40	49.05	47.47
2004	43.60	45.94	47.47	43.60
2005	43.75	44.93	46.47	43.42
2006	44.62	44.27	46.31	43.18
2007	43.47	45.25	47.00	43.05
Month				
January 2007	44.16	44.30	44.57	44.16
February 2007	44.27	44.16	44.27	44.06
March 2007	43.47	44.00	44.68	43.05
April 2007	41.19	42.19	43.29	40.88
May 2007	40.57	40.79	41.43	40.49
June 2007	40.70	40.78	41.16	40.52
July 2007	40.44	40.42	40.66	40.24
August 2007	40.96	40.82	41.57	40.36
Source: Reserve Bank of India				

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the rupee and the Australian dollar (in rupees per Australian dollar) .The exchange rate as at September 21, 2007 was Rs. 34.33 = Aust.\$ 1.00. No representation is made that the rupee amounts actually represent such Australian dollar amounts or could have been or could be converted into Australian dollar at the rates indicated, any other rate or at all.

Rupee and Australian dollar Exchange Rates

Year ended March 31	Period End	Average	High	Low
2003	28.65	27.26	29.46	25.73
2004	33.26	31.96	36.21	28.44
2005	33.73	33.25	35.68	31.07
2006	31.72	33.35	34.80	31.47
2007	35.10	34.60	35.82	31.93
Month				
January 2007	34.13	34.71	35.28	34.13
February 2007	35.07	34.51	35.07	34.12
March 2007	35.10	34.85	35.27	34.38
April 2007	34.14	34.92	35.46	33.97
May 2007	33.50	33.71	34.35	33.17
June2007	34.58	34.35	34.81	33.52
July 2007	34.52	35.03	35.67	34.52
August 2007	33.48	33.91	34.81	32.08
Source: oanda.com				

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian rupees (Rs) and the Sri Lankan rupee (SL Rs.) in Indian rupees per Sri Lankan rupee. The exchange rate as at September 21, 2007 was Rs.0.35 = SL Rs. 1.00. No representation is made that the rupee amounts actually represent such Sri Lankan rupee amounts or could have been or could be converted into Sri Lankan rupee at the rates indicated, any other rate or at all.

Rupee and Sri Lankan Rupee Exchange Rates

Year ended March 31	Period End	Average	High	Low
2003	0.49	0.50	0.51	0.49
2004	0.45	0.48	0.49	0.45
2005	0.44	0.44	0.46	0.42
2006	0.43	0.44	0.48	0.43
2007	0.40	0.43	0.47	0.40
Month				
January 2007	0.41	0.41	0.42	0.40
February 2007	0.41	0.41	0.42	0.40
March 2007	0.40	0.40	0.42	0.40
April 2007	0.39	0.39	0.42	0.37
May 2007	0.37	0.37	0.39	0.37
June2007	0.37	0.37	0.37	0.37
July 2007	0.36	0.36	0.37	0.36
August 2007	0.36	0.36	0.37	0.36
Source: oanda.com				

FORWARD LOOKING STATEMENTS

The Company has included statements in this Draft Letter of Offer which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the Company’s expectations include but are not limited to:

- General economic and business conditions in the markets in which the Company operates and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry segments in which the Company operates;
- Changes in laws and regulations relating to the industries in which the Company operates;
- The Company’s ability to meet its capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- The Company’s ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that the Company has entered or may enter, the monetary policies of India and other countries where the Company has its operations, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and other countries where the Company has its operations as well as performance of financial markets globally; and
- Any adverse outcome in legal proceedings in which the Company is involved.

For a further discussion of factors that could cause the Company’s actual results to differ, please refer to the sections titled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges requirements, the Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

ABBREVIATIONS & TECHNICAL TERMS

In this Draft Letter of Offer, all references to “Rupees”, “Rs.” Or “INR” refer to Indian Rupees, the official currency of India; references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words “Lakh” or “Lac” mean “100 thousand” and the word “million” means “10 lakh” and the word “crore” means “10 million” or “100 lakhs” and the word “billion” means “1,000 million” or “100 crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

DEFINITIONS

Term	Description
“the Company”	The Indian Hotels Company Limited, a public limited company incorporated under the provisions of the Indian Companies Act, 1882 having its registered office at Mandlik House, Mandlik Road Mumbai 400 001, Maharashtra, India.
“IHCL”	The Indian Hotels Company Limited on a stand alone basis, excluding its subsidiaries and associates.
“Taj Group”	The Indian Hotels Company Limited along with its subsidiaries, joint venture companies and associate companies.

COMPANY/ISSUE RELATED TERMS

Term	Description
Articles/Articles of Association	means articles of association of the Company
Auditors	means the statutory auditors of the Company: Messrs S.B. Bilimoria & Co. and Messrs N.M. Rajji & Co.
Board / Board of Directors	means the Board of Directors of the Company
Bankers to the Issue	means [□], [□] and [□].
Chairman	means Mr. Ratan N. Tata, a resident of India
Consolidated Certificate	means in case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio
Conversion Period	the period commencing from the date of allotment and concluding not later than 12 months thereafter
Conversion Price	[●]
Designated Stock Exchange	means [●]
Draft Letter of Offer	means this Draft Letter of Offer dated [●] filed with SEBI for its comments
Equity Share(s) or Share(s)	means the Ordinary Share(s) of the Company having a face value of Re. 1 unless otherwise specified in the context thereof
Equity Shareholder	means a holder of Equity Shares
Financial Year/Fiscal/FY	means any period of twelve months ended March 31 of that particular year, unless otherwise stated
Issue	means the simultaneous but unlinked issue of 120,570,118 Equity Shares of Re. 1 each at a premium of Rs. 69 per Equity Share aggregating Rs. 8,439.91 million to the Equity Shareholders on rights basis in the ratio of 1 Equity Share for every 5 Equity Shares held on the Record Date i.e. [●] and 6% 60,285,054 NCDs of Rs. 100 each with detachable Warrants in

Term	Description
	the ratio of 1 NCD with detachable Warrant for every 10 Equity Shares held on the Record Date [●].
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	Rs. 70 per Equity Share Rs. 100 per NCD with detachable Warrant
Investor(s)	shall mean the holder(s) of Equity Shares of the Company on the Record Date, i.e. [●] and Renounees
Khoka Buy Back Scheme	For the benefit of the prospective applicants in the Issue, the Company along with JM Financial Consultants Private Limited, the Lead Manager to the Issue, has finalised arrangements for sale by the applicants, if they so wish of the NCDs. This arrangement for the buy back of the NCDs is referred to as Khokha Buy Back Scheme
Lead Manager	shall refer to JM Financial Consultants Private Limited
Letter of Offer	means the letter of offer to be filed with the Stock Exchanges after incorporating SEBI comments on this Draft Letter of Offer
Memorandum/Memorandum of Association	means the memorandum of association of the Company
Promoter	means Tata Sons Limited
Record Date	[●]
Registrar to the Issue or Registrar	means Intime Spectrum Registry Limited
Renounees	shall mean any persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	means the number of Equity Shares and NCDs with detachable Warrants that a shareholder is entitled to in proportion to his/ her shareholding in the Company as on the Record Date
Stock Exchange(s)	shall refer to the BSE and NSE where the Equity Shares of the Company are presently listed
Warrant Exercise Period	means a period not later than 12 months from the date of Allotment
Warrant Exercise Price	Rs. [●]
Tata Group	means the Tata Group of companies

CONVENTIONAL/GENERAL TERMS

Term	Description
Act / Companies Act	means the Companies Act, 1956 and amendments thereto
BPO	means business process outsourcing
Cenvat	means the Central Value Added Tax
CESTAT	means the Customs, Excise, Service Tax Appellate Tribunal
CLRA	means the Contract Labour (Regulation and Abolition Act), 1970 and amendments thereto
Competition Act	means the Competition Act, 2002 and amendments thereto
Criminal Procedure Code	means the Criminal Procedure Code, 1973 and amendments thereto
Depositories Act	means the Depositories Act, 1996 and amendments thereto
EPS	means the earnings per share

Term	Description
ESI	means employees state insurance
GDR	means global depository receipts
IT Act	means the Income Tax Act, 1961 and amendments thereto
Indian GAAP	means the generally accepted accounting principles in India
Industrial Policy	means the industrial policy and guidelines issued thereunder by the Ministry of Industry, Government of India, from time to time
IPC	means the Indian Penal Code, 1860 and amendments thereto
Modvat	means the Modified Value Added Tax
NAV	means net asset value
NRE Account	means a Non-Resident External Account
NRO Account	means a Non-Resident Ordinary Account
PAT	means profit after tax
SEBI Act, 1992	means the Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI DIP Guidelines	means the SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 19, 2000 read with amendments issued subsequent to that date
SIA	means the Secretariat of Industrial Assistance
SICA	means the Sick Industrial Companies (Special Provisions) Act, 1985
Securities Act	means the United States Securities Act of 1933, as amended
Takeover Code	means the SEBI (Substantial Acquisition Of Shares and Takeovers) Regulations, 1997 and amendments thereto
Wealth-Tax Act	means the Wealth-Tax Act, 1957 and amendments thereto

INDUSTRY RELATED TERMS

Term	Description
ARR	Average Room Rate for a given day is calculated by dividing the room revenue for the day by the number of sold rooms on that day and the Average Room Rate for a period is calculated by dividing the room revenue for the period by the total number of sold rooms for the period.
F&B	Food and Beverage
HRACC	Hotel Restaurant Approval and Classification Committee
ITDC	Indian Tourism Development Corporation
MICE	Meetings, Incentives, Conventions and Events
Occupancy Percentage (%)	Total number of sold rooms for the period divided by the total number of rooms available for the period
RevPAR	Revenue per Available Room for a period is calculated by dividing the room revenue for the period by the total number of available rooms for the period.
T&T	Travel and Tourism
WTTC	World Travel and Tourism Council

ABBREVIATIONS

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India
AUD	Australian Dollar
Bn	Billion
BSE	The Bombay Stock Exchange Limited
CAF	Composite Application Form
CDSL	Central Depository Services (India) Limited
CSO	Central Statistical Organisation
DP	Depository Participant
DSA	Direct Selling Agents
DSE	Designated Stock Exchange
EGM	Extraordinary General Meeting
FCCB	Foreign Currency Convertible Bonds
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FERA	Foreign Exchange Regulation Act, 1973
FI	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
GDP	Gross Domestic Product
GOI	Government of India
HUF	Hindu Undivided Family
HP	Horsepower
IC	Investment Company
IRR	Internal Rates of Return
ITAT	Income Tax Appellate Tribunal
LPG	Liquefied Petroleum Gas
KM	Kilometre
Mn	Million
MoU	Memorandum of Understanding
NCD	Non-Convertible Debentures
NR	Non Resident
NRI(s)	Non Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
RBI	The Reserve Bank of India
ROC	Registrar of Companies, State of Maharashtra, located at Everest House, Marine Lines, Mumbai 400 020
SAARC	South Asian Association for Regional Co-operation
SATS	Singapore Airport Terminal Services

Term	Description
SCB	Scheduled Commercial Banks
SCN	Show cause notice
SEBI	Securities and Exchange Board of India
SLR	Sri Lankan Rupee
STT	Securities Transaction Tax
UTI	Unit Trust of India
USD	United States Dollar

RISK FACTORS

The risks described below together with the other information contained in this Draft Letter of Offer should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the Company, the Group or investments in securities of Indian issuers. Additional risks not presently known to the Company or that it currently deems immaterial may also impair the Group's business operations. The Group's business, financial condition or results of operations could be materially adversely affected by any of these risks.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

Risks Associated with the Taj Group's Business

1. There is outstanding litigation against the Company, its directors, subsidiaries, joint venture companies and group companies which may adversely affect our results of operations.

There are legal proceedings, at different levels of adjudication pending against our Group, which are incidental to our business and operations. Should any new developments in Indian law or unfavorable rulings against the Company by appellate courts or tribunals occur, the Company may need to make provisions in its financial statements in response to such changes in law or rulings, which could adversely impact its business results. Furthermore, if significant claims are determined against the Company and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on the Company's business and profitability. The details of litigation against the Company are set forth below:

Litigation against the Company

- There are six cases pending against the Company under Prevention of Food Adulteration Act before various courts and authorities.
- There are three cases pending against the Company under the Standard of Weights and Measures Act before various courts.
- One case is currently pending against an employee of the Company under the Monopolies and Restrictive Trade Practices Act.
- One criminal case has been filed against the Company under the Noise Pollution Act.
- There are nine consumer cases filed against the Company for amount aggregating approximately Rs. 14.4 million before various courts and consumer fora.
- There are ten civil cases filed against the Company for an amount aggregating approximately Rs. 10.8 million before various courts and tribunals.
- The Company is involved in two arbitration proceedings for an amount aggregating approximately Rs. 172 million.
- There are seven property related cases which have been filed against the Company and are pending before various courts.
- There are various demands pending, against the Company, before NDMC relating to property tax aggregating to approximately Rs. 425.4 million.
- There are three stamp duty proceedings pending against the Company for an amount aggregating approximately Rs. 143.2 million before various courts.
- There are 103 labor related cases filed against the Company before various courts and tribunals.

- One appeal has been filed against the Company before the Motor Accident Claims Tribunal.
- Three cases have been filed against IHCL and/or its employees in the Chief Metropolitan Magistrates Court, Esplanade, Mumbai under various sections of IPC and FERA. The cases are currently pending.
- Forty-Six show cause notices have been issued against the Company and its affiliates under the erstwhile FERA in respect of exchange control violations alleged to have been committed by it.

Litigation by the Company

- The Company has filed Twenty-Six criminal cases involving an amount aggregating approximately Rs. 13.07 million.
- The Company has filed Twenty-Six civil appeals, writ petitions or civil suits involving an amount aggregating approximately Rs. 7.8 million.
- The Company has filed Four cases relating to property matters before various courts and authorities.
- The Company has filed approximately Forty-Nine cases challenging tax assessments for amounts aggregating approximately Rs. 552.11 million.
- The company has filed one appeal in a labor related matter involving an amount aggregating Rs. 1.78 million.

Litigation involving Directors

- One case has been filed against Mr. Ratan N. Tata (Chairman) and others in the High Court, Delhi involving an amount of Rs. 10 million.
- Five criminal cases have been filed against Mr. Ratan N. Tata (Chairman) before various criminal courts and authorities for reasons which include deficiency of services provided, defective product supplied or for over-charging of services.
- Seven consumer complaints have been filed against Mr. Ratan N. Tata (Chairman) before various consumer dispute fora for amount aggregating Rs. 1.07 million.
- Three different cases have been filed against Mr. R. K. Krishna Kumar in his capacity as managing director and the Company in various courts involving an aggregate amount of Rs. 10.05 million.
- Ten show cause notice have been issued to the Company and other officials including Mr. R. K. Krishna Kumar for alleged breaches of FERA, 1973 by the Enforcement Directorate for various issues including misinforming RBI with respect to information relating to a fees of USD 1.75 million received by IHCL, payment of USD 1 million without RBI's permission, not repatriating dues within the prescribed time period, failure to take permission from RBI regarding casino operations at Hotel Annapurna, waiving the right to receive an amount of Nepali Rupee 4.01 million without any permission from RBI etc.
- Six different cases have been filed against Mr. N. A. Soonawala in his capacity as director of Tata Motors Limited relating to matters which include labour issues, consumer disputes and offences under the Negotiable Instruments Act and IPC.

Litigation involving subsidiaries and joint ventures

- Two cases have been filed against the United Hotels Limited involving an amount aggregating approximately Rs. 0.2 million.
- Fifteen cases have been filed by the United Hotels Limited for amounts aggregating approximately Rs. 1.37 million.
- Two cases have been filed by Taj SATS Air Catering Limited for amount aggregating approximately Rs. 5.33 million.

- One civil case has been filed against Roots Corporation Limited for injunction in relation to property at Varanasi.
- Seven cases and one show cause notice are pending against Residency Foods and Beverages Limited in relation to various claims for amounts aggregating approximately Rs. 87.65 million.
- Two cases have been filed by Residency Foods and Beverages Limited for an amount aggregating approximately Rs. 46 million.
- Three cases have been filed against Innovative Foods Limited involving amounts aggregating approximately Rs. 2.2 million.
- Five cases have been filed against Taj GVK Hotels and Resorts Private Limited involving amounts aggregating approximately Rs. 13.8 million.
- Two cases have been filed against Taj Madras Flight Kitchen Private Limited involving amount aggregating approximately Rs. 2.01 million.

2. *Acquisition of companies organised outside India by the Company depends on the approval of the Government of India and/or the RBI and failure to obtain this approval could negatively impact the Company's business and expansion plans.*

The RBI has under current regulations granted general permission to the acquisitions of companies outside of India without its prior approval within certain specified limits. However, the Company is required to take prior approval from the RBI in accordance with RBI Guidelines for any foreign investment to be made by the Company, due to certain show cause notices which have been issued to the Company and its affiliates for alleged exchange control violations, which is pending adjudication. For further details, please see the section on "Litigation against the Company – Outstanding Litigation and Material Developments" on page [●] of this Draft Letter of Offer. Since, prior approval from the RBI and/or the MOF is required, the same is discretionary and there can be no assurance that such approval will be obtained in a timely manner or at all.

3. *General economic conditions could have a significant adverse effect on the Taj Group's financial results.*

The hotel business is cyclical and sensitive to changes in the economy in general. The hotel sector may be unfavorably affected by such factors as changes in the global and domestic economies, changes in local market conditions, excess hotel supply or reduced international or local demand for hotel rooms and associated services, competition in the industry, changes in interest rates, the availability of finance and other natural and social factors. Since demand for hotels is affected by world economic growth, a global recession could also lead to a downturn in the hotel industry and affect the Group's results of operations.

4. *The Taj Group is subject to risks associated with the domestic, regional and international property markets.*

The Taj Group's operations involve participation in the hotel and serviced apartment property market. As a participant in such market, the Taj Group may be unfavorably affected by factors such as a change in the domestic and regional economic situation in the countries where a hotel property is located, changes in the home countries of tourists staying at hotels, changes in the situation of the local markets where hotels are situated, such as a surplus of hotel rooms, a reduction in local demand for rooms as well as the related services, or increased competition in the sector. In addition, the Taj Taj Group may be adversely affected by factors specific to property markets, such as changes in interest rates, availability of financing sources, the general cost of land and buildings, legislation in the construction industry and hotel location requirements.

5. *The Taj Group's operations may be adversely affected by shortage of skilled labor or if relations with employees were to deteriorate.*

The Taj Group's operations rely heavily on employees and on the employees' ability to provide high-quality personal service to guests. Shortage of skilled labour or stoppage caused by disagreements with employees could adversely affect the Taj Group's ability to provide these services and could lead to reduced occupancy or potentially damage the reputation of the Taj Group. If we are not able to hire and retain qualified personnel, our ability to expand our business will be impaired. We believe there is significant competition for skilled labour in our industry and we compete for such employees with companies in the other service industries.

Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. In addition, the Taj Group relies heavily on certain key employees — see “Directors, Management and Employees — Senior Management”. If these particular employees should cease to be employed by the Taj Group, this could adversely affect the Taj Group's operations.

6. *International expansion plans are subject to risks inherent in doing business on an international level.*

Currently, the Taj Group has operations in 10 countries around the world. The majority of these operations are located in India. The Taj Group has been expanding internationally and currently has presence in international gateway cities such as New York, San Francisco, and Sydney. The Taj Group plans to extend its presence in other key international destinations. Given the Taj Group's relatively limited experience with facilities outside of India, it is subject to additional risks related to its international expansion strategy, including risks related to complying with a wide variety of national and local laws and multiple and possible overlapping tax structures. In addition, the Taj Group may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. The Taj Group may also face difficulties integrating new facilities in different countries into the existing operations, as well as integrating employees that are hired in different countries into the Taj Group's existing corporate culture.

7. *The hotel industry is significantly affected by external factors.*

As is typical in the hotel industry, the Taj Group's results have been and will continue to be significantly affected by external factors that are outside the Taj Group's control such as political unrest, the conflict in Iraq and SARS, which may affect the level of travel and business activity.

In the past, the Indo-Pakistan border tension, communal riots in Gujarat, the attack on the Indian Parliament and the subsequent travel advisories issued by western nations have affected the hotel industry in India. Terrorist attacks (such as the attacks of 11 September 2001 in the United States, the bomb blasts in Mumbai in 2003 and recent attacks in London), the threat of terrorist attacks and other acts of violence or war also have a direct impact on international travel and may have an adverse impact on the Taj Group's ability to attract international guests. Terrorist threats, attacks or war could make travel more difficult and delay, postpone or cancel decisions to use the services offered by the Taj Group.

Other factors include potential negative changes in travel patterns, government regulation and foreign exchange fluctuations. The Taj Group is also subject to the risk of loss of revenues and assets due to fire or natural disasters. The occurrence of such disasters could interrupt the business of such hotels for significant periods. Although there is insurance coverage in place, the insurance coverage may not be adequate to cover all types of risks or the entire quantum of loss.

There can be no guarantee that economic recession or a situation of prolonged difficulties in the hotel industry, tourism industry, or in international, national and local economies, will not have an adverse effect on the Taj Group.

8. *The Taj Group's acquisition, expansion and development strategy may be less successful than expected.*

The Taj Group intends to increase revenues and profit margins by increasing the number of hotels under management through acquisition of new properties, the expansion of existing properties and the securing of new management agreements. The Taj Group also intends to enter into strategic partnerships for development of new services and/or products within the hospitality sector. The Taj Group's ability to successfully pursue new growth opportunities will depend on its ability to identify appropriate management opportunities and properties suitable for acquisition and expansion, to negotiate management or construction contracts or purchases on satisfactory terms, to obtain the necessary financing and permits and to integrate new management contracts or properties into its operations.

9. *The Taj Group is subject to all of the operating risks common in the hotel industry.*

The Taj Group's results are affected by occupancy and room rates achieved by its hotels, its ability to manage costs (including increases in employee wages), the relative mix of owned, leased and managed properties, the success of its food and beverage operations and the change in the number of available hotel rooms through acquisition, development and disposition. Additionally, the Taj Group's ability to manage costs could be adversely impacted by increases in energy, healthcare, insurance and other operating expenses, resulting in lower operating margins. Increases in transportation and fuel costs for sustained periods in India and internationally could also unfavourably impact future results. In addition, the Taj Group's properties use significant amounts of electricity, natural gas and other forms of energy. While no shortages of energy have been experienced, substantial increases in the cost of energy in India could negatively impact the Taj Group's operating results. Similarly, the Taj Group is dependent on its IT information systems and electronic booking/reservation system which, were they to fail, could adversely affect occupancy levels.

The Taj Group's business depends greatly on its properties and infrastructure. In recent years, the Taj Group has renovated several of its key hotels and properties to upgrade its ageing hotels and thereby enhance its brand image. This is an on-going project under which the Taj Group plans to extensively renovate and upgrade several of its key properties which involves significant capital expenditure. In addition, maintenance of the Taj Group's properties to a sufficiently high standard involves significant expenditure due to high maintenance and development costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Quarterly revenues and cash flows in the hotel industry are affected by seasonality depending on the location and category of hotels. In particular, the first half of the Company's fiscal year includes India's summer and monsoon seasons and international travelers to, and domestic travelers in, India are substantially fewer than in the second half of the year. This seasonality has been mitigated to some degree as business travel, which is less sensitive to seasonal variations than tourist travel, accounts for a larger share of travel to India. However, the international operations of the Taj Group are subject to seasonal variations in different parts of the world.

10. *Increased competition in the hotel sector may adversely affect the operations of the Taj Group's hotels.*

Hotels owned, managed or operated by the Taj Group compete for guests with other hotels in a highly competitive industry. The success of a hotel in its market, in large part, will be dependent upon its ability to compete in areas such as room rates, quality of accommodation, brand recognition, service level, convenience of location and, to a lesser extent, the quality and scope of other amenities, including food and beverage facilities. Hotels will compete with existing hotel facilities in their geographic markets, as well as future hotel facilities that may be developed in proximity to the existing hotels. The hotels owned, managed or operated by the Taj Group are generally located in areas that contain numerous competitors. Demographic, geographic or other changes in one or more of the Taj Group's markets could impact the



convenience or desirability of the sites of certain hotels, which would adversely affect the operations of those hotels.

Historically the large multinational hotel chains have had little or no presence in India. In the past few years, big international hotel chains such as Hyatt, Hilton, JW Marriott, Four Seasons and Shangri-La have established their presence in India, mainly through management and/or marketing arrangements. With increased international presence and strategy of growing further internationally, the Taj Group faces competition from hotel facilities in such geographic markets, including the big international hotel chains. The major international hotel chains such as those mentioned above have some competitive advantages over the Taj Group due to their global spread of operations, greater brand recognition and greater marketing and distribution networks.

There can be no assurance that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or significantly expand or improve facilities in a market in which the Taj Group operates.

11. *Increased competition from other Asian destinations.*

South East Asia and the Asia Pacific region have become the focus of major international hotel chains and have developed significantly in recent years as popular tourist destinations. India, as a tourist destination, will face competition from such other tourist destinations and certain destinations in which the Taj Group operates may become less attractive to tourists. In the aftermath of the SARS epidemic, as business and trade has begun to improve with other regions of South Asia, the foreign business inflow to India may be affected.

12. *Revenues are largely from the Taj Luxury Hotels.*

In the fiscal year ended 31 March 2007, approximately 70% of the Company's revenues were derived from the Taj Luxury Hotels. Of this, 86% comes from five key luxury hotels. See "Business". Adverse developments affecting these hotels or the cities in which they operate could have a materially adverse effect on the Taj Group.

13. *The Taj Group's revenues include revenues from hotel management contracts, license agreements and properties situated on leasehold land.*

Part of the Taj Group's business is based on hotel management contracts for properties which the Taj Group does not own. These contracts are based on the management of hotels owned by third parties. Such contracts may not be renewed when they expire and in some events can be terminated prior to their expiration. For example, certain of the Company's management contracts are subject to economic performance tests that, if not met or remedied, could allow a management contract to be terminated by the owner prior to the expiration of its term. Failure to maintain the standards specified in the management contract or to meet the other terms and conditions of a management contract could also result in the termination of a management contract. These management contracts expose the Taj Group to the risk of disputes with the relevant property owners.

The Taj Group has entered into lease and license agreements in respect of certain properties including the properties of its four key luxury hotels, which agreements generally extend for a long period. Such agreements may not be renewed when they expire and in some events can be terminated prior to their expiration. Moreover, since the lease and license arrangements are subject to renewal from time to time on mutually agreeable terms, there may be an increase in license fees and lease rentals.

- 14. *The Taj Group's ability to exercise management control over its joint ventures is often dependent upon the consent of other participants who are not under the control of the Taj Group. Disagreements or unfavorable terms in the agreements governing those joint ventures could adversely affect the Taj Group's operations.***

The Company currently participates in seven joint venture arrangements. Its level of participation in each joint venture differs and it does not have a controlling interest in some operations. Sometimes, the Company's ability to withdraw funds, including dividends, from its participation in, and to exercise management control over, joint ventures and investments therein depends on receiving the consent of its joint venture partners. While the precise terms of the arrangements vary, the Taj Group's operations may be affected if disagreements develop with joint venture partners.

- 15. *The Taj Group's ability to receive funds from its joint ventures and associated companies is outside the control of the Taj Group.***

The Company relies upon dividends and other payments from its joint ventures and associated companies to generate the funds necessary to meet its obligations, including its obligations under the Bonds. The joint ventures and associated companies are legally distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations, or to make funds available for such payments. The joint ventures and associated companies do not guarantee the Company's obligations. The ability of the joint ventures and associated companies to make such payments to the Company will be subject to, among other things, the availability of funds, the terms of each joint venture's and each associated company's indebtedness and applicable local laws.

- 16. *Terms and conditions of borrowings of the Taj Group are restrictive.***

Certain of the Taj Group's loan agreements and other debt arrangements, including guarantees, require the Company to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing management, merger, consolidation or sale of assets, creating subsidiaries or making certain investments, and certain financial covenants may limit the Taj Group's ability to borrow additional money or to incur additional liens. The Taj Group has been able in the past to obtain required lender consents for desired actions, but there can be no assurance that such consents will be obtained in the future. Further, the Taj Group is exposed to interest rate and currency risks with respect to certain borrowings.

It is common for the terms of loan agreements in India, upon any default, to allow the lenders the right to nominate directors on the board of the borrower. The Company or any member of the Taj Group may, in the future, enter into loan agreements on these terms.

- 17. *Capital Commitments to Subsidiaries, Joint Ventures and Associates.***

The Company has made and continues to make significant capital investments, loans, advances and other commitments to support certain of its subsidiaries, joint ventures and associates. These investments and commitments have included capital contributions to enhance the financial condition or liquidity position of its subsidiaries and associates. The Company may make capital expenditures in the future, which may be financed through additional debt, including through debt of subsidiaries, joint ventures or associates. If the business and operations of these subsidiaries and associates deteriorate, the Company's investments may be required to be written down or written off. Additionally, certain loans and advances may not be repaid or may need to be restructured or the Company may be required to outlay further capital under its commitments to support such companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations".

- 18. *The Company's leverage may impair its ability to obtain financing.***

As of March 31, 2007, the Company had Rs. 9,439.40 million of total debt on a non-consolidated basis and Rs. 20,551.40 million of total debt on a consolidated basis. The agreements in respect of some of the debt contain certain covenants including maintenance of financial ratios, compliance reporting requirements and

other restrictions which may significantly limit the Company's ability to borrow additional money, make capital expenditure and investments, merge or incur additional liens. The Company may, in the future, be required to refinance this debt. However, its ability to complete a refinancing of its debt is subject to a number of conditions, many of them beyond the control of the Company such as disruptions in the financial markets because of terrorist attacks or other economic conditions. This may impair the Company's ability to access the financial markets. In addition, as a result of its high leverage, the Company is subject to a number of risks associated with debt financing, including the risk that cash flow from operations will be insufficient to meet required payments of principal and interest; the risk that, to the extent that it maintains floating rate indebtedness, interest rates will fluctuate; and the risk that it may not be possible to obtain refinancing on favourable terms when required. Although the Company anticipates that it will be able to repay or refinance existing debt, and any other indebtedness when it matures, there can be no assurance that it will be able to do so.

19. *Access to funding for expansion of the Taj Group's business may be limited.*

The acquisition and expansion of hotels, in addition to the ongoing renovations, refurbishments and improvements required to maintain or upgrade existing properties, are capital intensive. Such costs are funded from operating cash flow and financing. The availability of future borrowings and access to the capital markets for financing depends on prevailing market conditions and the acceptability of the financing terms offered. The Company cannot ensure that future financings will be available, or available on acceptable terms, or in an amount sufficient to fund its needs.

20. *Lack of adequate trade mark rights in the brand name "Taj" may adversely affect the Taj Group's ability to market its business effectively.*

The Company has been running its hotels and hospitality business under the brand name "Taj" and "Taj Hotels, Resorts & Palaces" for several years. The brand name "Taj" has acquired considerable goodwill by a long and uninterrupted usage. The Company has obtained registration for these brands in India in various classes, such as Classes 9, 16, 27, 32 and 35. The registration in Class 42, being a service marks class, is currently pending. The Company has also obtained registration of these brands outside India, including Australia, the EU, France, Germany, Thailand, the UK, Maldives and Mauritius.

Due to the generic nature of the brand name "Taj", there can be no assurance that a competitor could not open a competing business using the name "Taj" resulting in the dilution of the value of the brand or that others may use the name "Taj" and negatively affect its value.

21. *The hotel industry is subject to significant regulation.*

The Taj Group is subject to numerous laws and regulations in all of the jurisdictions in which it operates, including those relating to the preparation and sale of food and beverages, such as health and liquor licensing laws. The Taj Group's properties are also subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Furthermore, the success of the Taj Group's strategy to expand its existing properties, acquire new properties or to open newly-constructed properties is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits, environmental, health and safety permits and liquor licences. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing licence.

22. *Benefits and incentives enjoyed by the hotel industry in India may not continue.*

There are certain incentives and concessions granted or provided by the Government of India that are currently being enjoyed by the hotel industry. There is no guarantee that such incentives or concessions will continue or will not be withdrawn by the Government of India in the future. See "Industry Overview".

23. Our contingent liabilities could adversely affect our financial condition.

The following table sets forth the Taj Group's and the Company's contingent liabilities as at March 31, 2005, 2006 and 2007. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

(Rs .in million)

Particulars	As at March 31,		
	2005	2006	2007
The Taj Group			
Income Tax	965	959	942
Luxury Tax	5	9	14
Entertainment Tax	41	2	5
Sales Tax	33	42	52
Property Tax	221	116	41
Other Contingencies	80	103	193
Guarantees given	814	812	1708
Claims not acknowledged as debts	127	160	225
Total	2,286	2,203	3,180
The Company			
Income Tax	923	918	935
Luxury Tax	4	6	10
Entertainment Tax	41	2	5
Sales Tax	32	41	23
Property Tax	194	90	15
License Fee	0	9	14
Stamp Duty	0	23	23
Other Contingencies	49	42	51
Guarantees given	802	802	1579
Claims not acknowledged as debt	123	159	172
Total	2,168	2,092	2,827

24. We have entered into, and will continue to enter into, related party transactions.

In the ordinary course of our business, we enter into transactions with related parties that include our Promoters and Promoter Group entities. For more information regarding our related party transactions, see the section titled "Related Party Transactions" on page [●] of this Draft Letter of Offer. Further, our business is expected to involve transactions with such related parties in the future.

25. Some of our Promoter Group companies have incurred losses.

Some of our Promoter Group entities have incurred losses within the last three fiscal years. Please see "Promoter and Promoter Group" for further information

Risks Associated with India

26. *Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets on which the Equity Shares trade. These acts may result in a loss of business confidence, make travel and other services more difficult and have other consequences that could have an adverse effect on our business. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Company's Equity Shares.

In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the market price of the Equity Shares and the Bonds.

27. *Natural disasters in India could have a negative impact on the Indian economy and cause the Company's business to suffer*

India has experienced significant natural disasters in recent years such as earthquakes, tsunami, flooding and drought, for example the heavy floods in Mumbai in mid-2005. The extent, location and severity of these natural disasters determines their impact on the Indian economy and our business. Further natural disasters could reduce economic activity in India generally, and adversely affect our business. Although constructed and maintained to withstand certain natural events, the Company's hotels may experience substantial damage, affecting its business adversely.

28. *Political, economic and social changes in India could adversely affect our business.*

The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of the Company's shares, may be affected by changes in the GoI's policies, including taxation. Social, political, economic or other developments in or affecting India could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms including significantly relaxing restrictions on the private sector. The current Government is a coalition of several parties, including parties that are part of the Left Front, and the withdrawal of support by any party could result in general elections and the formation of a new Government. The rate of economic liberalisation could change, and specific laws and policies affecting infrastructure projects, foreign investment and other matters affecting investment in the Company's Equity Shares could change as well. In addition, any political instability in India may adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of the Company's Equity Shares.

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards infrastructure, which may in turn adversely affect our financial performance and our ability to implement our strategy and increase our participation in the infrastructure sector.

29. *The Company's business is substantially affected by prevailing economic conditions in India*

The Company is incorporated in India, and the majority of its assets and employees are located in India. As a result, the Company is highly dependent on prevailing economic conditions in India and its results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely

affect the Indian economy, and hence the Company's results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of the Company's hotel developments;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its hotel industry.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact the Company's business, financial performance and results of operations.

30. *The Company's ability to freely raise foreign currency denominated debt outside India may be constrained by Indian law.*

While the Company is eligible for automatic approval of foreign direct equity investment by the Government, at present, the Company is required to obtain regulatory approvals to raise foreign currency denominated indebtedness outside India. The need to obtain such regulatory approval for future indebtedness, if any, could limit the Company's ability to raise funds necessary for the Company to grow its business, including to modernize its facilities and make strategic acquisitions. No assurance can be given that any required approvals will be obtained in a timely manner, or at all.

31. *Investors may have difficulty enforcing foreign judgments against the Company or its management.*

The Company is a limited liability company incorporated under the laws of India. Substantially all of the Company's Directors and executive officers and some of the experts named herein are residents of India and a substantial portion of the assets of the Company and of such persons are located in India. As a result, it may not be possible for investors to effect service of process upon the Company or such persons outside India or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 of India (as amended) (the "Code") on a statutory basis. Section 13 and Section 44A of the Code provide that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Code provides that where a foreign judgment has been rendered by a superior court within the meaning of that section in any country or territory outside India which the Government of India has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty.

The United Kingdom has been declared by the Government of India to be a reciprocating territory but the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

32. *Devaluation, depreciation or appreciation of the Rupee against other currencies may affect the Taj Group's financial results and may influence the destinations visited by leisure travelers.*

The Taj Group owns, manages and operates hotels in various countries and receives payments either directly in the respective local currencies, Rupees, U.S. dollars, Pounds Sterling or in Euros, depending on the existing exchange rates at the time. Changes in the value of currencies with respect to the Rupee may cause fluctuations in the Taj Group's operating results expressed in Rupees, and a possible depreciation of the aforementioned currencies with respect to the Rupee may have an unfavorable impact on such results. Appreciation of the Rupee could also affect realizations in other currencies as it may not always be possible for prices (quoted in foreign currencies) to be revised upward to compensate for Rupee appreciation. In the course of normal business, the Taj Group may cover foreign exchange risks using standard market instruments. Furthermore, the revenues of resort hotels operated by the Taj Group are subject to changes in exchange rates to the extent that one of the factors that influences the choice of destination by leisure travelers is the strength of their local currency with respect to the currency of their destination, making certain destinations more attractive when this relation is favorable to the traveler.

33. *A third party could be prevented from acquiring control of the Company because of the anti-takeover provisions under Indian law.*

There are provisions in Indian law that may discourage a third party from attempting to take control of the Company, even if a change in control would result in the purchase of the Company's Equity Shares at a premium to the market price or would otherwise be beneficial to the Company's Shareholders. Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 15% or more of the Company's voting Equity Shares must make an open offer to acquire at least another 20% of the Company's outstanding voting Equity Shares. A takeover offer to acquire at least another 20% of the Company's outstanding voting Equity Shares also must be made if a person (either on its own or together with parties acting in concert with it) holding between 15% and 55% of the Company's voting Equity Shares has entered into an agreement to acquire or decided to acquire additional voting Equity Shares in any financial year that exceed 5% of the Company's voting Equity Shares. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control.

34. *Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the Company's financial results and business prospects, ability to obtain financing for capital expenditures and the price of the Equity Shares.

35. *The Competition Act, 2002, by regulating the Company's business and activities, may materially and adversely affect the Company's results of operations and financial condition*

The Indian Government enacted the Competition Act, 2002 for the purpose of preventing practices that could have an adverse effect on competition. Except for certain provisions, the Competition Act has not yet come into force. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and will be subject to substantial penalties. Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, or creates market sharing by way of geographical area or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear how the Competition Act will affect industries in India and the Company's business. Consequently, the Company cannot assure prospective investors that enforcement under the Competition Act will not have a material adverse effect on its results of operations and financial condition.

Risks Associated with the Bonds and the Shares

36. *Rights to receive payment on the Bonds are subordinated to the Company's secured indebtedness and structurally subordinated to the indebtedness and liabilities of the Company's subsidiaries, associated companies and joint ventures.*

Substantially all of the Taj Group's properties are being used to secure the Taj Group's debt. As at 31 March 2007 the Company's consolidated long-term secured debt was Rs. 17,015.60 million. The Bonds will be effectively subordinated to any of the Taj Group's secured obligations with respect to the assets that secure such obligations. The terms of the Bonds do not prevent any member of the Taj Group from incurring additional debt and the Company's subsidiaries, associates and joint ventures are generally permitted to secure their indebtedness. In addition, the Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and obligations of the Company's subsidiaries, associated companies and joint ventures. Claims of creditors of such entities will have priority over the assets of such entities over the Company and its creditors, including Bondholders.

37. *An active market for the Bonds may not develop, which may cause the price of the bonds to fall.*

The Bonds are a new issue of securities for which there is currently no trading market. No assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the Bonds. The Company has no obligation to make a market in the Bonds. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that the markets for the Bonds, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the Bonds.

38. *The market value of the Bonds and the Shares may fluctuate due to the volatility of the Indian securities market.*

The Indian securities markets may be more volatile than the securities markets in certain countries. The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities.

The Indian Stock Exchanges (including the BSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Bonds and the Shares. These problems have included broker defaults and settlement delays. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

There is a lower level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants than in certain countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibility for improving disclosure and other regulatory standards for the Indian securities markets. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider trading and other matters relevant to the Indian securities market. There may, however, be less publicly-available information about Indian companies than is regularly made available by public companies in certain countries.

39. *The Warrant Exercise Price is not indicative of the future market price of Equity Shares of the Company*

The Warrant Exercise Price shall be Rs. [●]. If the Warrant Exercise Price, during the Warrant Exercise Period is higher than the prevailing market price, the Warrant Holders may not be willing to exercise the warrants, as a result of which the Company may not be able to raise the amount that the Company proposes to raise through the warrants. This may require the Company to raise funds through alternate means if required, or use its internal accruals to substitute the same. The investors may also note that the Warrant Exercise Price of Rs. [●] per warrant should not be taken to be indicative of the market price of the Equity Shares, whether presently or after the Equity Shares are issued upon the exercise of warrants are listed. No assurance can be given regarding the active / sustained trading in the Equity Shares or the price at which the Equity Shares offered under the present Issue will trade either after the listing or at the time of exercise of warrants. Further, any exercise of the warrants would lead to further dilution of the Company's Share Capital.

40. *Bondholders will bear the risk of fluctuation in the price of the Shares.*

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares and it is impossible to predict whether the price of the Shares will rise or fall. Trading prices of the Shares will be influenced by, among other things, the financial position of the Company, the results of operations and political, economic, financial and other factors. Any decline in the price of the Shares may have an adverse effect on the market price of the Bonds.

41. *Future issues or sales of the Shares may significantly affect the trading price of the Bonds or the Shares.*

The future issue of Shares by the Company or the disposal of Shares by any of the major shareholders of the Company or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Shares. [The Company has, and certain major shareholders of the Company have, subject to certain exceptions, agreed to certain restrictions on its or their ability to issue or dispose of Shares or related securities during the period from the date of the Subscription Agreement (as defined herein) to the date falling 180 days after the date of issue of the Bonds.] Except for such restrictions, there

is no restriction on the Company's ability to issue Shares or the relevant Shareholders' ability to dispose of their Shares, and there can be no assurance that the Company will not issue Shares or that any such shareholder will not dispose of, encumber, or pledge, its Shares.

42. You will not receive the Equity Shares and other instruments that you subscribe for in this Issue until thirty days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares you purchase in this Issue will not be credited to your demat account with depository participants until approximately 30 days from the Issue Closing Date. You can start trading on such Equity Shares only after receipt of listing and trading approvals in respect of these shares. Since the Company's Equity Shares are already listed on stock exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date they are listed. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the time periods specified above.

Notes to Risk Factors:

1. This simultaneous but unlinked Issue of 120,570,118 Equity Shares of Re. 1 each for cash at a premium of Rs. 69 per Equity Share on rights basis to the existing Equity Shareholders of the Company in the ratio of 1 Equity Share for every 5 Equity Shares and 60,285,059 NCDs of Rs. 100 each with detachable Warrants in the ratio of 1 NCD with detachable warrant for every 10 Equity Shares held on the Record Date i.e. [●]. The total issue of Equity Shares and NCDs with detachable warrants assuming full conversion of the detachable Warrants into Equity Shares during the Warrant Conversion Period at the Warrant Exercise Price would aggregate Rs. [●] million.
2. The net worth of the Company on a consolidated basis before the Issue (as of March 31, 2007) was Rs. 20,838.80 million.
3. The book value per equity share on a consolidated basis as of March 31, 2007 was Rs. 34.57 per Equity Share.
4. The Company has entered into certain related party transactions as disclosed in the section titled "Auditor's Report – Related Party Disclosures" on page [●] of this Draft Letter of Offer.
5. For details of transactions in Equity Shares of the Company by the Promoter group and Directors of Company in the six months preceding the date of this Draft Letter of Offer, please refer to pages [●] and [●] respectively of this Draft Letter of Offer.
6. For details of interests of the Company's Directors and key managerial personnel, please refer to the section titled "Management" on page [●] of this Draft Letter of Offer. For details of the interests of the Promoter and promoter group, please refer to the section titled "Promoter and Promoter Group" on page [●] of this Draft Letter of Offer.
7. Investors may contact the Lead Manager with any complaints, or for information or clarifications pertaining to the Issue. The Lead Managers are obliged to provide a response to investors.
8. Before making an investment decision in respect of this Issue, Investors are advised to review the entire Draft Letter of Offer, and refer to the section titled "Basis for Issue Price" on page [●] of this Draft Letter of Offer.

9. Please refer to the section titled “Basis of Allotment” on page [•] of this Draft Letter of Offer for details of the basis of allotment.

10. Average cost of acquisition per Equity Share for the Promoter is Rs. 13.57.

The Company and the Lead Manager are obliged to keep this Draft Letter of Offer updated and inform investors in India of any material developments until the listing and trading of the Equity Shares offered under the Issue commences.

THE ISSUE

Equity Shares issued by the Company	120,570,118 Equity Shares
NCDs with detachable Warrants issued by the Company	60,285,059 NCDs with detachable Warrants
Rights Entitlement for Equity Shares	1 Equity Share for every 5 Equity Shares
Rights Entitlements for NCDs with detachable Warrants	1 NCD with detachable Warrant for every 10 Equity Shares
Record Date	[●]
Issue Price per Equity Share	Rs. 70
Issue Price per NCDs with detachable Warrants	Rs. 100
Face value per NCD with detachable Warrant	Rs. 100
Interest	6% p.a. payable annually upto redemption of the NCDs
Annualised yield to the investor	[●]%
Warrant Exercise Price	Rs. [●]
Warrant Exercise Period	Period not later than 12 months from the date of Allotment
Equity Shares outstanding prior to the Issue	602,850,590 Equity Shares
Equity Shares outstanding before exercise of Warrants	723,420,708 Equity Shares
Equity Shares outstanding after exercise of Warrants*	783,705,767 Equity Shares
Terms of the Issue	For more information, see “Terms of Present Issue” on page [●] of this Draft Letter of Offer.

* On exercise of all warrants issued under this Issue

SUMMARY FINANCIAL AND OPERATIONAL INFORMATION

The following tables set forth our selected historical financial information derived from our non-consolidated and consolidated restated financial statements for the fiscal years ended March 31, 2003, 2004, 2005, 2006 and 2007, all prepared in accordance with Indian GAAP, the Companies Act and SEBI DIP Guidelines and restated as described in the Report of the Auditor on Financial Information of [●] included in the section titled “Auditor’s Report” on page [●] of this Draft Letter of Offer, and this table should be read in conjunction with the financial statements mentioned therein and the notes thereto.

STATEMENT OF CONSOLIDATED PROFITS

Year Ended 31st March,	2003	2004	2005	2006	2007
<i>Rs in million</i>					
INCOME:					
Rooms, Restaurants, Banquets and Other Services	9,412.7	10,231.6	13,397.8	18,373.1	25,062.5
Other Income	212.0	334.4	364.4	374.2	948.8
Share of Profits in Associates	113.2	71.0	260.1	394.5	543.9
Total Income	9,737.9	10,637.0	14,022.3	19,141.8	26,555.2
EXPENDITURE:					
a. Consumption of Food and Beverages	1,123.2	1,056.0	1,404.3	1,841.9	2,537.6
b. Staff Costs	2,448.1	2,600.5	3,357.3	4,846.0	6,527.3
c. License Fees	569.1	677.7	669.9	901.4	1,132.1
d. Fuel, Power and Light	790.8	776.6	883.4	1,059.0	1,328.3
e. Other Expenditure	2,985.0	3,551.7	3,702.9	4,722.9	6,401.7
f. Amortisation of VRS Expenses	119.6	127.9	133.3	92.8	13.6
	8,035.8	8,790.4	10,151.1	13,464.0	17,940.6
Less : Unallocated Expenditure during Construction Period transferred to Fixed Assets	112.2	212.7	0.8	95.3	82.9
Total Expenditure	7,923.6	8,577.7	10,150.3	13,368.7	17,857.7
Gross Profit	1,814.3	2,059.3	3,872.0	5,773.1	8,697.5
Interest (Net)	814.7	701.1	1,047.9	1,037.2	1,221.5
Depreciation	880.2	878.3	1,117.3	1,273.5	1,606.6
Profit Before Exceptional Items & Tax	119.4	479.9	1,706.8	3,462.4	5,869.4
Profit on sale of Hotels & Properties	(128.2)	(275.4)	(63.8)	-	-
Other Exceptional Items	-	-	210.2	-	-
Profit Before Tax	247.6	755.3	1,560.4	3,462.4	5,869.4
Provision for Tax	186.9	270.9	582.1	1,052.3	1,965.1
Less : Share of profit of Minority Interest in Subsidiaries	(47.5)	(86.8)	(196.4)	25.1	201.1
Profit After Tax as restated	108.2	571.2	1,174.7	2,385.0	3,703.2
Gross Profit margin %	18.6	19.4	27.6	30.2	32.7

Key Financials

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Fixed Assets	17,537.6	18,717.1	23,713.7	24,588.0	35,525.7
Investments	3,972.0	4,371.1	4,622.7	5,819.3	5,142.7
Long Term Deposits	1,068.8	1,072.8	1,074.4	1,113.5	1,492.2
Debt Funds	14,166.9	20,786.9	19,725.3	15,035.1	20,551.4
Net Worth	10,378.5	9,849.7	13,150.2	19,190.7	20,838.8

GENERAL INFORMATION

Dear Equity Shareholder(s),

Pursuant to the resolutions passed by the Board of Directors of the Company at its meeting held on August 13, 2007 and September 27, 2007, it has been decided to make the following offer to the Equity Shareholders of the Company, with a right to renounce:

SIMULTANEOUS BUT UNLINKED ISSUE OF 120,570,118 EQUITY SHARES OF Re. 1 EACH AT A PREMIUM OF RS. 69 PER EQUITY SHARE AGGREGATING RS. 8,439.91 MILLION TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 1 EQUITY SHARE FOR EVERY 5 EQUITY SHARES HELD ON THE RECORD DATE I.E. [●] AND 60,285,059 6% NON CONVERTIBLE DEBENTURES (“NCDs”) OF RS. 100 EACH WITH DETACHABLE WARRANTS IN THE RATIO OF 1 NCD WITH DETACHABLE WARRANT FOR EVERY 10 EQUITY SHARES HELD ON THE RECORD DATE (“ISSUE”). THE ISSUE PRICE FOR EQUITY SHARES IS 70 TIMES OF THE FACE VALUE OF THE EQUITY SHARE TOTAL ISSUE OF EQUITY SHARES AND NCDs WITH DETACHABLE WARRANTS ASSUMING FULL CONVERSION OF DETACHABLE WARRANTS INTO EQUITY SHARES DURING THE WARRANT CONVERSION PERIOD AT WARRANT EXERCISE PRICE WOULD AGGREGATE Rs. [●] MILLION

The Company will make an application to the RBI for permission to issue NCDs on a rights basis to the existing shareholders of the Company. The details of such approval will be included in the Letter of Offer.

Registered Office of the Company

Mandlik House, Mandlik Road,
Mumbai 400 001,
Maharashtra, India

Registration No. 11-183
Corporate Identification No. L74999MH1902PLC000183

Address of the ROC

Hakoba Fancy Corporation Compound,
Dr. D.L. Marg, Kalachowkie
Mumbai 400 033
Maharashtra, India

The Equity Shares of the Company are listed on the BSE and the NSE.

Board of Directors

Name	Category/Designation
Mr. Ratan N. Tata	Non-Executive Chairman
Mr. R.K. Krishna Kumar	Non-Independent, Non-Executive Vice Chairman
Mr. N.A. Soonawala	Non-Independent, Non-Executive Director
Mr. S.K. Kandhari	Independent, Non-Executive Director
Mr. K.B. Dadiseth	Independent, Non-Executive Director
Mr. Deepak Parekh	Independent, Non-Executive Director
Mr. Jagdish Capoor	Independent, Non-Executive Director
Mr. Shapoor Mistry	Independent, Non-Executive Director
Mr. Raymond N. Bickson	Non Independent, Executive – Managing Director

For further details of the Company’s Directors, see “Management” on page [●] of this Draft Letter of Offer.

Company Secretary and Compliance Officer

Mr. Dev Bajpai

The Indian Hotels Company Limited
Mandlik House, Mandlik Road
Mumbai 400 001
Maharashtra, India
Tel. : (91 22) 66395515
Fax : (91 22) 22027442
Email: shares.dept@tajhotels.com

Investors may contact the Compliance Officer for any pre-Issue / post-Issue related matters.

Bankers of the Company

Hongkong and Shanghai Banking Corporation

52/60 Mahatama
Gandhi Road, Fort
Mumbai 400 001
Tel No.: (91 22) 22681101
Fax No.: (91 22) 22658312

Citibank N. A.

Mutual Fund Building,
293 D. N. Road
Mumbai 400 001
Tel No.: (91 22) 2653 5028
Fax No.: (91 22) 26535864

Standard Chartered Bank

23/25 Mahatama
Gandi Road, Fort,
Mumbai 400 001
Tel No.: (91 22) 2268 3300
Fax No.: (91 22) 2267 3238

Bankers to the Issue:

[•]

Issue Management Team:

Lead Manager to the Issue

JM Financial Consultants Private Limited,

141, Maker Chamber III
Nariman Point
Mumbai 400 021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email: ihcl.rights@jmfinancial.in
Website: www.jmfinancial.in

Contact Person: Mr. Mayank Jain/ Ms. Mamta Joshi

Indian Legal Advisor to the Lead Manager

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Tel: (91 22) 6660 4455
Fax: (91 22) 2496 3666

International Legal Advisor to the Lead Manager

Latham and Watkins LLP

9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Tel: (65) 6536 1161
Fax: (65) 6536 1171

Auditors of the Company

M/s. S. B. Billimoria & Co.

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate,
Worli, Mumbai – 400 018
Tel: 91 22 6667 9000
Fax : 91 22 6667 9100
Email: mumbai@sbandco.com

M/s. N. M. Raiji & Co.

Chartered Accountants
Universal Insurance Bldg.
Pherozshah Mehta Road,
Mumbai 400 001
Tel: 91 22 2287 0068/91 22 2287 3463
Fax: 91 22 2282 8646/91 22 22650578
Email: nmraiji@mtnl.net.in

Registrar to the Issue

Intime Spectrum Registry Limited

C 13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Email: tihcl.rights@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Ms. Awani Thakkar

Note: Investors are advised to contact the Registrar to the Issue/Compliance Officer in case of any pre-issue/post issue related problems such as non-receipt of Draft Letter of Offer/abridged letter of offer/composite application form/allotment advice/share certificate(s)/NCD certificates/ refund orders.

Credit Rating

The issue of Equity Shares under this Issue does not require credit rating. However, the issue of the NCDs under this Issue requires credit rating. The details of the credit rating of the NCD is as under:

- [●] [Name of Rating Agency]: “[●] (pronounced “[●]”) indicating [●].
- [●] [Name of Rating Agency]: “[●] (pronounced “[●]”) indicating [●].

The details of the credit ratings for various debt programmes of the Company for the last three years are as follows:

Years/Instruments	Commercial Paper (Rs. 1.0 billion)	Secured Non-convertible Debentures (Rs. 3.0 billion)	Secured Redeemable Convertible Debentures (Rs. 2,500 million)	Secured Non-Convertible Debentures (Rs. 4,000 million)
November, 2006	A1+*	LAA+	-	-
February, 2007	-	-	LAA+	February, 2007

Years/Instruments	Commercial Paper (Rs. 1.0 billion)	Secured Non-convertible Debentures (Rs. 3.0 billion)	Secured Redeemable Convertible Debentures (Rs. 2,500 million)	Secured Non-Convertible Debentures (Rs. 4,000 million)
August – September, 2007	A1+	-	-	-
August, 2007	-	-	-	LAA+

*This series of Commercial Paper has been redeemed

Debenture Trustee

[●]

Monitoring Agency

[●]

CAPITAL STRUCTURE

		Aggregate nominal value (in Rs. Million)	Aggregate value at Issue Price (in Rs. Million)
Authorized share capital			
1,000,000,000	Equity Shares of Re. 1 each	1,000	
1,00,00,000	Cumulative Redeemable Preference Shares of Rs. 100 each	1,000	
Issued, Subscribed and Paid up capital			
602,850,590*	Equity Shares of Re. 1 each	602.85	
Present Issue being offered to the Equity Shareholders through the Letter of Offer			
120,570,118	Equity Shares of Re. 1 each at a premium of Rs. 69 i.e. at a price of Rs. 70 each	120.57	8,439.91
Paid up capital after the Issue			
After allotment of Equity Shares under the Issue			
723,420,708	Equity Shares of Re. 1 each	723.42	
On full conversion of warrants issued under this Issue			
[●]	Equity Shares of Re. 1 each	[●]	
Securities premium Account			
	Existing securities premium account	9,535.85	
	Securities premium account after the Issue	[●]	[●]
	Securities premium account after the Issue and on conversion of warrants issued under this Issue	[●]	[●]

*1 FCCB 1% (due 2009) of face value USD 1,000 may at the option of the bondholders, be converted into 903 Ordinary Shares of face value of Re. 1 each at Rs. 50.15 per share/Global Depository Share (GDS), at any time up to January 28, 2009.

Notes to Capital Structure

1. Build up of Equity Share Capital

Financial Year/Date of Allotment	No. of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Cumulative paid-up capital (Rs.)	Consideration	Remarks
1902-03 to 1906-07	6,000	500	500	6,000	Cash	First Issue to Promoter
1967-1968	4,000	500	-	10,000	Other than Cash	Bonus issue in the ratio of 2:3
1969-70	3,000	500	-	13,000	Other than Cash	Bonus issue in the ratio of 3:10
1970-1971	-	-	-	650,000	Cash	Sub-division of shares from face value of Rs.

Financial Year/Date of Allotment	No. of Equity Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Cumulative paid-up capital (Rs.)	Consideration	Remarks
						500 each to face value of Rs. 10 each
January 1, 1971	1,150,000	10	10	1,800,000	Cash	Public issue of ordinary shares
January 3, 1977	720,000	10	-	2,520,000	Other than Cash	Bonus issue in the ratio of 2:5
November 30, 1979	2,016,000	10	-	4,536,000	Other than Cash	Bonus issue in the ratio of 4:5
March 30, 1982	1,814,400	10	-	6,350,400	Other than Cash	Bonus issue in the ratio of 2:5
August 1, 1985	1,500,000	10	35	7,850,400	Cash	Conversion of IT Series of 13.5% partly convertible bonds at Rs. 35 per share i.e. at a premium of Rs. 25 per share
September 14, 1987	2,006,121	10	35	9,856,521	Cash	Conversion of I3 series of partly convertible debentures at Rs. 35 per share i.e. at a premium of Rs. 25 per share
December 14, 1989	4,928,261	10	-	14,784,782	Other than Cash	Bonus issue in the ratio of 1:2
October 1, 1992	5,174,674	10	60	19,959,456	Cash	Rights issue in the ratio of 1:3
November 17, 1994	19,959,456	10	-	39,918,912	Other than Cash	Bonus issue in the ratio of 1:1
May 15, 1995	5,195,783	10	**	45, 114,695	Cash	Shares allotted pursuant to GDR issue program
2004-2005	1,298,306	10	501.53	46,413,001	Cash	Conversion of FCCB into ordinary share at a premium of Rs. 491.53 per share
2005-2006	10,252,407	10	501.53	56,665,408	Cash	
2006-2007	1,997,684	10	501.53	58,663,092	Cash	
November 3, 2006	-	1	-	586,630,920	Cash	Sub-division of shares into face value of Re. 1
May 9, 2007	16,219,670	1	-	602,850,590	Other than cash	Shares issued pursuant to scheme of amalgamation*

* For more details on the scheme of amalgamation please see "History and Certain Corporate Matters – Scheme of Amalgamation" on page [●] of this Draft Letter of Offer

** FCCBs were issued at a price of USD 16.60 each

2. *Build up of Securities Premium Account*

Financial Year	Particulars	No. of Equity Shares	Premium per Share (Rs.)	Amount (Rs. in Million)	Cumulative Amount (Rs. In Million)	Remarks
1985-86	Conversion of 13.5% bonds	1,500,000	15.00	22.50	22.50	
1987-88	Conversion of 12.5% bonds	2,006,121	25.00	50.15	72.65	
1992-93	Rights Issue	5,174,674	50.00	258.64	331.29	
1995-96	GDR Issue	5,195,783	488.86	2,540.00	2,871.29	
1997-98	Rights Issue of erstwhile Indian Resort Hotels Limited	2,089,480	100.00	208.95	3,080.24	The transfer to securities premium account is net of amount in arrears
2004-2005	Conversion of FCCBs into Equity Shares*	1,298,306	491.53	614.56	3,694.80	The transfer to securities premium account is net of exchange difference losses from time to time
2005-2006		10,252,407	491.53	4,867.45	8,562.25	
2006-2007		1,997,684	491.53	973.53	9,535.78	

* The FCCBs were converted from time to time into equity shares of Rs. 10 each at a fixed price of Rs. 501.53. For this conversion, a uniform exchange rate of Rs. 45.30 was applied. The exchange loss arising out of the difference in the aforesaid and the prevailing rate on the day of allotment is netted off from the securities premium account.

3. *Utilisation of Securities Premium Account*

Financial Year	Particulars	Amount (In Rs. Million)	Cumulative Amount (In Rs. Million)
1989-90	Issue of Bonus Shares	49.28	49.28
1994-95	Issue of Bonus Shares	199.59	248.87
1999-00	12.75% NCD Issue Expenses	10.49	259.36
2000-01	12.5% NCD Issue Expenses	9.28	268.64
2001-02	6% NCD Issue Expenses	10.45	279.09
2001-02	Redemption premium on 6% NCDs	489.26	768.35
2002-03	6% NCD Issue Expenses	4.78	773.13
2002-03	Redemption premium on 12% NCDs	63.27	836.40
2003-04	FCCB Issue Expenses	171.19	1,007.59
2003-04	Net exchange loss on revaluation of FCCBs	0.04	1,007.63

Financial Year	Particulars	Amount (In Rs. Million)	Cumulative Amount (In Rs. Million)
2005-06	9.5% NCD Issue Expenses	7.30	1,014.93

4. *Shareholding Pattern of the Company as on August 31, 2007*

Shareholders	No. of Equity Shares held pre-Issue	% of pre-Issue capital	No. of Equity Shares post Issue	% of post Issue capital assuming allotment of all Equity Shares offered
Promoter				
Tata Sons Limited	71,684,878	11.89	[●]	[●]
Promoter Group				
Sir Dorabji Tata Trust	50,221,040	8.33	[●]	[●]
Lady Tata Memorial Trust	17,728,200	2.94	[●]	[●]
Sir Ratan Tata Trust	11,023,220	1.83	[●]	[●]
Tata Chemicals Limited	6,009,640	1.00	[●]	[●]
Tata Investment Corporation Limited	5,216,000	0.87	[●]	[●]
Piem Hotels Limited	3,843,732	0.64	[●]	[●]
R.K. Krishna Kumar (Trustee Amalgamation Shares Trust)	3,222,314	0.53	[●]	[●]
Ewart Investments Limited	2,575,600	0.43	[●]	[●]
Tata Tea Limited	1,406,542	0.23	[●]	[●]
Taj Trade and Transport Company Limited	723,405	0.12	[●]	[●]
Taj Madurai Limited	637,979	0.11	[●]	[●]
Oriental Hotels Limited	426,530	0.07	[●]	[●]
Tata Industries Limited	377,143	0.06	[●]	[●]
Inditravel Private Limited	212,660	0.04	[●]	[●]
Taida Trading and Enterprises Limited	212,660	0.04	[●]	[●]
Northern India Hotels Limited	107,203	0.02	[●]	[●]
Taj Enterprises Limited	106,383	0.02	[●]	[●]
Tata AIG Life Insurance Company Limited	84,700	0.01	[●]	[●]
United Hotels Limited	50,900	0.01	[●]	[●]
Tata Capital Limited	10,000	Nil	[●]	[●]
Total Promoter and promoter group shareholding	175,880,639	29.17		
Public Shareholding				
Foreign Institutional Investors	135,468,892	22.47	[●]	[●]
Resident Individuals and HUF	118,889,715	19.72	[●]	[●]
Financial Institutions	73,389,947	12.17	[●]	[●]
Mutual Funds	33,325,317	5.53	[●]	[●]
Insurance Companies	31,781,644	5.27	[●]	[●]
Bodies Corporate	23,019,734	3.82	[●]	[●]

Shareholders	No. of Equity Shares held pre-Issue	% of pre-Issue capital	No. of Equity Shares post Issue	% of post Issue capital assuming allotment of all Equity Shares offered
Non-resident Indians	3,383,935	0.56	[●]	[●]
Nationalised/ Co-operative/Foreign Banks	2,489,099	0.41	[●]	[●]
Trusts	90,978	0.02	[●]	[●]
Directors and their relatives	415,165	0.07	[●]	[●]
Clearing members	471,355	0.08	[●]	[●]
Total public shareholding	422,725,781	70.12	[●]	[●]
Shares held by Custodians and against which Depository Receipts have been issued	4,244,170	0.70		
Total	602,850,590	100%	[●]	[●]

5. The Promoter has confirmed that it intends to subscribe to the full extent of its entitlement in the Issue. The Promoter reserves its right to subscribe to its entitlement in this Issue, including by subscribing for renunciation, if any, made by the promoter group or any other shareholder. The Promoter has provided an undertaking, dated September 27, 2007, to the Company to apply for additional Equity Shares and NCDs with detachable Warrants in the Issue, to the extent of any unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of the Company and shall be exempt in terms of the proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” on page [●] of this Draft Letter of Offer, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter, in this Issue, the Promoter’s shareholding in the Company exceeds their current shareholding. The Promoter shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

The Company hereby certifies that, in case the Rights Issue of the Company is completed with the Promoter subscribing to equity shares over and above their entitlement, the public shareholding in the Company after the Rights Issue will not fall below the minimum level of public shareholding of 10% as specified in the listing condition or listing agreement.

6. If the Company does not receive minimum subscription of 90% of the Issue (separately for Equity Shares and NCDs with detachable Warrants) on the date of closure of the Issue or the subscription level falls below 90% after the closure of the Issue on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the date from which the Company becomes liable to pay the amount, the Company shall pay interest as prescribed under Section 73 of the Companies Act, 1956.

7. *Details of the shareholding of the Promoter, Promoter Group and the directors of the Promoter as on August 31, 2007*

Name of entities	No. of Shares	% of Pre-Issue share capital
Promoter		
Tata Sons Limited	71,684,878	11.89
Total (A)	71,684,878	11.89
Promoter Group		
Sir Dorabji Tata Trust	50,221,040	8.33
Lady Tata Memorial Trust	17,728,200	2.94
Sir Ratan Tata Trust	11,023,220	1.83
Tata Chemicals Limited	6,009,640	1.00
Tata Investment Corporation Limited	5,216,000	0.87
Piem Hotels Limited	3,843,732	0.64
R.K. Krishna Kumar (Trustee Amalgamation Shares Trust)	3,222,314	0.53
Ewart Investments Limited	2,575,600	0.43
Tata Tea Limited	1,406,542	0.23
Taj Trade and Transport Company Limited	723,405	0.12
Taj Madurai Limited	637,979	0.11
Oriental Hotels Limited	426,530	0.07
Tata Industries Limited	377,143	0.06
Inditravel Private Limited	212,660	0.04
Taida Trading and Enterprises Limited	212,660	0.04
Northern India Hotels Limited	107,203	0.02
Taj Enterprises Limited	106,383	0.02
Tata AIG Life Insurance Company Limited	84,700	0.01
United Hotels Limited	50,900	0.01
Tata Capital Limited	10,000	Nil
Total (B)	104,195,761	17.28
Total Promoter Group Shareholding (A + B)	175,880,639	29.17
Directors of the Promoter		
Ratan N. Tata	48,603	0.01
R. Gopalkrishnan	10,000	0.00
Total (C)	58,603	0.01
Total Shareholding of the Promoter Group and directors of the Promoter (A + B + C)	175,939,242	29.18

8. *Transactions in Equity Shares by the Promoter and Promoter Group in the last six months are as follows:*

Name of the shareholder	Date(s) of Transaction	Details of the Transaction	Number of Equity Shares (each of Re. 1 each)	Aggregate Price (In Rs.)
Tata Sons Limited	March 2, 2007	Market purchase	11,89,200	169,865,837
Tata Sons Limited	August 24, 2007	Market purchase	21,90,000	258,720,606
Tata AIG Life Insurance Co. Limited	March 15, 2007	Market Purchase	7,000	977,109
	April 5, 2007	Market Purchase	10,500	1,491,000
	May 7, 2007	Market Purchase	9,000.00	1,283,400
	June 12, 2007	Market Purchase	5,700.00	801,135
	June 22, 2007	Market Purchase	2,000.00	292,500
	July 4, 2007	Market Purchase	5,500.00	814,550
	July 10, 2007	Market Purchase	3,500.00	508,865
	July 18, 2007	Market Purchase	4,500.00	648,450
	July 26, 2007	Market Purchase	7,500.00	1,071,450
	August 1, 2007	Market Purchase	6,500.00	923,000
	August 6, 2007	Market Purchase	7,000.00	945,000
	August 17, 2007	Market Purchase	10,000.00	1,232,500
	August 22, 2007	Market Purchase	6,000.00	703,471.20
	September 25, 2007	Market Sale	30,000.00	4,178,700
Tata Capital Limited	August 24, 2007	Marker Sale	21,90,000	258,720,606

The following promoter group companies were allotted Equity Shares on May 9, 2007 pursuant to the Scheme of Amalgamation under Sections 391 to 394 of the Companies Act for the amalgamation of Indian Resorts Hotel Limited, Gateway Hotels and Getaway Resorts Limited, Kuteeram Resorts Private Limited, Asia Pacific Hotels Limited, Taj Lands End Limited (Transferor Companies) with the Company with effect from April 1, 2006. For more details on the Scheme of Amalgamation please see the section “Scheme of Amalgamation – History and Certain Corporate Matters” on page [●] of this Draft Letter of Offer.

Name of the company	No. of Equity Shares
Tata Sons Limited	982,858
Tata Investment Corporation Limited	1,016,000
Ewart Investment Limited	880,000
Tata Tea Limited	184,772
Tata Industries Limited	377,143
Piem Hotels Limited	1,234,692
Northern India Hotels Limited	107,203
Taida Trading & Industries Limited	212,600
Taj Enterprises Limited	106,383
Taj Madurai Limited	637,979
Taj Trade and Transport Company Limited	723,405

Name of the company	No. of Equity Shares
Mr. R.K. Krishna Kumar jointly with Mr. Anil P. Goel (Trustees Amalgamation Shares Trust)	3,222,314
Inditravel Private Limited	212,600
TOTAL	9,897,949

9. **Top Ten Shareholders**

- (a) Top ten shareholders as of September 28, the date of filing this Draft Letter of Offer with SEBI

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Ltd.	71,684,878	11.89
Sir Dorabji Tata Trust	50,221,040	8.33
Life Insurance Corporation Of India	43,519,827	7.22
JP Morgan Asset Management (Europe) S.A.R.L. A/C Flagship Indian Investment Company (Mauritius) Limited	22,600,000	3.75
Deutsche Securities Mauritius Limited	21,014,498	3.49
Lady Tata Memorial Trust	17,728,200	2.94
General Insurance Corporation Of India	12,772,360	2.12
Life Insurance Corporation Of India - Futureplus	12,576,058	2.09
Sir Ratan Tata Trust	11,023,220	1.83
LIC of India - Market Plus	9,783,525	1.62
TOTAL	272,923,606	45.27

- (b) Top ten shareholders as of September 18, ten days prior to the date of filing this Draft Letter of Offer with SEBI

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Ltd.	71,684,878	11.89
Sir Dorabji Tata Trust	50,221,040	8.33
Life Insurance Corporation Of India	43,519,827	7.22
JP Morgan Asset Management (Europe) S.A.R.L. A/C Flagship Indian Investment Company (Mauritius) Limited	22,700,000	3.77
Deutsche Securities Mauritius Limited	21,150,974	3.51
Lady Tata Memorial Trust	17,728,200	2.94
Life Insurance Corporation Of India – Future Plus	12,876,058	2.14
General Insurance Corporation Of India	12,772,360	2.12
Sir Ratan Tata Trust	11,023,220	1.83
Life Insurance Corporation of India - Market Plus	9,783,525	1.62
TOTAL	273,460,082	45.36

- (c) Top ten shareholders as of two years prior to the date of filing this Draft Letter of Offer with SEBI

Name of the shareholders	Total Shares	Percentage of pre issue capital (%)
Tata Sons Ltd.	6,732,282	12.33
Life Insurance Corporation Of India	5,553,978	10.17
Sir Dorabji Tata Trust	5,022,104	9.20
Fid Funds (Mauritius) Ltd.	3,071,379	5.62
Merrill Lynch Capital Markets Espana S.A. SV	2,520,716	4.62
Lady Tata Memorial Trust	1,772,820	3.25
General Insurance Corporation Of India	1,272,041	2.33
Sir Ratan Tata Trust	1,102,322	2.02
The New India Assurance Company Limited	1,087,859	1.99
J.P. Morgan Fleming Asset Management (Europe) S.A.R.L. A/C Flagship Indian Investment	1,003,660	1.84
TOTAL	29,139,161	53.36

The Company has not made any public offering of its Equity Shares in the two years immediately preceding the date of filing this Draft Letter of Offer.

9. Total number of members of the Company as of August 31, 2007 was 119,028
10. The present Issue being a rights Issue, as per extant SEBI guidelines, the requirement of promoters' contribution and lock-in are not applicable.
11. The Company has not issued any Equity Shares or granted any options under any scheme of employees' stock option or employees' stock purchase.
12. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.
13. The Directors of the Company or Lead Manager to the Issue have not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Draft Letter of Offer, except to the arrangements made by the Lead Manager for the Khokha Buy Back Scheme. For details of the Khokha Buy Back Scheme, please refer to the section titled 'Terms of the Present Issue' at page [●] of this Draft Letter of Offer.
14. At any given time, there shall be only one denomination of the Equity Shares of the Company. Except as disclosed, the Equity Shareholders of the Company do not hold any warrant, option or convertible loan or debenture, which would entitle them to acquire further shares in the Company.
15. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of the Company, shall be made during the period commencing from the filing of this Draft Letter of Offer with the SEBI and the date on which the securities issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue. Further, other than as disclosed in this Draft Letter of Offer, presently the Company does not have any intention to alter the equity capital structure by way of split/ consolidation of the denomination of the shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities within a period of six months from the date of opening of the Issue.
16. The securities being offered in this Issue on a fully-paid up basis.

17. The Equity Shares of the Company have been voluntarily delisted from the Madras Stock Exchange Limited, Bangalore Stock Exchange Limited and the Delhi Stock Exchange Association Limited. For more details please refer the chapter on “History and Certain Corporate Matters on page [●] of this Draft Letter of Offer.
18. The Issue will remain open for 30 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 60 days from the Issue Opening Date.

OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deduction of any issue expenses, are estimated to be approximately Rs. [●]

Proceeds of the Issue

The details of proceeds of the Issue are summarized in the following table:

(Rs. in million)

S. No	Description	Amount	Amount
1.	Gross proceeds of the Issue		[●]
	Rights issue of Equity Shares	8,439.91	
	Rights issue of Non Convertible Debentures with a Detachable warrant*	6,020.85	
2.	Issue Expenses **		[●]
3.	Net proceeds of the Issue		[●]

* This does not consider the amount mobilized at the time of conversion of warrants in accordance with the terms of the Issue mentioned in this DLOF.

** To be finalized upon determination of Issue Price and at the stage of LOF.

Costs of the Project/Activity(s)

The intended uses of proceeds of the Issue are as under:

(Rs. in million)

S. No	Activity	Amount	Amount
1.	Funding of the capital expenditure for following properties: <i>Setting up New Properties:</i> <ul style="list-style-type: none"> • Taj Surya, Coimbatore • Taj Residency Yeshwantpur, Bangalore <i>Expansion Projects at the Existing Properties:</i> <ul style="list-style-type: none"> • Taj Lands Ends, Mumbai 	770 1,600 763	3,133
2.	Investments in the Subsidiaries: <ul style="list-style-type: none"> • Domestic Subsidiaries • International Subsidiaries 	1,200 2,200	3,400
3.	Repayment of Debt		4,000
4.	Funding of the replacement/ renovation Capex		1,700
5.	General Corporate purposes		[●]
	Total		[●]

The fund requirement and deployment of the funds are based on internal management estimates and have not been appraised by any bank or financial institution. The fund requirement mentioned is based on our current business plan for the expansion of our business. In view of the dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and, consequently, our fund requirement and, accordingly, the utilization of proceeds from the Issue may also change. In the event of any variations in actual utilization of funds earmarked for the above activities, any increased fund deployment for a particular activity may be met from funds earmarked from any other activities and/or from our internal accruals.

The stated objects of this Issue, are proposed to be entirely financed by the issue proceeds. Thus we are in compliance with the clause 2.8 of the SEBI DIP guidelines for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, as the same does not apply to us.

In case of a shortfall in the Net Proceeds from the Issue, we may explore a range of options including utilizing our internal accruals, or seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfall.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Details of the Activities

1. Funding of the capital expenditure

Currently we have a capacity of 10,184 rooms spread across our network of domestic and international hotels. We intend to further expand our hotel network through new built hotels and enhancement of the capacity at the current locations.

We intend to use a portion of the Net Proceeds, to fund the capital expenditure requirements for the following projects which have been approved by the Board of the Directors and are at various stages of development:

The expansion shall entail either setting up of the new hotel properties or expansion of capacity at some of the exiting properties. The break up of the funds to be used is mentioned as under:

(Rs. in million)

Sl. No	Activity	No. of Rooms	Amounts
1.	Setting up New Properties:		
	• Taj Surya, Coimbatore	200	770
	• Taj Residency Yeshwantpur, Bangalore	350	1,600
	Expansion Projects at the Existing Properties:		
	• Taj Lands Ends, Mumbai	142	763
	Total	752	3,133

A brief description of each of the Hotel Properties and the proposed development plan:

i. Taj Surya, Coimbatore

The Company intends to invest Rs. 770 million out of the Net Proceeds in the project for the construction of a new business hotel at Coimbatore. The project involves a rebuilding and re-branding of an existing property. Hotel Surya International was 42 keys hotel, built on 2.17 acre plot on Race Course road, at an upscale location in city of Coimbatore. The hotel was located about 12 Km from the airport and 3 Km from the city centre. The hotel is facing intense competition and was constrained by its small inventory of rooms. In view of the excellent location and growth potential of the city, it was proposed to build a brand new 200 key hotel. Towards this objective, the company entered into a long term lease license for the land with the owner and has demolished the hotel.

The broad specifications of the proposed new hotel are

- 200 Rooms
- 3 food and beverage outlets
- 15,000 square feet of Banquet and meeting facilities
- Fitness centre

The entire expansion is proposed to be funded through the equity. The project is expected to cost approximately Rs. 770 million. There has been no cost incurred on the project till date by the Company.

Details of the Cost of Project

On the basis of the project report prepared by the management, the estimated cost of this project is set forth below:

(Rs. in million)

S. No	Particulars	Estimated Cost
1.	Land Costs	-
2	Civil construction cost	236
3	Furniture & Equipments	180
4	Electrical Equipments	154
5	Operating Supplies	100

S. No	Particulars	Estimated Cost
6	Project Management & Consultancy Fee	56
7.	Pre-operative expenses	6
8.	Others	38
	Total	770

Schedule of Implementation

The schedule of implementation for this project is estimated by the management to be as follows:

Activity	Expected date of Completion
Expected Date of commercial operation	December, 2009

ii. Taj Residency at Yeshwantpur, Bangalore

The Company intends to invest Rs. 1,600 million of the Net Proceeds in the project for the construction of a premium business hotel at Yeshwantpur site in Bangalore. Yeshwantpur site is spread over 4.5 acres, which is part of a 10-acre plot. The site is 15 km from M.G. Road, 12 Km from Taj West End, Bangalore and 25 km from new proposed upcoming airport. The entire plot of 10 acres is proposed/ planned for a mixed use development on the site consisting of a hotel, commercial complex and residential blocks.

The hotel is being built as a 12 storey structure with 2 basements and total built up area of 4.8 lakhs sq. ft. Also in the area program are 3 restaurants 1 bar and extensive banqueting space.

The Company has signed a license agreement with the lessor and the owner shall build the shell as per the company's specifications.

The entire expansion is proposed to be funded through the equity. There has been no cost incurred on the project till date by the Company.

Details of the Cost of Project

On the basis of the project report prepared by the management the estimated cost of this project is set forth below:

<i>(Rs. in million)</i>		
S. No	Particulars	Estimated Cost
1.	Civil construction cost	469
2.	Furniture & Equipments	602
3.	Electrical Equipments	154
4.	HVAC	110
5.	Pre-operative expenses	265
	Total	1,600

Schedule of Implementation

The schedule of implementation for this project is estimated by the management to be as follows:

Activity	Expected date of Completion
Expected Date of commercial operation	April, 2009

iii. Taj Lands End, Mumbai

This one of our key premium segment luxury hotel in the metropolitan city of Mumbai. This property was acquired by us in fiscal 2003. Some of the highlights of the facilities available in the hotel are:

- 368 rooms
- 5 Food and Beverage outlets
- 14000 square feet of Banquets area
- Health Club, pool beauty Saloon

- Business Centre and meeting rooms

Based on assessment of available FSI and floor wise location, 115,000 sq. feet of additional area is available for development on the site. This is proposed to be developed in the following manner:

- 142 rooms on the top 4 floors
- High end retail
- Restaurant and bar
- Pastry shop
- Spa facility

The entire expansion is proposed to be funded through the equity and is expected to cost approximately Rs. 763 million. There has been no cost incurred on the project till date by the Company.

Details of the Cost of Project

On the basis of the project report prepared by the management the estimated cost of this project is set forth below:

(Rs. in million)

S. No	Particulars	Estimated Cost
1.	142 rooms and façade	521
2.	Retail space and spa	133
3.	Restaurants and pastry Shop	64
4.	Others	45
	Total	763

Schedule of Implementation

The schedule of implementation for this project is estimated by the management to be as follows:

Activity	Expected date of Completion
Date of commercial operation	July, 2008

2. Investments in Subsidiaries

i. Investment in Domestic Subsidiaries

The Company intends to invest in Roots Corporation Limited, wholly owned subsidiary. Roots Corporation would use the funds to set-up “smart basics” hotels under the “Ginger” brand to cater to the lower end of the segment under Roots Corporation Ltd.

As of August 31, 2007, the Company had nine Ginger hotels in operation. In addition five Ginger hotels are under various stages of construction in Pondicherry, Baroda, Ludhiana, Pantnagar and Panaji. Further, Roots Corporation Ltd has also entered into agreements for setting up of Ginger hotels at Ahemadabad. Guwahati, Mangalore, Jamshedpur and Tripura. The Company is expected to invest Rs. 1,200 million in Roots Corporation Limited over a period of 2007-08 to 2009-10.

ii. Investment in Overseas Subsidiaries

- The Company has acquired lease of The Pierre New York in July 2005 as part of its foray in the international markets. The Company intends to completely refurbish and re-launch the hotel by carrying out substantial renovations. The renovations would be carried out over a period of one year starting January 1, 2008 and is estimated to cost of US\$ 80 million. The Board of the Company has approved an investment of US\$ 55 million equivalent to Rs. 2,200 million to fund the renovation

3. Repayment of long term debt

In order to reduce the leverage and allow flexibility in financial management of the international operations, the Company intends to prepay the outstanding loans of approximately Rs. 4,000 million (US\$ 100 million) from the existing loan portfolio of the international subsidiaries. To achieve this, the Company would fund these international subsidiaries and the funds would be utilized by these subsidiaries to redeem the high costs international debts. Following is the target loan portfolio of the subsidiaries as on August 31, 2007:

Name of the Borrower	Sanctioned Amount USD Millions	Date of the facility	Total amount currently availed under the facility USD Millions
International Hotel Management Services Inc. USA	135	Term Loan	125
Taj International Hotels, Hong Kong	32	Term Loan	32
St. James Court Hotel Ltd	100	Term Loan	90
Samsara Properties	300	Term Loan	300
Total Debt	567		547

4. Funding of the Replacement/ Renovation Capex

The Group consistently invests in renovation and refurbishment of its existing properties to maintain its standards of service and brand visibility. The Group has renovated many of its key hotel properties during the past few years and is in the process of renovating the other key properties in a phased manner. During 2006-07, phased renovations were carried out at Taj Mahal palace & Towers – Mumbai, Taj Palace – Delhi, Taj Holiday Village – Goa, Jai Mahal Palace – Jaipur and other smaller hotels at a cost of Rs 572 million. During the period 2003-04 to 2006-07, the company has spent Rs 2,415 million in renovation.

In order to meet the increasing competition, the Company expects to continue to renovate and refurbish its frontline Luxury hotels and other hotels in phased manner, including its select luxury hotels namely The Taj Mahal palace & Towers – Mumbai, Taj Mahal – Delhi, Taj West End – Bangalore, Taj Palace – Delhi and Taj Bengal – Kolkata.. The renovations would cover guest rooms, public areas, restaurants and Banquet areas, spa's business Center etc.

The company estimates that it would be required to spend Rs. 1,700 million over 2007-08 to 2009-10 on renovation and refurbishment of its existing properties. Out of the total expenditure year-marked for this purpose, an amount of Rs. 930 Million would be spent in the current fiscal year ended March 31, 2008. The proposed renovation and restoration activity for the current fiscal year would include the following properties:

S. No.	Hotel	City	Renovation Description
1.	Taj Mahal Palace & Towers	Mumbai	<ul style="list-style-type: none"> • Banquet Area • Rooms
2.	Taj Palace	Delhi	<ul style="list-style-type: none"> • Guest Rooms on Club Floor • Banquet Halls • Equipment Upgrade
3.	Taj Mahal	Delhi	<ul style="list-style-type: none"> • Restaurants • Rooms
4.	Taj West End	Bangalore	<ul style="list-style-type: none"> • New Restaurant • Rooms

5. General Corporate Expenses

To grow, we continuously explore opportunities to build or buy new hotels and expand at the existing locations. Further, increasing size of our operations requires us to fund additional working capital on an ongoing basis.

In addition to the above mentioned objectives, we also intend to use part of the net proceeds of the Issue for general corporate purposes including for redemption of the debentures as and when due, working capital requirements, initial development expenses for new business opportunities and further acquisitions etc.

We may use a part of the proceeds for other corporate needs which may include but not limited to brand building, investment in information technology up-gradation, meeting exigencies, which we in the ordinary course may not foresee with approval from Board of Directors. Our Board of Directors will review various requirements from time to time. Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

To the extent that we seek to advance on any of the above mentioned fronts, we will utilize part of the funds raised in this issue towards this purpose. In the interim, if opportunities for inorganic growth or any other strategic initiatives arise we may not redeem the borrowings and the funds earmarked for the purpose of redemption may be utilized for the said initiatives.

Funds deployed on the objects of the Issue

The Company till date has not deployed any amount towards the said Objects of the Issue proposed to be financed from this Issue.

Utilization of Net Proceeds

The Company intends to spend the net issue proceeds in Replacement & Renovation Capital Expenditure, Expansion Capital Expenditure, Investment in Subsidiaries and Joint Ventures and repayment of debt. Subject to receipt of regulatory approvals, as may be required, the Company intends to invest part of the net issue proceeds to fund its international subsidiaries, which will be used by the subsidiaries to renovate the hotel and prepay part of its existing loan portfolio.

No part of the Net Issue Proceeds will be paid by the Company as consideration to the Promoter, the Directors, the Company's key management personnel or companies promoted by the Promoter.

Issue Related Expenses

The Issue related expenses include, among others, selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

<i>(Rs.in million)</i>	
Activity	Expense
Lead management and selling commissions	[●] ⁽¹⁾
Advertising and marketing expenses	[●] ⁽²⁾
Printing and stationery	[●] ⁽²⁾
Other (Registrar's fees, legal fees, etc.)	[●] ⁽²⁾
Total estimated Issue expenses	[●]

(1) Will be completed after finalization of the Issue Price.

(2) Will be incorporated at the time of filing of the final Letter of Offer with the Stock Exchanges.

Interim Use of Proceeds

The management of the Company, in accordance with the policies formulated by it from time to time, will have flexibility in deploying the Net Issue Proceeds. Pending utilization of the Net Issue Proceeds for the purposes described above, the Company intends to temporarily invest the funds in high quality debt instruments including deposits with banks, mutual funds or temporarily deploy the funds in working capital loan accounts. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

Monitoring of Utilization of Funds

The Company has appointed [●] as the monitoring agency, to monitor the utilization of the Net Issue Proceeds. The company will disclose the utilization of the Net Issue Proceeds under a separate head in its balance sheet for such fiscal periods as and when the Company's subsidiaries prepay any loans, it shall make disclosures as required under the SEBI DIP Guidelines, the listing agreements with the Stock Exchanges and any other applicable law or regulations, clearly specifying the purposes for which the Net Issue Proceeds have been utilized. The Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Issue Proceeds that have not been utilized, thereby also indicating investments, if any, of such currently unutilized Net Issue Proceeds.

Bridge Financing Facilities

We have not raised any bridge loan from any bank of financial institution for any amount as of the date of this DLOO.

BASIS FOR ISSUE PRICE

The Issue Price for the Equity Shares and NCDs with detachable Warrants has been determined by the Company. Investors should also refer to the sections “Risk Factors” and “Auditor’s Report” beginning on pages [●] and [●], respectively, of this Draft Letter of Offer to get a more informed view before making any investment decision.

Qualitative Factors

- A strong brand image backed by service excellence;
- Prime locations and properties, several being heritage buildings or original palaces;
- One of the largest chain of hotels in South Asia which ensures coverage of a large number of cities and leisure destinations, strengthening the Company’s negotiating position with key customers and suppliers;
- Diversified portfolio of properties with presence at different price points and in various locations, including in selective international locations;
- Strength in the food and beverage sector;
- A sales force with extensive reach and penetration in the market;
- Maintaining, renovation and repositioning of properties to maintain market leadership;
- Adoption of information technology as an integral part of its strategy to streamline resources and increase revenues and competitiveness;
- Focus on cost control; and
- Ownership and relationship with the Tata Group

Quantitative Factors

1. Basic earning per equity share (EPS) of face value of Re. 1

Year	Basic EPS (standalone) (Rs.)	Basic EPS (consolidated) (Rs.)	Weight
Fiscal 2005	1.9	2.3	1
Fiscal 2006	3.0	4.1	2
Fiscal 2007	5.3	6.1	3
Weighted Average	3.97	4.82	

The EPS has been computed on the basis of the restated Summary Statements

The Company reported a Basic EPS of Rs. 0.91 for the period of three months ended June 30, 2007.

2. Price/Earning Ratio (P/E) in relation to the issue price of Rs. 70 per Equity share

- a) Basic EPS as per standalone restated financial statements for year ended March 31, 2007 is Rs. 5.3 and Basic EPS as per consolidated restated financial statements for year ended March 31, 2007 is Rs. 6.14.

Particulars	P/E at the Issue Price
	(no. of times)
Based on year ended March 31, 2007 standalone Basic EPS of Rs. 5.3	13.21
Based on weighted average standalone Basic EPS of Rs. 3.97	17.63
Based on year ended March 31, 2007 consolidated Basic EPS of Rs. 6.14	11.40
Based on weighted average consolidated Basic EPS of Rs. 4.82	14.52

- b) Peer Group P/E

Hotel Industry P/E		
a)	Highest	72.3 times
b)	Lowest	7.0 times
c)	Industry Average	21.1 times

Source: "Capital Market" Vol. XXII/11, dated July 30 – August 12, 2007

3. Return on Net Worth (RoNW) as per restated Indian GAAP financials

Year	Standalone RoNW (%)	Weight
Fiscal 2005	8.1	1
Fiscal 2006	10.3	2
Fiscal 2007	17.9	3
Weighted Average	13.73	

Return on Net Worth (%) is calculated as Profit after tax (as restated) divided by Net Worth

Year	Consolidated RoNW (%)	Weight
Fiscal 2005	8.9	1
Fiscal 2006	12.4	2
Fiscal 2007	17.8	3
Weighted Average	14.51	

Return on Net Worth (%) is calculated as Profit after tax (as restated) divided by Net Worth

The Company reported of RoNW of [●] % for the period of three months ended June 30, 2007.

4. Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS

The minimum return on increased net worth after issue of Equity Shares (at Rs. 70 per share) required to maintain pre-Issue EPS is [●] %.

5. Net Asset Value (NAV)

	Basic NAV (Rs. per share)
As at March 31, 2007 (standalone)	29.8
As at March 31, 2007 (consolidated)	34.6
After the Issue of equity shares (at Rs. 70 per share)	[●]

Net Assets Value is calculated as Net Worth at the end of the period divided by the number of equity shares outstanding at the end of the period.

6. Peer Group Comparisons (Industry Peers)

FY 2006	EPS (Rs. per share)	NAV (Rs. per share)	P/E	RoNW (%)
The Indian Hotels Company Limited (standalone)	5.3	29.8	13.21*	17.9
Peer Group				
Asian Hotels Limited	40.1	523.9	19.6	19.4
EIH Limited	4.3	23.7	24.2	17.2
Hotel Leela Venture Limited	2.7	18.5	18.7	13.8
Jaypee Hotels Limited	2.5	24.6	26.4	12.8
Royal Orchid Hotels Limited	12.5	60.4	16.0	24.5
ITDC Limited	11.1	39.1	7.0	13.7

Source: Peer Group data based on "Capital Market" Vol. XXII/11, dated July 30 – August 12, 2007. Data based on full year results as reported in the edition.

* Based on the Issue Price per Equity Share of Rs. 70

The face value of the Equity Shares is Re. 1 and the Issue Price is 70 times the face value. The face value and Issue Price of the NCDs is Rs. [●].

The Issue Price of Rs. 70 per Equity Share has been determined by the Company on the basis of assessment of market demand for the Equity Shares and the same is justified on the basis of the above factors.

The Issue Price of Rs. [●] per NCD has been determined by the Company on the basis of assessment of market demand for the NCDs and the same is justified on the basis of the above factors.

STATEMENT OF TAX BENEFITS

The following key tax benefits are available to the Company and the prospective shareholders under the present facts and current direct tax laws in India.

The tax benefits listed below are the possible benefits available under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the company or its shareholders to derive the tax benefits is entirely dependent upon fulfilling such conditions, which based on business imperative it faces in the future, it may or may not choose to fulfill.

This Statement is only intended to provide broad tax benefits to the company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the possible provisions or tax consequences of the subscription, purchase, ownership or disposal etc. of these shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult his/her own tax adviser with respect to specific tax implications arising out of their participation in the issue.

1. Key benefits available to the company under the Income Tax Act, 1961 (“the Act”)

A) BUSINESS INCOME:

I. Depreciation

The Company is entitled to claim depreciation under Section 32 of the Act, on specified tangible and intangible assets owned by it and used for the purpose of its business.

Unabsorbed depreciation, if any, for Assessment Year (AY) can be carried forward and set off against any source of income in the subsequent AYs as per section 32 of the Act.

- II. As per Section 35DD expenditure on amalgamation or demerger of any undertaking is allowed to be amortised over a period of 5 successive accounting years beginning with the year in which the amalgamation / demerger takes place.

III. Expenditure incurred on voluntary retirement scheme:

As per Section 35DDA, the company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement of an amount equal to 1/5th of such expenses over 5 successive AYs subject to conditions specified in that section.

IV Debenture Interest

Interest paid on Debentures will be allowed as a deduction under section 36(1)(iii) of the Act in computing business income.

In case Debenture borrowings are utilized for acquisition of assets for extension of company’s existing business, then, interest attributable to such borrowing, from the date of acquisition of the asset till the date on which such asset was first put to use, shall not be allowed as a deduction.

V. Deductions under Chapter VI-A of the Act:

As per section 80-ID, the company will be eligible for deduction of an amount equal to hundred percent of the profits and gains derived from such business, for five assessment years, subject to the fulfillment of the conditions specified in that section.

VI. Carry forward of business loss:

Business losses, if any, for any AY which cannot be set off against income of the year under any other head, can be carried forward and set off against business profits for eight subsequent AYs.

VII. MAT Credit:

As per Section 115JAA(1A), the company is eligible to claim credit for Minimum Alternate Tax ("MAT") paid for any AY commencing on or after April 1, 2006 against normal income-tax payable in subsequent AYs. MAT credit shall be allowed for any AY to the extent of difference of the tax paid for any AY under 115JB and the amount of tax payable as per the normal provisions of the Act for that AY. Such MAT credit will be available for set-off upto 7 years succeeding the AY in which the MAT credit is allowed.

B) CAPITAL GAINS:

I a) Long Term Capital Gain (LTCG)

LTCG means capital gain arising from the transfer of a capital asset being Share held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bond, held by an assessee for more than 12 months.

In respect of any other capital assets, LTCG means capital gain arising from the transfer of an asset, held by an assessee for more than 36 months.

b) Short Term Capital Gain (STCG)

STCG means gain arising out of transfer of capital asset held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of section 10 or a zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- II. LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10 (23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10 (38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section.

W.e.f from AY 2007-2008, income by way of long term capital gain exempt u/s 10(38) of a company is to be taken into account in computing the Book profit and income-tax payable under section 115JB, if attracted.

- III. As per second proviso to section 48, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by Government), is to be computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- (a) As per section 112, LTCG is taxed @ 20% plus applicable surcharge thereon and 3% education cess on tax plus Surcharge (if any) (hereinafter referred to as applicable SC + EC).
 - (b) However as per proviso to section 112(1), if such tax payable on transfer of listed securities/units/Zero coupon bonds exceed 10% of the LTCG, without availing benefit of indexation, the excess tax is to be ignored.

- IV. As per section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(23D), on a recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable SC + EC), provided the transaction is chargeable to STT. Transactions not exigible to STT are taxable @ 30 per cent (plus applicable SC + EC).
- V. As per section 71 read with section 74, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains for subsequent 8 years.
- VI. As per section 71 read with section 74, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long term capital gains for subsequent 8 years.
- VII. Under section 54EC of the Act, capital gains arising on the transfer of a long term capital asset will be exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by the following and subject to the conditions specified therein –
- National Highways Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988
 - Rural Electrification Corporation Limited (RECL), a company formed and registered under the Companies Act, 1956

If only part of the capital gains is so reinvested, the exemption shall be proportionately reduced.

However, if the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as Capital Gains in the year of transfer/conversion.

The investments in the Long Term Specified Asset made by the company on or after April 1, 2007 during the financial year should not exceed 50 Lakhs rupees. These are also subject to countrywide absolute limits of Rs. 1500 crores for NHAI and Rs. 4,500 crores for RECL.

C) Income from Other Sources

Dividend Income:

Dividend (both interim and final) income, if any, received by the company on its investments in shares of another Domestic Company shall be exempt from tax under Section 10(34) read with Section 115-O of the Act subject to disallowances, if any, under Section 14A, for expenditure incurred in relation to earning such income.

Income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of units in such mutual fund) shall be exempt from tax under Section 10(35) of the Act also subject to disallowance as above in case of dividend income.

2. Key benefits available to the Members of the Company

2.1 Resident Members

a) Dividend income:

Dividend (both interim and final) income, if any, received by the resident shareholders from a domestic company is exempt under Section 10(34) read with Section 115O of the Act.

b) Interest Income:

Tax at Source under section 193 of the Act shall be deducted at applicable rates only in case the amount of interest or, as the case may be, the aggregate of the amounts of such interest paid or likely to be paid during the financial year to an individual, exceeds two thousand five hundred rupees. Due credit for such taxes deducted would be available under section 199 of the Act to the Debenture holder..

c) Capital gains:

- i) Benefits outlined in Paragraph 1(B) above are also applicable to resident shareholders. In addition to the same, the following benefits are also available to resident shareholders.
- ii) As per Section 54F of the Act, LTCG arising from transfer of shares to individuals and Hindu Undivided Families will be exempt from tax if net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

d) Rebate:

In terms of Section 88 E of the Act, STT paid by a shareholder in respect of taxable securities transactions (i.e. transaction which is chargeable to STT) entered into in the course of business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions subject to conditions and limit specified in that section.

2.2 Key Benefits available to Non-Resident Member

a) Dividend Income:

Dividend (both interim and final) income, if any, received by the non-resident shareholders from a domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

b) Debenture Interest Income:

Tax at source at applicable rates will be deducted under section 195 of the Act for which due relief under Sections 90 or 91 of the Act read with section 199 would be available.

c) Capital gains:

Benefits outlined in Paragraph 2,1(b) above are also available to a non-resident shareholder except that as per first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result, of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to section 48 is not available to non-resident shareholders.

d) Rebate:

Benefits outlined in Paragraph 2.1.c above are also applicable to the non-resident shareholders.

e) Tax Treaty Benefits:

As per Section 90 of the Act, the shareholder can claim relief in respect of double taxation if any as per the provision of the applicable double taxation avoidance agreements.

f) Special provision in respect of income / LTCG from specified foreign exchange assets available to non-resident Indians under Chapter XII-A

- i. Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- ii. Specified foreign exchange assets include shares of an Indian company acquired/purchased/subscribed by NRI in convertible foreign exchange.
- iii. As per section 115E, LTGC arising from transfer of specified foreign exchange assets shall be taxable @ 10% (plus applicable SC + EC) without deduction under Chapter VI A or benefit of indexation.
- iv. As per section 115F, LTCG on transfer of a foreign exchange asset shall be exempt under Section 115F; in the proportion of the net consideration from such transfer being invested in specified assets or savings certificates within six months from date of such transfer, subject to further conditions specified under Section 115F.
- v. As per section 115G, if the income of an NRI taxable in India consists only of investment income/LTCG from such shares and tax has been properly deducted at source in respect of such income in accordance with the Act, it is not necessary for the NRI to file return of income under Section 139.
- vi. As per section 115H, where the NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income, for the assessment year, in which he is first assessable as a resident, under section 139 of the Act to the effect that the provisions of the chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent years until such assets are converted into money.
- vii. As per section 115I, the NRI can opt not be governed by the provisions of chapter XII-A for any AY by declaring the same in the return of income filed under Section 139 in which case the normal benefits as available to non-resident shareholders will be available.

2.3 Key Benefits available to Foreign Institutional Investors (FIIs)

1) Dividend Income:

Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) read with Section 115O of the Act.

2) Interest Income:

The tax at source will be deducted under section 193 at the appropriate rate in force.

3) Capital Gains:

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB), shall be taxable as follows:

- As per section 111A, STCG arising on transfer of securities where such transaction is chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). STCG arising on transfer of

- securities where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable SC & EC).
- LTCG arising on transfer of securities where such transaction is not chargeable to STT, shall be taxable at the rate of 10% (plus applicable SC & EC). The benefit of indexation of cost of acquisition, as mentioned under 1st and 2nd proviso to section 48 would not be allowed while computing the capital gains.

4) Exemption of capital gains from income-tax

- i. LTCG arising on transfer of a long term capital asset, being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to STT is exempt from tax under Section 10(38) of the Act.
- ii. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph 1BI (vii) above.

5) Rebate:

Benefits as outlined in Paragraph 2.1.c above are also available to FIIs.

6) Tax Treaty Benefits:

As per Section 90 of the Act, a shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable double taxation avoidance agreements.

2.4 Key Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, would be exempt from income-tax, subject to the prescribed conditions.

3. Wealth Tax Act, 1957

Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. The Gift Tax Act, 1957

Gift of shares of the company made on or after October 1, 1998 are not liable to Gift Tax.

5. Service Tax

Brokerage or commission fees paid to stock brokers in connection with the sale / purchase of shares is subject to an Indian service tax @ 12.36%.

Notes:

- a) All the above benefits are as per the current facts and tax laws and will be available only to the sole/first named holder in case joint holders hold the shares.
- b) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreements, if any, between India and the country in which the non-resident member has fiscal domicile and in case the non resident member has fiscal domicile in a country with which no such agreement exists, then due relief under Section 91 of the Act may, in given circumstances, get attracted.
- c) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

INDUSTRY OVERVIEW

The information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. It has not been independently verified by the Company, the Lead Manager or their respective legal or financial advisors, and no representation is made as to the accuracy of this information, which may be inconsistent with information available or compiled from other sources.

Worldwide the Travel & Tourism (“T&T”) activity encompasses transport, accommodation, catering, recreation and services for visitors. This is one of the world’s highest priority industries and generates the maximum employment opportunity for the economies globally.

Over the last two years, the world has witnessed the consolidation of T&T growth on a global scale. New and unprecedented trends have emerged from the global expansion of our industry in virtually every region of the world. Today, almost all organizations and destinations are reaping the benefits of this growth. More and more governments have recognized T&T as a dynamic engine of economic and social progress.

Source: WTTC, Progress and Priorities 2007/2008

Global Industry Scenario and Key Statistics

WTTC’s results point to a strong performance for global T&T Demand in 2007, growing at a rate of 3.9%. Over the next ten years, world T&T is expected to average 4.3% per annum. In contrast to the steep curve experienced in 2006, 2007 is expected to be a year in which growth stabilizes at a rate more commonly associated with a mature industry. The outlook is one of steady, but healthy progress going forward.

The economic impact of the industry on the global economics and the prospects for the future can be understood by highlighting its impact on some key economic parameters in 2007.

- **Demand:** Encompassing all components of T&T consumption, investment, government spending and exports, in 2007 T&T Demand is expected to generate some US\$7,060 billion of economic activity worldwide, growing to US\$13,231 billion by 2017.
- **GDP:** The world’s T&T Industry is expected to contribute 3.6% to gross domestic product (GDP) in 2007 (US\$1,851 billion), rising in nominal terms to US\$3,121.7 billion (3.4% of total GDP) by 2017. The broader perspective of the T&T Economy, which includes the direct and indirect impact of our industry, is expected to account for 10.4% of global GDP (equivalent to US\$5,390 billion), rising to 10.7% (US\$9,781 billion) over the next ten years.
- **Employment:** In 2007, world T&T Economy employment is estimated to reach 231.2 million jobs, representing 8.3% of total employment worldwide (1 in every 12 jobs). By 2017, this figure is expected to rise to 262.6 million jobs, accounting for 8.3% of total employment.
- **Visitor Exports:** Expenditure by international visitors on goods and services within an economy can have a significant impact on the exports of that country. Globally, exports make up a very important share of T&T’s contribution to GDP. Of total world exports, T&T accounts for some 12% (US\$1,847.8 billion) in 2007 increasing to \$3,806.4 bn (10.6% of total) in 2017.. Over the next years, world T&T exports are expected to grow at a rate of 4.6% per annum.

Source: WTTC, Progress and Priorities 2007/2008

India’s T&T Industry

It is boom time for India’s Tourism and Hospitality sector. Driven by a surge in business traveler arrivals and a soaring interest in the country, India has emerged as a leading tourist destination. The world’s leading

travel and tourism journal, “Conde Nast Traveller”, ranked India amongst top 4 preferred holiday destinations in the world.

Source: Annual Report 2006-07, Ministry of Tourism, Government of India

The shift in the Indian economy from a consumption induced economic growth to an investment induced growth trajectory will enable sustained growth over a long term horizon and this bears well for the hospitality industry. As a result of the higher disposable incomes with the expanding population in the working age group, the leisure destinations are expected to witness rapid growth in demand, especially from the domestic travel market. Demand in most commercial markets is now generated through the services sector as opposed to manufacturing based demand a few years ago. This shift has further enhanced the propensity of the market to support higher rates and improved the average length of stay patterns.

India’s Position in the Global Scenario

Turning to WTTC’s research on the world’s strongest T&T performers – defined as countries set to grow the fastest in 2007 and over the coming decade – the results show that China, Montenegro and India are at the top of the list, with Demand in the respective countries growing each year at a rate of 9.1%, 8.6% and 7.9%. These countries have consistently ranked in the top three positions over the past four years, consolidating their growth year on year. Their strong foothold in terms of performance is underscored by a sustained expansion in their T&T industries as a result of focused strategic development and targeted investment.

T&T Demand Growth 2007-2017		T&T Economy Employment 2017	
Country	% Annualized Real Growth	Country	‘000s of Jobs
China	9.1	China	75,710.2
Montenegro	8.6	India	28,322.0
India	7.9	United States	16,125.9
Croatia	7.8	Japan	9,422.7
Dem Rep of the Congo	7.8	Brazil	7,773.2
Vietnam	7.5	Indonesia	6,853.9
Romania	7.4	Mexico	5,469.2
Namibia	7.1	Germany	4,962.8
Hong Kong	7.0	Spain	4,858.5
Chad	7.0	Thailand	4,766.9

India ranks 3rd on a relative scale, amongst the countries expected to grow their T&T demand most rapidly between 2007 and 2017. On an employment scale, amongst the countries expected to generate the largest amount (Absolute Terms) of T&T Economy Employment in 2017, India ranks 2nd

However, the contribution of the T&T sector in India is relatively low when compared to China and some of the other South-East Asian nations as illustrated by the following table:

	% Share of World T&T Demand	T&T Economy as % of Total GDP	T&T Economy Jobs As % Of Total Employment
World	100.0	10.4	8.3
China	6.2	12.2	9.4
India	0.9	5.4	5.5
Malaysia	0.5	13.3	11.4
Singapore	0.5	10.7	8.8
Thailand	0.7	14.9	11.3

Still, the country is not able to service even this share to full guest satisfaction due to demand-supply mismatch and infrastructural inadequacies. The number of approved hotel rooms in the country is estimated at 110,000 (including approved projects) of which around 30% is in the 5 Star/Luxury segment – lower than even some of the much smaller South-East Asian countries like Singapore, Malaysia and Thailand.

As per the estimates of GoI in December 2006, India is facing a shortage of 150,000 hotel rooms. Delhi & NCR alone will require 30,000 additional rooms by 2010 due to huge tourist inflow expected due to Commonwealth Games being held in 2010 and Asian Games in 2014.

Domestic Industry Trends

Our focus area under the T&T industry is the hospitality sector with the special focus on the hotels in India and their drivers.

Indian hospitality sector has witnessed a significant mismatch in the demand-supply scenario resulting from a huge growth in domestic as well as international business & leisure tourists. According to recent estimates, Indian tourism demand is expected to grow at 10.05% (CAGR) over the next ten years (2008-2017), which would place India as the third most rapidly growing tourism markets in the world. The Indian T&T is expected to experience a 7.9% annualized real growth in the T&T demand for the period 2008-2017. The tourist arrival is expected to touch new heights fuelled by emergence of low cost airlines, growing thrust by the government on tourism and infrastructure and India's emergence as an outsourcing hub.

Source: The 2007 T&T Economic Research, published by the World T&T Council

There has been a significant increase in the number of foreign tourist arrivals during 2006. Foreign tourist arrivals which were 3.92 million in 2005 rose to 4.43 million in 2006 showing an increase of 13%. Foreign exchange earnings from tourism also showed a phenomenal growth from US\$ 5.73 billion in 2005 to US\$ 6.56 billion in 2006, achieving an increase of 14.6%. During the first five months of 2007, the number of foreign tourist arrivals was 2.02 million, representing a growth rate of 12% over the corresponding period last year. Foreign exchange earnings showed a growth rate of 17.4% over the same period, earning US\$ 3.07 billion as against US\$ 2.61 billion last year. Due to this surge of foreign tourists, India's share in world arrivals which was just 0.37% in 2001 rose to be 0.53% in 2006.

Source: Ministry of Tourism, Government of India

Hotel Industry Characteristics

1) Seasonality

The hotel industry's premium segment is largely dependent on foreign tourist inflows. Tourist inflows, especially international leisure tourist inflows, are seasonal in nature. Due to summer and monsoon seasons, tourist arrivals from April-September are lower than from October-March (60% of the annual arrivals). However, business travel tends to be less seasonal. On analyzing the various segments of travelers we find that;

Business Traveller: The business offered by this segment is less seasonal, and travellers usually stay in premium segment hotels. This segment is highly dependent on the country's economic scenario.

Leisure Traveller: The business offered by this segment is highly seasonal and tends to increase during the October to March period.

Airline Crew: This segment provides an assured occupancy for hotels that have contracts with airlines

2) Capital-intensive

The high cost of land and development make the hotel industry capital-intensive. The cost of setting up a hotel varies, depending on the location, size and star category. Land costs vary by location and also within the location. The average cost of constructing a hotel (excluding the land cost) is Rs. 6-7 million per room in the premium segment and Rs. 3-4 million per room in the budget segment. The gestation period for the construction of a hotel is 3-4 years.

3) Manpower / labour-intensive

The hotel and restaurant sector is also labour-intensive. On an average, the employee-to-room ratio is around 1.8:1 in India as compared with 1.5:1 globally.

Source: Cris Infac Hotels Annual Review Report, July 2006

Typical Ownership/Operation structures in the hotel industry

Ownership/operation structures in the hotel industry in India take various different forms. Some of these structures are as follows:

(i) *Ownership*

Under this structure, the owner owns the hotel building and the land on which the hotel is situated on a long term lease. The owner manages and operates the hotel.

(ii) *Management Contracts*

Under this structure, a manager manages the operations of a hotel owned by a third party. In return, the manager earns management fees. The management fee could be a percentage of revenue or percentage of the gross operating profit or a combination of both. The cost of upkeep and renovation of the hotel is borne by the owner.

(iii) *Franchise Agreements*

In a franchise arrangement, the hotel company allows the hotel owner to use its brand name and service marks in exchange for a royalty and other fees. The hotel owner benefits by obtaining instant recognition and a specific image in the market place, which is known as receiving a brand name or a flag. In addition, hotel companies provide other benefits such as a reservation system, global advertising throughout the

franchiser's chain of hotels, frequent traveler programmes, property management software, training, purchasing and consultancy services. In this case the owner bears the cost of renovation and upkeep of the hotel.

(iv) *Lease/Licence Arrangements*

The lessor or licensor (the owner of the hotel property) leases or licenses the hotel property to a lessee or licensee for a specified duration. The lessee or licensee incurs the entire capital expenditure for renovating the hotel. In general in lease agreements, the lessor owns the property and the lessee has an interest in the asset for duration of the lease agreement. Generally, a 'lease rental' or 'licence fee' is a proportion of the gross revenue, and is paid to the lessor/licensor.

Marketing and distribution arrangements

(i) *Computerised Reservation Systems ("CRS")*

Many hotel companies (especially) hotel chains have installed a reservation system network connecting all the properties. This enables reservations to be made for customers in different cities.

(ii) *Travel Agent (backing via a Global Distribution System/Computerised Reservation System)*

In India, tour operators/travel agents usually receive a credit period of 30 days from hoteliers for making payments. All hotels which are members of the International Hotel and Restaurant Association (IH&RA), are bound by the code of conduct signed between the IH&RA and the Universal Federation of Travel Agents Association.

(iii) *Global Distribution System*

Global Distribution Systems are networks of electronic reservation systems set up and used by hotels, travel agents and other commercial entities via distribution channels such as the internet. Travel related products, such as airline tickets, hotel rooms, and car rental services, can be reserved through a Global Distribution System put in place by such commercial entities, for the purposes of facilitating sales and reservations.

(iv) *Internet*

The usage of the internet, for making hotel bookings has largely increased, due to increased internet penetration and cost effective access. The proportion of online bookings in total hotel bookings has been increasing, due to easy access to information, and a significant effort by the hotel companies in promoting online bookings. This has resulted in quicker and easier reservations being effected.

(v) *Marketing alliances*

Some hotel properties/chains are associated with a marketing alliance. This provides the hotel property/chain direct access to the reservation network, promotion and internet coverage. In addition, certain hotel chains have entered into strategic alliances with international airlines such as the Leading Hotels of the World and the Leading Small Hotels of the World.

Government Support

Governments are key players in any tourism industry due to the role of regulation in the industry and its influence on tourism estate planning, credit/financing and destination marketing. Therefore, government support is important for development of the industry as it determines the political and economic environment for the development of the industry. The GoI has in recent years focused on tourism as a key industry sector and has undertaken a number of steps to promote the industry. Some of the important

initiatives of the Government to promote tourism in general and the hotel industry in particular are listed below:

- (i) the removal of expenditure tax of 10% (levied on revenue from rooms with a tariff of over Rs.3,000 per day) thereby reducing overall costs to the customer and providing additional pricing flexibility for the domestic hotel industry;
- (ii) providing relief under section 72A of the Income Tax Act which facilitates mergers and acquisitions of hotels more effectively;
- (iii) continuing exemption from service tax on room revenues and food and beverage revenues; and
- (iv) extending 5 year Income tax holiday for setting up a hotel/convention centres in National Capital Territory of Delhi and the district of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad on or before March 31, 2010 having 2 star, 3 star or a 4 star classification.

In recent announcements made by the GoI, it has taken further initiatives to develop the travel and tourism industry. The GoI has reduced various taxes applicable to the sector which will reduce the cost of travel. The initiatives announced are:

- (i) reduction in excise duty on Aviation Turbine Fuel (ATF) from 16% to 8%;
- (ii) reducing the duties on imports;
- (iii) removal of inland air travel tax of 15%; and
- (iv) removal of foreign travel tax.

The principal thrust of the last budget has been to focus on three key themes: agriculture, infrastructure, and securing more inclusive growth. Keeping in line with the focus, there is increase in allocation for tourism infrastructure by around Rs.100 crores. In addition, with respect to Indian tourism generally, the GoI is beginning to promote the country globally as a business and tourist destination and may set up global standard international convention centres. It is also in the process of (i) building airports in Bangalore and Hyderabad with private sector participation and (ii) modernizing and privatizing the airports at Mumbai and Delhi. The GoI has also launched campaigns in the international press to market India as a tourist destination. A number of state governments, namely Kerala, Goa and Rajasthan have also taken a number of initiatives to attract tourists.

Classification of Hotels

The hotels in India can be classified based on the size of the room and the types of the amenities offered. The Department of Tourism (DOT) has classified hotels into seven categories namely: Heritage Hotels, 5 Star deluxe (5-D), 5-Star, 4-Star, 3-Star, 2-Star and 1-Star. Heritage hotels include the old palaces and havelis which are converted into hotels.

DOT reclassifies the hotels every 3 years and is responsible for the classification of the 5-D, 5-Star and 4-Star hotels, while the State Governments are responsible for the classification of the 3-Star, 2-Star and 1-Star. The classification ensures the suitability of the hotels for the tourist and also entitles the hotels to category of classified hotels. Classified hotels are also entitled for the benefits such as the interest subsidies, income tax benefits and imports etc.

Classification of Hotels by Segment				
Segment	Location	Category	Target	Rates
Premium	Around 50 per cent of these hotels are concentrated in the four metros	5-D, 5-star	Foreign business and leisure travelers, senior business executives and top government officials	Highest ARR's due to highest levels of service quality
Budget	Located in major cities as well as small cities and tourist destinations	3-star, 4-star	Middle-level business executives and leisure travellers	Offer few facilities and charge lower than the premium segment
Economy	Located in major cities as well as small cities and tourist destinations	1-star, 2-star	Largely targeted at domestic tourists	Minimum facilities. Charges are lower than that of the budget segment
Heritage	Heritage hotels comprise old palaces, havelis, castles, forts and residences, constructed prior to 1950, converted into hotels largely located in leisure tourist destinations like Jaipur	Heritage Grand, Heritage Classic	Foreign leisure travellers	ARR's are lower than that of hotels in the premium segment

As at December 2006, there were 1,169 hotels with the 75,787 rooms on the approved list of Ministry of Tourism. The break up of these hotels by different star categories is given below:

Break up of the Hotels		
Hotel Category	No. of Hotels	No. of Rooms
5 – Star Deluxe	97	21,314
5 – Star	82	9,505
4 – Star	114	7,606
3 – Star	427	19,164
2 – Star	181	5,148
1 – Star	52	2,682
Heritage	85	3,445
3 – Star Apartment Hotel	2	110
4 – Star Apartment Hotel	1	44
5 – Star Apartment Hotel	1	100
Silver Incredible India Bed & Breakfast Establishments	2	6
Gold Incredible India Bed & Breakfast Establishments	3	6
To be Classified	122	7,657
Total	1,169	75,787

Source: Cris Infac Hotels Annual Review Report, July 2006

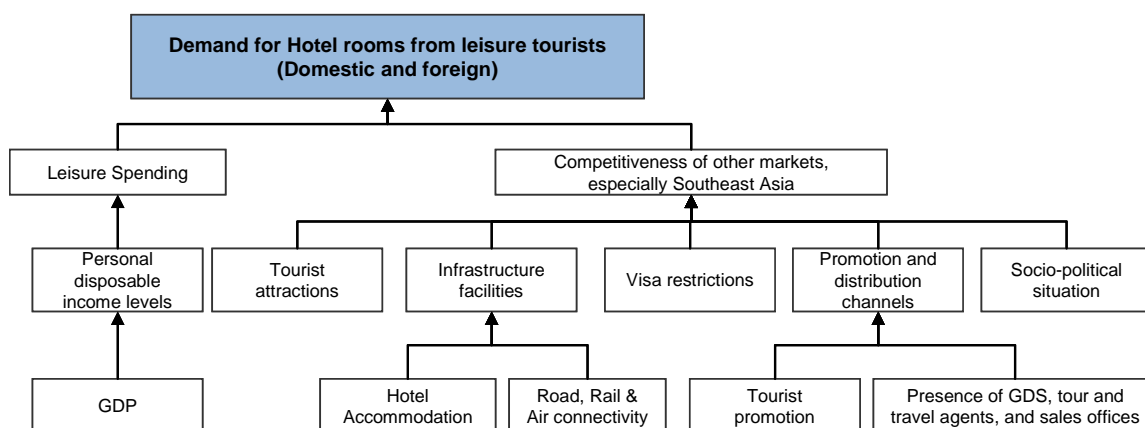
Demand Drivers for Hotel Accommodation

The demand for the hotel accommodation is primarily from two sources:

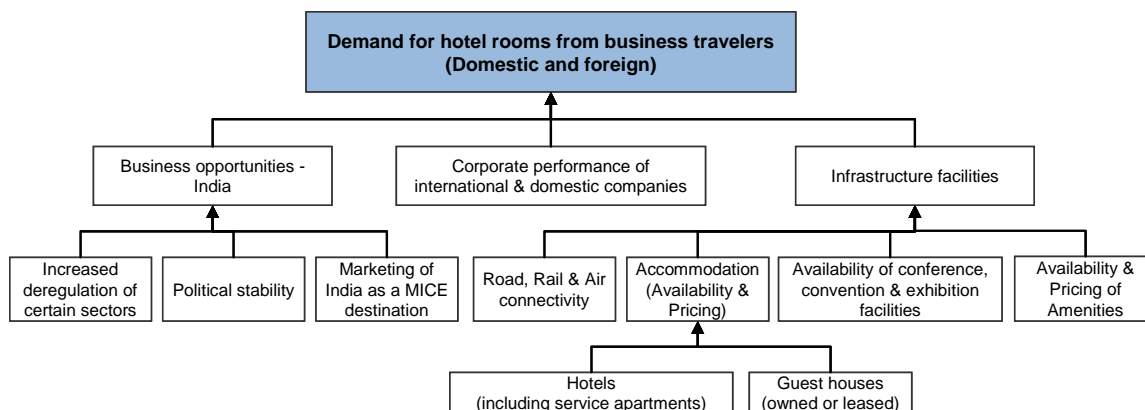
- Demand from the leisure tourist (both domestic and foreign), and
- Demand from the business tourist (both domestic and foreign)

Recently in the past year there has been an upsurge in the leisure & business tourist domestically and internationally. On a relative basis the industry has observed a greater growth in the business tourist both domestic and international. The primary reason of this is the India story and increasing integration of Indian businesses with global businesses.

Snapshot of key factors driving the demand from the business & leisure tourists:



Demand Drivers for the Business travelers:



Growth Drivers for T&T Industry in India

The primary growth drivers for the industry leading to the demand out surging the supply can be attributed to the following factors:

Increase in international tourist arrivals

India has emerged as a major tourist destination. International tourist arrivals in India increased by over 13% in 2006 to reach 4.4 million, and foreign exchange earnings from tourism increased by over 17% to Rs 296 billion¹. The Indian Government has realized that tourism is not only a significant revenue earner but also a core employment generator. It has launched various global campaigns such as “Incredible India!”, “Colors of India”, “Atithi Devo Bhavah”, and “Wellness Campaign” to promote inbound tourism. With India attracting increasing foreign interest in terms of trade and investment, international business travel into India is also on a steady rise.

Growth in domestic tourism

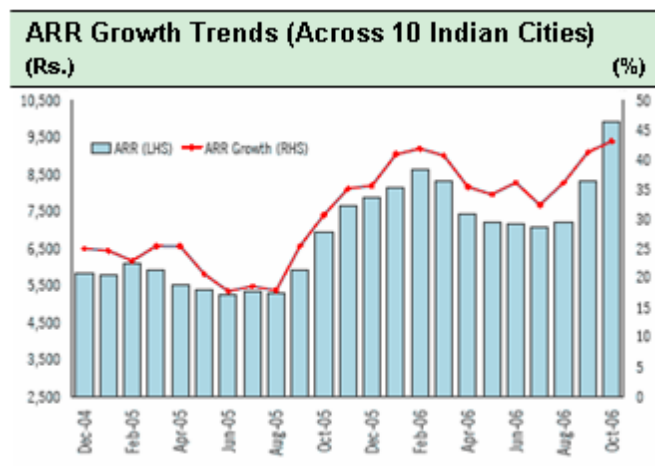
Domestic tourist visits in India were over 390 million in 2005². Increased affordability and affinity towards leisure travel are driving domestic tourism in the country. Moreover, India’s strong economic development and the growth in its services industry has led to increased corporate spending on business travel. Domestic business travelers account for about 45%-50% of total room revenues in some of the major tourist destinations across India³.

Huge demand-supply gap

There is a huge shortage of quality hotel rooms across the country as supply has not been able to keep pace with demand. The number of approved hotel rooms in the country is estimated to be 110,000 (including approved projects) of which 30% is in the five-star segment⁴. This is far lower in comparison with international peers.

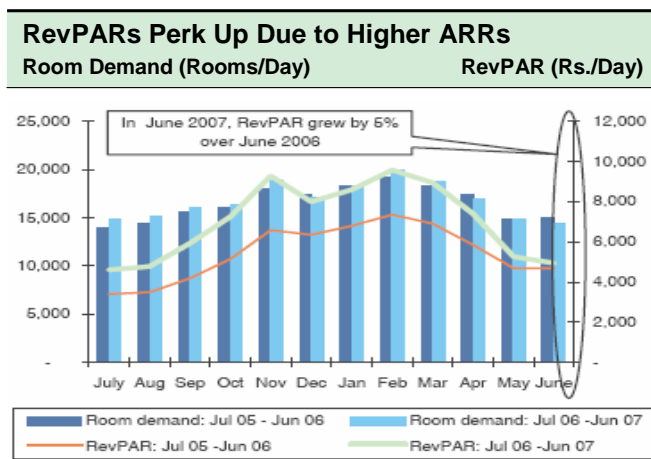
Average room rates have been strong

Average room rates (ARR) have been on an uptrend due to the paucity of rooms. In FY06, ARR in most Indian cities increased substantially, with Hyderabad and Bangalore witnessing an annual increase of over 40% and 30%, respectively⁴. The current occupancy rates have also reached the highest ever levels of over 70%⁶. As a result, revenue per available room (RevPAR) has also been on the rise.



Source CRIS INFAC

¹ “Annual Report 2006-07”, Ministry of Tourism, Government of India
² “India Tourism Statistics – 2005”, Ministry of Tourism, Government of India
³ Cris Infac Hotels Annual Review Report, July 2006
⁴ ITC Ltd. Annual Report FY2007



Note The information pertains to the ten cities that we track
Source CRISIL Research

International players are expanding operations in India

Attracted by India’s fast growing hospitality industry, international hotel chains are increasing their presence in the country. For instance, Hilton, Marriott, Starwood, Shangri-La, Carlson, InterContinental, Accor, Hyatt and Choice have all charted out extensive expansion plans in India. Some of these hotel chains such as Hilton and Marriott have formed alliances with large Indian real estate developers such as DLF and Unitech, respectively. These developers would develop and own the hotel properties, while the hotel chains would manage and market these properties.

Key Destinations in India

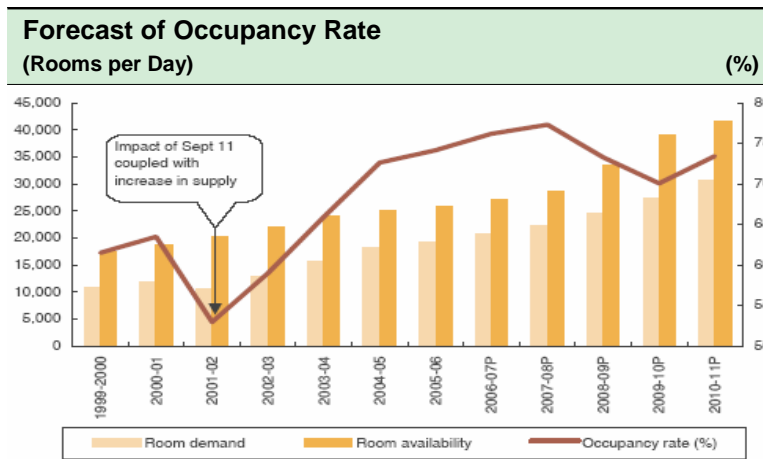
The primary business destinations of India are Mumbai, Bangalore, Hyderabad, Chennai, Pune & Delhi and the primary leisure destinations are Goa, Jaipur, Agra, Kolkata and Kerala to name a few. Hence most of the premium hotels and hotel chains have presence in these destinations.

A city-wise analysis indicates that among the business destinations, room demand growth in the next 5 years will be the highest in the Bangalore (CAGR of 18.5%), Hyderabad (CAGR of 18%), Pune (CAGR of 18%) and Chennai (CAGR of 14%). These are the cities to observe the bulk of the additional capacities being built in form the supply side. Supply will grow in Pune (32%), Bangalore (25%), Hyderabad (21%) and Chennai (21%) as a response to the projected rise in the demand at these locations.

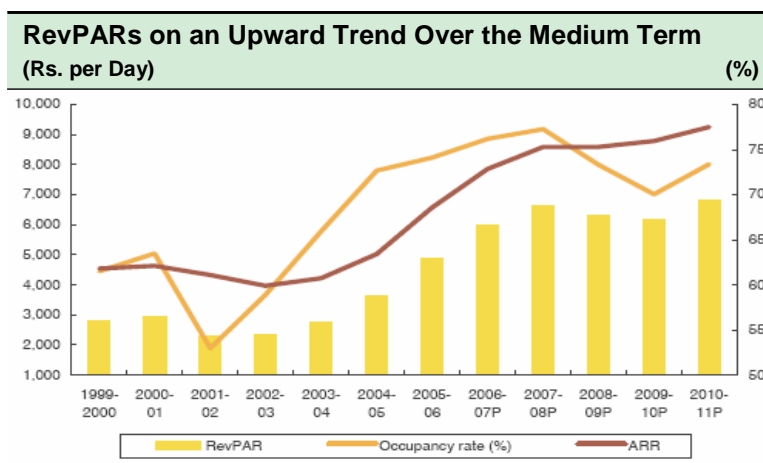
Source: Cris Infac Hotels Annual Review Report, July 2006

Future Industry Trends

Overall occupancy rates to continue its upward trend over the next 2 years; to fall post 2007-08



Source CRIS INFAC



Source CRIS INFAC

Outlook

Room supply to increase

As both international and domestic hotel chains increase their portfolio, the total room supply in the country is expected to increase. Estimates indicate that India would need an additional 50,000 rooms in the next 2 to 3 years to cater to the projected tourist arrivals into the country⁵.

Tremendous potential for budget hotels

With the growth in domestic tourism, budget hotels are being developed to cater to the needs of middle-income domestic tourists and foreign budget travelers. These hotels provide the basic facilities at attractive prices. The growth in business travel to Tier-II cities has also increased the demand for such hotels in these cities. Domestic hotel chains plan to set up budget hotels in the country. For instance, Indian Hotels Company has launched budget hotels under the ‘Ginger’ brand. In view of the potential for this segment in India, even international players are launching their budget hotel brands in the country. Accor has tied up with Emaar-MGF to bring its ‘Formula 1’ brand of budget hotels to India.

Service apartments, the new buzzword

This concept is gaining ground in India driven by an increasing inflow of expatriates and travelers staying for longer durations. Service apartments, which are expected to become an integral part of the hospitality industry, provide all the luxuries and comfort of a premium hotel at cheaper rates, and are becoming the preferred choice for those looking for a 'home away from home'. Some examples of service apartments in India are Taj Wellington Mews (by IHCL), Homestead Serviced Apartments (by Brigade Group), Marriott Executive Apartments, Star City and Seasons.

Future of the Hotel industry

The potential of the tourism industry to contribute to India's economic growth is increasingly being recognised in several policy initiatives. As per the 'Approach Paper of the 11th Five Year Plan', the tourism sector has the potential to generate 27 million additional jobs in the country during the Plan period. The following initiatives of the GoI will contribute significantly for realising full potential of the sector:

- The launch of the 'Incredible India' campaign
- Increase of budgetary allocation for the Ministry of Tourism in recent years
- Adoption of the 'open skies' policy to augment airline capacity
- Increased focus on infrastructure including privatisation of the airports in New Delhi and Mumbai and the planned airport upgradation projects across the country

However, the heightened demand for land at suitable locations especially from real estate players for multi-use development and the consequent steep escalation in prices remains a key concern for hotel companies wanting to set up Greenfield projects. Since, location is a very important element for success of a hotel, it is possible that going forward the hotel companies may aggressively start acquiring hotel / other properties located in premium locations and upgrade these properties.

Further, CRISIL Research expects that the demand for rooms in NCR under normal scenario (not considering the demand for Commonwealth Games) by 2010-11 would be around 16,580. In 2010, when the Commonwealth Games will take place, the total demand for rooms in the premium and budget segments, assuming that only premium and budget segment rooms would be preferred by tourists visiting Delhi for Commonwealth Games, would be around 20,000. The break-up of 20,000 rooms being 8,100 rooms in the premium segment and the remaining 11,900 rooms in the budget segment (based on what has been planned)

CRISIL Research states that since incremental supply in the premium segment is more than the incremental demand, there is likely to be pressure on occupancy rates and ARRs when all the supply comes up. More rooms are needed in the budget segment to address the need of domestic leisure tourists and middle level business executives, as they are the main clientele of budget hotels.

BUSINESS

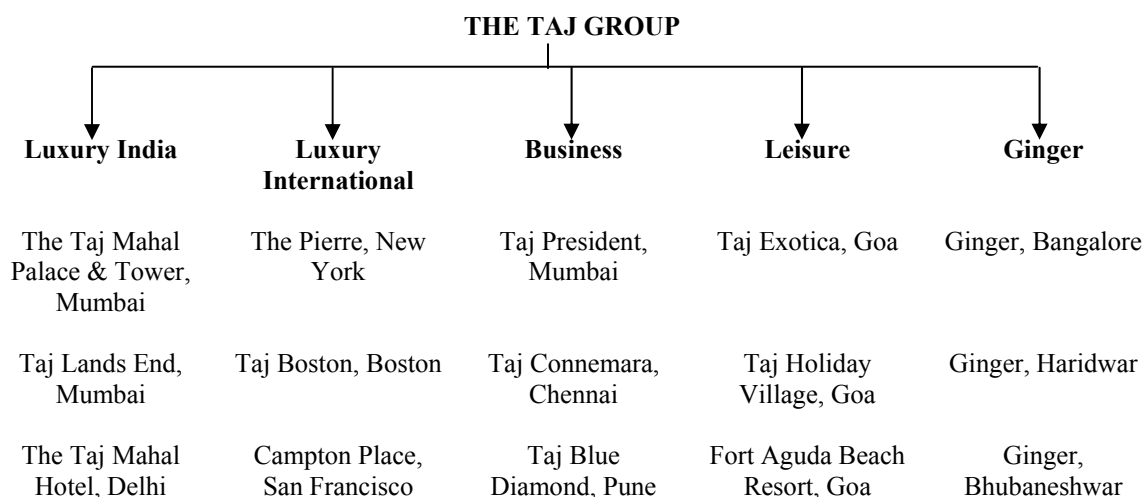
The Company is a leading operator and manager of hotels, palaces and resorts primarily in India and manages the Taj Group. Set up in 1902, the Company represents the hospitality business of the Tata Group. As at August 31, 2007, the Taj Group operates a total of 84 hotels with over 10,000 rooms. The Taj Group has a significant geographical spread of hotels in India, having properties in the major cities and large towns in India as well as in some of the key leisure destinations in South Asia. In the recent past the Company, through its wholly owned subsidiaries, has acquired hotels in New York, Sydney, Boston and San Francisco. The Company owns or has obtained long-term licenses for 24 hotels and resorts with 3,441 rooms. The Company has majority ownership interests through subsidiaries in 16 hotels and resorts with 2,105 rooms and has minority interests in 29 hotels (amounting to 3,157 rooms). In addition, the Taj Group manages a total of 15 hotels, palaces and resorts in India and internationally pursuant to management contracts for third party owners (amounting to 1,481 rooms).

The Taj Group classifies its business divisions by the quality of the property, the range of services, and the guests it targets. Accordingly, the Taj Group has classified its hotel properties under various divisions as Luxury India, Luxury International, Business, Leisure and Ginger, which account for 27.16%, 13.62%, 29.97%, 20.35% and 8.90% of total rooms of the Taj Group, respectively. The Company derives the majority of its revenue from the Luxury India division. The Company is focused on the high end (five-star deluxe) Luxury India and Luxury International divisions of the hotel market while maintaining a significant presence in the Business and Leisure divisions. The principal hotel owned by the Taj group is its flagship hotel, the Taj Mahal Palace & Tower, Mumbai.

In order to pursue opportunities in the “value-for-money” segment, the Company, through its wholly-owned subsidiary, has launched “Ginger” brand of hotels catering to budget travelers. Currently, nine Ginger hotels are operational at various locations. The Company has also entered into a joint venture agreement with CC Africa and Cigen Corporation to promote wild life tourism in India and has two resorts, one each in Bandhavgarh and Pench in the state of Madhya Pradesh.

Economic growth and increased travel activity into India has helped fuel the Taj Group's growth over the last decade, despite difficult conditions experienced after the events of 11 September 2001. The Company believes that economic growth and increased travel activity in India will continue as a result of India's continuing economic liberalization programme. In the last three years up to the year ended 31 March 2007, the revenues of the Company have increased from Rs. 9,154.2 million to Rs. 16,188.3 million, a CAGR of 20.9% and the Company has added 22 new hotels in India and internationally and 2,244 rooms through a combination of ownership, license and management contracts.

A brief overview of the key Taj properties as per business divisions:



Taj Palace Hotel, Delhi	St. James Court Hotel, London	Taj Residency, Bangalore	Fisherman's Cove, Chennai	Ginger, Mysore
The Taj West End, Bangalore	Taj Exotica Resort & Spa, Maldives	Taj Banjara, Hyderabad	Jai Mahal Palace, Jaipur	Ginger, Trivandrum
Taj Bengal, Kolkata	Taj Exotica Resort & Spa, Mauritius	Taj Residency Hotel, Lucknow	Taj Malabar, Cochin	Ginger, Pune
Taj Wellington Mews Luxury Residences, Mumbai	Taj Palace Hotel, Dubai	Taj Residency, Aurangabad	Taj Hari Mahal, Jodhpur	Ginger, Durgapur
Umaid Bhawan Palace, Jodhpur		Taj Chandigarh, Chandigarh		Ginger, Nashik
Taj Krishna, Hyderabad				Ginger, Agartala
Taj Lake Palace, Udaipur				

History

The Company was incorporated in 1902 and it opened its first hotel, the Taj Mahal Palace & Tower, Mumbai, in 1903. The Company has undertaken major expansion of the Taj Mahal Palace & Tower, Mumbai by constructing an adjacent tower block and increasing the number of rooms from 225 to 565 rooms. With the completion of its initial public offering in the early 1970s, the Company began a long term programme of geographic expansion and development of new tourist destinations in India which led to its emergence as a leading hotel chain in India. From the 1970s to the present day, the Taj Group has played an important role in launching several of India's key tourist destinations, working in close association with the Indian Government. The Taj Group has a philosophy of service excellence which entails providing consistently high levels of personalized service and innovative means of improving service quality.

The Taj Group has been active in converting former royal palaces in India into world class luxury hotels such as the Taj Lake Palace in Udaipur, the Rambagh Palace in Jaipur and Umaid Bhawan Palace in Jodhpur. In 1974, the Taj Group opened India's first international five star deluxe beach resort, the Fort Aguada Beach Resort in Goa. The Taj Group also began its business in metropolitan hotels in the 1970s, opening the five-star deluxe hotel Taj Coromandel in Chennai in 1974, acquiring an equity interest and operating contract for the Taj President, a business hotel in Mumbai, in 1977, and opening the Taj Mahal Hotel in Delhi in 1978.

In 1980, the Taj Group took its first step internationally by opening its first hotel outside India, the Taj Sheba Hotel in Sana'a, Yemen and in the late 1980s, acquired interests in the Crown Plaza, London, St. James Court, London and 51 Buckingham Gate Luxury Suites and Apartments in London.

In 1984, the Taj Group acquired under a license agreement each of The Taj West End, Bangalore, Taj Connemara, Chennai and Savoy Hotel, Ooty, with which the Taj Group made its foray into Bangalore.

With the opening of the five star deluxe hotel Taj Bengal in Kolkata in 1989, the Taj Group became the only hotel chain with a presence in the five major metropolitan cities of Mumbai, Delhi, Kolkata, Bangalore and Chennai. Concurrently with the expansion of its luxury hotel chain in the major



metropolitan cities, the Taj Group also expanded its business hotels division in the major metropolitan and large secondary cities in India.

During the 1990s, the Taj Group continued to expand its geographic and market coverage in India. It developed specialized operations (such as wildlife lodges) and consolidated its position in established markets through the upgrading of existing properties and development of new properties. Taj Kerala Hotels & Resorts Limited was set up in the early 1990s along with the Kerala Tourism Development Corporation. In 1998 the Taj Group opened the Taj Exotica Bentota which strengthened the Taj Group's market position in Sri Lanka. In 2000, the launch of the 56 acre Taj Exotica, Goa and the Taj Hari Mahal in Jodhpur were completed.

In 2000, the Taj Group entered into a partnership with the GVK Reddy Group to set up Taj GVK Hotels and Resorts Limited and thereby obtained a prominent position in the market in the southern business city of Hyderabad, holding three hotels and a major share of the market. In 2001, the Taj Group took on the management contract of Taj Palace Hotel, Dubai, and has established itself as an up-market hotel in the Middle East region. The Taj Exotica Resort & Spa, Maldives launched the Taj Group into the premium luxury hotel market and since its opening in July 2002, has won several international awards. The Taj Group also obtained licenses to manage and operate two leisure hotels; the Rawal-Kot, Jaisalmer and Usha Kiran Palace, Gwalior in October 2002.

In September 2002, the Taj Group acquired an equity interest in the former Regent Hotel in Bandra which gave the Taj Group access to the midtown and North Mumbai market. The hotel has since been renamed as the Taj Lands End, Mumbai.

In 2003, the Company celebrated the centenary of the opening of its Flagship hotel, the Taj Mahal Palace & Tower, Mumbai.

In 2004 the Taj Group opened Wellington Mews, its first luxury serviced apartment in Mumbai. In the same year, the Taj Group also launched the first of its "value-for-money" hotels in Bangalore branded 'Ginger', which division has nine hotels in various locations in India and is owned through its wholly owned subsidiary.

In 2005 the Company acquired on lease The Pierre, a renowned hotel in New York City, to enter the luxury end of the developed hotel markets internationally. The Company entered into a management contract for Taj Exotica in Palm Island Jumeirah in Dubai to expand its existing presence in the United Arab Emirates.

The Company enhanced its position as an operator of converted palaces by entering into a management contract for Umaid Bhawan Palace, Jodhpur in the princely state of Rajasthan in India. The Company, through a subsidiary, acquired the erstwhile 'W' hotel in Sydney, Australia in February 2006 and renamed it as 'Blue, Woolloomooloo Bay'. To expand its presence in the US market, the Company acquired in early 2007 Ritz Carlton in Boston and Campton Place in San Francisco.

Hotels operated by the Taj Group internationally are located in US, Australia, Dubai, Maldives, Mauritius, Malaysia, Sri Lanka, the United Kingdom, Yemen and Zambia.

Location Map of properties



Awards and Accolades

The Taj Group has won numerous domestic Indian and international awards. Some of the awards won by the Taj Group and its hotels in the last few years are set forth below:

Taj Hotels Resorts and Palaces – Recent Group Awards

- In May 2007, the Company was included in Standard & Poor's Global Challengers Class of 2007 - 300 mid-size companies that show the highest growth characteristics along dimensions encompassing extrinsic and intrinsic growth (share price appreciation & sales growth and earnings growth & employee growth).
- In April 2007, the Taj Group won the Reader's Digest Trusted Brands Platinum Award for the Hotel Category in India in 2007.

- In March 2007, the Taj Group was the winner of the CNBC TV18 International Trade Award as the Outstanding Exporter of the Year 2006-07 in the Travel, Tourism and Hospitality category and the Company was selected as India's most respected company by Business World magazine.
- Frost & Sullivan Indian CEO Choice Award for The Most Preferred Group of Hotels was awarded to the Taj Group in December 2006.
- In August 2006, the Taj Group won the Dun & Bradstreet - American Express Corporate Award 2006 for being the top company in the hotels sector.
- In July 2006, The Blue Sydney, Australia ranked amongst the Top 25 Hotels in Australia, New Zealand and the South Pacific in Travel + Leisure's list of the World's Best Hotels 2006.
- 51 Buckingham Gate, London, U.K. was awarded one of the 10 Most Luxurious Spas in the World by Forbes.com in July 2006.
- Chairman's Award for the 'Best Advertising Campaign' for the Taj Grand Palaces campaign at The Leading Hotels of the World at Chairman's Award 2006 ceremony was awarded to the Taj Group in June 2006.
- In April 2006, Taj Exotica Resort & Spa, Mauritius was honored as Editors choice of Best of Mauritius by Luxury Spa finder Magazine.
- In February 2006, the Taj Residency, Bangalore won the National Tourism Award of the Department of Tourism for 2004-2005 in the 5-stars hotels category.
- Taj Exotica Goa was listed among 10 spas in the Best Spa Interior Design category in Luxury Spa Finder's 2005 Readers' Choice Awards in January 2006.

Business Strategy

The key elements of the Taj Group's strategy are to strengthen its position as a leading hotel group in India, to migrate up the value chain by entering into joint ventures and management contracts, to expand selectively in international markets, to focus on shareholder value enhancement and to reorganize and rationalize its assets so as to improve returns (as detailed below):

(a) *Strengthen the Leading Position in India:*

The key elements of this strategy are:

(i) To maintain leadership in existing products and service offerings:

The Taj Group consistently invests in renovation and refurbishment of its existing properties to maintain higher standards of service and brand visibility. The Taj Group has renovated many of its key hotel properties during the past few years and is in the process of renovating the other key properties in a phased manner.

(ii) To expand the product offering:

The Taj Group has been expanding its products by offering serviced apartments, wild life tourism and spa services. In 2004 the Taj Group opened Wellington Mews, its first luxury serviced apartment in Mumbai. The Taj Group has signed management contracts for new luxury serviced apartments in five metro cities in India. With a view to offering better services to the hotel guests and also generating additional income from membership and services offered to non-hotel guests, it has been adding varying spa services in its key city and resort properties. The Company has spas in 14 of its hotels in India and internationally. The Company may also enter the luxury services segment

at wildlife tourism centers. The Company has entered into a joint venture arrangement with CC Africa and Cigen Corporation to promote wild life tourism in India and has two resorts, one each in Bandhavgarh and Pench in the State of Madhya Pradesh.

(iii) To expand presence at different price points and in various locations:

The Taj Group plans to expand its presence in secondary cities through entering into management and operating contracts. In 2004, the Taj Group launched the first of its “value-for-money” hotels in Bangalore branded ‘Ginger’, which division has nine hotels in various locations in India and is owned through its wholly owned subsidiary. The Company plans to further tap the “value for money” customer base and expand the presence of Ginger hotels to many other locations within India in the next few years. The Company has signed management contracts for its “Gateway” chain of hotels which are designed to cater to mid market segment.

(b) *Migrate up the Value Chain:*

At one end of the value chain is the asset ownership and at the other end is the branding and distribution channels. Having built a strong brand name in the industry, the Taj Group's strategy is to use its brand and chain strengths to obtain franchisees, and procure management and operating contracts for rapid growth. The prime objective is to expand the number of hotels under management contract as a means of providing a steady source of revenue, partially insulating it from the cyclical nature of the hotel industry.

(c) *International Expansion:*

As a part of the Taj Group's International Expansion strategy, the issuer through its wholly owned subsidiaries has acquired hotels in New York, Sydney, Boston and San Francisco. The Taj Group plans to extend its presence in key international gateway cities as well as other key international destinations to increase its brand visibility in the international markets. It also intends to diversify its existing revenue stream through establishing its presence in South East Asia, the Middle East, South Africa and China.

Competitive Strengths

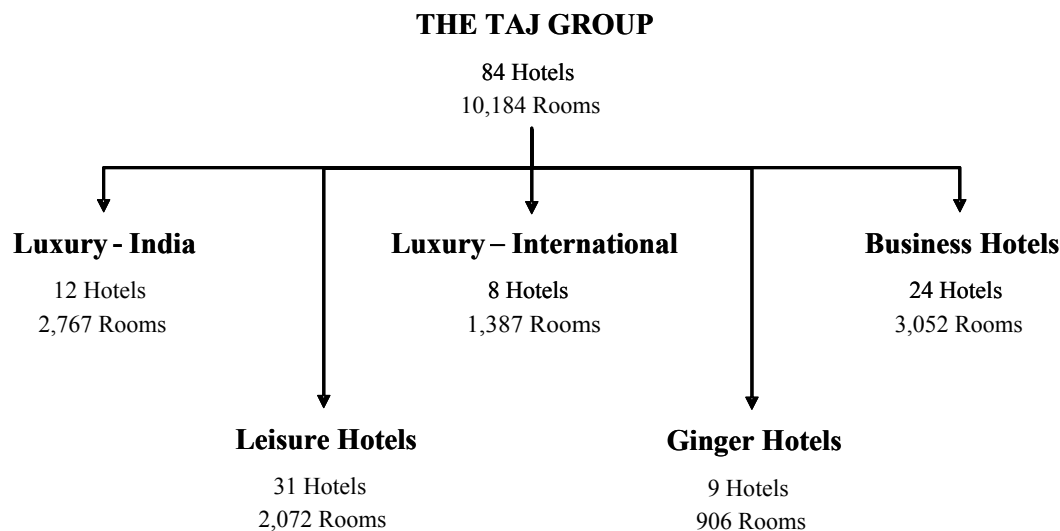
The Company believes that the key competitive strengths include:

1. A strong brand image backed by service excellence;
2. Prime locations and properties, several being heritage buildings or original palaces;
3. One of the largest chain of hotels in South Asia which ensures coverage of a large number of cities and leisure destinations, strengthening the Company's negotiating position with key customers and suppliers;
4. Diversified portfolio of properties with presence at different price points and in various locations, including in selective international locations;
5. Strength in the food and beverage sector;
6. A sales force with extensive reach and penetration in the market;
7. Maintaining, renovation and repositioning of properties to maintain market leadership;
8. Adoption of information technology as an integral part of its strategy to streamline resources and increase revenues and competitiveness;
9. Focus on cost control; and
10. Ownership and relationship with the Tata Group.

Operating Structure

To ensure a customer-focused organization and delivery of products and services which matches brand standards across all hotels in the chain, the Taj Group is structured into five strategic business units comprising Luxury India, Luxury International, Business, Leisure and Ginger divisions. Each division is headed by a Chief Operating Officer (COO), and is supported by a team of General Managers responsible for the management of individual hotels, and corporate department personnel.

The structure of the operating divisions is depicted below:



The Taj Group uses the brand name “Taj” for marketing purposes (see “Risk Factors”). The Taj Group uses a divided nomenclature to identify its hotels, with “Taj” as the master brand. The “Taj Mahal” and “Taj Palace” name is used for the premier luxury properties. Some of the luxury properties have names specific to their location e.g. Taj Lands End, 51 Buckingham Gate, Taj Bengal or the original name of the hotel where it has been taken over, for example, Taj Krishna, Hyderabad, Blue Diamond, Pune, Taj Banjara, Hyderabad. The business hotels use the “Taj Residency” brand for many of its hotels. The leisure hotels use the “Taj Garden Retreat” and “Taj Exotica” brand.

The Company leases or licenses the land on which several of its key hotels are located, including those in Delhi and Mumbai. These leases or licenses provide, inter alia, for renewal on mutually agreed terms.

The leisure division includes the two wildlife resorts in Bandhavgarh and Pench in the State of Madhya Pradesh. The Wellington Mews services apartments in Mumbai are a part of the Luxury India Division. The number of hotel rooms of the Taj Group identified in the description of each division below are as of the latest practicable date, being 31 August, 2007.

As of 31 August 2007, the Company had 17 consolidated subsidiaries, 7 joint ventures which were accounted for by the proportionate consolidated method and 12 associate companies which were accounted for by the equity method of accounting.

Taj Luxury India Hotels

Most of the properties in the Luxury India division enjoy a five star deluxe rating from the DoT. The Taj Group's 12 luxury hotels in India are members of the “Leading Hotels of the World” association. The Taj Group's luxury hotels, including the Company's flagship hotel, the Taj Mahal Palace & Tower, Mumbai, are located in major cities. In addition, the Company operates the Taj Coromandel in Chennai, which is owned by Oriental Hotels Limited (an associate company in which the Company has an equity interest) and Taj Krishna in Hyderabad, owned by Taj GVK Hotels and Resorts Limited (a joint venture company in which the Company has an equity interest). It also manages Rambagh Palace and Lodge and Sawai Madhopur Lodge in India.

The Company is in the process of adding spas of international standards in its key city and resort luxury hotels. The spas are a combination of day spas and destination spas and would cater to the domestic and international clientele respectively. As of August 31, 2007, the Company had spas in 14 of its hotels



and resorts in India and internationally. The introduction of butler services and the significant enhancement of concierge services is in line with the Company's strategy to be a premium luxury hotel chain.

The following hotels are some of the significant hotels in the Luxury India division in terms of revenue:

The Taj Mahal Palace & Tower, Mumbai

The Taj Mahal Palace & Tower, Mumbai, opened in 1903 and owned by the Company, is situated on leasehold land, the lease period for which was renewed in-principle, for a period of 30 years in 2001. The Taj Mahal Palace & Tower, Mumbai, consists of the historic Palace wing and the adjacent tower wing. The hotel is located on the harbour front near the central business district and overlooks the Gateway of India, a prime tourist attraction. This is the Company's flagship property and is regularly visited by distinguished statesmen, celebrities and prominent businessmen. The palace wing is a distinctive, turn-of-the-century building that is one of Mumbai's most prominent landmarks. The Tower wing is a 22 storey tower which was added in 1972. The hotel is a member of "The Leading Hotels of the World" association.

The hotel has 565 rooms, including 43 suites. The Tower wing rooms are contemporary rooms while the Palace wing rooms are luxury grand rooms. The hotel offers range of facilities to guests which include a business centre, broadband wireless internet connectivity in all rooms and public areas, an in-room fax machine in the Palace wing rooms, spa, swimming pool, fitness centre and beauty parlour. The hotel has ten food and beverage outlets and 12 meeting and banquet rooms with capacity for up to 2,000 persons.

Taj Lands End, Mumbai

Located in Bandra, one of the most popular northern suburbs of Mumbai, and facing the Arabian Sea, this hotel is close to the airport as well as the developing commercial centers and office complexes in the city. The hotel has 368 rooms including 15 suites. The hotel also has Taj Club rooms (which provide additional services for high-end business and leisure travelers). The hotel has nine acres of land, part of which can be further exploited commercially. The hotel offers a variety of services including a 24-hour butler service, a business centre, internet connectivity, data ports in rooms, 24 hour fitness centre, swimming pool and a beauty parlour. The business centre, with four meeting rooms, is equipped with the latest technologies. The hotel has banquet rooms which can host up to 2,000 people. The hotel has five food and beverage outlets.

The Taj Mahal Hotel, Delhi

The Taj Mahal Hotel is located in central New Delhi with convenient access to both government offices and the commercial district. The hotel is situated on licensed land, for which license is due to be renewed 2011. The hotel was opened in 1978 and is a member of "The Leading Hotels of the World" association. The hotel has 296 rooms, including 27 suites. The facilities and services offered include a business centre, broadband wireless internet connectivity, a legal library, swimming pool, 24-hour gymnasium, spa, beauty parlour and shopping arcade. The hotel has six food and beverage outlets. The hotel has six meeting and banquet rooms with capacity for up to 1,000 persons.

Taj Palace Hotel, Delhi

The Taj Palace Hotel is located in New Delhi's diplomatic enclave amongst six acres of landscaped gardens. The hotel is situated on licensed land, for which license is due to be renewed in 2013. The hotel was opened in 1982 and is a member of "The Leading Hotels of the World" association. The hotel has 419 rooms including 40 suites. The facilities and services offered includes a 24 hour business centre, conference aids for simultaneous translation into five languages, a nine-hole putting green, broadband wireless internet connectivity in all rooms and public areas, a swimming pool, fitness centre and secretarial services. The hotel has four food and beverage outlets and has thirteen meeting and banquet rooms with capacity for up to 2,500 guests.

The Taj West End, Bangalore

The Taj West End is a five-star deluxe hotel. Situated near the city centre, the hotel is located on 20 acres of landscaped gardens. The hotel has 117 rooms, including 26 suites. The services offered include fully equipped 24-hour business centre, wireless internet connectivity, swimming pool, fitness centre and book shop. The hotel has 4 food and beverages outlets and five meeting rooms with capacity for up to 800 guests.

Taj Bengal, Kolkata

Taj Bengal, Kolkata is a charming hotel in Kolkata with an 11,000 square foot atrium lobby featuring a unique vertical garden. The hotel caters to the needs of the luxury business traveler. The hotel has 228 rooms, including 13 suites. The facilities offered include fully equipped business centre, wireless internet connectivity, swimming pool, steam, massage room and fitness centre. The hotel has seven food and beverage outlets and seven banquet rooms with a capacity for up to 1,000 guests.

Taj Wellington Mews Luxury Residences, Mumbai

Situated in South Mumbai, these luxury residences are in close proximity to the city's business and shopping areas. The Taj Wellington Mews luxury residences are designed specially for extended stay in the city. It has 80 fully furnished residences, including penthouses. The business centre has a conference room equipped with communication system. Other facilities offered include swimming pool, gymnasium and spa. It also has six meeting rooms with video conferencing facilities.

Umaid Bhawan Palace, Jodhpur

Umaid Bhawan Palace is one of the great palaces of India and is located on 26 acres of lush gardens. The hotel has 64 luxurious rooms, including suites. The facilities offered include business centre, secretarial services, fitness centre, swimming pool, tennis and croquet. The hotel has three food and beverages outlets.

Taj Krishna, Hyderabad

The hotel is located in the prestigious area of Banjara Hills. The hotel is in centre of the city and offers unobstructed view of the city. The hotel has 260 rooms, including suites. The facilities offered include business center with two board room, secretarial services, facsimile, swimming pool, tennis court and fitness centre. The hotel has seven food and beverages outlets and meeting rooms with capacity for up to 15 guests.

Taj Lake Palace, Udaipur

The hotel is a converted palace that is situated in the middle of a lake. This is one of the most recognized properties of the Taj Group, internationally. The Company operates this hotel under a long-term license. The hotel is a member of "The Leading Small Hotels of the World" association.

The hotel has 83 rooms including 17 suites. The suites are decorated with miniature paintings, glasswork, etc to create a royal ambience. The facilities and services offered are a swimming pool, an international spa, a beauty parlour, vintage cars, a shopping arcade and secretarial services. The hotel has five food and beverage outlets and one meeting room with capacity for up to 40 persons.

A list of properties (and the number of rooms in each) owned, leased or licensed (10 properties with 2,623 rooms) or managed (two properties with 144 rooms) by the Taj Group within Taj luxury India division is set out below:

Hotel	Location	No. of Rooms
The Taj Mahal Palace & Tower	Mumbai	565
Taj Lands End	Mumbai	368
The Taj Mahal Hotel	New Delhi	296
Taj Palace Hotel	New Delhi	419
Taj Bengal Hotel	Kolkatta	228
The Taj West End	Bangalore	117
Taj Lake Palace	Udaipur	83
Taj Coromandal Hotel	Chennai	207
Taj Krishna Hotel	Hyderabad	260
Rambagh Palace	Jaipur	80
Umaid Bhawan Palace	Jodhpur	64
Taj Wellington Mews Luxury Residences	Mumbai	80
Total		2,767

Taj Luxury International Hotels

The following hotels are some of the significant hotels in the Luxury International division:

The Pierre, New York

Located on Fifth Avenue in New York across from Central Park, the hotel is close to many famous attractions of New York. The Pierre offers personal service with the charm and comfort of a European residence, accented by original 1930s detailing and the art of trompe l'oeil. Courteous and multilingual staff (over 35 foreign languages spoken) cater to international guests. The hotel has 200 rooms, 50 suites showcasing unique interiors including 12 grand suites, some featuring terraces. With 18,000 sq ft of space and 6 distinctive public rooms, including 2 ornately detailed ballrooms, The Pierre can accommodate events of any scale, from a small conference to a banquet for up to 800 people.

Taj Boston, Boston

The Grand Dame of Boston, renowned for its cherished traditions, has welcomed guests from around the world since it first opened its doors in 1927. Taj Boston is only three miles from the Logan International Airport in Boston and is also close to major highways and railroad stations. The hotel underwent a complete restoration in 2002 to celebrate its 75th anniversary. New services and amenities were added and a prized collection of original art and antiques is now on display throughout the hotel. The hotel has 273 guestrooms, including 45 designed suites, some with wood-burning fireplaces.

Campton Place, San Francisco

Located along Stockton Street in the prestigious Union Square in San Francisco, this serene retreat is a short distance from the financial district, premier art galleries, renowned museums and the city's well known stores and restaurants. The hotel has 110 rooms with luxury accommodations and limestone bathrooms. All rooms are fully equipped for data and internet access. The hotel has an on-site roof-top fitness centre with 24-hour accessibility. The hotel also provides 24-hour in-room dining.

St. James Court Hotel, London

Just three minutes walk from Buckingham Palace, Crowne Plaza London-St. James combines comfortable accommodation with the latest facilities and cuisine. Behind the Victorian façade, guests discover elegant guestrooms and an award-winning courtyard garden. All guestrooms at Crowne Plaza London-St. James embody contemporary style and comfort. The hotel has 342 individually decorated rooms, including 21 suites. The hotel offers meeting facilities for up to 250 guests, elegant suites for a wedding or private dining and an executive boardroom.

Taj Exotica Resort & Spa, Maldives

Taj Exotica Resort & Spa, Maldives, is an exclusive, private and romantic island resort lush with tropical plants and encircled by clear blue waters of one of the largest lagoons of the Maldives. The award-winning resort, now re-launched, extends the island’s blessed natural beauty in its design even as it offers contemporary luxuries and services. The resort is only 15 minutes by a private luxury speedboat, available 24 hours, from Male International Airport. The hotel has 62 luxurious villas. Of these are 24 lagoon villas; 31 deluxe lagoon villas; four deluxe beach villas and two villa suites each with a private plunge pool; and a presidential suite.

Taj Exotica Resort & Spa, Mauritius

This resort is spread over 27 scenic acres, overlooking the serene, blue waters of Tamarin Bay. This beautiful beach-side getaway has interiors inspired by French Colonial, Indian, African, and Arabic design. Elegantly set, the villas and suites offer spectacular views of the sea, private pools, open garden showers, al-fresco lounge and dining areas. The hotel has 65 rooms/villas. The hotel has a boardroom equipped with the latest technology, a library and a business centre.

Taj Palace Hotel, Dubai

Located in the heart of Dubai, this five-star deluxe hotel has 147 executive rooms, 10 executive suites and two royal suites, as well as 90 deluxe fully furnished serviced apartments. The hotel has three meeting rooms and a ballroom in the shape of an Arabic tent.

A list of properties (and the number of rooms in each) owned, leased or licensed (six properties with 1,073 rooms) or managed (two properties with 314 rooms) by the Taj Group within the Taj Luxury International division is set out below:

Hotel	Location	No. of Rooms
Taj Exotica Resort & Spa	Maldives	62
St. James Court	London	342
Taj Exotica Resort & Spa	Mauritius	65
The Pierre	New York	200
Taj Palace Hotel	Dubai	249
Taj Boston	Boston	273
Campton Place	San Francisco	110
51 Buckingham Gate	London	86
Total		1,387



Taj Business Hotels

Located in India's major metropolitan and large secondary cities and towns, Taj Business Hotels are first class full service hotels providing contemporary accommodation and dining facilities targeted at the up market business traveler. Among the "First Class Business and Leisure Hotels" category of the Leading Hotels of the World, the Company is the licensee of the Taj Connemara in Chennai and the Taj Residency in Aurangabad.

As at 31 August 2007, the Business division consisted of 19 hotels in India with 2,169 rooms and five hotels internationally with 883 rooms, located in key commercial cities and towns. These international style hotels are targeted mainly at the business travelers. This division offers good long term-growth potential and the Taj Group is actively seeking ways of strengthening and expanding this division.

The following hotels are some of the more significant hotels in the Business division in terms of revenue.

Taj President, Mumbai

The Taj President is located close to the business, entertainment and shopping areas and has 292 rooms, including 20 suites. The facilities offered include a business centre, internet connectivity, swimming pool, fitness centre and salon. The hotel has four food and beverages outlets and five banquet rooms with capacity for up to 1,000 guests.

Taj Connemara, Chennai

The Taj Connemara is Chennai's oldest five-star hotel. The hotel is operated by the Company under a long-term license. The hotel has 150 rooms, including nine suites. The facilities and services offered include a business centre, broadband wireless internet connectivity, secretarial services and a swimming pool. The hotel has four food and beverage outlets and five meeting and banquet rooms with capacity for up to 1,200 guests.

Taj Blue Diamond, Pune

The Taj Blue Diamond is located in lush green surroundings in the scenic residential area of Koregaon Park. The hotel has 109 rooms, including suites. The facilities offered include a business centre, wireless internet connectivity, swimming pool, fitness centre and salon. The hotel has four food and beverages outlets and eight meeting rooms with a capacity for up to 600 guests.

Taj Residency, Bangalore

The Taj Residency is centrally located in the prominent business and entertainment areas. The hotel has 167 rooms, including five executive suites. The facilities offered include a business centre, broadband wireless internet, copier, swimming pool, fitness centre and salon. The hotel has three food and beverages outlets and five banquet rooms with a capacity for up to 1,000 guests.

Taj Banjara, Hyderabad

Taj Banjara is located in Banjara Hills, Hyderabad, overlooking its own private lake. The hotel is close to the business and shopping districts of Hyderabad. The hotel has 122 rooms, including eight suites. The facilities offered include a business centre, facsimile, swimming pool, fitness centre and salon. The hotel has four food and beverages outlets and six meeting rooms with a capacity for up to 400 guests.

Taj Residency, Lucknow

The Taj Residency Hotel is located on 33 acres of landscaped gardens on the banks of river Gomti. The hotel has 110 rooms, including four suites. The facilities offered include a business centre, boardroom, swimming pool, fitness centre and salon. The hotel has three food and beverages outlets and three banquet rooms with a capacity for up to 600 guests.

Taj Residency, Aurangabad

The Taj Residency is located on five acres of landscaped gardens. The Company operates the hotel under a long-term license. The hotel has 66 rooms, including two suites. The facilities and services offered include a swimming pool, fitness centre, tennis court, volleyball court and secretarial services. The hotel has a meeting/banquet room that can accommodate up to 130 persons.

Taj Chandigarh, Chandigarh

Taj Chandigarh is located in Sector 17 in Chandigarh, the city's prime business and shopping area, and is close to the airport and the railway station. The hotel has 149 rooms, including a presidential suite. The facilities offered include a business centre, wireless internet connectivity, facsimile, swimming pool, fitness centre and salon. The hotel has four food and beverages outlets and meeting rooms with a capacity for up to 500 guests.

A list of properties (and the number of rooms in each) owned, leased or licensed (18 properties with 2,251 rooms) or managed (6 properties with 801 rooms) within the Taj Business division is set out below:

Hotel	Location	No. of Rooms
Taj Connemara	Chennai	150
Taj Residency	Aurangabad	66
City Inn	Baramati	34
Taj Residency	Calicut	74
Taj President	Mumbai	292
Taj Residency	Bangalore	167
Taj Residency	Nashik	70
Taj Residency	Lucknow	110
Taj Blue Diamond	Pune	109
Taj Residency	Visakhapatnam	92
Manjarun Hotel	Mangalore	88
Gateway on Residency Road	Bangalore	98
Taj Banjara	Hyderabad	122
Taj Deccan	Hyderabad	151
Taj Chandigarh	Chandigarh	149
The Ambassador Hotel	New Delhi	88
Taj Residency Umed	Ahmedabad	91
Taj Residency	Vadodara	86
Gateway Hotel on Athwa Lanes	Surat	132
Taj Samudra	Colombo	291
Airport Garden Retreat	Colombo	112

Hotel	Location	No. of Rooms
Taj Pamodzi Hotel	Zambia	193
Taj Sheba Hotel	Saa'na	187
Blue	Sydney	100
Total		3,052

Taj Leisure Hotels

The Taj Leisure Hotels division, targeting the international and domestic leisure traveler, comprises hotels and resorts in cultural centers, beach resorts, palaces, garden retreats, historical locations, pilgrim centers, wildlife sanctuaries and other scenic locations across South Asia. The Company manages and operates 31 resort hotels.

As at 31 August 2007, in the Leisure division, the Taj Group operated 28 hotels in India with 1,763 rooms and 3 hotels internationally with 309 rooms. These properties include beach resorts, palaces, turn-of-the-century garden retreats, hotels located close to historic monuments, pilgrim centers and wildlife sanctuaries. The Leisure Hotels comprise of the palace hotels, the beach resorts, garden retreats and cultural-centre hotels.

The following hotels are some of the significant hotels in the Leisure division in terms of revenue.

Taj Exotica, Goa

The hotel, owned by Asia Pacific Hotels Company Limited, a wholly-owned subsidiary of the Company, is a beach resort set amidst 56 acres of greenery and beaches. It has 140 rooms, including suites and villas. The presidential villas each have a private plunge pool. The Company operates this hotel under a long-term operating agreement. The hotel offers a variety of recreational facilities including a swimming pool with jacuzzi, water sports, an ayurvedic spa, a gymnasium for aerobics, yoga, a seven-hole golf course, a tennis court, a jogging track, other outdoor and indoor games, a library and a children's activity centre. The hotel has seven restaurants and a 4,600 sq feet ballroom to accommodate up to 1,000 guests.

Taj Holiday Village, Goa

The Taj Holiday Village, owned by the Company, is situated on long-term leasehold land and is a complex of terracotta-roofed Portuguese-Goan cottages, set amidst acres of palm-fringed landscaped gardens consisting of 142 rooms, including villas, two bedroom inter-connected units, three and four-bedroom units and six and eight-bedroom blocks. The recreation facilities available include a swimming pool, water sports, parasailing, wind surfing, water-skiing, jet skiing, water scooters, boating, tennis, squash, badminton, table tennis, billiards, nine-hole golf course, fitness centre and jacuzzi. The hotel has four food and beverage units.

Fort Aguda Beach Resort, Goa

Built on the ramparts of a 16th century Portuguese fortress, this resort is part of a sprawling 73-acre complex overlooking the Arabian Sea. Situated in close proximity to the beach, Fort Aguada Beach Resort offers a range of spacious villas and cottages. The hotel has 145 rooms including 24 suites. The facilities and services offered include a business centre, swimming pool, fitness centre, tennis court, badminton court, volleyball court. The hotel has six food and beverage outlets. For meetings, indoor and outdoor venues are available with capacity for up to 200 guests.

Fisherman's Cove, Chennai

Once an impressive Dutch Fort, the Fisherman's Cove is now one of the finest beach resorts in Southern India with 88 luxury cottages and rooms. The facilities and services offered include a business centre with

modern facilities, wireless internet access, computer workstations, and a spacious conference hall that can accommodate up to 400 guests. The hotel has five food and beverages outlets.

Jai Mahal Palace, Jaipur

This hotel has 100 rooms including six special suites. The Company operates this hotel under a long term license. The facilities and services offered include a business centre, solar heated swimming pool, a jogging track, lawn tennis, table tennis, croquet, putting greens (six holes), billiards and yoga sessions. The hotel has four food and beverage outlets and three conference rooms with capacity for up to 200 persons.

Taj Malabar, Cochin

Situated on Willingdon Island with a magnificent view of Cochin harbour, the Taj Malabar combines old-world elegance with modern day convenience. The hotel has 96 rooms, including nine suites. The facilities and services offered include a business centre, internet connectivity, swimming pool, a spa and a yacht. The hotel has seven food and beverage outlets. For meetings, three conference rooms are available with capacity for up to 300 guests.

Taj Hari Mahal, Jodhpur

The hotel is operated by the Company and is spread over 6 acres of landscaped gardens. It has 93 rooms including suites. The facilities and services offered include a business centre, swimming pool, fitness centre, tennis court, badminton court, volleyball court, croquet court, putting green, jogging and walking track, artists corner and a beauty parlour. The hotel has seven food and beverage outlets.

A list of properties (and the number of rooms in each) owned, leased or licensed (26 properties with 1,850 rooms) or managed (five properties with 222 rooms) by the Taj Group within Taj Leisure division is set out below:

Hotel	Location	No. of Rooms
Taj Holiday Village	Goa	142
Jai Mahal Palace	Jaipur	100
Savoy Hotel	Ooty	40
Hotel Chandela	Khajuraho	94
Taj Hari Mahal	Jodhpur	93
The Gir Lodge	Sasan Gir	29
Rawal Kot	Jaisalmer	31
Usha Kiran Palace	Gwalior	40
Taj Exotica	Goa	140
Fort Aguda Beach Resort	Goa	145
Taj View Hotel	Agra	100
Fisherman's Cove	Chennai	88
Taj Malabar	Cochin	96
Taj Garden Retreat	Madurai	63
Taj Garden Retreat	Coonoor	32

Hotel	Location	No. of Rooms
Taj Garden Retreat	Ernakulam	108
Taj Garden Retreat	Kumarakom	28
Taj Garden Retreat	Varkala	30
Taj Garden Retreat	Thekkady	32
Taj Ganges	Varanasi	130
Taj Garden Retreat	Chikmanagalur	29
Taj Green Cove resort	Kovalam	59
Ramgarh Lodge	Jaipur	18
SMS Hotel	Jaipur	27
The Sawai Madhavpur Lodge	Sawai Madhavpur	36
Taj Wilderness Lodge	Mahua Kothi	12
Taj Wilderness Lodge	Baghvan	12
Kuteeram Resort	Kuteeram	9
Taj Coral Reef Resort	Maldives	65
Taj Exotica Resort Benota	Sri Lanka	162
Rebak Island Resort	Malaysia	82
Total		2,072

Taj Ginger Hotels

The Ginger division, which we also refer to as “Smart Basics” division, targets the “value-for-money” customers. All the Ginger hotels are owned by Roots Corporation Limited, a wholly-owned subsidiary of the Company. The Company believes it has generated a considerable amount of interest in this market with a large number of International operators such as Accor, Holiday Inn and Dawnay Day Hotels having announced plans to enter the segment. The Company has identified this opportunity ahead of the other chains and is in an enviable position in this segment by being the first operator to actually have set up hotels in this segment. The hotels have been well accepted in the market with increased visibility now created through an innovative marketing campaign.

As of August 31, 2007, the Company had nine Ginger hotels in operation at Bangalore, Haridwar, Bhubaneshwar, Mysore, Trivandrum, Pune, Durgapur, Nashik and Agartala. In addition, five additional Ginger hotels are under various stages of construction in Pondicherry, Baroda, Ludhiana, Pantnagar and Panaji. The Company has also entered into agreements for setting up Ginger hotels in Ahmedabad, Guwahati, Mangalore, Jamshedpur and Tirupur.

A list of properties (and the number of rooms in each) owned (9 hotels with 906 rooms) by the Group within the Ginger division are set forth below:

Location of “Ginger” Hotels	No. of Rooms
Bangalore	101
Haridwar	100
Bhubaneshwar	101
Mysore	100

Location of “Ginger” Hotels	No. of Rooms
Trivandrum	101
Pune	101
Durgapur	101
Nashik	101
Agartala	100
	906

Air Catering Business

In India, the air catering business is dominated by three major players, Taj SATS Air Catering Limited, Oberoi Caterers and Ambassador Sky Chef.

While the growth in passenger traffic has contributed to an increase in the air catering revenues over the past few years, the profit margins are likely to come under pressure due to cost reduction programmes by the airlines. In addition, the ongoing consolidation in the aviation sector, competition from new entrants in the catering market, privatization of airports in metro cities such as Delhi and Mumbai are likely to adversely impact the profit margins in this business. The Company aims to improve cost efficiencies, have better access to customers and focus on branding to improve the profit margins and increase the client base.

Food and Beverage Business

29.16% of the Company's total revenue was derived from the food and beverage business in fiscal year ended March 31, 2007. These revenues are relatively less cyclical as they are also dependent on non-hotel resident clientele.

The food and beverage business also helps the Taj Group to enhance brand visibility. The Taj Group plans to continue its focus on providing innovative and authentic cuisine and developing further food and beverage outlets and relaunching existing outlets.

Some of the relaunched food and beverage outlets are the Souk and the Masala Kraft restaurants (both located in the Taj Mahal Palace & Tower, Mumbai) and the Masala Art restaurant (located in the Taj Palace Hotel, Delhi).

Some of the more significant food and beverage outlets of the Taj Group are:

Property	Restaurant
Taj Mahal Palace & Tower, Mumbai	The Zodiac Grill The Sea Lounge The Golden Dragon Masala Kraft
Taj Palace Hotel, New Delhi	The Orient Express
Taj Coromandel	Southern Spice

Material Subsidiaries

As of 31 August 2007, the Company had 17 consolidated subsidiaries. The following are the material subsidiaries of the Company:

International Hotel Management Services Inc.

International Hotel Management Services Inc. (“IHMS”), whose registered office is 13-34, 139th Street, Flushing, New York 11357, USA, is a wholly-owned subsidiary of IHCL. It is the holding company of the Taj Group companies which spearheads the United States operations of the Taj Group. The Company



directly owns 100% of interest in IHMS. The following limited liabilities companies have been set up under IHMS to hold specific hotels:

- IHMS LLC to hold the lease for 'The Pierre' in New York;
- IHMS (Boston) LLC that owns the Taj Boston in Boston;
- IHMS (SF) LLC that owns the Campton Place in San Francisco; and
- IHMS (USA) LLC which is a management company to enter into management contracts in USA.

For Fiscal 2007, the consolidated revenue for IHMS Inc. was Rs. 3,124.5 million and loss after tax was Rs. 481.91 million.

St. James Court Hotels Limited

St. James Court Hotels Limited (whose registered office is at Buckingham Gate, London SW1E 6AF) owns the St. James Court Hotel, London. The St. James Court Hotel is situated next to Buckingham Palace and consists of 342 rooms and 82 apartments. The Company, through its subsidiary Taj International Hotels (HK) Limited, holds a 54.01% interest in St. James Court Hotels Limited. The remaining stake is held by Group companies, Piem Hotels Limited and Oriental Hotels Limited. For Fiscal 2007, total revenue for St. James Court Hotels Limited was Rs. 2,109.68 million and profit after tax was Rs. 102.74 million.

Taj International Hotels (HK) Limited

Taj International Hotels (HK) Limited, incorporated in Hong Kong (whose registered office is at 22/FI Prince's Building, Ice House Street, Central, Hong Kong), is an investment company with investments in St James Court Hotels Limited as well as other hotel owning companies incorporated abroad. Taj International Hotels (HK) Limited is wholly-owned subsidiary of the Company. For Fiscal 2007, total revenue for Taj International Hotels (HK) Limited was Rs. 477.39 million and profit after tax was Rs. 170.59 million.

IHMS (Australia) Pty Limited

IHMS (Australia) Pty Limited, incorporated in Australia (whose registered office is at 6, Cowper Wharf Road, Woolloomooloo, NSW, Australia), owns the Blue Sydney in Australia. The Company through Samsara Properties Limited and Taj Hotels International (HK) Limited has 100% ownership of IHMS (Australia) Pty Limited. For the fifteen months period ended March 31, 2007, total revenue for IHMS (Australia) Pty Limited was Rs. 396.17 million and loss after tax was Rs. 87.19 million.

Taj SATS Air Catering Limited

Taj SATS Air Catering Limited, incorporated in India (whose registered office is at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001, India), is a company which provides air catering services to both domestic and international airlines. The Company owns 51% of Taj SATS Air Catering Limited with the remaining held by Singapore Airport Terminal Services Limited. It was formed to take over the air catering business from the Company and to enable the Company to leverage the global expertise of Singapore Airport Terminal Services Limited. For Fiscal 2007, total revenue for Taj SATS Air Catering Limited was Rs. 1,959.52 million and profit after tax was Rs. 308.38 million.

Roots Corporation Limited

Roots Corporation Limited, incorporated in India (whose registered office is at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001, India), is a company incorporated to set up "value-for-money" hotels under 'Ginger' brand in India. The Company owns 100% of Roots Corporation Limited. As of August 31, 2007 the company has set up nine Ginger hotels and five hotels are under various stages of development and land has been acquired for five sites. For Fiscal 2007, total revenue

for Roots Corporation was Rs. 89.36 million and loss after tax was Rs. 83.72 million.

Taj Investment and Finance Co. Limited

Taj Investment and Finance Co. Limited, incorporated in India (whose registered office is at Mandlik House, Mandlik Road, Colaba, Mumbai 400 001), is a wholly-owned subsidiary of the Company, and its core business is that of an investment company. For Fiscal 2007, total revenue for Taj Investment and Finance Co. Limited was Rs. 330.46 million and profit after tax was Rs. 303.52 million.

Significant Associates

As of 31 August 2007, the Company had 12 associate companies which were accounted for under the equity method of accounting. The following are the significant of the associate companies comprising part of the Taj Group:

Piem Hotels Limited

The Company has a 46.20% interest in Piem Hotels Limited. Piem Hotels Limited (whose registered office is at Taj President, 90 Cuffe Parade, Mumbai 400 005, India) owns the business hotels in Nashik, Pune, Lucknow, Mumbai (Taj President) and Bangalore, as well as a leisure property in Agra. For Fiscal 2007, total revenue for Piem Hotels Limited was Rs. 2,781.88 million and profit after tax was Rs. 783.95 million.

Oriental Hotels Limited

Oriental Hotels Limited (whose registered office is at Taj Coromandel, 37 M.G. Road Chennai 600 034, India) is listed on the Chennai Stock Exchange and the BSE. The Company holds a 33.80% interest in Oriental Hotels Limited (18.91% directly and 14.89% through its subsidiaries). Oriental Hotels Limited owns one luxury property in Chennai, hotels in Vizag and Mangalore and leisure properties in Kochi, Madurai, Coonoor and Chennai. For Fiscal 2007, total revenue for Oriental Hotels Limited was Rs. 2,005.23 million and profit after tax was Rs. 420.87 million.

Taj Lanka Hotels Limited

The Company holds 24.62% stake directly, and 58% stake indirectly through Taj Asia Limited, in Taj Lanka Hotels Limited. Taj Lanka Hotels Limited, incorporated in Sri Lanka (whose registered office is at 25, Galle Face Centre Road, Colombo-3, Sri Lanka), owns the business hotel, Taj Samudra and operates the Airport Garden Restaurant in Colombo. For Fiscal 2007, total revenue for Taj Lanka Hotels Limited was Rs. 320.29 million and loss after tax was Rs. 27.36 million.

Significant Joint Ventures

As of 31 August 2007, the Company had 7 joint ventures which were accounted for under the proportionate consolidated method. The following are the most significant of the joint venture companies comprising part of the Taj Group:

Taj GVK Hotels and Resorts Limited

Taj GVK Hotels and Resorts Limited (whose registered office is at Taj Krishna, Road No. 1, Banjara Hills, Hyderabad 500 034, India) is listed on the Hyderabad Stock Exchange and the BSE and is a joint venture between the Company and the GVK group. The Company owns a 25.52% stake and the GVK group has a 49% stake in the joint venture. The public investors own the remaining stake. Taj GVK Hotels and Resorts Limited has three properties in Hyderabad, namely the luxury property Taj Krishna, and the business properties of Taj Banjara and Taj Residency, and one business property, Taj Chandigarh, in Chandigarh. For Fiscal 2007, total revenue for Taj GVK Hotels and Resorts Limited was Rs. 2,442.23 million and profit after tax was Rs. 643.21 million.

Taj Asia Limited

Taj Asia Limited (whose registered office at 28/F No. 3 Lockhart Road, Wanchai, Hong Kong) is a joint venture between the Company (who holds 7.6% directly and 19.07% indirectly through its subsidiaries in the joint venture) and CIGEN Corporation. Taj Asia Limited holds a 58% interest in Taj Lanka Hotels Limited and holds the entire shareholding of Taj Maldives Pte Limited. Taj Asia Limited maintains a presence in Sri Lanka, through Taj Samudra, and in the Maldives, through Taj Exotica Resort and Spa and Taj Coral Reef, Maldives. For Fiscal 2007, total revenue for Taj Asia Limited was Rs. 1,550.27 million and profit after tax was Rs. 287.29 million.

Sales and Marketing

The Company's sales and marketing functions are divided into three broad categories – Sales, Marketing and Customer Relationship Management (“CRM”). The Company's key sales and marketing objectives are:-

- To drive revenue growth by using a combination of increasing average room rate and increasing occupancy levels.
- To ensure leadership versus competition in all operating markets.
- To provide 24 X 7 access to customer via new and existing distribution channels.
- To ensure enhanced and deeper customer engagement through relationship groups and effective CRM.
- To focus on promoting the brand in India and internationally.
- Integrate the newly acquired international hotels into the Taj brand.

The sales function is primarily in charge of formulating the pricing strategy and policies for the hotels of the Taj Group. The corporate sales department functions through various sub groups such as National Accounts, International Travel and Trade, Meetings, Conferences and Incentives, Commercial sales and Revenue Management.

The national accounts team caters to the top 200 accounts of the Taj Group's customers and has a dedicated relationship team which acts as a single point of contact with the key customers to address their comprehensive requirements.

The international travel and trade department, which is headquartered in Mumbai, is responsible for the Taj Group's international leisure business. This department targets various segments such as corporates, individuals, associations, travel agents and tour operators. It also arranges package tour reservations, negotiates rates with tour operators, monitors new trends in the international travel industry and suggests possibilities for new destinations and travel itineraries. International sales offices and public relation agencies have been set-up in key markets i.e. Los Angeles, New York, London, Paris, Frankfurt, Moscow, Dubai, Colombo, Singapore, Hong Kong, Tokyo and Sydney to develop outbound business, both corporate and leisure, to all hotels in the Taj Group. Global distribution systems (GDS) and electronic marketing handles relationships with travel consortium and the marketing of campaigns on global distribution networks which are used by travel agents, airline and hotel sales offices and car rental companies.

The commercial sales department is present in all metropolitan cities and some second tier cities in India, including Cochin, Chennai, Bangalore, Hyderabad, Pune, Mumbai, Kolkata, Lucknow, Ahmedabad, Jaipur and Delhi where properties of the Taj Group are located. These offices are involved in servicing the needs of the local market both in the city where they are situated and outbound for other Taj hotels. They are involved in developing accounts in their regions for room business, conferences and banquets.

In the recent times there has been a growth in the demand for meeting and conference rooms and incentive tours which has necessitated a sharper focus through a dedicated team. Further, the India domestic leisure business also focuses on weddings and events organized by customers. The growth in

occupancies over time has necessitated formulation of specialized revenue managers to optimize revenue enhancement across the group.

The corporate marketing department is responsible for advertising and promotion of the Taj Group hotels in India and overseas, publication of promotional magazines and strategic publicity. The marketing department is responsible for creating and releasing advertisements in print and electronic media, for advertising visuals of various products and services at the hotels and for the production of hotel brochures, directories and other communication materials. Historically, the Taj Group has engaged in local advertising to promote specific properties and in direct mail offers and promotions to its frequent guests and users of its restaurant and banquet facilities.

During the last two years, several campaigns such as brand awareness, food and beverages campaign, product positioning campaign on Taj Boston, Campton Place and Blue Sydney, “Palace” campaign in UK, USA, far east Asia, Australia and India, and positioning of high end resorts in UK, France, Russia, Japan, Australia and India have been undertaken.

The marketing department has initiated various public relation activities to promote the Taj brand with following objectives:

- Ongoing focus to establish Taj as an emerging global luxury hospitality brand in India and the international markets.
- Position Taj Brand as clearly differentiated from competitors by highlighting the unique aspects such as converted palaces, world class luxury resorts, global spa brand and Taj safaris.
- Establish the key city Luxury hotels as destinations hotels for corporate travelers.
- Focus on key leisure destinations – Kerala / Goa / Rajasthan through differentiated offerings of culinary journeys / yoga retreats and ayurveda journeys.
- Highlights the food and beverages developments and expertise within the Taj.

The Taj Group has also been conducting various brand promotion events both in India and internationally. Some such key events are set forth below:

- International road show in the United States in June 2007
- Experience India event at Berlin in March 2007
- Promotions with consortia in the United States in February 2007
- Taj – Tag Heuer Polo event in Delhi in December 2006
- Taj – Bombardier Lear Jet Polo event in Sydney in December 2006
- Taj – Silversea Russian event at Pierre Cardin villa in Cannes in December 2006
- India week in Korea in October 2006
- Scandinavian polo club in August 2006
- Polo tournament in Surrey, England in May 2006
- India week in Singapore in April 2006
- Taj Silversea Polo event in Delhi in March 2006
- Taj Raffles Dinner event at Virtuoso Symposium, Singapore in March 2006

The Taj Group has strategic focus in interacting directly with the customers. The Taj Group has used marketing communication tools to strengthen its position i.e. Taj News (around 90,000 mailings), Spice (around 50,000 mailings), Taj directory (over 100,000 mailings), and Taj calendars (more than 100,000 mailings).

The CRM department initiates and maintains various marketing programmes to generate and enhance business such as the Taj Inner Circle, the frequent guest programme of the Taj Group which was set up in October 1999 and Taj Advantage Programme with the objective of maximizing revenue from frequent travelers by offering intermediaries and booking agents incentives in the form of points and privileges. Over time, several niche products have been added like the Epicure Plan (a loyalty programme for dining) having an embedded smart chip and an option of serving as an a co-branded credit card, the first of its kind in India.

In the recent past, the Company has entered into marketing alliances with other hotel chains such as Okura hotels and Shilla Alliances. These alliances allow the Company to reach into the markets and access to customers lists of its alliance partners, listings in directories, newsletters and website linkages, shared loyalty programmes, cross training and sharing of expertise with each other, and sales support. The Company also has an alliance with Silversea, a well-known European luxury cruise company. This alliance allows developing cross promotional opportunities by leveraging each other's strengths in respective markets.

The Taj Group has also been active in developing and maintaining alliances with airline companies. It has entered into preferred partnerships and alliances with most of the leading airlines including American Airlines, British Airways, Cathay Pacific, Delta Airlines, Gulf Air, KLM, Lufthansa, Qantas Airlines, Qatar Airways and Singapore Airlines. These alliances allow the Company to have access to their customer data base and an opportunity for a customized communication with their customers. As part of these alliances, the frequent fliers are able to earn miles per stay at participating Taj hotels. The total number of such airline alliances is now fifteen.

Launch of Taj Brand Campaign

The new Brand campaign for the Taj was launched in the United States in January 2007. The campaign has two elements, the 'Perspectives' and the 'Portraits'. While the former focuses on highlighting the jewel like individuality of the Taj hotels, the latter focuses on specific features of the Taj hotels.

Reservations

Taj Reservations Worldwide ("TRW") handles reservations through one global call centre providing reservation services to all hotels of the Group 24x7. The centre, which operates in Mumbai and Chennai, currently has around 40 trained agents working 24x7 in shifts and service 50,000 to 60,000 calls per month through voice and emails. The Group has toll-free telephone numbers covering India, USA and Canada and other countries. In addition to the TRW, reservations are also handled at Hotel Reservation Offices ("HRO") housed at hotels. At several hotels, calls to the HROs received after office hours are re-routed to the TRW to improve servicing of reservation and customer satisfaction. Reservations made at these centres are supplemented by online payment acceptance solutions and collection centres at its hotels.

Reservations are also received through Global Distribution Systems ("GDS"), "Leading hotels of the World" offices for participating hotels of the Group and the website of the Group "www.tajhotels.com" as well as other online-travel websites. The TRW, HRO, GDS and the Group website are seamlessly connected to a Central Reservation System which enables the Group to effectively manage in real-time its global inventory of rooms.

Pricing

The Taj Group sets its pricing based on a variety of factors, the most important of which include market conditions, inflation, competition and the global economy. The Taj Group offers corporate negotiated rates to domestic and international corporations including Tour Operators, Travel Agents, Consortia and Conference organisers. Contracted rates are negotiated on an annual basis and could be seasonal for leisure business. The Taj Group extends credit to corporations, tour operators, travel agents, conference organisers and individuals. The credit is based on a bank guarantee (for tour operators and travel agents) and their profiles and record of payment.

Single Tariff

Historically, a majority of the hotel companies in India had a policy of dual tariffs pursuant to which foreign tourists were charged a US dollar denominated tariff and India domestic tourists were charged a Rupee denominated tariff. The rapid development of the Indian economy and appreciation of the Rupee against the US dollar has led most hotel companies to adopt a single tariff where all the guests, whether India domestic or international, pay a Rupee denominated tariff. The Company also expects to introduce a single tariff for its guests shortly.

Competition

The Taj Group's competition comes from both foreign and India domestic hotel chains. The primary competition for the Company's hotels in India is from the Oberoi Group, the ITC-Welcome Group, a domestic chain of hotels owned by ITC Limited with an affiliation with Sheraton of Starwood, and Hotel Leela. The international hotel chains generally have minimal or no equity in the properties themselves and primarily operate and manage hotels, while the assets are owned by Indian companies. Competition is increasingly being faced from international hotel chains establishing their presence in India. The principal competitors are Hyatt, Hilton, Inter-Continental Hotels, Le Meridien and Marriott, Shangri-La and Four Seasons.

As the Group expands internationally, the Group will face competition from the local hotel chains and international chains having significant brand awareness.

Most of the international chains are present in the gateway cities of Mumbai and Delhi while some have also established a presence in Goa, a key leisure destination. Many domestic and international hotel chains have expressed their intentions to establish and expand their presence in India. Some major real estate development companies such as DLF Limited have also announced their intention to enter the hotel industry. While the entry of the foreign chains have increased and will continue to increase competition in the industry, it has also increased the visibility of India and South Asia, as each international chain has its own marketing and sales network that promotes these destinations internationally and generates additional demand.

Competition in the 'Smart basics' division is likely to increase with the establishment of "value-for-money" hotels by Carlson Group (Country Inn and Suites) and Choice Hotels. In addition, some of the domestic and international players like Lemon Tree Hotel (Red Fox), Hometel, ITC, Formulae I in JV with MGF - Emaar Keys by Berggruen have announced plans to enter and establish presence in the market segment.

Human Resources Training and Development

The Taj Group considers the training and motivation of staff at all levels to be of strategic importance in achieving the Company's goal of providing a personalized, efficient and anticipatory service, which the Company believes is essential for successful hotel operations.

The Taj Group has created strategic business unit specific learning and development resources which cater to the training needs of a number of hotels. In addition, departmental trainers are located at each hotel to provide training and to ensure that training on the job is reinforced.

The Company has embarked on a strategic initiative to identify and develop top talent within the company. This initiative, called "Emerging Leaders of Taj" or "EL Taj", provides an opportunity to high performing employees to participate in our Developmental and Assessment Centers where these employees participate in exercises and simulations to identify strong and weak competencies and development plans for each individual are created to prepare these employees for future leadership positions.

The Company has also initiated a program of International Talent Swap under which potential managers are sent for training for a period ranging from three to nine months to the Taj hotels in various locations outside India to gain international experience and exposure in order to create a pool of global managers.

In order to develop the Company's workforce, it recruits employees from hotel schools, colleges and universities, business schools and the Tata Administrative Service Programme, a programme developed by the Tata Group to identify, recruit and train potential managers. The Company has established a calendar of various training program to meet its growth needs, and has established partnerships with institutes of repute, such as the Indian Institute of Management, Bangalore, the Indian School of Business, Hyderabad, and international universities such as Cornell and Harvard to augment the development of its Managers and Leadership Team. The Company manages the Institute of Hotel Management (IHM), Aurangabad, which offers three-year full time residential courses in hotel management.

To achieve the objective of being a leading international hotel chain and expanding the product portfolio, the Company has strengthened the managerial team by recruiting people with diversified international experience. It has recruited a number of experienced people from the international hotel industry with specific skills.

The Gallup Organization conducts on behalf of the Company an annual Employee Satisfaction Survey where feedback is sought from our employees to ascertain their levels of satisfaction and to ensure that employees' morale and motivation are constantly improved. Critical human resource issues are analysed, corrective actions initiated and results are monitored regularly. The Company believes that it has good relations with its employees. From time to time, the Company enters into wage settlement agreements with the representatives and unions of its employees.

Health and Safety Standards

The Taj Group has sought to adopt safety monitoring procedures which conform to applicable law. The Company conducts safety training on the induction of new employees, as well as periodic refresher training. The Company enjoys a good record of industrial safety. The Taj Group ensures that its hotels are in material compliance with the health and safety standards of the jurisdictions in which they operate. In addition to the basic compliance requirements, the Company requires that each new hotel be equipped with smoke detectors, sprinklers, reverse osmosis water purification and sewage treatment plants. Older hotels have ongoing projects to maintain compliance with current safety standards.

The Taj Group maintains a supply of standby equipment for most critical items in the event a major piece of equipment becomes inoperable. All major equipment is backed with standby power. The boilers, pumping equipment, air conditioning systems and electricity transformers usually have 100% backup capacity.

Insurance

The Taj Group maintains a range of insurance policies. Risks insured include fire (including fires caused by riots and terrorism), explosion, theft and public liability. The amount of coverage under the Company's property and casualty insurance policies is, in respect of many of the Company's major assets, less than the replacement cost of such assets in line with both domestic and international industry practice.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the central / state governments that are applicable to the Company in India. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Introduction

The Company owns and manages hotels, resorts and palaces in major metropolitan and tourist destinations throughout India and in certain other countries. As such, the Company is subject to central government as well as state government legislations, rules and regulations.

The Company is generally required to obtain licenses from various central and state government bodies including licenses from the local municipal corporations for various activities such as operation of elevators and provision of swimming pools.

Labour Related Legislation

Contract Labour (Regulation and Abolition) Act, 1970

The Company uses the services of contractors who in turn employ contract labour whose number exceeds twenty in respect of some of the sites. Accordingly, the Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”) which requires the Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers.

The CLRA vests responsibility in the principal employer of an establishment, to which the CLRA applies, to make an application to the concerned officer for registration of the concerned establishment. In the absence of such registration, contract labour cannot be employed in the concerned establishment. Likewise, every contractor, to whom the CLRA applies, is required to obtain a license and may not undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

Employees Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (the “PF Act”) is a labour legislation which ensures compulsory provident fund, family pension fund and deposit linked insurance in factories and other establishments for the benefits of the employees. The rate of contribution has been fixed at 12%. Presently an employee at the time of joining the employment and getting wages up to Rs.6,500 is required to become a member of the employees provident fund organization (the “EPFO”), established in accordance with the provisions of the PF Act. An employee is eligible for membership of fund from the very first date of joining such an establishment.

The PF Act *inter alia* provides for:

- grant of exemption from the operation of the schemes framed under the PF Act to an establishment, to a class of employees and to an individual employee, on certain conditions;
- appointment of an inspector to secure compliance under the PF Act and the schemes framed there under; and

- mode of recovery of monies due from employers.

The funds established under the PF Act vest in and are administered by the Central Board of Trustees constituted under the PF Act and functions within the overall regulatory control of the Central Government.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 (the “Bonus Act”) provides for payment of bonus irrespective of profit and makes payment of minimum bonus compulsory to those employees who draw a salary or wage up to Rs. 3,500 per month and have worked for a minimum period of 30 days in a year. The Bonus Act has created a right in every employee to receive a bonus and it has become an implied term in a contract of employment. Bonus is calculated on the basis of the salary or wage earned by the employee during the accounting year. The minimum bonus to be paid to each employee is either 8.33% of the salary or wage or Rs.100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus or profits. If the allocable surplus or profit exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Bonus Act by a company is punishable with imprisonment up to six months or a fine up to Rs. 1,000 or both against those individuals in charge at the time of contravention of the Bonus Act.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the “ID Act”) provides the machinery and procedure for the investigation and settlement of industrial disputes and certain safeguards to the workers. The ID Act aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer the dispute to an authority mentioned under the ID Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock-out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the ID Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or to reinstate workmen with ancillary relief.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his resignation, retirement, superannuation, death or disablement. An employee in a factory is deemed to be in ‘continuous service’ for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The maximum amount of gratuity payable under the Gratuity Act exceeds Rs.0.35 million.

Workmen’s Compensation Act, 1923

Under the Workmen’s Compensation Act, 1923, (the “WC Act”) if personal injury is caused to a workman by accident during employment, his employer is liable to pay him compensation. However, no compensation is required to be paid (i) if the injury does not disable the workman for more than three days, (ii) where the workman, at the time of injury, was under the influence of drugs or alcohol or (iii) where the workman willfully disobeyed safety rules.

Hotel Industry Related Legislation

Tourism Policy of the Government of India

In order to develop tourism in India in a systematic manner, position it as a major engine of economic growth and harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner, the National Tourism Policy was formulated in the year 2002 (the “Tourism Policy”). Broadly, the Tourism Policy attempts to:-

- Position tourism as a major engine of economic growth;
- Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism;
- Focus on domestic tourism as a major driver of tourism growth.
- Position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination;
- Acknowledge the critical role of the private sector with the government working as a pro-active facilitator and catalyst;
- Create and develop integrated tourism circuits based on India’s unique civilization, heritage, and culture in partnership with the state governments, private sector and other agencies; and
- Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and “feels India from within”.

Classification of Hotels

Under the Tourism Policy of the Government of India, hotels may, at their option, obtain classification in a star category by applying to the Ministry of Tourism, Government of India in the following categories: Five Star Deluxe, Five Star, Four Star, and Three Star. The Hotel and Restaurant Approval and Classification Committee inspects and assesses the hotels based on various criteria including the quality of facilities and services provided at the hotel. Upon the hotel obtaining the qualifying mark prescribed for a particular status of star classification, and based on a recommendation of the Hotel and Restaurant Approval and Classification Committee, the hotel is given the relevant star classification by the Ministry of Tourism, Government of India. Various approved projects are eligible for various concessions and facilities that are announced by the Government from time to time besides, getting worldwide publicity through the India Tourism offices located in India and abroad.

Registration of Tourist Trade Act

Every state in India has in general a Registration of Tourist Trade Act (the “Tourist Trade Act”). The Tourist Trade Act requires all hotels, travel agents, tour operators, tourist guides, tourist taxi operators and dealers of notified articles and other persons engaged in tourist activities in each particular state to register themselves under the Tourist Trade Act. Under the Tourist Trade Act of each state, some officers of the Tourism Department have been vested with magisterial powers, including the power of compounding in case of cheating, overcharging, harassment, pestering, touting, etc. faced by tourists.

Prevention of Food Adulteration Act, 1954

In order to sell foodstuffs in India, the Company is required to comply with the Prevention of Food Adulteration Act, 1954 (the “PFA”). The PFA is considered to be a consumer protection legislation, which has been designed to prevent, curb and check the adulteration of foodstuffs and to adequately punish the

offenders. It covers various aspects of food processing such as food colour, preservatives, pesticide residues, packaging and labeling and regulation of sales. To give effect to the provisions of the PFA, the Prevention of Food Adulteration Rules, 1955 (the “PFA Rules”) were promulgated. The enforcement of the PFA and the PFA Rules is entrusted to the Additional Director General of Health Services, Ministry of Health and Family Welfare, Government of India. Each State Government and Union Territory has created its own organization for implementation of the PFA and rules framed thereunder. The offence of adulteration under the PFA is a cognizable offence. The company may authorize any of its directors or managers (such manager being employed mainly in a managerial or supervisory capacity) to exercise all such powers and to take all such steps as maybe necessary and expedient to prevent the commission by the company of any offence under the PFA. If any offence is committed by the company under the PFA then the nominee shall be liable to be proceeded against and punished accordingly. The courts are empowered to impose penalties on the offenders for the contraventions of the provisions of the PFA. The procedure for the collection of samples, their analysis in the laboratory and timely report by the public analyst has been laid down in the PFA and the PFA Rules. The food inspectors appointed under the PFA are empowered to follow up cases of adulteration for which their powers and duties are prescribed. Provisions regarding search and seizure are also provided for in the PFA and the food inspector is empowered to break-open the package or door of any place. The liabilities of the manufacturers, dealers and retailers are also prescribed.

The Prevention of Food Adulteration Act, 1954 is expected to be replaced by the Food Safety and Standards Act (FSSA). The FSSA was enacted on August 23, 2006. However, the FSSA is yet to be notified in the Official Gazette. The FSSA incorporates the salient provisions of the Prevention of Food Adulteration Act 1954 and is based on international legislations, instrumentalities and Codex Alimentarius Commission⁵. The objective of the FSSA is to consolidate the laws relating to food, establish the Food Safety and Standards Authority of India for laying down science based standards for articles of food and regulate manufacture, storage, distribution, sale and import of food. The FSSA seeks to establish a single reference point for all matters relating to food safety and standards and ensure availability of safe and wholesome food for human consumption. The important provisions of the FSSA are:

- i. Establishment of the Food Safety and Standards Authority (FSA) to regulate the food sector.
- ii. FSA will be aided by several scientific panels and a central advisory committee to lay down standards for food safety. The standards will include specifications for ingredients, contaminants, pesticide residue, biological hazards and labels.
- iii. Enforcement through State Commissioners of Food Safety and other local level officials.
- iv. Registration or licensing requirement for every entity in the food sector. Such licence or a registration would be issued by local authorities.
- v. Every distributor is required to be able to identify any food article by its manufacturer, and every seller by its distributor.
- vi. Any entity in the sector is bound to initiate recall procedures if it finds that the food sold has violated specified standards.

1. The Codex Alimentarius Commission was created in 1961/62 by Food and Agriculture Organization (FAO) and the World Health Organization (WHO) of the United Nations, to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme. The main purpose of this Programme is to protect the health of consumers, ensure fair practices in the food trade, and promote coordination of all food standards work undertaken by international governmental and non-governmental organizations.

Public Performance License

The Copyright Act, 1957 specifies that for the purposes of public performance of Indian or international music a public performance license must be obtained else it will invite criminal action. All those who play pre-recorded music in the form of gramophone records, music cassettes or compact discs in public places have to obtain permission for sound recordings. In India, Phonographic Performance Limited (“PPL”) is the sole authority to administer the broadcasting, telecasting and public performance rights on behalf of the music industry. PPL, which is registered with the Government of India, has among its members almost all major music publishing companies in India. These companies have assigned their performing rights in sound recordings to PPL by virtue of which it is the sole designated authority to issue public-performance licenses in the country.

Pollution Laws

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 (the “Environment Protection Act”). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (the “PCBs”), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Waste Management Rules, 1989 made under the Environment Protection Act. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility.

Water (Prevention and Control of Pollution) Act, 1981

The Water (Prevention and Control of Pollution) Act, 1981 (the “Water Act”) prohibits the use of any stream or well for the disposal of polluting matter, in violation of standards set down by the state PCB. The Water Act also provides that the consent of the state PCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

In addition, the Water Cess Act, 1977 requires a person carrying on any industry which involves the use of water to pay a cess in this regard. The person in charge is to affix meters of certain prescribed standards in order to measure and record the quantity of water consumed by such industry. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”) under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. The state PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Within a period of four months after the receipt of the application for consent, the state PCB shall, by an order in writing, and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

Other Regulations

In addition to the laws, rules and regulations outlined in the aforesaid sections, various rules and regulations of jurisdictions other than India, where the Company has its operations are also applicable to the Company.

HISTORY AND CERTAIN CORPORATE MATTERS

Introduction and Overview

The Company was incorporated in 1902 and it opened its first hotel, the Taj Mahal Palace & Tower, Mumbai, in 1903. The Company has undertaken major expansion of the Taj Mahal Palace & Tower, Mumbai by constructing an adjacent tower block and increasing the number of rooms from 225 to 565 rooms. With the completion of its initial public offering in the early 1970s, the Company began a long term programme of geographic expansion and development of new tourist destinations in India which led to its emergence as a leading hotel chain in India. From the 1970s to the present day, the Taj Group has played an important role in launching several of India's key tourist destinations, working in close association with the Indian Government. The Taj Group has a philosophy of service excellence which entails providing consistently high levels of personalized service and innovative means of improving service quality.

The Taj Group has been active in converting former royal palaces in India into world class luxury hotels such as the Taj Lake Palace in Udaipur, the Rambagh Palace in Jaipur and Umaid Bhawan Palace in Jodhpur. In 1974, the Taj Group opened India's first international five star deluxe beach resort, the Fort Aguada Beach Resort in Goa. The Taj Group also began its business in metropolitan hotels in the 1970s, opening the five-star deluxe hotel Taj Coromandel in Chennai in 1974, acquiring an equity interest and operating contract for the Taj President, a business hotel in Mumbai, in 1977, and opening the Taj Mahal Hotel in Delhi in 1978.

In 1980, the Taj Group took its first step internationally by opening its first hotel outside India, the Taj Sheba Hotel in Sana'a, Yemen and in the late 1980s, acquired interests in the Crown Plaza, London, St. James Court, London and 51 Buckingham Gate Luxury Suites and Apartments in London.

In 1984, the Taj Group acquired under a license agreement each of The Taj West End, Bangalore, Taj Connemara, Chennai and Savoy Hotel, Ooty, with which the Taj Group made its foray into Bangalore.

With the opening of the five star deluxe hotel Taj Bengal in Kolkata in 1989; the Taj Group became the only hotel chain with a presence in the five major metropolitan cities of Mumbai, Delhi, Kolkatta, Bangalore and Chennai. Concurrently with the expansion of its luxury hotel chain in the major metropolitan cities, the Taj Group also expanded its business hotels division in the major metropolitan and large secondary cities in India.

During the 1990s, the Taj Group continued to expand its geographic and market coverage in India. It developed specialized operations (such as wildlife lodges) and consolidated its position in established markets through the upgrading of existing properties and development of new properties. Taj Kerala Hotels & Resorts Limited was set up in the early 1990s along with the Kerala Tourism Development Corporation. In 1998 the Taj Group opened the Taj Exotica Bentota which strengthened the Taj Group's market position in Sri Lanka. In 2000, the launch of the 56 acre Taj Exotica, Goa and the Taj Hari Mahal in Jodhpur were completed.

In 2000, the Taj Group entered into a partnership with the GVK Reddy Group to set up Taj GVK Hotels and Resorts Limited and thereby obtained a prominent position in the market in the southern business city of Hyderabad, holding three hotels and a major share of the market. In 2001, the Taj Group took on the management contract of Taj Palace Hotel, Dubai, and has established itself as an up-market hotel in the Middle East region. The Taj Exotica Resort & Spa, Maldives launched the Taj Group into the premium luxury hotel market and since its opening in July 2002, has won several international awards. The Taj Group also obtained licenses to manage and operate two leisure hotels; the Rawal-Kot, Jaisalmer and Usha Kiran Palace, Gwalior in October 2002.

In September 2002, the Taj Group acquired an equity interest in the former Regent Hotel in Bandra which gave the Taj Group access to the midtown and North Mumbai market. The hotel has since been renamed as the Taj Lands End, Mumbai.

In 2003, the Company celebrated the centenary of the opening of its Flagship hotel, the Taj Mahal Palace & Tower, Mumbai.

In 2004 the Taj Group opened Wellington Mews, its first luxury serviced apartment in Mumbai. In the same year, the Taj Group also launched the first of its “value-for-money” hotels in Bangalore branded ‘Ginger’, which division has nine hotels in various locations in India and is owned through its wholly owned subsidiary.

In 2005 the Company acquired on lease The Pierre, a renowned hotel in New York City, to enter the luxury end of the developed hotel markets internationally. The Company entered into a management contract for Taj Exotica in Palm Island Jumeirah in Dubai to expand its existing presence in the United Arab Emirates.

The Company enhanced its position as an operator of converted palaces by entering into a management contract for Umaid Bhawan Palace, Jodhpur in the princely state of Rajasthan in India. The Company, through a subsidiary, acquired the erstwhile ‘W’ hotel in Sydney, Australia in February 2006 and renamed it as ‘Blue, Woolloomooloo Bay’. To expand its presence in the US market, the Company acquired in early 2007 Ritz Carlton in Boston and Campton Place in San Francisco.

Hotels operated by the Taj Group internationally are located in US, Australia, Dubai, Maldives, Mauritius, Malaysia, Sri Lanka, the United Kingdom, Yemen and Zambia.

Scheme of Amalgamation (“Scheme”)

Rationale for the Scheme of Amalgamation

The Transferor Companies and the Company are engaged in the leisure and business hotels as part of the Taj group of hotels. A consolidation of the Transfer Companies and the Company is therefore expected to lead to greater synergy in operations, a more efficient utilisation of capital and create a stronger base for future growth of business in general and the Company in particular. The amalgamation is expected to result in administrative rationalization, organizational efficiencies, and optimal utilization of various resources.

A Summary of the Scheme of Amalgamation

A summary of the terms and conditions of the Scheme were:

- (i) The Scheme envisaged the transfer of the Undertaking (as defined below) of each of the Transferor Companies to the Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act in the manner provided for in the Scheme, and the consequent issue of Equity Shares by the Company to the shareholders of the Transferor Company in the Share Exchange Ratio (as defined hereinafter).
- (ii) The “Appointed Date” for the Scheme was April 1, 2006.
- (iii) “Undertaking” shall mean the undertaking and entire business of each Transferor Company and shall include (without limitation):
 - (a) all assets wherever situate, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal of whatsoever nature, wheresoever situated including buildings, offices, marketing offices, liaison offices, furniture, fixtures, office equipment, appliances, accessories, inventories together with all present and future liabilities (including contingent liabilities) and all cash and bank balances appertaining or relatable to each Transferor Company;
 - (b) all permits, rights, entitlements, registrations for carrying on its business activities and other licences, approvals, permissions, consents from various authorities including municipal

(whether granted or pending), trade marks, patents, copyrights, all other intellectual property, goodwill, receivables, benefit of any deposits, assets, properties or other interests, financial assets including investments of all kinds, funds belonging to or utilized for the respective Transferor Company, bank accounts, privileges, all other rights and benefits including any tax direct or indirect including advance tax paid or any tax deducted in respect of any income received, exemptions, tenancies in relation to office and/or residential properties for the employees, memberships, lease rights, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements, letters of intent, memoranda of understanding, expressions of interest whether under agreement or otherwise and all other interests in connection with or relating to each Transferor Company;

- (c) all necessary records, files, papers, computer programmes, websites, domain names, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to each Transferor Company; and
 - (d) all credits, advances, loans, fixed deposits, provisions, commitments appertaining or relating to the respective Transferor Company.
- (iv) The Scheme *inter alia* also provided for:
- (a) the manner of vesting and transfer of the assets of the Undertaking of the Transferor Companies in the Company;
 - (b) the transfer of contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature relating to the Transferor Companies to the Company;
 - (c) the transfer of all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Companies to the Company;
 - (d) the transfer of all debts, liabilities, duties, and obligations of the Transferor Companies to the Company;
 - (e) the transfer of all suits, actions and proceedings by or against the Transferor Companies to the Company;
 - (f) the manner in which Transferor Companies shall be deemed to have been carrying on all business and activities relating between the Appointed Date and the Effective Date for and on account of, and in trust for, the Company;
 - (g) the transfer of employees engaged by the Transferor Companies to the Company on terms and conditions not less favourable than those on which they are engaged in the Transferor Companies;
 - (h) provisions for the dissolution without winding up of the Transferor Companies upon the effectiveness of the Scheme;
 - (i) the issuance of share of 20 ordinary shares of face value of Re. 1 by the Company to the shareholders of Indian Resorts Hotel Limited whose names are recorded in the Register of Members on the Record Date for every 7 equity shares of face value of Rs. 10 credited as fully paid-up held by such shareholder in Indian Resorts Hotel Limited and matters related thereto;

- (j) the issuance of 100 ordinary shares share of face value of Re. 1 by the Company to the shareholders of Gateway Hotels and Getaway Resorts Limited whose names are recorded in the Register of Members on the Record Date for every 47 shares of face value of Rs. 10 credited as fully paid-up held by such shareholder in Gateway Hotels and Getaway Resorts Limited and matters related thereto;
- (k) since the Company held 100% of the issued, subscribed and paid up capital of Asia Pacific Hotels Limited and Taj Lands End Limited (WOS Amalgamating Companies), the entire share capital held by the Company and/or its nominees in the WOS Amalgamating Companies stood cancelled upon the Scheme becoming effective. The Company did not issue any shares in consideration of the transfer and vesting of the undertaking and liabilities of the WOS Amalgamating Companies.
- (l) the Company did not issue any shares in consideration of the transfer and vesting of the undertaking and liabilities of Kuteeram Resorts Private Limited (Kuteeram). The Company held 25% of the paid capital of Kuteeram while Gateway Hotels and Getaway Resorts Private Limited (Getaway) held 75% of the paid up capital of Kuteeram. Gateway was amalgamated with the Company such that 100% of the issued, subscribed and paid up capital of Kuteeram vested in the Company and the entire share capital held by the Company in Kuteeram stood cancelled.
- (m) the Company listed the shares issued in pursuant to the Scheme to the stock exchanges on which the equity shares of the Company are listed.
- (n) the accounting treatment for the Scheme in the books of the Company.

Milestones achieved by the Company since incorporation are listed below:

Year	Event
1903	The Company opens its first hotel, the “Taj Mahal Palace” in Mumbai, India
1974	The Company opens its first five star deluxe beach resort, the “Fort Aguada Beach Resort” in Goa. The Company begins business in metropolitan hotels by opening the five star deluxe hotel, the “Taj Coramandel” in Chennai
1980	The Company opens its first hotel outside India, the “Taj Sheba Hotel” in Sana’a, Yemen.
1984	The Company entered into a licence agreement to operate the “Taj West End” in Bangalore, “Taj Connamera” in Chennai and the “Savoy” in Ooty.
1989	The Company opens a five star deluxe hotel in Calcutta, the “Taj Bengal.”
1990	The Company establishes the Taj Kerala Hotels and Resorts Limited with the Kerala Tourism Development Corporation.
1998	The Company opens the “Taj Exotica” in Bentota, Sri Lanka
2000	The Company establishes Taj GVK Hotels and Resorts Limited with the GVK group to operate three hotels in Hyderabad.
2001	The Company is awarded the management contract for the “Taj Palace”, Dubai. The Company launches the “Taj Exotica Spa and Resort” in Maldives.
2002	The Company obtains licences to manage and operate two leisure hotels: the “Rawal-Kot” in Jaisalmer and the “Usha Kiran Palace”, Gwalior.

Year	Event
	The Company acquires an equity interest in “Regent Hotel” in Bandra, Mumbai which is later renamed as the “Taj Land End.”
2003	The Company opens an adjacent tower hotel to the “Taj Mahal Palace” in Mumbai and re-launches its flag ship property as the “Taj Mahal Palace and Tower.”
2004	The Company launches its first luxury serviced apartments, “Wellington Mews” in Mumbai. The Company opens its first economy hotel under the brand “Ginger” in Bangalore.
2005	The Company obtains a management contract to operate “The Pierre” in New York, USA. The Company entered into a management contract to operate the “Taj Exotica” in Palm Island, Jumeirah, Dubai. The Company obtained the operating agreement for the “Umaid Bhavan Palace” in Jodhpur
2006	The Company acquires the “W” hotel in Sydney, Australia which is later renamed as the “Blue Sydney” The Company commences operation of its first wildlife lodge at Mahua Kothi, Bandhavgarh
2007	The Company acquires the “Ritz-Carlton” in Boston, USA which is later renamed as the “Taj Boston.” The Company commences operation of its second wildlife lodge at Baghvan, Pench

Achievements

Some of the key achievements/awards received by the Company are as follows:

Taj Hotels Resorts and Palaces

- Winner of the Reader’s Digest Trusted Brands Platinum Award for the hotel category in India in 2007;
- The Senses Visions Award 2007;
- Frost and Sullivan Award: 2006 Indian CEO Choice for “The Most Preferred Group of Hotels”;
- 2006 Chairman’s Award for the ‘Best Advertising Campaign’ by The Leading Hotels of the World;
- The Economic Times – Brand Equity’s Most Trusted Brand Survey – Taj Hotels was ranked first in the hotels and food services;
- 2007 Chairman’s Award for the “Best Advertising Campaign” by The Leading Hotels of the World.

Luxury Hotels

The Taj Mahal Palace and Tower, Mumbai

- Asiamoney Travel Poll 2007 – “Best Business Hotel in Mumbai”;
- Conde Nast Traveller, UK 2006 Reader’s Travel Awards – Overseas Business Hotel No. 12
- 4P’s Power Brand Awards Night 2006 – Top 10 hotels in the country – Best hotel in the country;
- Awaaz Consumer Award 2006 in the travel and hospitality category as “The Most Preferred Hotel,”
- Pacific Asia Travel Writers Association – “ITB Berlin 2006 The Best Hotel for Leisure and Business Travel in Asia

Taj Lands End, Mumbai

- Conde Nast Traveller Hot Tables 2007 for the restaurant “Pure.”

Taj Lake Palace, Udaipur

- 150 World Class Spas – SpaAsia’s Connoisseur Collection of the World’s Finest Spas.

Umaid Bhawan Palace, Udaipur

- 150 World Class Spas – SpaAsia’s Connoisseur Collection of the World’s Finest Spas.

Rambagh Palace, Jaipur

- Travel and Leisure January 2007 issue – “The World’s Best Hotels Travel and Leisure 500.”

Taj Palace Hotel, New Delhi

- 4P’s Power Brand Awards Night 2006 – Top 10 hotels in the country – “4th Best Hotel”

Taj Mahal Hotel, New Delhi

- Asiamoney Travel Poll 2007 – “Best Business Hotel in New Delhi;”
- 4 P’s Power Brands Awards Night 2006 – Top 10 hotels in the country – “6th Best Hotel;”
- Global Finance, New York, July/August 2007 issue – Survey of travel preferences – “Best Hotel in New Delhi.”

Taj Exotica Resort and Spa, Maldives

- Chairman’s Award for the “Best Advertising Campaign” by the Leading Hotels of the World;
- TERS Maldives – “150 World-Class Spas” – SpaAsia’s Connoisseur Collection of the World’s Finest Spas;
- Code Nast Traveller Hot Tables 2007 for – “Deep End”

Taj Exotica Resort and Spa, Mauritius

- Chairman’s Award for the “Best Advertising Campaign” by the Leading Hotels of the World;
- “150 World-Class Spas” – SpaAsia’s Connoisseur Collection of the World’s Finest Spas;

The Pierre, New York

- Travel and Leisure’s Annual Reader’s Poll – World’s Best Awards 2006 – “Top 25 in New York”

51 Buckingham Gate, United Kingdom

- Considerate Hotel Group of the Year for United Kingdom and Ireland, 2005

Leisure Hotels

Wildlife Lodges

- Tourism award for excellence in hospitality in Madhya Pradesh – Mahua Kothi – “Best Wildlife Resort” category;
- Conde Nast Traveller, UK – 2007 Hot List – “65 cool new places to stay” – Mahua Kothi;
- Conde Nast Traveller, UK – 2007 Hot List – Baghvan

Hotel Chandela, Khajuraho

- Tourism award for excellence in hospitality in Madhya Pradesh – “Best Tourist Centre Hotel”

Taj Exotica, Goa

- Conde Nast Traveller, UK – Reader’s Spa Awards 2007 – “World’s 100 best Spas, March 2007”

Taj Green Cove Resort, Kovalam

- Luxury Travel Magazine – “World’s 100 most Exotic and Luxurious Beach Resorts”

Taj Coral Reef, Maldives

- “150 World Class Spas” – SpaAsia’s Connoisseur Collection of the World’s Finest Spas

Business Hotels

Blue, Sydney

- Conde Nast Traveller – UK Reader’s Spa Awards 2007 – “World’s 100 best Spas;”
- Travel and Leisure’s Annual Reader’s Poll – World’s Best Awards 2006 – “Top 25 in Australia, New Zealand and the South Pacific”;
- Conde Nast Traveller UK 2006 Gold List – Third highest points for location Australia and South Pacific.

Main Objects of the Company

Objects of the Company:

The objects inter alia as contained in the Company’s Memorandum of Association include:

1. To purchase, erect, acquire, manage or in any other manner and in all its aspects deal in, hotels and lodging houses of every kind and sort, including all the conveniences, amenities and facilities adjunct thereto, in India or any other part of the world;
2. To carry on the business of hotel, restaurant, café, tavern, beer-house, refreshment-room and lodging house keepers, licenced victuallers, wine, beer and spirit merchants, brewers, maltsters, distillers, importers and manufacturers of aerated, mineral and artificial waters and other drinks, purveyors, caterers for public amusements generally, coach, cab, carriage and motor car proprietors, livery-stable keepers, job-masters, farmers, dairymen, ice-merchants, importers and brokers of food, live and dead stock, and colonial and foreign produce of all descriptions, hair-dressers, perfumers, chemists, proprietors of clubs, baths, dressing rooms, laundries, reading, writing and newspaper rooms, libraries, grounds and places of amusements, recreation, sport, entertainment, and instruction of all kinds, tobacco and cigar merchants, agents for railway and shipping companies and carriers, theatrical and opera box office proprietors, entrepreneurs and general agents, and any other business which can be conveniently carried on in connection therewith.

Changes in the Memorandum of Association

During the last ten years, the following changes have been made to the Company's Memorandum of Association:

Date of shareholder approval	Changes
August 31, 2001	The authorised capital of the Company was increased from Rs. 500 million divided into 50 million Ordinary shares of Rs. 10 each to Rs. 2,000 million divided into 50 million Ordinary shares of Rs. 10 each, and Rs. 1,500 million in the form of unclassified shares.
September 19, 2003	Sub-Clause (27) Clause III of the Memorandum of Association was inserted by Special Resolution passed by means of a Postal Ballot.
January 27, 2004	The capital structure was altered whereby the authorised share capital of the Company of Rs. 2,000 million was divided into 100 million Ordinary Shares of Rs. 10 each and 10 million Cumulative Redeemable Preference Shares of Rs. 100 each. Clause V of the Memorandum of Association was altered accordingly.
September 21, 2006	The capital structure of the Company was altered by passing a Special Resolution through a postal ballot whereby the authorised capital of the Company of Rs. 2,000 million was split from 100 million Ordinary Shares of Rs. 10 each to 1,000 million Ordinary Shares of Re.1 each and 10 million Cumulative Redeemable Preference Shares of Rs.100 each. Clause V of the Memorandum of Association was altered accordingly.

The details of the capital raised by the Company are given in the section titled "Capital Structure" on page [●] of this Draft Letter of Offer.

Summary of Key Agreements

Detailed below are summaries of key agreements entered into by the Company.

Operating Agreements

The Company operates and manages several hotels in India, through operating agreements (Operating Agreements) and also provides at the stage of construction of the hotel certain project and design related services through a technical services agreement. In certain cases, the Company is also the owner of the property. The Company operates and manages these hotels under the brand name "Taj". The Operating Agreements inter-alia provides the Company with absolute and sole discretion in the supervision of the operation of the hotel and has the right to depute key personnel. Any funds necessary for the operation of the hotel not generated by the operations of the hotel are required to be provided to the Company by the owner of the hotel (Owner). Further, the Owner of the hotel is required to provide the Company with sufficient working capital, and all capital expenditure is met by the Owner at the Owner's cost and expense, out of the Owner's own funds. Typically, the Owner is required to maintain insurance for damage and destruction by fire, storm, tempest and earthquake and workman's compensation, employer's liability, public liability insurance as well as insurance for loss of profit cover.

The income from the hotel accrues to the account of the Owner and the Company is entitled to operate bank accounts for disbursement of expenses and other payments required for efficient operation of the hotels. The compensation payable by the Owner to the Company is by way of a basic management fee which is in the range of 2% to 3% of the gross income in addition to which an incentive fee of between 7% to 9% of the gross operating profit of the hotel are also paid for the relevant financial year. A fix percentage of the

income is also paid by way of a marketing fee. The Company provides various hotel related services and sales, marketing, reservation, internet, websites, installation of IT and other systems.

The Operating Agreements also contain a provision that any gross operating loss incurred in the hotel in any fiscal year shall be borne exclusively by the owner and shall not be adjusted or applied against the gross operating profit of any preceding or succeeding fiscal years.

Further, the Operating Agreements provide that in respect of each fiscal year a reserve account shall be established in the books of the hotel equivalent, typically, averaging about 3% of the annual gross income. This reserve account shall be used for replacement of furniture, refurbishment etc.

Most of the Operating Agreements contain a provision that the Owner shall offer to sell the hotel to the Company if it desires to dispose off the same not sell or otherwise dispose of or lease the hotel or any part thereof to any third party without offering it first to the Company and/or its nominees on rentals and terms no less favourable than those which the owner is willing to accept from a third party. Some of the Operating Agreements contain restrictive covenants whereby the Company and the Owner have agreed that the Company shall not enter into any agreement for owning, renting, leasing and operating any hotel in the vicinity (as specified in each Operating agreement), either directly or indirectly, during the term of the Operating Agreement, without the express written consent of the other party.

Most Operating Agreements provide that in the event of damage or destruction to the hotel property the same shall be as expeditiously as possible be restored to its original state and all insurance proceeds shall be applied for this purpose. In the event of any force majeure occurrences the Party will decide on the best course available for continuing of operating the hotel.

Besides providing for the termination of the agreement for specified reasons, in the event the Owner terminates the agreement without assigning any reasons (after the initial lock in period) then a compensation for premature termination is payable equivalent to between 3 to 5 years average basic incentive fee. The Operating Agreements protect the trademark of the Company from any misuse/use during or after the expiry of the Agreement. The Operating Agreements are usually for initial periods between 15 to 20 years and can be extended for further terms based on mutual agreement between the Company and the owner. The Operating Agreement specifically sets out the obligations and responsibilities of both the Owner and the Company.

Licence Agreements

The Company has taken on a long term licence basis certain properties which are owned either by the private parties or by various State Governments (Owner) (Licence Agreements). In accordance with the terms of such licence agreements the structure of the hotel is constructed by the Owner and handed over to the Company for the purposes of fitting out as a hotel of appropriate standards at the cost of the Company. On completion of this exercise, the Company is entitled to retain the entire income of the hotel and give to the Owner a minimum guaranteed annual return plus a percentage of the income as and by way of compensation. The compensation structure is fixed based on the investment of the Owner in the land and the building and in certain cases a refundable security deposit is also placed. All costs and expenses are to be borne by the Company and the property has to be returned to the Owner in good condition at the expiry of the period of the License Agreement. The Company is entitled to take away all movable items should the Owner not purchase them at a fair market value. The Company is entitled to at its discretion, carry on hotel business in the manner it deems fit. Certain Licence Agreements provide for the first right of refusal in favour of the Company in the event that the Owner wishes to sell the hotel property. In certain cases, the Company has also taken on running hotels and adequately refurbished or furnished them. In most cases the Licence Agreements have the provisions for renewal and the term for such agreements is usually between 30 years to 90 years.

Consultancy and Advisory Agreements

The Company has also entered into certain consultancy and advisory agreements (Consultancy Agreements) where it advises owners of hotel properties (Owners) in operations of the hotel but does not actively operate the hotels. The terms and conditions of such agreements are similar to that of the Operating Agreements outlined above, but the Company's role is restricted to that of a consultant or an advisor. The fee structure is also similar to that mentioned in the Operating Agreements. Typically, the Company *inter alia* has authority to do the following:

- Recruitment and training and assignment of duties of all personnel;
- Formulation and administration of personnel policies including transfer or termination of employment in consultation with the Owners;
- Institution and supervision of operating policies, principles, systems and procedures for all departments;
- Establishment of all price, price schedules, rates, and rate schedules;
- Generally negotiating and executing contracts necessary or desirable in connection with the operation of the hotel in the usual course of business;
- Generally performing all acts, reasonably necessary in connection with the operation of the hotel in an efficient and proper manner

In accordance with the Consultancy Agreements, the Owners pay to the Company consultation fees for service rendered. The Company has granted to the Owners a non-exclusive, non-assignable and non-transferable licence and permission to use the trademark "Taj" and/or logo as part of the hotel and the said licence and permission is granted only in relation to the said hotel so long as the Consultancy Agreements subsist.

Joint Venture Agreements/Shareholder Agreements

1. The Company along with its subsidiaries and associates (Oriental Hotels Limited., Piem Hotels Limited., Taj International Hotels (HK) Limited, OHL International (HK) Limited, Asian Resort and Restaurant Associates Ltd. (collectively referred to as the "Taj group") entered into a joint venture agreement with Cigen Corporation Limited dated February 24, 2001 pursuant to which they agreed to form a joint venture called Taj Asia Limited. Taj Asia Limited shall be a special purpose vehicle to make investments in Taj Maldives Limited and Taj Lanka Limited. The agreement shall bind the parties till such time that they (or any of their successors) hold at least 26% of the equity share capital of Taj Asia Limited.
2. IHCL, Cigen Corporation Limited and The Conservation Corporation of South Africa Limited have entered into a joint venture agreement (Agreement) dated July 2, 2004 in pursuance to which they agreed to form a joint venture known as Taj Wilderness Lodges Limited (now known as Taj Safaris Limited) having as its main object the business of identifying, financing, developing, eco-tourism with a focus on constructing, managing and operating low impact, low volume, high-end wilderness lodges in India, for providing a wildlife/wilderness interpretative experience. This Agreement will be in force till such time the Parties cease to hold any share in the equity share capital of the company.
3. IHCL has entered into a joint venture agreement, dated October 19, 1994, with the government of Karnataka pursuant to which they agreed to form a joint venture called Taj Karnataka Hotels and Resorts Limited to establish hotels and resorts at different locations in Karnataka. The agreement shall continue till the government of Karnataka holds shares in the Taj Karnataka Hotels and Resorts Ltd. and shall stand terminated after the expiry of 6 months from the date of purchase of shares by IHCL and or its nominees.
4. IHCL and Tourist Resorts Kerala Limited entered into a joint venture agreement dated October 30, 1990 to form a joint venture known as Kerala Taj Hotels and Resorts Limited to establish hotels and resorts at different locations in Kerala.

5. IHCL, Oriental Hotels Limited, Singapore Airport Terminal Services Pte Limited and Malaysian Airline System Berhad have entered into a joint venture agreement dated November 4, 1994 to form a joint venture called Taj Madras Flight Kitchen Private Limited to establish an air catering unit. The agreement shall terminate if there is a buyout of any party. In the event of a material breach of the agreement, the non-defaulting party shall be entitled to terminate the agreement. Any party may terminate the agreement if the joint venture is declared bankrupt or insolvent, makes an assignment or any other arrangement for the benefit of creditors, have all or substantial portion of its capital, stock or assets expropriated by any government, be dissolved or liquidated except as a consequence of merger, amalgamation, take over or similar corporate reorganization.
6. IHCL has entered into a joint venture agreement, dated June 30, 2006, with Tata Africa Holdings (SA) (Pty) Limited to form a joint venture known as Taj International Hotels (South Africa) (Proprietary) Limited. Taj International Hotels (South Africa) (Proprietary) Limited shall be the preferred company for investments in Africa. If there is a material breach of the agreement, the non-defaulting party shall be entitled to terminate the agreement.
7. IHCL entered into a subscription cum shareholders agreement, dated September 25, 2001, with Singapore Airport Terminal Services Limited (SATS) and Taj Air Caterers Limited (TACL). TACL carries on the business of catering to airlines and institutional catering. It also undertakes the establishment and operation of restaurants and lounges at various airports in India and also outside India which is subject to mutual agreement between IHCL and SATS. In accordance with the agreement IHCL holds 51% of the total equity share capital of TACL and SATS holds 49% of the total equity capital of TACL. IHCL and SATS have entered this agreement with a view to record the terms and conditions of which they will subscribe to shares in TACL, regulate their relationship with each other as long as they are shareholders of TACL and to regulate as between themselves, certain aspects of the affairs of TACL. In case of occurrence of an event of default, the defaulting party shall, upon receipt of on a written request and on election of the non-defaulting party, either purchase all of the shares of the non-defaulting party or sell to the non-defaulting party all of the shares owned by it or vote in favour of resolution to commence voluntary winding up. Further, if TACL is wound up, dissolved or liquidated or it ceases to carry business, the agreement shall terminate and the parties shall, unless they agree otherwise, take all steps to effect the winding up and liquidation of TACL in accordance with its articles of association.

DIVIDENDS

The Company has been a dividend paying company and has paid dividends in each of the last five years. The following are the dividend pay outs in the last five years by the Company:

Fiscal	Dividend per Equity Share of Rs. 10 each (Amount in Rs.)	Amount (In Rs. million) ⁽¹⁾
2003	7.00	315.80
2004	8.00	360.90
2005	10.00	522.70
2006	13.00	759.30
	Dividend per Equity Share of Re. 1 each (Amount in Rs.)*	
2007	1.60	964.60

(1) Excluding dividend tax where applicable

*The Equity Shares of the Company were sub-divided into face value of Re. 1 on November 3, 2006

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, cash flow, financial conditions and other factors prevailing at the time.

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.

MANAGEMENT

Board of Directors

The following table sets forth details regarding the Company's Board of Directors as on September 25, 2007

Sr. No.	Name, Designation, Address, Occupation and Term	Nationality	Age	Other Directorships
1.	<p>Mr. Ratan N. Tata <i>Non-Executive Chairman</i></p> <p>Address: 'Bakhtavar', 202 A , Lower Colaba Road, Mumbai 400 005.</p> <p>Occupation: Business Term: Retires by rotation Date of Birth: December 28, 1937</p>	Indian	69	<ol style="list-style-type: none"> 1. Tata Sons Limited 2. Tata Industries Limited 3. Tata Motors Limited 4. Tata Chemicals Limited 5. Tata Steel Limited 6. The Tata Power Company Limited 7. Tata Tea Limited 8. Tata AutoComp Systems Limited 9. The Bombay Dyeing & Manufacturing Company Limited 10. Tata Consultancy Services Limited 11. Tata Teleservices Limited 12. Tata Teleservices (Maharashtra) Limited 13. Hindustan Aeronautics Limited 14. Antrix Corporation Limited 15. Tata Technologies (Pte) Limited, Singapore 16. Tata International AG Zug, Switzerland 17. Tata AG Zug, Switzerland 18. Tata Limited., London, UK 19. Tata Incorporated, New York, USA 20. Tata Motors European Technical Centre, Plc, U.K. 21. Fiat S.p.a., Turin Italy 22. Tata America International Corporation Limited 23. Alcoa Inc., USA 24. Corus Group Limited
2.	<p>Mr. R.K. Krishna Kumar <i>Non-Executive Vice Chairman</i></p> <p>Address: 'Apsara', N.C.P.A. Complex, Flat No. 213, 'B' Block, Nariman Point, Mumbai 400 021.</p> <p>Occupation: Professional Term: Retires by rotation Date of Birth: July 18, 1938</p>	Indian	69	<ol style="list-style-type: none"> 1. Tata Coffee Limited 2. Tata Tea Limited 3. Tata Industries Limited 4. Oriental Hotels Limited 5. Piem Hotels Limited 6. Tata Sons Limited 7. Ewart Investments Limited 8. Tata Housing Development Company Limited (THDC Limited) 9. E2E Serwiz Solutions Limited

Sr. No.	Name, Designation, Address, Occupation and Term	Nationality	Age	Other Directorships
				10. Tata Tea Inc. Florida, USA 11. Tata Tech, Inc., USA 12. The Tetley Group Limited 13. Tata Tea GB Limited 14. Watawala Plantations Limited 15. Estate Management Services (Private) Limited, Sri Lanka 16. Infinity Retail Limited 17. Tata Realty and Infrastructure Limited 18. Tata International Limited
3.	Mr. N.A. Soonawala <i>Non-Executive Director</i> Address: 29, Hampton Court, Wodehouse Road, Colaba, Mumbai 400 005 Occupation: Professional Term: Retires by rotation Date of Birth: June 27, 1935	Indian	72	1. Tata Sons Limited 2. Tata Industries Limited 3. Tata Motors Limited 4. Tata Investment Corporation Limited 5. Trent Limited
4.	Mr. S.K. Kandhari <i>Independent Non-Executive Director</i> Address: 12, Sunder Nagar, New Delhi 110003 Occupation: Professional Term: Retires by rotation Date of Birth: August 15, 1934	Indian	73	1. Ozone Spa Private Limited 2. Nectar (U.K.) Limited
5.	Mr. K.B. Dadiseth <i>Independent Non-Executive Director</i> Address: 8A, 'Maneck', L.D. Ruparel Marg, Neapean Sea Road Mumbai 400 006 Occupation: Professional Term: Retires by rotation Date of Birth: December 20, 1945	Indian	61	1. Siemens Limited 2. Britannia Industries Limited 3. ICICI Prudential Life Insurance Company Limited 4. Times Global Broadcasting Company Limited 5. Omnicom India Marketing Advisory Services Private Limited 6. Nicholas Piramal India Limited 7. Prudential plc
6.	Mr. Deepak Parekh <i>Independent Non-Executive Director</i> Address: 9, Darbhanga Mansion, 12, Carmichael Road,	Indian	62	1. Housing Development Finance Corporation Limited 2. Infrastructure Development Finance Company Limited 3. GlaxoSmithKline Pharmaceuticals Limited

Sr. No.	Name, Designation, Address, Occupation and Term	Nationality	Age	Other Directorships
	<p>Mumbai 400 026</p> <p>Occupation: Professional Term: Reties by rotation Date of Birth: October 18, 1944</p>			<ol style="list-style-type: none"> 4. Mahindra & Mahindra Limited 5. Hindustan Lever Limited 6. Castrol India Limited 7. Hindustan Oil Exploration Company Limited 8. HDFC Asset Management Company Limited 9. HDFC Standard Life Insurance Company Limited 10. HDFC Chubb General Insurance Company Limited 11. Siemens Limited 12. Lafarge India Private Limited 13. Exide Industries Limited (Alternate Director) 14. Borax Morarji Limited (Alternate Director) 15. Zodiac Clothing Limited (Alternate Director) 16. Bharat Bijlee Limited (Alternate Director)
7.	<p>Mr. Jagdish Capoor <i>Independent Non-Executive Director</i></p> <p>Address: 43, Abhilasha Apartment, 43, Pali Hill Road, Bandra (W), Mumbai 400 050</p> <p>Occupation: Professional Term: Retires by rotation Date of Birth: July 1, 1939</p>	Indian	68	<ol style="list-style-type: none"> 1. HDFC Bank Limited, Mumbai 2. Assets Care Enterprise Limited, New Delhi 3. GHCL Limited 4. Quantum Trustee Company Private Limited
8.	<p>Mr. Shapoor Mistry <i>Independent Non-Executive Director</i></p> <p>Address: Sterling Bay, 103, Walkeshwar Road, Mumbai 400 006</p> <p>Occupation: Business Term: Retires by rotation Date of Birth: September 6, 1964</p>	Irish	43	<ol style="list-style-type: none"> 1. Shapoorji Pallonji & Company Limited 2. Forbes Gokak Limited 3. Eureka Forbes Limited 4. Shapoorji Pallonji Infrastructure Capital Co. Limited 5. Shapoorji Pallonji Finance Limited 6. Cyrus Investments Limited 7. United Motors (India) Limited 8. Shapoorji Pallonji Power Co. Limited 9. Afcons Infrastructure Limited 10. Forvol International Services Limited 11. Sovereign Pharma Private Limited 12. Samalpatti Power Co. Private

Sr. No.	Name, Designation, Address, Occupation and Term	Nationality	Age	Other Directorships
				Limited 13. Pallonji Shapoorji & Co. Private Limited 14. Shapoorji Pallonji & Co. (Rajkot) Private Limited 15. Sterling Investment Corporation Private Limited 16. Forbes Infotainment Private Limited 17. The Manjri Stud Farm Private Limited 18. S.P. Oil Exploration Private Limited 19. Gokak Textiles Limited 20. Dhan Gaming Solutions (India) Private Limited
9.	Mr. Raymond N. Bickson <i>Non-Independent, Executive Managing Director</i> Address: Flat No. 10, 41, Sea-Land, 4 th Floor, Cuffe Parade, Colaba, Mumbai 400 005 Occupation: Professional Term: July 19, 2003 to July 18, 2008 Date of Birth: December 16, 1955	American	51	1. Taj Trade & Transport Company Limited 2. Taj GVK Hotels & Resorts Limited 3. Piem Hotels Limited 4. Roots Corporation Limited 5. Oriental Hotels Limited 6. United Hotels Limited 7. Taj SATS Air Catering Limited 8. Taj Wilderness Lodges Limited 9. Benaras Hotels Limited 10. Taj Asia Limited, Hong Kong 11. Taj International Hotels (HK) Limited, Hong Kong 12. OHL International (HK) Limited, Hong Kong 13. Piem International (HK) Limited, Hong Kong 14. St. James Court Hotel Limited, (UK) 15. Taj International Hotels Limited (UK) 16. Taj Maldives Pte. Limited, (Maldives)

Brief Biographies of the Directors

Mr. Ratan N. Tata: Mr. Tata holds a degree in Bachelor of Science (Architecture) from Cornell University and has completed the Advanced Management Program at Harvard University. He joined the Tata Group in 1962 and the Company as a Director in 1977. Mr. Tata was appointed as the Chairman of the Board of Directors of the Company in 1997. Mr. Tata was named Chairman of Tata Industries Limited in 1981. In 1991, Mr. Tata was appointed Chairman of Tata Sons, the principal shareholder of the Company in 1991. He is also currently the Chairman of several other Tata Group companies, including Tata Motors, Tata Power, Tata Tea, Tata Chemicals and Indian Hotels. He is also on the Boards of Fiat SpA, Italy and Alcoa. Mr. Tata is associated with various organizations in India and abroad. He is the Chairman of the Government of India's Investment Commission and a Member of the Prime Minister's Council on Trade

and Industry. He is on the International Investment Council set up by the President of the Republic of South Africa and the International Business Advisory Council of the British Government. He is also a member of the International Advisory Council of Singapore's Economic Development Board.

Mr. R.K. Krishna Kumar: Mr. R.K. Krishna Kumar completed his Master's degree in Arts and was part of the Tata Administrative Service (TAS) cadre. Mr. R.K. Krishna Kumar was the managing director of Tata Tea Limited before joining the Company in 1997 as its Managing Director, a post he held up to July, 2003. Mr. R.K. Krishna Kumar is currently the Non-Executive Vice Chairman of the Company.

Mr. N.A. Soonawala: Mr. N.A. Soonawala is a graduate in Commerce from the University of Bombay and a Chartered Accountant from the Institute of Chartered Accountants of India. Mr. Soonawala has previously worked with ICICI Limited, Mumbai. Mr. Soonawala joined Tata Sons Limited in 1968 and was the Finance Director of Tata Sons Limited up to June, 2000. Mr. Soonawala has been on the Board of the Company from 1980. Mr. Soonawala is currently a Non-Executive Director of the Company.

Mr. S.K. Khandari: Mr. S.K. Khandari is a Chartered Accountant from the Institute of Chartered Accountants of India. Mr. Khandari advises on taxation and related financial matters. Mr. Khandari is the Honorary Consul of Grenada. Mr. Khandari has been on the Board of the Company from July, 1980. Mr. Khandari is currently an Independent Non-Executive Director of the Company.

Mr. K.B. Dadiseth: Mr. K.B. Dadiseth is a Fellow Member of the Institute of Chartered Accountants, England and Wales. Mr. Dadiseth has previously been the managing director of Hindustan Lever Limited. Mr. Dadiseth has been on the board of Unilever Plc and on the International Advisory Board of DaimlerChrysler. Mr. Dadiseth has been on the Board of the Company from April, 2000. Mr. Dadiseth is currently an Independent Non-Executive Director of the Company.

Mr. Deepak Parekh: Mr. Deepak Parekh is a Member of the Institute of Chartered Accountants, England and Wales. Mr. Deepak Parekh is the Chairman of the Housing Development and Finance Corporation Limited. Mr. Parekh has been on the Board of the Company from April, 2000. Mr. Parekh is currently an Independent Non-Executive Director of the Company.

Mr. Jagdish Capoor: Mr. Jagdish Capoor completed his Masters degree in Commerce from University of Agra and is a Certified Associate of the Indian Institute of Bankers. Mr. Capoor is a former Deputy Governor of the Reserve Bank of India. Mr. Capoor is currently the Chairman of HDFC Bank Limited and the Bombay Stock Exchange Limited. Mr. Capoor has been on the Board of the Company from July, 2001. Mr. Capoor is currently an Independent Non-Executive Director of the Company.

Mr. Shapoor Mistry: Mr. Shapoor Mistry completed his graduation in Arts (Business and Economics) from England. Mr. Mistry is the managing director of Shapoorji Pallonji and Company Limited. Mr. Mistry is also a trustee of the Masina Hospital. Mr. Mistry has been on the Board of the Company from April, 2003. Mr. Mistry is currently an Independent Non-Executive Director of the Company.

Mr. Raymond N. Bickson: Mr. Raymond N. Bickson studied at the Goethe Institute in Berlin, the Alliance Francaise in Paris, the Université de Sorbonne in Paris, L'école Hôtelière Lausanne, and Cornell University in New York. Mr. Bickson is a graduate of the Advanced Management Program at Harvard Business School in Boston, USA. Mr. Bickson was the General Manager of The Mark, New York, for 15 years, formerly the New York flagship of the Rafael Group Hotels. Mr. Bickson has been on the Board of the Company from January, 2003. Mr. Bickson is currently the Managing Director of the Company.

Compensation of the Directors

The following tables set forth all compensation paid by the Company to the Directors for the fiscal year ended March 31, 2007

A. Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. In terms of the shareholders' approval obtained at the AGM held on August 9, 2004, the commission is paid at a rate not exceeding 1% per annum of the profits of the Company computed in accordance with Section 309(5) of the Companies Act. The commission payable to NEDs is decided by the Board and is distributed based on a number of factors, including number of Board and Committee meetings attended and individual contribution.

The Company pays sitting fees of Rs. 10,000 per meeting to the NEDs for attending the meetings of the Board, the Audit Committee and Remuneration Committee. The Company pays sitting fees of Rs. 5,000 per meeting to NEDs for attending the meeting of Share Transfer/Shareholders'/Investor Grievance Committee.

The following tables set forth all compensation paid by the Company to the NEDs for the fiscal year ended March 31, 2007.

Name of Director	Commission (Fiscal 2006)****	Sitting Fees (Fiscal 2007)	
	Amount (Rs. million)	Board/Committee Meetings Attended	Amount (Rs. million)
Mr. Ratan N. Tata	3.3	8	0.08
Mr. R.K. Krishna Kumar	2.4	11	0.09
Dr. J.J. Bhabha*	1.1	7	0.07
Mr. N.A. Soonawala	2.5	11	0.09
Mr. S.K. Khandari	2.4	13	0.13
Mr. K.B. Dadiseth	0.6	5	0.05
Mr. Deepak Parekh	1.1	6	0.06
Mr. Jagdish Capoor	1.4	14	0.14
Mr. Shapoor Mistry	0.6	6	0.06
Mr. Tejendra Khanna**	0.45	5	0.05
Mr. Valli Moosa***	0.30	N.A.	N.A.

* Dr. J.J. Bhabha an erstwhile member of the Board expired on May 30, 2007

** Mr. Tejendra Khanna resigned from the Board with effect from April 2, 2007

*** Mr. Valli Moosa resigned from the Board with effect from December 4, 2005

**** The Company has made a provision in its financial statements for an amount aggregating Rs. 30 million to be paid as commission to the non-executive directors for fiscal 2007 which has been approved by the shareholders of the Company in an AGM held on August 3, 2007 as part of approval to annual account for fiscal 2007. However, individual allocation of commission has not been made as of date of filing this Draft Letter of Offer. The details of individual allocation of commission for fiscal 2007 will be updated in the Letter of Offer.

B. Executive Directors

The remuneration of Whole-time Director(s) is recommended by the Remuneration Committee 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) etc, which is decided by the Board of Directors. Remuneration comprises a fixed component such as salary, perquisites and allowances and a variable component such as commission. The Remuneration Committee also recommends the annual increments (which are effective April 1 annually) within the salary scale approved by the Members as also the Commission payable to the

Whole-time Director(s) on determination of profits for the financial year, within the ceilings on net profits prescribed under sections 198 and 309 of the Companies Act.

The following tables set forth all compensation paid by the Company to the Managing Director for the fiscal year ended March 31, 2007:

Name of Director	Salary and Allowances (Rs. Million)	Perquisites (Rs. Million)	Commission (Rs. Million)	Total (Rs. Million)
Mr. Raymond N. Bickson	22.81	15.16	15.00	52.97

Shareholding of the Directors of the Company

The following table details the shareholding of the Directors in their personal capacity as at the date of this Draft Letter of Offer.

Name of Directors	Number of Equity Shares (Pre-Issue)	Number of Equity Shares (Post-Issue)*
Mr. Ratan N. Tata	48,603	58,324
Mr. Deepak Parekh	1,500	1,800

* The number of shares for the column entitled Number of Equity Shares (Post-Issue) has been calculated assuming full subscription to rights entitlement in this Issue.

Changes in the Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Valli Moosa	January 24, 2005	December 4, 2005	Resigned
Mr. Tejendra Khanna	April 17, 2003	April 2, 2007	Resigned
Dr. J.J. Bhabha	January 8, 1964	May 30, 2007	Expired
Mr. Zubin Dubash	May 25, 1999	September 6, 2004	Resigned

Borrowing Powers of our Board

In terms of the Articles of Association of the Company, the Board may, from time to time, at its discretion by a resolution passed at its meeting raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. However, if the moneys sought to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) should exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board is required to obtain the consent of the Company in general meeting prior to undertaking such borrowing.

In this regard, our Company, in the EGM dated January 27, 2004 had resolved that pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board is authorised to borrow moneys (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) from banks, financial institutions, NBFCs etc., from time to time, for the purpose of Company's business in excess of the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) provided that the total amount of such borrowings together with the amounts already borrowed and outstanding shall not exceed Rs. 20,000 million.

Subsequently, the Board has in its meeting held on August 13, 2007 approved an increase in borrowing limits from Rs. 20,000 million to Rs. 40,000 million subject to the approval of the members of the Company which is proposed to be secured through a postal ballot.

Terms of appointment of the Managing Director, Mr. Raymond N. Bickson

Mr. Raymond N. Bickson was appointed as a Whole-time Director of the Company with effect from August 9, 2004. At the AGM held on September 4, 2003, the shareholders of the Company approved the appointment and terms of remuneration of Mr. Raymond Bickson as Managing Director for a period of five years commencing from July 19, 2003 up to July 18, 2008. The terms and conditions of Mr. Bickson's appointment were determined through a contract dated August 18, 2004 between Mr. Bickson and the Company.

A. Remuneration

Mr. Raymond Bickson will receive salary and allowances of Rs. 23.00 million for fiscal 2007-2008.

B. Perquisites

In addition to the salary and commission payable, Mr. Raymond Bickson shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent in lieu thereof; house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs; medical reimbursement; medical insurance, life insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mr. Bickson.

Provision for the use of Company car and driver for official and personal use and telephone at residence (long distance personal calls will be paid for by Mr. Bickson).

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

1. *Children's education expenses*

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

2. *Annual passage*

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

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

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

4. *Expatriate allowance*

An allowance up to a limit of Rs. 10 million per annum with authority to the Board of Directors to determine his allowance within the maximum limit.

5. *Commission*

Such remuneration by way of commission in addition to the salary, perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act. The specific amount payable to Mr. Bickson will be based on certain performance criteria to be laid down by the Board and shall be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the Members of the Company in the General Meeting.

Notes:

1. The aggregate of the salary, special pay, allowances and perquisites in any financial year shall be subject to the limits prescribed from time to time under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force, or otherwise as may be permissible at law.
2. Where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid or given to the Whole time Directors in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, wherever required.
3. Mr. Raymond Bickson does not have the following powers:
 - (i) power to make calls on Members in respect of monies unpaid on shares in the Company;
 - (ii) power to authorise the buy-back referred to in the first proviso to Clause (b) of sub-section (2) of section 77A;
 - (iii) power to issue debentures;
 - (iv) power to borrow monies otherwise than on debentures;
 - (v) power to invest the funds of the Company in shares, stocks and securities; and
 - (vi) power to make loans

Corporate Governance

There are three Board level Committees in the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the Listing Agreement. These are (i) Audit Committee, (ii) Share Transfer and Shareholders'/Investors' Grievance Committee and (iii) Remuneration Committee. A brief on each Committee, its scope and its composition is given below:

Audit Committee

The Audit Committee consists of:

1. Mr. S.K. Khandari, Chairman, Independent Director
2. Mr. Deepak Parekh, Independent Director
3. Mr. Jagdish Capoor, Independent Director

The Audit Committee is responsible for reviewing the Company's compliance with internal control systems; reviewing the findings of the internal auditor relating to various functions of the Company; holding periodic discussions with the statutory auditors and the internal auditors of the Company concerning the accounts of the Company, internal control systems; the scope of audit and observations of the independent auditors and internal auditors; reviewing the quarterly, half-yearly and annual financial results of the Company before submission to the Board of Directors; and making recommendations to the

Board of Directors on any matter relating to the financial management of the Company, including audit reports, the appointment of auditors and the remuneration of the auditors.

Share Transfer and Shareholders'/Investor Grievance Committee

The Share Transfer and Shareholders'/Investor Grievance Committee consists of:

1. Mr. N.A. Soonawala, Chairman, Non-Executive Director
2. Mr. R.K. Krishna Kumar, Non-Executive Director
3. Mr. Raymond N. Bickson, Managing Director

The Share Transfer and Shareholders'/Investor Grievance Committee has the required powers to carry out the handling of shareholder/investor grievances. The brief terms of reference of this Committee include redressing shareholder and investor complaints like transfer of shares, non-receipt of annual reports and non-receipt of dividends. Share transfers are processed weekly and approved by the Committee. Investor grievances are placed before the Committee. During the period April 1, 2006 to March 31, 2007, the Company received 1 compliant from shareholder/investor. As of date no complaints are pending.

Remuneration Committee

The Remuneration Committee consists of:

1. Mr. Jagdish Capoor, Chairman, Independent Director
2. Mr. Ratan Tata, Non-Executive Director
3. Mr. N.A. Soonawala, Non-Executive Director
4. Mr. R.K. Krishna Kumar, Non-Executive Director

The Remuneration Committee is responsible for reviewing the performance of the Managing Director and the whole-time Directors, after considering the Company's performance; recommending to the Board of Directors the remuneration, including salary, perquisites and commission, to be paid to them.

Key Managerial Personnel

The details of the Company's key managerial personnel are as follows:

Name	Age	Designation	Qualifications	Previous Employment	Total Years of Experience (including relevant experience)	Date of joining	Gross Salary (Rs. million)*
Mr. Anil P. Goel	50	Chief Financial Officer	B. Com. (Hons.) A.C.A	Tata Tea Limited	24	July, 2004	10.10
Mr. Ajoy K. Misra	50	Sr. Vice President, Sales and Marketing	B.E. (Hons.) – Civil, MBA	Tata Administrative Services	27	June, 1980	9.06
Mr. Prakash Shukla	40	Sr. Vice President – Technology and Chief Information Officer	Electrical and Electronics Engineering from Rutgers University, USA and Chief Information Officer Engineering	IBM	23	August, 1999	11.75

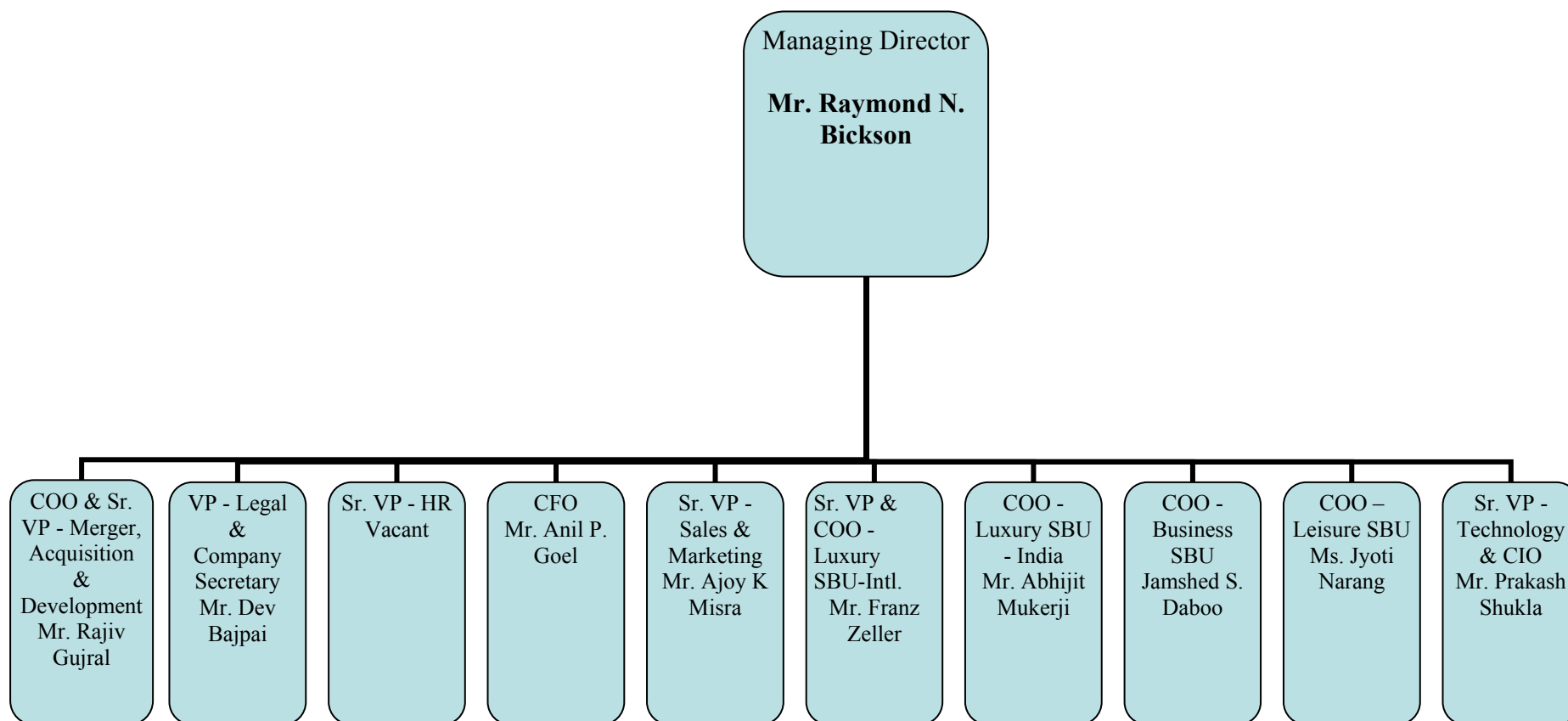
			(Computer/Tele-communication) from New York Polytechnic University, AMP from Harvard University, USA				
Mr. Rajiv Gujral	56	Chief Operating Officer and Sr. Vice President- Mergers, Acquisitions and Development	BBM(Mkt.) FHCIMA	Quality Traders	34	August, 1973	6.08
Mr. Franz Zeller	60	Sr. Vice President and Chief Operating Officer, Taj Luxury Hotels – International	Certified Food and Beverage Executive from Insitute of American Hotel and Motel Association Course in London Business School, London, U.K.	Millennium Hotels and Resorts	43	November, 2003	20.20
Mr. Abhijit Mukherjee	44	Chief Operating Officer – Luxury (India)	B.Com . Dip in Hotel Management, MBA – Cornell – Essec, CHA, TGMP, Harvard University	N.A.	22	December, 1984	5.53
Ms. Jyoti Narang	49	Chief Operating Officer – Leisure Division	B.A. (Eco.), MBA	Spica Group of Industries	28	October, 1982	5.97
Mr. Jamshed Daboo	44	Chief Operating Officer Business Division	B.E. (Mech.), PGDM (Marketing and Finance)	Tata Administrative Service	20	July, 2000	5.84
Mr. Dev Bajpai	41	Vice President – Legal and Company Secretary	B.Com, LLB, F.C.S.	Marico Limited	19	February, 2006	4.26

* The remuneration of each of the Company's key managerial personnel for year ended March 31, 2007 and is as per the statement pursuant to section 217(2A) of the Act and the Companies (Particulars of Employees) Rules, 1975.

All the above mentioned key managerial personnel are permanent employees of the Company.

Management Organizational Chart

The organisation structure of the Company is as given below:



Shareholding of Key Managerial Personnel in the Company

Name of Key Managerial Personnel	No. of Equity Shares held (Pre-Issue)
Mr. Ajoy K. Misra	9,000
Ms. Jyoti Narang	3,040
Mr. Jamshed Daboo	3,929

Interest of Promoter, Director and Key Managerial Personnel

Except as stated in “Related Party Transactions” on page [●] of this Draft Letter of Offer, and to the extent of shareholding in the Company, the promoter and promoter group does not have any other interest in the Company’s business.

The Non-Executive Directors of the Company may be deemed to be interested to the extent of fees, payable to them for attending meetings of the Board or a Committee. The Managing Director and other Whole-time Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered by them as officers of the Company. All the directors may also be deemed to be interested to the extent of commission paid to them and Equity Shares, if any, already held by them or their dependants and relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Draft Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. The Directors may also be regarded as interested in the Equity Shares and NCDs with detachable Warrants, if any, held by or that may be subscribed by and allotted to them, their relatives, dependents, companies, firms or trusts, in which they are interested as directors, members, partners and/or trustees.

The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares held by them or their dependants in the Company, if any. The Company does not have any profit sharing plan for the key managerial personnel

Loans availed by key managerial personnel from the Company as on September 27, 2007

S. No.	Name	Company Housing Loan		Soft/Hard Furnishing Loan		Total Amount Outstanding (In Rs. million)
		Amount Outstanding (In Rs. million)	Rate of Interest	Amount Outstanding (In Rs. million)	Rate of Interest	
1.	Mr. Rajiv Gujral	0.12	4%	-	-	0.12
2.	Mr. Ajoy Kumar Mishra	0.12	4%	-	-	0.12
3.	Ms. Jyoti Narang	-	-	0.13	0%	0.13
4.	Mr. Abhijit Mukherjee	-	-	0.06	0%	0.06
5.	Mr. Jamshed Daboo	-	-	0.02	0%	0.02
6.	Mr. Dev Bajpai	-	-	1.00	0%	1.00

The Company has an arrangement with HDFC Limited under which employees can avail loans directly from HDFC Limited. The cost of the loan amount to the employee will be capped at 4% and incremental interest will be subsidised by the Company. The subsidised interest is taxed as a perquisite in the hands of the the employee availing such housing loans. The key managerial personnel who have availed such loans under this arrangement are as follows:

1. Mr. Rajiv Gujral
2. Mr. Ajoy Kumar Mishra
3. Ms. Jyoti Narang
4. Mr. Abhijit Mukherjee
5. Mr. Jamshed Daboo

Except as stated otherwise in this Draft Letter of Offer, the Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Letter of Offer in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Except as stated otherwise in this Draft Letter of Offer, the Company's Directors and its key managerial personnel have not taken any loan from the Company.

Changes in the Company's Key Managerial Personnel during the last three years

Name	Designation	Date of joining/leaving	Reasons
L. Krishnakumar	Senior Vice President-Finance	July 15, 2004	Company roll transfer
Bernard Martyris	Senior Vice President – HR	November 22, 2004	Resigned
Nariman Burjor D	Sr. Vice President Legal & Company Secretary	December 12, 2005	Resigned
Yogi Sriram	Senior Vice President - HR	July 31, 2007	Resigned

PROMOTER

The promoter of the Company is Tata Sons Limited.

Tata Sons Limited

CIN: U99999MH1917PLC000478

Tata Sons Limited was incorporated as a private limited company under the Indian Companies Act, 1913 on November 8, 1917 and currently its registered office is located at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001, Maharashtra, India. The company became a deemed public company with effect from May 1, 1975. Tata Sons Limited is the principal investment holding company of the Tata Group and has a significant shareholding in the share capital of major operating companies which it has promoted. Amongst the company's subsidiaries Tata Consultancy Limited ("TCS") and Tata Teleservices (Maharashtra) Limited are listed on the stock exchanges in India.

Tata Sons Limited also has two operating divisions:

Tata Financial Services ("TFS"): This division provides financial advisory services related to corporate finance and restructuring, project finance and treasury and portfolio management of operating and investment companies.

Tata Quality Management Services ("TQMS"): This division is involved in creating awareness of and imparting training in the Tata Business Excellence Model (TBEM) amongst Tata companies. This is done to assist Tata companies to achieve well-defined levels of business excellence using the TBEM framework. The framework encompasses four approaches – Assurance, Assessment, Assistance and Award (the JRD QV Award).

The Company confirms that the Permanent Account Number, Bank Account Numbers, the company registration number and the address of the Registrar of Companies where the promoter is registered have been submitted to the BSE and NSE.

Subsidiaries of Tata Sons Limited

1. Tata Consultancy Services Limited
2. APonline Limited
3. C-Edge Technologies Limited
4. CMC Limited
5. Diligenta Limited
6. Exigenix Canada Inc.
7. Tata America International Corporation Limited
8. Tata Consultancy Services Asia Pacific Pte Limited
9. Tata Consultancy Services, Belgium SA
10. Tata Consultancy Services Deutschland GmbH
11. Tata Consultancy Services France SA
12. Tata Consultancy Services Netherlands B.V
13. Tata Consultancy Services Sverige AB
14. Tata Infotech (Singapore) Pte Limited
15. Tata Infotech Deutschland GmbH
16. TCS FNS Pty Limited
17. TCS Iberoamerica SA
18. WTI Advanced Technology Limited
19. CMC Americas Inc.
20. Swedish Indian IT Resources AB

21. Tata Information Technology (Shanghai) Co. Limited
22. TCS Solution Center (Uruguay) S.A.
23. TCS Argentina (Argentina) S.A.
24. Tata Consultancy Services do Brasil Desenvolvimento de Servicos Ltda
25. Tata Consultancy Services de Mexico SA De CV (Mexico).
26. TCS Inversiones Chile Ltda (Chile)
27. Tata Consultancy Services de Espana SA. (Spain)
28. Tata Consultancy Services do Brasil S.A. (Brazil)
29. Tata Consultancy Services Chile S.A (Chile)
30. TCS Italia SRL
31. Tata Consultancy Services Japan Limited
32. Tata Consultancy Services Malaysia Sendirian Berhad
33. Tata Consultancy Services Luxembourg S.A
34. Tata Consultancy Services Portugal Unipessoal Limitada.
35. Tata Consultancy Services Chile Ltda.
36. Sisteco S.A.
37. Syscrom S.A.
38. Tata Consultancy Services BPO Chile, SA (formerly COMICROM S.A)
39. Pentacrom S.A.
40. Pentacrom Servicios S.A.
41. Custodia De Documentos Intres Ltda.
42. Financial Network Services (HK) Limited
43. Financial Network Services (Africa) (Pty) Limited
44. Financial Network Services (Europe) Plc.
45. Financial Network Services (Facilities Management) Pty. Limited
46. Financial Network Services Chile Ltda.
47. Financial Network Services Malaysia Sendirian Berhad
48. Financial Network Services Pty. Limited
49. Financial Network Services(Holdings) Pty. Limited
50. Chong Wan Investments Limited
51. PT Financial Network Services
52. MP Online Limited
53. TKS - Teknosoft S.A.
54. TKS - Services S.A.
55. TKS - Banking Solutions S.A.
56. Quartz Software Technology S.A.
57. TKS - Teknosoft (France) SAS
58. TCS Management Pty Limited
59. Tata Consultancy Services (China) Co. Limited
60. Pt. Tata Consultancy Services Indonesia.
61. Tata Solutions Centre SA.
62. Financial Network Services (Beijing) Co. Limited
63. Tata International AG, Zug
64. Tata Internet Services Limited
65. Tata Limited, London
66. Tata Pension Management Limited
67. Tata Petrodyne Limited
68. Tata Realty and Infrastructure Limited
69. Tata Sky Limited
70. Tata Teleservices (Maharashtra) Limited
71. Tata Teleservices Limited

72. TCE Consulting Engineers Limited
73. THDC Limited
74. Wireless TT Info Services Limited
75. Tata AIG Life Insurance Co. Limited
76. Tata AIG General Insurance Co. Limited
77. Tata AG Zug
78. Tata Asset Management (Mauritius) P Limited
79. Tata Asset Management Limited
80. Infiniti Retail Limited
81. Panatone Finvest Limited
82. Tata Capital Limited (Formerly Primal Investment & Finance Limited)
83. E2E Serwiz Solutions Limited
84. Ewart Investment Private Limited (Mauritius)
85. Ewart Investments Limited
86. Computational Research Laboratories Limited
87. Concept Marketing & Advertising Limited

Board of Directors

The Board of Directors of Tata Sons Limited consists of:

1. Mr. Ratan N. Tata
2. Mr. N.A. Soonawala
3. Mr. F.K. Kavarana
4. Mr. Syamal Gupta
5. Dr. J.J. Irani
6. Mr. R. Gopalakrishnan
7. Mr. Ishaat Hussain
8. Mr. R.K. Krishna Kumar
9. Mr. A.R. Gandhi
10. Mr. Alan Rosling
11. Mr. C.P. Mistry

Change in the Board of Directors of Tata Sons Limited in the last three years

Name of Director	Date of Appointment	Date of Cessation	Reason
Mr. Cyrus P. Mistry	August 10, 2006	-	Appointment
Mr. Pallonji S. Mistry	-	December 31, 2004	Resignation

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars		Fiscal 2007	Fiscal 2006	Fiscal 2005
Share Capital*	Preference	1979.8	661.0	661.0
	Equity	404.1	404.1	404.1
Reserves		121,231.3	92,368.5	79,286
Income		38525.1	18,675.7	37,356.9**
Profit after tax (PAT)		33359.4	16,123.1	32,736.1
Earnings per share (EPS) (Rs)		82,322	39,782	80,904

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Book value per share (Rs.)	275,660	212,903	183,007

* The face value of the company's equity shares is Rs. 1,000 each.

** Includes exceptional income of Rs. 30,499.6 million

The company's shares are not listed on any stock exchange.

There have been no overdue/defaulted to any banks/financial institutions.

Companies with which the promoter has disassociated in the last three years:

The Promoter has not disassociated itself with any company in the last three years.

Interests of Promoter in the Company

Except as stated in "Related Party Transactions" on page [●] of this Draft Letter of Offer, and to the extent of shareholding in the Company, the Promoter and promoter group do not have any other interest in the Company's business.

Promoter Group

The Equity Shares are held by the Promoter through companies, trusts and HUFs owned/controlled by it. The ventures forming part of the promoter group other than the subsidiaries as mentioned earlier include:

1. Global Information Services Limited
2. Niskalp Energy Limited
3. Samrat Holdings Limited
4. Sir Dorabji Tata Trust
5. Sir Ratan Tata Trust
6. Tata Auto Comp Systems Limited
7. Tata Industries Limited
8. Tata International Limited
9. Tata Investment Corporation Limited
10. Tata Chemicals Limited
11. Tata Consultancy Services Limited
12. Tata Elxi Limited
13. Tata Motors Limited
14. Tata Power Limited
15. Tata Services Limited
16. Tata Tea Limited
17. Tata Teleservices (Maharashtra) Limited
18. Tata Trustee Company Private Limited
19. Tata Steel Limited
20. Trent Limited
21. Vantech Investment Limited
22. Videsh Sanchar Nigam Limited
23. Voltas Limited

GROUP COMPANIES

The details of the Company's top five listed group companies, in terms of market capitalization, and details of the Group companies with negative net worth or losses are as follows:

1. Tata Steel Limited (“TSL”)

The company was originally incorporated as “The Tata Iron and Steel Company Limited” on August 26, 1907 as a public limited company, under the provisions of the Indian Companies Act, 1882. The company was established by Jamsetji N. Tata, the founder of the Tata Group. Pursuant to a resolution of the Board of Directors dated May 19, 2005 and of the shareholders of the company dated July 27, 2005, the name of the Company was changed to “Tata Steel Limited” with effect from August 12, 2005. The registered office of Tata Steel is situated at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001, Maharashtra, India.

The company manufactures a diversified portfolio of steel products, with a product range that includes flat products and long products, as well as some non-steel products such as ferro alloys and minerals, tubes and bearings. The company, through its Indian operations, is the leading manufacturer of ferro chrome and steel wires in India and a leading producer of chrome ore internationally. The company's main markets include the Indian construction, automotive and general engineering industries. The company's main facilities have been historically concentrated around the Indian city of Jamshedpur (Jharkhand), where the company operates a 5.0 mtpa crude steel production plant and a variety of finishing plants close to the iron ore and coal reserves. The company's bearing division is located at Kharagpur (West Bengal), ferro manganese plant is located in Joda (Orissa), charge chrome plant is located in Bamnival (Orissa), cold rolling complex is located in Tarapur (Maharashtra) and wire division is located at Tarapur (Maharashtra), Bangalore (Karnataka), and Indore (Madhya Pradesh). The company also has iron ore and coal mines, collieries and quarries in the States of Jharkhand, Orissa and Karnataka.

The company has been expanding its non-Indian operations recently, with a focus on increasing its production capacity in various international markets. In February 2005, the company acquired the steel-related businesses of NatSteel, with facilities located in Singapore, China, Malaysia, Vietnam, the Philippines, Thailand and Australia. In March 2006 the company also acquired a 25.0% interest in Millennium Steel, the largest steel producer in Thailand, and in April 2006 a further 42.8% interest, for a total interest of 67.1% in Millenium Steel, (now known as Tata Steel (Thailand) Public Company Limited). On April 2, 2007 the company acquired Corus, with key production facilities located in the United Kingdom and Netherlands.

Shareholding Pattern

The shareholding pattern of TSL as of June 30, 2007 is as follows:

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	23	204,620,756	175,618,671	33.60	33.60
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	2	1,031,460	1,031,460	0.17	0.17
	Sub-Total (A)(1)	25	205,652,216	176,650,131	33.77	33.77
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	25	205,652,216	176,650,131	33.77	33.77
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	218	13,057,526	12,980,108	2.14	2.14
(b)	Financial Institutions / Banks	396	11,71,838	891,340	0.20	0.20
(c)	Central Government / State Government(s)	8	119,517	8,240	0.02	0.02
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	32	93,982,604	93,981,279	15.43	15.43
(f)	Foreign Institutional Investors	308	137,906,845	137,876,961	22.65	22.65
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	962	246,238,330	245,737,928	40.44	40.44
(2)	Non-institutions					

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de-materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(a)	Bodies Corporate	5,593	16,032,345	15,154,574	2.63	2.63
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	581,311	120,314,779	86,414,155	19.76	19.76
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	787	15,481,391	12,474,399	2.54	2.54
(c)	Any Other (specify)					
	Sub-Total (B)(2)	81	5,243,803	111,377	0.86	0.86
	Total Public Shareholding (B)=(B)(1)+(B)(2)	7	6,125	5,000	Nil	Nil
(C)	Shares held by Custodians and against which Depository Receipts have been issued	587,779	157,078,443	114,159,505	25.79	25.79
	Grand Total (A)+(B)+(C)	588,741	403,316,773	359,897,433	66.23	66.23

Board of Directors

The board of directors of TSL as on June 30, 2007 consists of:

1. Mr. Ratan Tata
2. Mr. James Leng
3. Mr. Nusli N. Wadia
4. Mr. S.M. Palia
5. Mr. Suresh Krishna
6. Mr. Ishaat Hussain
7. Dr. Jamshed J. Irani
8. Mr. Subodh Bhargava
9. Mr. Jacobus Schraven
10. Dr. Anthony Hayward
11. Mr. Phillippe Varin
12. Mr. B. Muthuraman
13. Dr. T. Mukherjee
14. Mr. A.N. Singh

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	5,806.70	5,536.70	5,536.70
Reserves and Surplus*	131,658.90	92,016.30	62,914.30
Sales	179,856.90	154,702.60	146,469.80
Profit after tax (PAT)	42,221.50	35,063.80	34,741.60
Earnings per share (EPS) (Rs).	73.76	63.35	62.77
Book value per share (Rs.)	240.22	176.19	123.68

*Net of miscellaneous expenditure to the extent not written off or adjusted

Share Quotation

The equity shares of TSL are listed on the NSE and the BSE. The details of the highest and lowest price on the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	451.1	413.3
April, 2007	579.8	423.9
May, 2007	659.7	552.5
June, 2007	641.7	580.1
July, 2007	721.7	600.7
August, 2007	692.8	527.5

Source: www.nse-india.com

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	451.9	413.0
April, 2007	579.1	424.1
May, 2007	658.9	551.9
June, 2007	641.2	579.8
July, 2007	672.1	593.4
August, 2007	693.0	533.0

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years. The board of Directors in their meeting held on April 17, 2007 passed a resolution to increase the authorised share capital of the Company to Rs. 80,000 million divided into 1,750 million Ordinary Shares of Rs. 10 each, 25 million Cumulative Redeemable Preference Shares of Rs. 100 each and 600 million Cumulative Compulsorily Convertible Preference Shares of Rs. 100 each. The resolution to increase the authorised share capital was approved by the Members at the AGM held on August 29, 2007.

The company pursuant to a subscription agreement dated August 6, 2007 with Citigroup Global Markets Limited, ABN Amro Rothschild and Standard Chartered Bank subject to fulfillment of certain conditions precedent agreed to issue USD 875 million 1% Foreign Currency Convertible Alternative Reference Securities ("CARS") due in 2012 which are convertible into qualifying securities as defined in the subscription agreement or into ordinary shares of Tata Steel Limited listed on the BSE and the NSE. The CARS will be convertible at an initial conversion price of Rs. 876.6 per share which is at a premium of

35% to the Tata Steel Limited's closing share price on the on the NSE as on August 6, 2007. The outstanding CARS if any, at maturity will be redeemable at a premium of 23% to the principal amount.

The company on July 19, 2006 allotted 27,000,000 equity shares to Tata Sons Limited on a preferential basis at a price of Rs. 516 per equity share. The company on April 17, 2007 allotted 28,500,000 equity shares to Tata Sons Limited at a price of Rs. 484.30 per equity share pursuant to conversion of warrants allotted on a preferential basis.

The company subject to regulatory approvals and market conditions is proposing a simultaneous but unlinked issue on a rights basis of equity shares and cumulative convertible preference shares and has filed a draft letter of offer with SEBI on August 21, 2007.

Mechanism for redressal of investor grievance

Tata Steel Limited has constituted an Investors' Grievance Committee consisting of Mr. Ishaat Hussain and Mr. Suresh Krishna. The committee was constituted to look into the redressal of investor grievances like non-receipt of share certificates, CCPS certificates, non-receipt of balance sheet, non-receipt of dividend warrants etc. During the period from April 1, 2006 to March 31, 2007, the company received 924 complaints from shareholders and regulatory authorities etc. As of March 31, 2007 3 complaints were pending.

2. Tata Consultancy Services Limited ("TCS")

Tata Consultancy Services Limited was incorporated as RR Donnelley (India) Private Limited on January 19, 1995. RR Donnelley and Sons Company ("RRD") had through its wholly owned subsidiary RR Donnelley (Mauritius) Holdings Limited ("RRDM") invested in 100% of the shares of RR Donnelley (India) Private Limited. The main object of RR Donnelley (India) Private Limited was to invest and hold the paid up capital of Tata Donnelley limited, subsequently renamed as Tata Infomedia Limited. In June 2000, Tata Sons Limited acquired the entire shareholding of RRDM in RR Donnelley (India) Private Limited, whereby it became a wholly owned subsidiary of Tata Sons Limited. Thereafter, the name of RR Donnelley (India) Private Limited was changed to Orchid Print India Limited on March 19, 2001. At that time, the primary business of Orchid Print India Limited was to hold the equity shares of Tata Infomedia Limited. The name of the Company was changed to Tata Consultancy Services Limited on December 17, 2002. On December 30, 2003, Tata Consultancy Services Limited sold its entire holding in Tata Infomedia Limited.

On August 9, 2004, the Tata Consultancy Services division of Tata Sons Limited was transferred to TCS pursuant to the orders of the Bombay High Court dated May 9, 2003 and April 7, 2004 and in terms of a scheme of arrangement under sections 391-394 of the Companies Act, between Tata Sons Limited, Tata Consultancy Services Limited and their respective shareholders and creditors. The transfer was effective from April 1, 2004. The registered office of TCS is at Bombay House, 24 Homi Mody Street, Fort, Mumbai 400 001. The equity shares of TCS are listed on the NSE and the BSE. .

TCS is principally engaged in providing information technology ("IT") and IT enabled services and consultancy services.

Shareholding pattern

The shareholding pattern of TCS as of June 30, 2007 is as follows:

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de-materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	12	754,047,120	754,047,120	77.05	77.05
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	2	30000000	30000000	3.07	3.07
	Sub-Total (A)(1)	14	784,047,120	784,047,120	80.12	80.12
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	14	784,047,120	784,047,120	80.12	80.12
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	175	19,528,092	19,527,868	2	2
(b)	Financial Institutions / Banks	68	1,045,097	1,044,883	0.11	0.11
(c)	Central Government / State Government(s)	1	160	160	0	0
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de-materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(e)	Insurance Companies	28	33,999,366	33,999,366	3.47	3.47
(f)	Foreign Institutional Investors	319	75,753,817	75,753,817	7.74	7.74
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	591	130,326,532	130,326,094	13.32	13.32
(2)	Non-institutions					
(a)	Bodies Corporate	4,621	8,416,164	8,415,043	0.86	0.86
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	748,706	47,980,517	47,573,447	4.9	4.9
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	8	7,035,351	7,035,351	0.72	0.72
(c)	Any Other (specify)	662	804,814	804,784	0.08	0.08
	Sub-Total (B)(2)	753,997	64,236,846	63,828,625	6.56	6.56
	Total Public Shareholding (B)=(B)(1)+(B)(2)	754,588	194,563,378	194,154,719	19.88	19.88
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil
	Grand Total (A)+(B)+(C)	754,602	978,610,498	978,201,839	0	100

Board of Directors

The board of directors of TCS as on June 30, 2007 consists of:

1. Mr. Ratan N. Tata
2. Mr. S. Ramadorai
3. Mr. Aman Mehta
4. Mr. Naresh Chandra
5. Mr. V. Thyagarajan
6. Prof. Clayton M. Christensen

7. Dr. Ron Sommer
8. Mrs. Laura M. Cha

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Sales and other income	151,565.20	112,937.60	81,228.10
Profit after tax (PAT)	37,572.90	27,168.7	18,314.20*
Equity capital (par value Re. 1 per share)	978.60	489.30	480.10
Reserves and Surplus	79,611.30	55,604.0	32,730.4
Earnings per share (EPS) (Rs.)**	38.39	27.76	38.93
Book value per equity share (Rs.)**	82.35	114.64	69.17

*Includes exceptional items

** Calculated on basis of enhanced capital after bonus issue in the ratio of 1:1

Share quotation

The equity shares of TCS are listed on the NSE and the BSE. The details of the highest and lowest price on the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	1,303.1	1,155.6
April, 2007	1,280.3	1,189.2
May, 2007	1,290.2	1,215.7
June, 2007	1,221.4	1,121.8
July, 2007	1,191.0	1,111.7
August, 2007	1,188.85	996.0

Source: www.nse-india.com

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	1,303.9	1,162.2
April, 2007	1,280.1	1,188.7
May, 2007	1,290.2	1,208.6
June, 2007	1,220.8	1,122.4
July, 2007	1,190.6	1,109.7
August, 2007	1,188.40	998.0

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years other than as provided below and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

Details of the last public/rights issue made

TCS made an initial public offer of its equity shares during the fiscal 2005. The company issued 55,452,600 equity shares of Re. 1 each for cash at a price of Rs. 850 per equity share, consisting of a fresh issue of 22,775,000 equity shares by the company and an offer for sale of 32,677,600 equity shares by certain shareholders of the company through a prospectus dated August 11, 2004.

The proceeds of the issue were applied for the objects of the issue as disclosed in the prospectus for the issue, i.e. paying in part the transfer consideration of Rs. 230 billion to Tata Sons Limited pursuant to the scheme of arrangement. TCS did not receive any proceeds from the offer for sale of equity shares by the selling shareholders and from the sale of the equity shares pursuant to the exercise of the green shoe option in the issue. There were no deviations from the objects on which the issue proceeds were utilized.

Mechanism for redressal of investor grievance

The Board of TCS has constituted a shareholders/investors grievance committee comprising of Mr. Aman Mehta (director) and Mr. S. Ramadorai (chief executive officer and managing director), in accordance with clause 49 of the Listing Agreement with the Stock Exchanges to specifically look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts, non receipt of dividend/ interest/ annual reports, etc. An Investor Relations Department (“IRD”) was set up in June, 2004 prior to the company’s initial public offering of its equity shares. The IRD focuses on servicing the needs of investors, analysts, brokers and the general public. Mr. S. H Rajadhyakshya (Company Secretary) is the Compliance Officer. As at March 31, 2007 there are three investor grievances pending against the company.

3. Tata Motors Limited

Tata Motors Limited was originally incorporated as The Tata Locomotive and Engineering Company Limited on September 1, 1945 as a public limited company, under the Companies Act, 1913. On September 24, 1960, the name of the company was changed to Tata Engineering and Locomotive Company Limited. Subsequently on July 29, 2003, the name of the company was again changed to Tata Motors Limited. The registered office of Tata Motors Limited is located at Bombay House, 24 Homi Street, Mumbai 400 001. Tata Motors Limited is engaged in the business of manufacture of automobiles in various categories such as heavy, medium, light commercial vehicles, business utility vehicles and passenger cars.

Shareholding pattern

The shareholding pattern of Tata Motors Limited as on June 30, 2007 is as follows :

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de-materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(I)	Indian					
(a)	Individuals/Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil
(b)	Central Government/State	Nil	Nil	Nil	Nil	Nil

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de-materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
	Government(s)					
(c)	Bodies Corporate	12	128,462,429	128,462,429	39.15	33.33
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	4	354,976	354,976	0.11	0.09
	Sub-Total (A)(1)	16	128,817,405	128,817,405	39.26	33.43
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	16	128,817,405	128,817,405	39.26	33.43
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	148	11,275,387	11,249,431	3.44	2.93
(b)	Financial Institutions / Banks	249	1,409,240	1,323,720	0.43	0.37
(c)	Central Government / State Government(s)	5	407,181	4,400	0.12	0.11
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	30	42,056,141	42,055,831	12.82	10.91
(f)	Foreign Institutional Investors	342	69,417,351	69,407,326	21.16	18.01
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	2	57,892	57,892	0.02	0.02
	Sub-Total (B)(1)	776	124,623,192	124,098,600	37.98	32.34
(2)	Non-institutions					
(a)	Bodies Corporate	2,894	3,955,541	3,740,994	1.21	1.03
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	248,868	38,167,170	27,957,838	11.63	9.9

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	83	2,224,596	1,864,189	0.68	0.58
(c)	Any Other (specify)	5,604	30,316,876	3,691,570	9.24	7.87
	Sub-Total (B)(2)	257,449	74,664,183	37,254,591	22.76	19.37
	Total Public Shareholding (B)=(B)(1)+(B)(2)	258,225	199,287,375	161,353,191	60.74	51.71
(C)	Shares held by Custodians and against which Depository Receipts have been issued	1	57,276,756	57,272,356	0	14.86
	Grand Total (A)+(B)+(C)	258,242	385,381,536	347,442,952	0	100

Board of Directors

The board of directors of Tata Motors Limited as on June 30, 2007 consists of:

1. Mr. Ratan N. Tata
2. Mr. N.A. Soonawala
3. Dr. J.J. Irani
4. Mr. V.R. Mehta
5. Mr. R. Gopalakrishnan
6. Mr. Nusli N. Wadia
7. Mr. S.A. Naik
8. Mr. S.M. Palia
9. Mr. Ravi Kant
10. Mr. P.P. Kadle
11. Mr. P.M. Telang

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	3,854.1	3,828.7	3,617.9
Reserves	64,843.40	51,542	37,496
Sales	321,298.80	242,932	206,486.60
Profit after tax (PAT)	19,134.6	15,288.8	12,369.5
Earnings per share (EPS) (Rs).	49.76	40.57	34.38
Book value per share (Rs.)	178.25	144.62	113.64

Share quotation

The equity shares of Tata Motors Limited are listed on the Madhya Pradesh Stock Exchange, the Calcutta Stock Exchange Association Limited (the “CSE”), the NSE and the BSE.

Pursuant to the approval of the shareholders at their meeting held on July 21, 2003, the company has applied for delisting of its shares from the Madhya Pradesh Stock Exchange. Therefore, details in relation to the trading of equity shares of the company on the Madhya Pradesh Stock Exchange are not being provided. The equity shares of the company have not been traded on the CSE during the preceding six months. Further, the company has delisted its securities from the CSE with effect from March 14, 2007. Hence, details in relation to the trading of equity shares of the company on the CSE are not being provided.

The details of the highest and lowest price on the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	805.1	716.4
April, 2007	766.6	670.9
May, 2007	751.7	708.0
June 2007	748.0	641.2
July, 2007	776.8	682.2
August, 2007	711.0	613.0

Source: www.nse-india.com

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	805.5	715.1
April, 2007	766.9	669.2
May, 2007	757.5	707.9
June, 2007	747.1	641.3
July, 2007	778.0	667.1
August, 2007	750.0	616.1

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

Tata Motors Limited has constituted investors’ grievance committee comprising of Mr. S. A. Naik (director), Mr. R. Gopalakrishnan (director), Mr. Ravi Kant (director) and Mr. Praveen Kadle (director) in accordance with clause 49 of the Listing Agreement with Stock Exchanges. The committee is empowered to oversee the redressal of investors’ complaints pertaining to shares/debenture transfer, non receipt of annual reports, interest/dividend payments, issue of duplicate share certificate, transmission (with or without legal representation) of shares and debentures and other miscellaneous complaints. Mr. H. K. Sethna, Company Secretary is the Compliance Officer. All investors’ complaints are normally resolved within 15 days of receipt, except for cases pertaining to legal matters and those which require investigation or verification of old records. As at March 31, 2007 there are no investor grievances pending against the company.

4. Tata Power Company Limited

The Tata Power Company Limited was incorporated on September 18, 1919 under the Companies Act, 1913. The company is engaged in generation, transmission and distribution of electrical energy in Mumbai and its suburbs as well as generating and providing electrical energy in the states of Jharkhand and Karnataka. The company is also engaged in execution of power projects in and outside India, research and development and manufacture of electronic equipment. The registered office of the company is located at Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001.

Shareholding pattern

The shareholding pattern of Tata Power Company Limited as on June 30, 2007 is as follows:

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/Hindu Undivided Family	Nil	Nil	Nil	Nil	Nil
(b)	Central Government/State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	13	63,766,080	63,765,328	32.28	32.22
(d)	Financial Institutions/Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	3	65,624	65,624	0.03	0.03
	Sub-Total (A)(1)	16	63,831,704	63,830,952	32.31	32.25
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	16	63,831,704	63,830,952	32.31	32.25
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	147	10,252,581	10,160,259	5.19	5.18

Category Code	Category of shareholder	No. of shareholders	Total no. of shares	No. of shares held in de materialized form	Total shareholding as a percentage of total number of shares	
					Total shareholding as a % of (A+B) ¹	Total shareholding as a % of (A+B+C)
(b)	Financial Institutions / Banks	187	1,606,128	1,554,666	0.81	0.81
(c)	Central Government / State Government(s)	6	166,655	141,399	0.08	0.08
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Companies	45	46,804,256	46,779,432	23.69	23.65
(f)	Foreign Institutional Investors	170	31,829,059	31,821,911	16.11	16.08
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	555	90658679	90457667	45.89	45.81
(2)	Non-institutions					
(a)	Bodies Corporate	1,912	18,58,195	1,637,718	0.94	0.94
(b)	Individuals					
	i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	134,611	38,439,920	28,241,853	19.46	19.42
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh.	134	2,707,362	222,938	1.37	1.37
(c)	Any Other (specify)	37	61,694	59,144	0.03	0.03
	Sub-Total (B)(2)	136,694	43,067,171	30,161,653	21.8	21.76
	Total Public Shareholding (B)=(B)(1)+(B)(2)	137,249	133,725,850	120,619,320	67.69	67.57
(C)	Shares held by Custodians and against which Depository Receipts have been issued	3	340,310	340,080	0	0.17
	Grand Total (A)+(B)+(C)	137,268	197,897,864	184,790,352	0	100

Board of Directors

The board of directors of Tata Power Company Limited as on June 30, 2007 consists of:

1. Mr. Ratan N. Tata
2. Mr. Shyamal Gupta
3. Mr. Ramabadrn Gopalakrishnan
4. Dr. Homiar Sorabji Vachha
5. Mr. Ram Krishna Misra
6. Mr. Adi Jehangir Engineer
7. Mr. Nawshir Hoshang Mirza
8. Mr. Rahul Asthana
9. Mr. Prasad Raghava Menon
10. Mr. Gerald Frank Grove-White
11. Mr. Sowmyan Ramakrishnan
12. Mr. Anil Kumar Sardana

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	1,979.2	1,979.20	1,979.20
Reserves	52,594.2	47,823.0	43,631.3
Sales	50,593.1	48,597.7	42,716.1
Profit after tax (PAT)	6,968.0	6,105.4	5,513.60
Earnings per share (EPS) (Rs).	34.02	29.03	28.02
Net Asset Value (NAV)	225	203	184

Share quotation

The equity shares of Tata Power Company Limited are listed on the NSE and the BSE.

The details of the highest and lowest price on the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	541.3	492.5
April, 2007	598.7	495.8
May, 2007	611.6	571.9
June, 2007	671.1	578.6
July, 2007	734.9	656.3
August, 2007	791.80	652.35

Source: www.nse-india.com

The details of the highest and the lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	612.2	543.95
April, 2007	598.5	496.1
May, 2007	610.6	573.0

Month	Monthly High (Rs.)	Monthly Low (Rs.)
June, 2007	670.9	579.95
July, 2007	734.0	656.25
August, 2007	734.0	666.70

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

Tata Power Company Limited has constituted a shareholders/investors' grievance committee consisting of Shyamal Gupta (director), Dr. H.S. Vaccha (director) and Mr. S. Ramakrishnan (director). The committee is empowered to oversee the redressal of investors' complaints pertaining to shares/debenture transfer, non receipt of annual reports, interest/dividend payments, issue of duplicate share certificate, transmission (with or without legal representation) of shares and debentures and other miscellaneous complaints. Mr. B.J. Shroff (Company Secretary) is the Compliance Officer. All investors' complaints are normally resolved within 5 days of receipt. As at March 31, 2007 there are no complaints pending against the company.

5. Videsh Sanchar Nigam Limited (VSNL)

VSNL was incorporated on March 19, 1986 as a public limited company under the Companies Act, 1956 with its registered office at Videsh Sanchar Bhavan, Mahatma Gandhi Road, Mumbai 400 001. VSNL is a provider of public international telecommunications services in India. VSNL has also acquired Teleglobe, a provider of international voice, data and value-added services comprising mainly of mobile global roaming and signaling services. VSNL has also acquired ownership of submarine cable systems and has gained access to teleport antennae and transponder capacity serving the Atlantic, Pacific and Indian oceans. VSNL now carries Voice over Internet Protocol ("VoIP") traffic as well. VSNL has a presence across several countries including in the United States of America, Canada, the United Kingdom, South Africa, Singapore and Sri Lanka. VSNL's range of services include wholesale voice, private leased circuits, IP VPN, Internet access, hosting, mobile signaling and other IP services. VSNL offers a full range of retail products in India to individual customers such as high-speed broadband; dial-up Internet, Wi-Fi, and net telephony under the Tata Indicom brand name. The company's American Depository Receipts are listed on the New York Stock Exchange.

Shareholding pattern

The shareholding pattern of VSNL as on June 30, 2007 is as follows:

Shareholders	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
				As a percentage of (A+B)	As a percentage of (A+B+C)
(A) Promoter and Promoter Group					
Central/State Governments	1	74,446,885	74,446,885	27.8	26.12
Bodies Corporate	5	142,825,191	142,825,191	53.34	50.11
Total Promoter and promoter group shareholding (A)	6	217,272,076	217,272,076	81.15	76.24
(B) Public Shareholding					
Mutual Funds / UTI	47	4,791,645	4,791,345	1.79	1.68
Financial Institutions /	20	152,716	152,716	0.06	0.05

Shareholders	Number of Shareholders	Total number of shares	Number of shares held in dematerialised form	Total shareholding as a percentage of total number of shares	
				As a percentage of (A+B)	As a percentage of (A+B+C)
Banks					
Central Government / State Governments(s)	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0
Insurance Companies	11	31,694,225	31,694,225	11.84	11.12
Foreign Institutional Investors	55	5,707,396	5,707,396	2.13	2.00
Bodies Corporate	1,135	1,538,852	1,538,852	0.57	0.54
Individual shareholders holding nominal share capital upto Rs. 100,000	50,654	6,242,349	5,993,121	2.33	2.19
Individual shareholders holding nominal share capital in excess of Rs. 100,000	20	219,785	219,785	0.08	0.08
Trusts	9	14,150	14,150	0.01	0.00
NRIs	477	115,496	114,304	0.04	0.04
OCBs	1	7,250	7,250	0.00	0.00
(C) Total public shareholding	52,429	50,483,864	50,232,273	18.85	17.71
Shares held by Custodians and against which Depository Receipts have been issued	2	17,244,060	17,244,060		6.05
Total	104,863	285,000,000	100.00		100.00

Board of Directors

The Board of Directors of VSNL as on June 30, 2007 consists of:

1. Mr. Subodh Bhargava
2. Mr. N. Srinath
3. Mr. Ishaat Hussain
4. Mr. K.A. Chaukar
5. Mr. Pankaj Agarwala
6. Dr. Mukund Rajan
7. Mr. N. Parameswaran
8. Mr. P.V. Kalyanasundaram
9. Dr. V.R.S. Sampat
10. Mr. Amal Ganguli
11. Mr. Vinod Kumar

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	2,850	2,850	2,850
Reserves	60,745	57,761.7	54,430.5
Sales	42,540.1	40,097.2	34,105.2
Profit after tax (PAT)	4,685.6	4,795.4	7,563.7
Earnings per share (EPS) (Rs).	16.44	16.83	26.54
Net Asset Value (NAV)	223.14	212.67	200.98

Share quotation

The equity shares of VSNL are listed on the NSE and the BSE.

The details of the highest and lowest price on the NSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	423.90	355.10
April, 2007	449.	395.40
May, 2007	478.10	446.40
June, 2007	481.70	450.40
July, 2007	497.10	454.90
August, 2007	457.90	359.00

Source: www.nse-india.com

The details of the highest and the lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	423.85	355.25
April, 2007	449.20	396.25
May, 2007	477.90	445.50
June, 2007	482.90	450.60
July, 2007	497.65	449.80
August, 2007	457.90	359.00

Source: www.bseindia.com

The company has not made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

Mechanism for redressal of investor grievance

VSNL has constituted a shareholders'/investors' grievance committee consisting of Mr. Kishor A. Chaukar, Mr. Pankaj Agrawala, Dr. V.R.S Sampath. The committee is empowered to oversee the redressal of investors' complaints pertaining to shares/debenture transfer, non receipt of annual reports, interest/dividend payments, issue of duplicate share certificate, transmission (with or without legal representation) of shares and debentures and other miscellaneous complaints. Mr. Satish Ranade is the Compliance Officer. All investors' complaints are normally resolved within 7 days of receipt. As at March 31, 2007 there are no investor complaints pending against the company.

SUBSIDIARIES

The Company's subsidiaries as of March 31, 2007 are as follows:

The Company has 6 directly held Indian subsidiaries which are as follows:

1. Taj Investment and Finance Company Limited
2. KTC Hotels Limited
3. United Hotels Limited
4. Taj SATS Air Catering Limited
5. Roots Corporation Limited
6. Residency Foods and Beverages Limited

The Company has 1 indirectly held Indian subsidiary:

Innovative Foods Limited

The Company has 2 directly held international subsidiaries which are:

1. Taj International Hotels (H.K.) Limited
2. International Hotel Management Services Inc. and its limited liability companies

The Company has 8 indirectly held international subsidiaries which are as follows:

1. St. James Court Hotel Limited
2. Chieftain Corporation N.V.
3. IHOCO BV
4. Taj International Hotels Limited
5. Samsara Properties Limited
6. IHMS (Australia) Pty Limited
7. IHMS (Restaurants) Pty Limited
8. Apex Hotel Management Services Pte Limited

Indian Subsidiaries

Unless otherwise stated neither of the companies mentioned below have made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

1. Taj Investment and Finance Company Limited

Taj Investment and Finance Company Limited ("Taj Investment") was incorporated on September 21, 1997 under the Companies Act. Taj Investment carries on the business of and as an investment company.

Registered Office

The registered office of Taj Investment and Finance Company Limited is located at:
Mandlik House,
Mandlik Road,
Mumbai 400 001

Board of Directors

The board of directors of Taj Investment and Finance Company Limited consists of:

1. Mr. Anil P. Goel
2. Mr. Dev Bajpai
3. Mr. Niyant Maru

Shareholding Pattern

The shareholding pattern of Taj Investment and Finance Company Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	81,499,930	100
IHCL and Taj Trade and Transport Co. Limited	10	Nil
IHCL and Inditravel Private Limited	10	Nil
IHCL and Sumit Zaveri	10	Nil
IHCL and A.B. Kerkar	10	Nil
IHCL and Niyant Maru	10	Nil
IHCL and N. Chandrasekhar	10	Nil
IHCL and R.H. Parekh	10	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	815.0	815.0	815.0
Reserves/(Accumulated Losses)	330.96	27.18	17.12
Sales/Other Income	330.46	51.14	66.69
Profit/(Loss) after Tax	303.52	13.72	31.35
Earnings per share (EPS) (Rs.)	3.72	0.17	0.38
Book value per share (Rs.)	14.06	10.33	10.21

2. KTC Hotels Limited

KTC Hotels was incorporated on December 22, 1984 under the Companies Act. The company was formed to carry on the business of setting up and running hotels.

Registered Office

The registered office of KTC Hotels Limited is located at:

Taj Residency
Shanmugam Road,
Marine Drive, Ernakulam,
Cochin 682 011
Kerala

Board of Directors

The board of directors of KTC Hotels Limited consists of:

1. Ms. Jyoti Narang
2. Mr. P.V. Gangadharan
3. Mrs. P.V. Hemalata Chandran
4. Dr. R.K. Jayarajan

Shareholding Pattern

The shareholding pattern of KTC Hotels Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	426,098	70.55
IHCL and S. Venkataraman	75,400	12.48
IHCL and Shankar Menon	56,600	9.37
IHCL and R. Pasupathy	45,800	7.58
IHCL and N. Umasankar	100	0.02
IHCL and Arvind Kaimal	1	Nil
IHCL and P.K. Mohankumar	1	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	6.04	6.04	6.04
Reserves/(Accumulated Losses)	11.96	9.99	8.43
Sales/Other Income	4.34	3.43	3.31
Profit/(Loss) after Tax	1.97	1.55	1.77
Earnings per share (EPS) (Rs.)	3.27	2.57	2.93
Book value per share (Rs.)	29.80	26.53	23.96

3. United Hotels Limited

United Hotels Limited as a private limited company on November 7, 1950 under the Companies Act, 1913. The company was granted a fresh certificate of incorporation consequent upon change of name on conversion to public limited company on November 27, 2002 by the Registrar of Companies, NCT of Delhi and Haryana. The company was incorporated to take over on lease the hotel block in Sujan Singh Park, New Delhi from Sir Sobha Singh and Sons Limited and to carry on the business of running hotels.

Registered Office

The registered office of United Hotels Limited is located at:
 The Ambassador Hotel
 Sujan Singh Park
 New Delhi 110 003

Board of Directors

The board of directors of United Hotels Limited consists of:

1. Mr. Raymond N. Bickson
2. Mr. Rajinder Kumar
3. Mr. Virinder Kumar
4. Mr. Narinder Kumar
5. Mr. Abhijit Mukherji
6. Mr. Jamshed S. Daboo
7. Mr. D.K. Beri

Shareholding Pattern

The shareholding pattern of United Hotels Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
The Indian Hotels Company Limited	2,518,320	29.98
Taj Investment and Finance Company Limited	2,101,680	25.02
Narindra Kumar	672,000	8.00
Bimla Devi	571,200	6.80
Veena Khanna	537,600	6.40
Pawan Pershad	537,600	6.40
Rajinder Kumar	537,600	6.40
Virinder Kumar	537,600	6.40
Pritam Singh	302,400	3.60
Maharwal Mahipal Singhji	84,000	1.00

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	84.01	84.01	84.01
Reserves/(Accumulated Losses)	116.11	100.39	84.65
Sales/Other Income	340.70	263.98	211.98
Profit/(Loss) after Tax	93.09	58.84	37.61
Earnings per share (EPS) (Rs.)	11.08	7.00	4.48
Book value per share (Rs.)	23.82	21.95	20.08

4. Taj SATS Air Catering Limited

Taj SATS Air Catering Limited was incorporated on August 28, 2001 under the Companies Act as Taj Air Caterers Limited. Subsequently, the company changed its name to Taj SATS Air Catering Limited and was granted a fresh certificate of incorporation consequent on change of name on January 9, 2002 by the Assistant Registrar of Companies, Mumbai. The company was formed as a joint venture between the Company and the Singapore Airline Terminal Services Limited, a subsidiary of Singapore Airlines to operate and manage units for providing catering facilities to airlines as well as to carry on the business of institutional catering.

Registered Office

The registered office of Taj SATS Air Catering Limited is located at:
Mandlik House
Mandlik Road
Mumbai 400 001

Board of Directors

The board of directors of Taj SATS Air Catering Limited consists of:

1. Mr. Raymond N. Bickson
2. Mr. M.S. Kapadia
3. Mr. Anil P. Goel
4. Mr. Tan Chuan Lye
5. Mr. Karmjit Singh
6. Ms. Constance Eng

Shareholding Pattern

The shareholding pattern of Taj SATS Air Catering Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	8,873,997	51
IHCL and S.Y. Raman	1	Nil
IHCL and M.S. Kapadia	1	Nil
IHCL and Anil P. Goel	1	Nil
SATS	8,525,998	49
SATS and Raymond Kok	1	Nil
SATS and Tan Chuan Lye	1	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	174.00	174.00	174.00
Reserves/(Accumulated Losses)	1,598.68	1,417.26	1,255.21
Sales/Other Income	1,959.52	1,744.87	1,503.40
Profit/(Loss) after Tax	308.38	281.09	182.97
Earnings per share (EPS) (Rs.)	17.72	16.15	10.52
Book value per share (Rs.)	101.88	91.45	82.14

5. Roots Corporation Limited

Roots Corporation Limited was incorporated on December 24, 2003 as Root Corporation Limited under the Companies Act. Subsequently, the name of the company was changed to Roots Corporation Limited and the company was granted a fresh certificate of incorporation on March 15, 2004 by the Registrar of Companies, Mumbai. The company was formed to carry on the business of establishing and running hotels.

Registered Office

The registered office of Roots Corporation Limited is located at:
Mandlik House
Mandlik Road
Mumbai 400 001

Board of Directors

The board of directors of Roots Corporation Limited consists of:

1. Mr. Raymond N. Bickson
2. Mr. Anil P. Goel
3. Mr. Ajoy K. Misra
4. Mr. Prabhat Pani

Shareholding Pattern

The shareholding pattern of Roots Corporation Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	3,849,994	100
IHCL and Raymond N. Bickson	1	Nil
IHCL and N. Chandrasekhar	1	Nil
IHCL and Ajoy Misra	1	Nil
IHCL and Niyant Maru	1	Nil
IHCL and Bipin Singh	1	Nil
IHCL and Sateja Mhamunkar	1	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	385.00	240.00	94.30
Reserves/(Accumulated Losses)	(119.56)	(35.83)	(14.44)
Sales/Other Income	89.36	33.11	22.96
Profit/(Loss) after Tax	(83.72)	(21.39)	(14.44)
Earnings per share (EPS) (Rs.)	(2.71)	(2.23)	(3.84)
Book value per share (Rs.)	6.89	8.51	8.47

6. Residency Foods & Beverages Limited

Residency Foods & Beverages Limited was incorporated on September 13, 1989 under the Companies Act. The company was formed to manufacture, process, produce, buy, sell or deal in all types of foods and beverage products. The company has one subsidiary which is Innovative Foods Limited.

Registered Office

The registered office of Residency Foods & Beverages Limited is located at:
Taj Palace Hotel
Sardar Patel Marg

Diplomatic Enclave
New Delhi 110 021

Board of Directors

The board of directors of Residency Foods & Beverages Limited consists of:

1. Ms. Sheila Nair
2. Mr. Niyant Maru
3. Mr. P.K. Bhatia
4. Mr. V. Mohan

Shareholding Pattern

The shareholding pattern of Residency Foods & Beverages Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	18,500,000	97.37
Taj Investment and Finance Co. Limited	250,000	1.32
Piem Hotels Limited	250,000	1.32
Mehar Karan Singh	10	Nil
V.S. Gurumani	10	Nil
Rajiv V. Vyas	10	Nil
Northern India Hotels Limited	10	Nil
N.S. Sachdev	10	Nil
Urmil Khurana	10	Nil
P.K. Bhatia	10	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	190.00	10.00	-
Reserves/(Accumulated Losses)	(34.14)	(33.03)	-
Sales/Other Income	-	-	-
Profit/(Loss) after Tax	(1.11)	(0.03)	-
Earnings per share (EPS) (Rs.)	(0.06)	(0.03)	-
Book value per share (Rs.)	8.20	(23.03)	-

6.1 Innovative Foods Limited (IFL)

Innovative Foods Limited was incorporated on September 1, 1989 under the Companies Act as Innovative Marine Foods Limited. Subsequently, the name of the company was changed to Innovative Foods Limited and a fresh certificate of incorporation was granted by the Registrar of Companies, Kerala on March 18, 2004. The company's equity shares are currently listed on the BSE. The company is engaged in the business of processing, dealing, trading, exporting and importing of all types of marine foods. The company was originally promoted by Amalgam Foods Limited.

The company was declared as a sick company under the meaning of SICA in 1999. Subsequently, the company had submitted a rehabilitation scheme which was approved by the BIFR. The company thereafter

submitted a modified rehabilitation scheme which was approved by the BIFR on December 13, 2006. The salient features of the order were:

1. The promoters of IFL had identified Residency Foods and Beverages Limited (RBFL), who had agreed to invest funds into the company through Amalgam Foods and Beverages Limited (ABFL), a promoter group company of IFL;
2. RBFL made the investment in ABFL which would in turn arrange to settle the dues of the IFL's banks under a one time settlement arrangement;
3. IFL would carry out a reduction of its capital by 90% after settlement of dues to the banks;
4. Subsequent to the reduction of capital ABFL would merge with IFL to facilitate the scheme of rehabilitation.

ABFL was merged with IFL through a scheme of amalgamation ("Scheme") sanctioned by the BIFR through its order dated December 13, 2006. The appointed date in the Scheme was April 1, 2006. In accordance with the terms of the Scheme, RBFL was entitled to 1 equity share of Re. 1 each in IFL for 1 equity share each held by RBFL in ABFL. RBFL was allotted 7,886,423 equity shares of Re. 1 each in IFL on April 9, 2007. As a consequence of this allotment, RBFL acquired 67.94% equity stake in IFL.

The company's equity shares were suspended from trading on the Bombay Stock Exchange on March 22, 2007. The company's equity shares are also listed on the Cochin Stock Exchange Limited, the Ahmedabad Stock Exchange Limited, the Delhi Stock Exchange Association Limited and the Calcutta Stock Exchange Association Limited, but there has been no trading of the company's shares on these stock exchanges for the last two years.

The company re-applied and obtained trading approval for its equity shares from the BSE on August 27, 2007. The company has re-applied for trading approval from the other stock exchanges where its equity shares are listed. These applications are currently pending.

Registered Office

The registered office of Innovative Foods Limited is located at:
Plot No. 9
Amalgam House
Bristow Road
Willingdon Island
Cochin 682 003
Kerala

Board of Directors

The board of directors of Innovative Foods Limited consists of:

1. Ms. Sheila Nair
2. Mr. N. Chandrashekhar
3. Mr. Dev Bajpai
4. Mr. T. Damu
5. Mr. Ramesh J. Thakaran
6. Mr. Joseph Kodianthara
7. Mr. P.K. Kurian

Shareholding Pattern

The shareholding pattern of Innovative Foods Limited as on June 30, 2007 is as follows:

Category of shareholder	No. of shareholders	Total no. of shares	Total no. of shares held in dematerialized form	Total shareholding as a % of total no. of shares	
				As a % of (A+B)	As a % of (A+B+C)
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Bodies Corporate	14	10,797,052	743,910	93.01	93.01
Sub Total	14	10,797,052	743,910	93.01	93.01
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	14	10,797,052	743,910	93.01	93.01
(B) Public Shareholding					
(1) Institutions					
Mutual Funds / UTI	5	5,950	-	0.05	0.05
Financial Institutions / Banks	3	20,060	10	0.17	0.17
Foreign Institutional Investors	1	93,750	-	0.81	0.81
Sub Total	9	119,760	10	1.03	1.03
(2) Non-Institutions					
Bodies Corporate	128	38,648	26,108	0.33	0.33
Individuals					
Individual shareholders holding nominal share capital up to Rs. 1 lakh	14,565	515,485	262,498	4.44	4.44
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1	21,463	21,463	0.18	0.18
Any Others (Specify)	-	-	-	-	-
Non Resident Indians	1,415	84,715	8,245	0.73	0.73
Foreign Nationals	1	31,250	-	0.27	0.27
Sub Total	16,110	691,561	318,314	5.96	5.96
Total Public shareholding (B)	16,119	811,321	318,324	6.99	6.99
Total (A)+(B)	16,133	11,608,373	1,062,234	100	100
(C) Shares held by Custodians and against which Depository Receipts have been issued					
	-	-	-	-	-
Total (A)+(B)+(C)	16,133	11,608,373	1,062,234	-	100

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007*	Fiscal 2006	Fiscal 2005
Equity Capital	116.08	185.00	185.00
Reserves/(Accumulated Losses)	41.53	19.57	19.57
Sales/Other Income	167.11	1.20	-
Profit/(Loss) after Tax	(41.51)	(74.68)	28.20
Earnings per share (EPS) (Rs.)	(22.44)	(40.37)	1.52
Book value per share (Rs.)	32.45	11.06	11.06

*The paid up equity share capital of the company was reduced by 90% in accordance with the order dated of the BIFR dated December 13, 2006.

Share Quotation

The equity shares of IFL are listed on the BSE.

The details of the highest and lowest price on the BSE during the last six months are as follows :

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	8.05	6.02
April, 2007*	N.A.	N.A.
May, 2007*	N.A.	N.A.
June, 2007*	N.A.	N.A.
July, 2007*	N.A.	N.A.
August, 2007	65.31	31.50

Source: www.bseindia.com

*The company's equity shares were suspended for trading pursuant to the company being declared as a sick industrial company. The company had re-applied and was granted trading approval on August 27, 2007.

Mechanism for redressal of investor grievance

IFL has constituted a shareholders/investors' grievance committee consisting of Mr. P.K. Kurian and Mr. Dev Bajpai. The committee is empowered to oversee the redressal of investors' complaints pertaining to shares/debenture transfer, non receipt of annual reports, interest/dividend payments, issue of duplicate share certificate, transmission (with or without legal representation) of shares and debentures and other miscellaneous complaints. Mr. S.P. Kamath is the Compliance Officer. All investor complaints are normally resolved within 7 days. As at June 30, 2007 there are nil complaints pending against the company.

International Subsidiaries

Unless otherwise stated neither of the companies mentioned below have made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months and the companies are not in liquidation.

1. Taj International Hotels (H.K.) Limited

Taj International Hotels (H.K.) Limited was incorporated on February 9, 1993 under the laws of Hong Kong. The company is engaged in the business of holding investments and providing consultancy, hotel management and operating services. The company has 8 directly and indirectly held subsidiaries which are; St. James Court Hotel Limited, Chieftain Corporation N.V., IHOCO B.V., Taj International Hotels



Limited, Samsara Properties Limited, IHMS (Australia) Pty Limited, IHMS (Restaurants) Pty Limited and Apex Hotel Management Services Pte Limited.

Registered Office

The registered office of Taj International Hotels (H.K.) Limited is located at:
Level 28, Three Pacific Place
1 Queen’s Road East,
Hong Kong

Board of Directors

The Board of Directors of Taj International Hotels (H.K.) Limited consists of:

1. Mr. Raymond Bickson
2. Mr. Anil P. Goel
3. Mr. R. Gujral
4. Mr. R.H. Parekh
5. Mr. M. Shivkumar

Shareholding Pattern

The shareholding pattern of Taj International Hotels (H.K.) Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	26,754,999	100
Overseas Nominees Limited*	1	Nil

* Held in trust for IHCL **Financial Performance**

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in USD)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	26,755,000	26,755,000	26,755,000
Reserves/(Accumulated Losses)	1,523,091	(2,249,911)	(6,168,981)
Sales/Other Income	10,546,169	9,352,605	5,592,838
Profit/(Loss) after Tax	3,773,002	3,919,070	1,596,405
Earnings per share (EPS) (USD.)	0.14	0.15	0.06
Book value per share (USD.)	1.06	0.92	0.77

* The face value per share is USD 1

1.1 St. James Court Hotel Limited

St. James Court Hotel Limited was incorporated on December 3, 1999 under the laws of England and Wales. The company is engaged in the business of operating a hotel and apartments at Buckingham Gate, London.

Registered Office

The registered office of St. James Court Hotel Limited is located at:
Crowne Plaza
St. James, Buckingham Gate
Westminster, London SW1E6AF
United Kingdom

Board of Directors

The board of directors of St. James Court Hotel Limited consists of:

1. Mr. Raymond N. Bickson
2. Mr. Anil P. Goel
3. Mr. Farrokh Kavarana
4. Mr. Sudhir Nagpal
5. Mr. Rajesh Nagpal
6. Mr. M. Shivakumar
7. Mr. L.M. Nagpal (alternate director to Mr. Sudhir Nagpal)
8. Mr. Rajkumar Nagpal (alternate director to Mr. Rajesh Nagpal)

Shareholding Pattern

The shareholding pattern of St. James Court Hotel Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
Taj International (H.K.) Limited	18,527,912	32.78
Piem International (H.K.) Limited	20,000,000	35.38
IHOCO B.V. Amsterdam	12,000,000	21.23
OHL International (H.K.) Limited	6,000,000	10.61

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in GBP)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	56,527,912	56,527,912	56,527,912
Reserves/(Accumulated Losses)	(13,138,279)	(14,337,375)	(14,343,098)
Sales/Other Income	24,640,148	22,367,365	20,157,701
Profit/(Loss) after Tax	1,199,096	5,723	(4,401,318)
Earnings per share (EPS) (GBP.)	0.02	0.00	(0.08)
Book value per share (GBP.)	0.77	0.75	0.75

* The face value per equity share is GBP 1

1.2 Chieftain Corporation N.V.

Chieftain Corporation N.V. was incorporated on June 13, 1998 under the laws of Netherlands. The company is engaged in the business of holding investments.

Registered Office

The registered office of Chieftain Corporation N.V. is located at:
 Kaya WFG Mensing 14,
 PO Box 3895 Willemstad,
 Curacao, Netherlands Antilles

Board of Directors

The board of directors of Chieftain Corporation N.V. consists of:

1. Mr. M. Shivkumar
2. Mr. Adi Modi
3. Mr. R.H. Parekh
4. ING Trust (Antilles) N.V.

Shareholding Pattern

Chieftain Corporation N.V. is a wholly owned subsidiary of Taj International Hotels (H.K.) Limited

Financial Performance

The summary audited financial statements for the last three years are as follows:

	(Figures in GBP)		
Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	9,923	9,923	9,923
Reserves/(Accumulated Losses)	11,729,069	11,721,678	11,733,418
Sales/Other Income	-	-	-
Profit/(Loss) after Tax	7,391	(11,740)	(17,430)
Earnings per share (EPS) (GBP)	0.74	(1.18)	(1.76)
Book value per share (GBP)	1,183.01	1,182.26	1,183.45

*The face value per equity share is GBP 1

1.3 IHOCO B.V.

IHOCO B.V. was incorporated on December 9, 1997 under the laws of the Netherlands. The company is engaged in the business of holding investments.

Registered Office

The registered office of IHOCO B.V. is located at:

Teleportboulevard 140
1043 EJ Amsterdam,
Netherlands

Board of Directors

The board of directors of IHOCO B.V. consists of:

1. Mr. Adi Modi
2. Mr. R.H. Parekh
3. Mr. M. Shivkumar

Shareholding Pattern

IHOCO B.V. is a wholly owned subsidiary of Chieftain Corporation N.V.

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in Euro)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	1,860,507	1,860,507	1,860,507
Reserves/(Accumulated Losses)	16,548,458	16,088,196	16,359,444
Sales/Other Income	-	-	-
Profit/(Loss) after Tax	(32,561)	(17,679)	(11,312)
Earnings per share (EPS) (Euro)	(0.79)	(0.43)	(0.28)
Book value per share (Euro)	449.00	437.77	444.39

* The face value per equity share is Euro 1

1.4 Taj International Hotels Limited

Taj International Hotels Limited was incorporated on September 3, 1982 as Bombay Brasserie Limited under the laws of England and Wales and changed its name on March 25, 1997. The company is engaged in the business of caterers and restaurant operators.

Registered Office

The registered office of Taj International Hotels Limited is located at:
 Crowne Plaza, London
 Buckingham Gate, Westminster
 London SW1E 6AF
 United Kingdom

Board of Directors

The board of directors of Taj International Hotels Limited consists of:

1. Mr. Raymond N. Bickson
2. Mr. Adi Modi
3. Mr. Anil P. Goel
4. Mr. M. Shivkumar

Shareholding Pattern

Taj International Hotels Limited is a wholly owned subsidiary of Taj International Hotels (H.K.) Limited.

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in GBP)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	2	2	2
Reserves/(Accumulated Losses)	849,449	1,454,571	1,191,185
Sales/Other Income	5,516,790	4,583,380	4,208,698
Profit/(Loss) after Tax	394,878	263,386	281,635

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Earnings per share (EPS) (GBP)	197,439.00	131,693.00	140,817.50
Book value per share (GBP)	424,725.50	727,286.50	595,593.50

* The face value per equity share is GBP 1

1.5 Samsara Properties Limited

Samsara Properties Limited was incorporated on June 5, 1998 under the laws of the British Virgin Islands. The company is presently engaged in the business of holding investments.

Registered Office

The registered office of Samsara Properties Limited is located at:
Trident Chambers
PO Box 146, Road Town,
Tortola, British Virgin Islands

Board of Directors

The board of directors of Samsara Properties Limited consists of:

1. Mr. Niyant Maru
2. Mr. M. Shivkumar
3. Mr. R.H. Parekh
4. Mr. N. Chandrasekhar
5. Mr. Chetan Shah
6. Mr. Anil P. Goel

Shareholding Pattern

Samsara Properties Limited is a wholly owned subsidiary of Taj International Hotels (H.K.) Limited.

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in USD)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	1,000	1,000	-
Reserves/(Accumulated Losses)	1,384,716	(681,893)	-
Sales/Other Income	-	-	-
Profit/(Loss) after Tax	(500)	-	-
Earnings per share (EPS) (USD.)	(0.50)	-	-
Book value per share (USD.)	1,385.72	(680.89)	-

* The face value per equity share is USD 1

1.6 IMHS (Australia) Pty Limited

IMHS (Australia) Pty Limited was incorporated on July 20, 1999 under the laws of Australia. The company is engaged in operating the Blue Sydney Hotel at Woolloomooloo.

Registered Office

The registered office of IMHS (Australia) Pty Limited is located at:
Blue Woolloomooloo Bay, Sydney
6, Cowper Wharf Road
Woolloomooloo, NSW 2011
Australia

Board of Directors

The board of directors of IMHS (Australia) Pty Limited consists of:

1. Mr. Niyant Maru
2. Mr. K. Mohanchandran
3. Mr. R.H. Parekh
4. Mr. M. Shivkumar

Shareholding Pattern

IMHS (Australia) Pty Limited is a wholly owned subsidiary of Samsara Properties Limited.

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in AUD million)

Particulars	15 month period ending March 31, 2007	Fiscal 2006**	Year ending December, 2005
Equity Capital*	5.00	-	5.00
Reserves/(Accumulated Losses)	(12.78)	-	(10.26)
Sales/Other Income	11.45	-	11.36
Profit/(Loss) after Tax	(2.52)	-	(0.38)
Earnings per share (EPS) (AUD)	(0.50)	-	(0.08)
Book value per share (AUD)	(1.56)	-	(1.05)

* The face value per equity share is AUD 1

** Financial statements were not prepared for Fiscal 2006 as the accounting period was changed from 12 months ending December 31, 2006 to 15 months ending March 31, 2007. In the future the financial statements of the company will be prepared based on the accounting period beginning April 1 of each calendar year and ending on March 31 of the subsequent year.

1.7 IMHS (Restaurant) Pty Limited

IMHS (Restaurant) Pty Limited was incorporated on March 27, 2007 under the laws of Australia. The company is engaged in the business of operating restaurants.

Registered Office

The registered office of IMHS (Restaurant) Pty Limited is located at:
Blue Woolloomooloo Bay, Sydney

6, Cowper Wharf Road
Woolloomooloo, NSW 2011
Australia

Board of Directors

The board of directors of IMHS (Restaurant) Pty Limited consists of:

1. Mr. R.H. Parekh
2. Mr. Niyant Maru
3. Mr. K. Mohanchandran
4. Mr. M. Shivkumar

Shareholding Pattern

IMHS (Restaurant) Pty Limited is a wholly owned subsidiary of Samsara Properties Limited.

Financial Performance

IMHS (Restaurant) Pty Limited does not have financial statements to report for the last three fiscal years as it was incorporated on March 27, 2007.

1.8 Apex Hotel Management Services Pte Limited

Apex Hotel Management Services Pte Limited was incorporated on January 15, 1999 under the laws of the Republic of Singapore. The company is engaged in providing marketing support and hotel industry related services which include hotel management consultant, rendering management and reservation services and to provide professional training for hotel personnel.

Registered Office

The registered office of Apex Hotel Management Services Pte Limited is located at:
78, Shenton Way #26-02A,
Singapore 079 120

Board of Directors

The board of directors of Apex Hotel Management Services Pte Limited consists of:

1. Mr. R.H. Parekh
2. Mr. Soo Koon Liat
3. Mr. M. Shivkumar

Shareholding Pattern

Apex Hotel Management Services Pte Limited is a wholly owned subsidiary of Taj International Hotels (H.K.) Limited.

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in SGD)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	2	2	2
Reserves/(Accumulated Losses)	-	-	-
Sales/Other Income**	742,391	529,805	378,802
Profit/(Loss) after Tax	-	-	-
Earnings per share (EPS) (SGD)	-	-	-
Book value per share (SGD)	1.00	1.00	1.00

* The face value per equity share is SGD 1

** Reimbursement of expenses

2. International Hotel Management Services Inc.

International Hotel Management Services Inc. was incorporated on September 19, 1986 under the laws of the state of Delaware, USA. The company is engaged in the business of operating hotels.

Registered Office

The registered office of International Hotel Management Services Inc. is located at:
13-34, 139th Street, Flushing
New York 11357
USA

Board of Directors

The board of directors of International Hotel Management Services Inc. consists of:

1. Mr. Anil P. Goel
2. Mr. M. Shivkumar
3. Ms. Jodi D. Leblanc
4. Mr. Ashish Seth
5. Mr. Sanjay Jain
6. Mr. R.H. Parekh

Shareholding Pattern

International Hotel Management Services Inc. is a wholly owned subsidiary of The Indian Hotels Company Limited.

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in USD)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital*	94,500,001	2,500,001	2,500,001
Reserves/(Accumulated Losses)	(11,826,047)	(1,174,648)	(607,203)
Sales/Other Income	69,037,097	48,319,741	823,168
Profit/(Loss) after Tax	(10,651,399)	(567,446)	158,523
Earnings per share	-	-	-

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
(EPS) (USD.)			
Book value per share (USD.)	0.87	0.53	0.76

* The face value per equity share is USD 1

2.1 IHMS LLC

IHMS LLC was incorporated on June 20, 2005 under the laws of the state of Delaware, USA. The company was formed to acquire the lease with 795 Fifth Avenue Corporation, its affiliate 795 Fifth Avenue Limited Partnership, Barney's New York and individual apartment owners which encompass the facilities of the Hotel Pierre in New York, USA. On July 1, 2005 IHMS LLC acquired the lease from the affiliates of Four Seasons Hotels Limited.

Registered Office

The registered office of IHMS LLC is located at:

Corporate Trust Centre
1209, Orange Street, Wilmington,
New Castle County, Delaware 19801
USA

Shareholding Pattern

IHMS LLC is a wholly owned subsidiary of International Hotel Management Services Inc

Financial Performance

The financial statements of IHMS LLC are prepared on a consolidated basis with that of International Hotel Management Services Inc.

2.2 IHMS (Boston) LLC

IHMS (Boston) LLC was incorporated on September 21, 2006 under the laws of the state of Delaware, USA. The company was formed to acquire the Ritz Carlton Boston Hotel. On January 11, 2007, the company acquired the Ritz Carlton Hotel which has since been re-branded and renamed the Taj Boston.

Registered Office

The registered office of IHMS (Boston) LLC is located at:

Corporate Trust Centre
1209, Orange Street, Wilmington,
New Castle County, Delaware 19801
USA

Shareholding Pattern

IHMS (Boston) LLC is a wholly owned subsidiary of International Hotel Management Services Inc

Financial Performance

The financial statements of IHMS (Boston) LLC are prepared on a consolidated basis with that of International Hotel Management Services Inc.

2.3 IHMS (USA) LLC

IHMS (USA) LLC was incorporated on December 20, 2006 under the laws of the state of Delaware, USA. The company holds the name and trademark through a licence agreement dated January 3, 2007 with IHCL to use the “Taj” brand name in the USA. Aside from a management agreement with IHMS (Boston) LLC, the company has remained active since the date of incorporation.

Registered Office

The registered office of IHMS (USA) LLC is located at:

Corporation Service Company, 2711 Centerville Road
Suite 400, Wilmington, New Castle County,
Delaware 19808
USA

Shareholding Pattern

IHMS (USA) LLC is a wholly owned subsidiary of International Hotel Management Services Inc.

Financial Performance

The financial statements of IHMS (USA) LLC are prepared on a consolidated basis with that of International Hotel Management Services Inc.

2.4 IHMS (SF) LLC

IHMS (SF) LLC was incorporated on March 26, 2007 under the laws of the state of Delaware, USA. The company was formed to acquire a hotel property in San Francisco, California, USA. On April 30, 2007, the company acquired the property and equipment of Campton Palace Hotel located in San Francisco, California.

Registered Office

The registered office of IHMS (SF) LLC is located at:
340, Stockton Street, San Francisco,
California 94108
United States of America

Shareholding Pattern

IHMS (SF) LLC is a wholly owned subsidiary of International Hotel Management Services Inc.

Financial Performance

The financial statements of IHMS (SF) LLC are prepared on a consolidated basis with that of International Hotel Management Services Inc.

JOINT VENTURES COMPANIES

Domestic Joint Venture Companies

Unless otherwise stated neither of the companies mentioned below have made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. It has not become a sick company under the meaning of SICA and is not under winding up.

1. Taj GVK Hotels and Resorts Limited

Taj GVK Hotels and Resorts Limited was incorporated on February 2, 1995 under the Companies Act. The company is a joint venture between IHCL and the GVK Group and is engaged in the business of operating hotels. The company's equity shares are listed on the Bombay Stock Exchange.

Registered Office

The registered office of Taj GVK Hotels and Resorts Limited is located at:

Taj Krishna Road No. 1, Banjara Hills
Hyderabad 500 034

Board of Directors

The Board of Directors of Taj GVK Hotels and Resorts Limited consists of:

1. Mr. G.V. Krishna Reddy
2. Mrs. G. Indira Krishna Reddy
3. Mr. Raymond Bickson
4. Mr. Anil P. Goel
5. Mr. Somandri Bhupal
6. Mrs. Shalini Bhupal
7. Mr. G.V. Sanjay Reddy
8. Mr. N. Anil Kumar Reddy
9. Dr. Abid Hussain
10. Mr. D.R. Kaathikeyan
11. Mr. C.B. Mouli
12. Mr. N.K. Singh
13. Mr. T.R. Prasad
14. Dr. A. Ramakrishna
15. Mr. Ajoy Misra
16. Mr. K. Madhava Rao

Shareholding Pattern

The shareholding pattern of Taj GVK Hotels and Resorts Limited as of June 30, 2007 is as follows:

No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	% of shares (A+B)
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided	11	8,806,290	8,806,290	14.04

No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	% of shares (A+B)
	Family				
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	4	37,995,515	37,968,715	60.60
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil
(e)	Any Other (specify)				
		Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	15	46,801,805	46,775,005	74.64
(2)	Foreign				
(a)	Individuals (Non- Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil
(d)	Any Other (specify)				
		Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	15	46,801,805	46,775,005	74.64
(B)	Public shareholding				
(1)	Institutions				
(a)	Mutual Funds/ UTI	18	3,233,151	3,232,876	5.16
(b)	Financial Institutions/ Banks	11	1,668,959	1,667,904	2.66
(c)	Central Government/ State Government(s)	2	461,550	461,500	0.74
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil
(e)	Insurance Companies	Nil	Nil	Nil	Nil
(f)	Foreign Institutional Investors	9	1,80,03	1,080,703	1.72
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil
(h)	Any Other				
		Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	40	6,444,363	6,443,033	10.28
(2)	Non-institutions				
(a)	Bodies Corporate	789	1,068,523	1,012,198	1.70
(b)	Individuals				

No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	% of shares (A+B)
(i)	Individual shareholders holding nominal share capital up to Rs. 1 lakh	48,527	7,943,311	4,999,118	12.67
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil
(c)	Any Other (specify)				
	NRI/OCB	614	443,493	371,158	0.71
	Sub-Total(B)(2)	49,930	9,455,327	6,382,474	15.08
	Total Public Shareholding (B)= (B)(1)+(B)(2)	49,970	15,899,690	12,825,507	25.36
	TOTAL(A)+(B)	49,985	62,701,495	59,600,512	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	
	GRAND TOTAL (A)+(B)+(C)	49,985	62,701,495	59,600,512	

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006**	Fiscal 2005*
Equity Capital	125.40	125.40	125.40
Reserves/(Accumulated Losses)	1,734.42	1,390.78	1,021.29
Sales/Other Income	2,442.23	1,893.52	1,161.01
Profit/(Loss) after Tax	643.21	462.49	220.87
Earnings per share (EPS) (Rs.)	10.26	7.38	17.61
Book value per share (Rs.)	29.66	24.18	18.29

*The face value per share in fiscal 2005 was Rs. 10

**The face value per share in fiscal 2006 was changed to Rs. 2

Share Quotation

The equity shares of Taj GVK Hotels and Resorts Limited are listed on the Bombay Stock Exchange.

The details of the highest and lowest price on the BSE during the preceding six months are as follows:

Month	Monthly High (Rs.)	Monthly Low (Rs.)
March, 2007	200.00	163.00
April, 2007	196.90	170.10
May, 2007	189.95	163.00
June, 2007	172.45	153.90
July, 2007	185.00	154.00
August, 2007	162.00	136.90

Source: www.bseindia.com

Mechanism for redressal of investor grievance

Taj GVK Hotels and Resorts Limited has constituted investors' grievance committee comprising of Mr. N. Anil Kumar Reddy, Mrs. G. Indira Krishna Reddy and Mr. Anil P. Goel in accordance clause 49 of the Listing Agreement. The committee is empowered to oversee the redressal of investors' complaints pertaining to shares/debenture transfer, non receipt of annual reports, interest/dividend payments, issue of duplicate share certificate, transmission (with or without legal representation) of shares and debentures and other miscellaneous complaints. Mr. S.B. Kamath, Company Secretary is the Compliance Officer. All investors' complaints are normally resolved within 7 days of receipt, except for cases pertaining to legal matters and those which require investigation or verification of old records. As at March 31, 2007 there are no investor grievances pending against the company.

2. Taj Karnataka Hotels and Resorts Limited

Taj Karnataka Hotels and Resorts Limited was incorporated on February 15, 1995 under the Companies Act. The company is a joint venture between IHCL and the Government of Karnataka. The company is engaged in the business of operating hotels and in promotion of tourism.

Registered Office

The registered office of Taj Karnataka Hotels and Resorts Limited is located at:
The Taj West End
PO 5330, 23, Race Course Road
Bangalore 540 001
Karnataka

Board of Directors

The board of directors of Taj Karnataka Hotels and Resorts Limited consists of:

1. Ms. Jyoti Narang
2. Mr. Ajoy K. Misra
3. Ms. Perpetua Kumar
4. Mr. L.M. Nagpal
5. Mr. P.K. Mohankumar
6. Mr. Dev Bajpai
7. Mr. I.M. Vittal Murthy
8. Mr. Yogendra Tripathy
9. Mr. C.S.S. Sarma
10. Mr. D.N. Narasimha Raju

Shareholding Pattern

The shareholding pattern of Taj Karnataka Hotels and Resorts Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	300,000	30.0
Oriental Hotels Limited	300,000	30.0
Piem Hotels Limited	300,000	30.0
Taj Investment and Finance Co. Limited	100,000	10.0
Others	100	0.01

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	10.00	10.00	10.00
Reserves/(Accumulated Losses)	(85.41)	(87.25)	(87.00)
Sales/Other Income	37.22	34.75	30.02
Profit/(Loss) after Tax	1.84	(0.25)	(5.94)
Earnings per share (EPS) (Rs.)	1.84	(0.25)	(59.44)
Book value per share (Rs.)	(73.40)	(75.24)	(75)

3. Taj Kerala Hotels and Resorts Private Limited

Taj Kerala Hotels and Resorts Private Limited was incorporated on May 7, 1991 under the Companies Act. The company is a joint venture between IHCL and the Government of Kerala. The company is engaged in the business of operating hotels and promoting tourism.

Registered Office

The registered office of Taj Kerala Hotels and Resorts Private Limited is located at:
Taj Residency, Shanmugham Road
Marine Drive, Ernakulam 682011
Kerala

Board of Directors

The board of directors of Taj Kerala Hotels and Resorts Private Limited consists of:

1. Mr. Anil P. Goel
2. Mr. B.K. Goswami
3. Mr. Sudhir Choudhrie
4. Mr. Ashwin Kumar Rai
5. Ms. Rita Choudhrie
6. Mr. P.K. Kurian
7. Ms. Jyoti Narang
8. Mr. V.K. Madan
9. Mr. T. Damu
10. Mr. V. Venu

Shareholding Pattern

The shareholding pattern of Taj Kerala Hotels and Resorts Private Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	14,151,663	28.30
Tourism Resorts Kerala Limited	16,666,664	33.33
Amanind Investments Limited	10,166,667	20.33
Magnum International	5,500,000	11.0
Oriental Hotels Limited	1,515,000	3.03
Multifaceted (OCB)	1,000,000	2.0
Reliance Capital Finance Limited	500,000	1.0
Ms. Ruia K. Bharat and others	200,000	0.40
Mr. A.T. Gore and others	100,000	0.20
Rajyovars Capital Private Limited	100,000	0.20
Neelam Santolia	50,000	0.10
Surbhi Investments	40,000	0.08
Ms. Kotarry Gajra	10,000	0.02
Others	6	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	500.00	500.00	500.00
Reserves/(Accumulated Losses)	(114.92)	(168.25)	(200.68)
Sales/Other Income	367.99	302.44	263.30
Profit/(Loss) after Tax	53.33	32.35	7.98
Earnings per share (EPS) (Rs.)	1.07	0.65	0.16
Book value per share (Rs.)	7.70	6.64	5.83

4. Taj Madras Flight Kitchen Private Limited

Taj Madras Flight Kitchen Private Limited was incorporated on March 29, 1995 under the Companies Act. The company is a joint venture between IHCL, Malaysian Airline System Berhad and Singapore Airline Terminal Services Pte Limited. The company is engaged in the business of airline catering.

Registered Office

The registered office of Taj Madras Flight Kitchen Private Limited is located at:
Taj Coramandel, 37, M.G. Road,
Chennai 600 034

Board of Directors

The board of directors of Taj Madras Flight Kitchen Private Limited consists of:

1. Mr. Ajoy Kumar Misra
2. Mr. D. Sudhakara Reddy
3. Mr. S.Y. Raman

4. Mr. Rajendra Diwan
5. Ms. Hayati B. Ali
6. Mr. Azman B. Ahmad (alternate director to Ms. Hayati B. Ali)
7. Mr. Mohd. Sukri Bin Husin
8. Mr. Azahar B. Hamid (alternate director to Mr. Mohd. Husin)
9. Mr. Wong Chee Meng
10. Mr. Raymond Kok/Mr. Hun Seng Kok

Shareholding Pattern

The shareholding pattern of Taj Madras Flight Kitchen Private Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	7,944,112	50.0
Malaysian Airline System Berhad	3,177,621	20.0
Singapore Airline Terminal Services Pte Limited	4,766,432	30.0

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in Rs. Million except per share data)		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	158.88	158.88	158.88
Reserves/(Accumulated Losses)	126.91	79.06	49.71
Sales/Other Income	423.54	341.81	234.69
Profit/(Loss) after Tax	94.12	65.58	57.02
Earnings per share (EPS) (Rs.)	5.92	4.13	3.59
Book value per share (Rs.)	17.99	14.98	13.13

5. Taj Safaris Limited

Taj Safaris Limited was incorporated as Taj Wilderness Lodges Limited on October 7, 2004 under the Companies Act. The name of the company was changed to Taj Safari Limited on August 17, 2007. The company is a joint venture between IHCL and C.C. South Africa Limited. The company is engaged in the business of operating hotels which include operating wilderness lodges being boutique lodges for providing an interactive and interpretive wildlife and wilderness experience with a focus on eco-tourism.

Registered Office

The registered office of Taj Safaris Limited is located at:
Mandlik House, Mandlik, Road
Colaba, Mumbai 400 001

Board of Directors

The board of directors of Taj Safaris Limited consists of:

1. Mr. Raymond Bickson
2. Ms. Jyoti Narang
3. Mr. Binod Chaudhary

4. Mr. J.P. Kanoria
5. Mr. Stephen P. Fitzgerald
6. Mr. Leonardus G. N. Scheidje
7. Mr. Rahul Chaudhary (alternate director to Mr. Binod Chaudhary)
8. Mr. Gary Lotter (alternate director to Mr. Leonardus Scheidje)

Shareholding Pattern

The shareholding pattern of Taj Safaris Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	3,649,994	30.50
C.C. South Africa Limited	4,666,667	39.0
Cigen Corporation	3,650,000	30.50
IHCL and nominees	6	Nil

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in Rs. Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005
Equity Capital	139.80	19.50	0.60
Reserves/(Accumulated Losses)	(35.80)	(2.33)	-
Sales/Other Income	13.59	0.03	-
Profit/(Loss) after Tax	(33.47)	(0.76)	-
Earnings per share (EPS) (Rs.)	(2.80)	(0.39)	-
Book value per share (Rs.)	8.69	8.80	10.00

International Joint Venture Companies

Unless otherwise stated neither of the companies mentioned below have made any public or rights issue in the last three years and there has been no change in the capital structure in the last six months. The companies are not in liquidation.

1. Taj Asia Limited

Taj Asia Limited was incorporated on March 16, 2001 under the laws of Hong Kong. The company is a joint venture between IHCL and Cigen Corporation Limited. The company is engaged in the business of holding investments.

Registered Office

The registered office of Taj Asia Limited is located at:
 2001, Central Plaza
 18, Harbour Road, Wanchai,
 Hong Kong

Board of Directors

The board of directors of Taj Asia Limited consists of:

1. Mr. Raymond Bickson
2. Mr. B.K. Chaudhury
3. Mr. D. Sudhakara Reddy
4. Mr. Anil P. Goel
5. Mr. J.P. Kanoria
6. Mr. R.C. Bhargava
7. Mr. V. Govindaswamy
8. Mr. Nirvana Chaudhury (alternate director to Mr. B.K. Chaudhary)
9. Mr. Rahul Chaudhury

Shareholding Pattern

The shareholding pattern of Taj Asia Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	1,329,778	7.60
Cigen Corporation	8,750,000	50.0
Taj International Hotels (H.K.) Limited	3,336,396	19.07
OHL International (H.K.) Limited	2,884,614	16.48
Oriental Hotels Limited	919,014	5.25
Piem Hotels Limited	280,108	1.60

Financial Performance

The summary audited financial statements for the last three years are as follows:

(Figures in USD Million except per share data)

Particulars	Fiscal 2007	Fiscal 2006**	Fiscal 2005**
Equity Capital*	17.50	17.50	17.50
Reserves/(Accumulated Losses)	6.29	2.43	1.97
Sales/Other Income	5.43	1.31	2.21
Profit/(Loss) after Tax	3.85	0.46	1.29
Earnings per share (EPS) (USD)	0.31	0.03	0.07
Book value per share (USD)	1.36	1.14	1.11

*The face value per equity share is USD 1

**The financial performance figures for fiscal 2005 and fiscal 2006 are on an unconsolidated basis

2. Taj International (South Africa) Pty Limited

Taj International (South Africa) Pty Limited was incorporated on June 7, 2006 under the laws of South Africa. The company is a joint venture between IHCL and Tata Africa Holdings (SA) Pty Limited. The company is engaged in the business of managing and operating hotels.

Registered Office

The registered office of Taj International (South Africa) Pty Limited is located at:

39, Ferguson Road
 Ferguson and Rivonia Roads
 Illovo 2196
 South Africa

Board of Directors

The board of directors of Taj International (South Africa) Pty Limited consists of:

1. Mr. R. Dhawan
2. Mr. F. Zeller
3. Mr. Anil P. Goel
4. Mr. S. Guha
5. Mr. Q.M. Mkhize

Shareholding Pattern

The shareholding pattern of Taj International (South Africa) Pty Limited as on June 30, 2007 is as follows:

Name of the shareholders	No. of Shares	% Holding
IHCL	500	50.0
Tata Africa Holdings (S.A.) (Pty) Limited	500	50.0

Financial Performance

The summary audited financial statements for the last three years are as follows:

Particulars	(Figures in Rand except per share data)		
	Fiscal 2007	Fiscal 2006**	Fiscal 2005**
Equity Capital*	1,000	-	-
Reserves/(Accumulated Losses)	(494,877)	-	-
Sales/Other Income	-	-	-
Profit/(Loss) after Tax	(494,877)	-	-
Earnings per share (EPS) (Rand)	(494.88)	-	-
Book value per share (Rand)	(493.88)	-	-

*The face value per equity share is Rand (SAR) 1

** The company was incorporated on June 7, 2006

RELATED PARTY TRANSACTIONS

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
Interest Paid / Provided	2003	-	1.8	2.1
	2004	-	0.8	9.3
	2005	-	0.5	9.2
	2006	0.6	0.2	
	2007	2.0	16.2	-
Interest received / accrued	2003	18.6	21.1	7.1
	2004	14.7	26.6	8.5
	2005	64.2	29.7	10.1
	2006	156.9	16.1	11.1
	2007	161.0	2.9	10.2
Dividend received	2003	46.6	22.4	4.8
	2004	43.1	33.7	11.1
	2005	64.0	34.1	16.9
	2006	60.8	50.6	26.3
	2007	88.0	93.9	65.8
Operating / License fees paid	2003	3.0	93.5	-
	2004	3.1	163.1	-
	2005	-	233.1	-
	2006	3.4	331.8	-
	2007	4.2	-	-
Operating fees received	2003	22.0	128.7	60.9
	2004	23.7	155.7	77.6
	2005	58.8	208.7	109.8
	2006	59.1	262.3	182.2
	2007	87.5	499.6	280.9
Purchase of goods & services	2003	31.5	232.2	13.6
	2004	4.2	243.6	21.4
	2005	4.1	327.3	11.5
	2006	4.4	380.5	6.6
	2007	1.8	176.8	4.7
Sale of goods & services	2003	6.2	37.1	7.8

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
	2004	6.3	51.8	5.4
	2005	2.2	37.0	3.6
	2006	7.2	52.7	3.7
	2007	9.1	32.7	9.9
Due from/(to) on Current Account (Net)	2003	177.80	-	294.9
	2004	209.90	177.8	116.6
	2005	229.90	157.7	94.2
	2006	220.70	(11.8)	50.5
	2007	99.70	1.6	29.4
Purchase of Shares	2003	-	241.5	85.7
	2004	113.3	-	-
	2005	93.8	-	0.6
	2006	145.7	-	5.9
	2007	4,234.4	-	30.0
Sale of Shares	2003			
	2004	-	3.4	-
	2005	-	-	-
	2006	-	-	-
	2007	-	-	-
		-	-	-
Slump sale of hotel units	2003			
	2004	-	1,046.2	-
	2005	-	-	-
	2006	-	-	-
	2007	-	-	-
		-	-	-
Sundry Debtors	2003	45.6	84.1	44.7
	2004	62.1	72.1	40.4
	2005	57.0	18.5	62.6
	2006	-	-	-
	2007	32.1	119.1	138.9
Security Deposits	2003			
	2004	-	4.5	100.0
	2005	1,077.8	4.5	100.0
	2006	1,072.9	4.5	100.0
	2007	-	4.5	100.0
		-	-	100.0

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
Deposits	2003	1,829.40	300.5	123.80
	2004	118.60	451.10	159.0
	2005	5,146.90	412.70	94.10
	2006	6,567.70	412.70	185.50
	2007	2,940.80	-	294.90

AUDITOR'S REPORT

The Board of Directors
The Indian Hotels Company Limited
Mandlik House
Mandlik Road
Mumbai 400 001

Dear Sirs:

1. We have examined the financial information of **THE INDIAN HOTELS COMPANY LIMITED** (the "Company") annexed to this report and initialled by us for identification. The said financial information has been prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI Guidelines") as amended till 10th June, 2007, issued by the Securities and Exchange Board of India, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications and in terms of our engagement agreed with you in accordance with our engagement letter dated 12th September, 2007, in connection with the Company's Proposed Simultaneous but Unlinked Issue of Equity Shares and Non-Convertible Debentures having a detachable warrant on a Rights basis, to its existing shareholders. The financial information has been prepared by the Company and approved by the Board of Directors.

2. Financial Information as per Audited Financial Statements

We have examined the attached "Statement of Profits, as Restated" of the Company for each of the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure I) and "Statement of Assets and Liabilities, as Restated" of the Company as at 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure II), together referred to as 'Restated Summary Statements'. These Restated Summary Statements have been extracted from the unconsolidated financial statements of the Company as at and for the four years ended 31st March, 2003, 2004, 2005 and 2006, as audited by us and adopted by the members. In the unconsolidated financial statements of the Company as at and for the year ended 31st March, 2007, audited by us and adopted by the members, are incorporated the returns from the five amalgamating companies audited by other auditors, who were appointed as the Branch Auditors in terms of the Scheme of Amalgamation of these companies with the Company with effect from 1st April, 2006. Based on our examination of these Restated Summary Statements, we state that:

- i. These have to be read in conjunction with the Significant Accounting Policies given in Annexure IV to this report.
- ii. As mentioned in Notes 'b' and 'c' of Annexure I, the Company has not been able to determine the effect on profits, reserves and net assets, of the changes in accounting policies, as stated therein, had they been given effect to in each of the accounting years preceding the year of change; accordingly, adjustments to profits, reserves and net assets have been made in the year of the change.
- iii. The restated profits have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings, as in our opinion are appropriate, in the year to which they relate.
- iv. There are no extraordinary items that need to be disclosed separately in the Restated Summary Statements.

- v. There are no qualifications in the auditors' report on the unconsolidated financial statements, that require adjustments to the Restated Summary Statements.

3. Other Financial Information:

We have examined the following information relating to the Company as at and for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007, proposed to be included in the Draft Letter of Offer, as approved by the Board of Directors and annexed to this report:

- i. Statement of Cash Flows, as restated for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure- III)
 - ii. Significant Accounting Policies on the Restated Summary Statements (Annexure - IV)
 - iii. Details of Unsecured Loans as at 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –V)
 - iv. Details of Dividends Paid for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure- VI)
 - v. Statement of Tax Shelter for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure VII)
 - vi. Statement of Accounting Ratios for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure – VIII)
 - vii. Capitalisation Statement as at 31st March, 2007 (Annexure – IX)
 - viii. Related Party Information as at and for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –X)
 - ix. Statement of Consolidated Profits, as Restated, for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XI)
 - x. Statement of Consolidated Assets and Liabilities, as Restated, as at 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XII)
 - xi. Statement of Consolidated Cash Flows, as Restated, for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure – XIII)
 - xii. Notes on the Consolidated Restated Financial Information as at and for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XIV)
 - xiii. Significant Accounting Policies on the Consolidated Restated Financial Information as at and for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XV)
 - xiv. Statement of Consolidated Accounting Ratios for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XVI)
 - xv. Consolidated Capitalisation Statement as at 31st March, 2007 (Annexure- XVII)
 - xvi. Statement of Consolidated Segment, as restated as at and for the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure –XVIII)
4. The Consolidated Statements, as referred to in paragraph 3(ix) to 3(xvi) above, have been extracted from the Consolidated Financial Statements of the Company as at and for the years ended 31st March, 2003, 2004, 2005, 2006, and 2007, audited by us. The 'Statement of Consolidated Profits, as Restated' (Annexure-XI) for each of the five years ended 31st March, 2003, 2004, 2005, 2006 and 2007 and 'Statement of Consolidated Assets and Liabilities, as Restated' of the Company as at 31st March, 2003, 2004, 2005, 2006 and 2007 (Annexure-XII) are together referred to as 'Restated Consolidated Summary Statements'. Based on our examination of these Restated Consolidated Summary Statements, we state that:
- i. These have to be read in conjunction with the Notes and the Significant Accounting Policies given in Annexures XIV and XV respectively to this report.
 - ii. As mentioned in Notes 'a' and 'b' of Annexure XI, the Company has not been able to determine the effect on profits, reserves and net assets of the changes in accounting

policies as stated therein, had they been given effect to in each of the accounting years preceding the year of change; accordingly, adjustments to profits, reserves and net assets have been made in the year of the change.

- iii. The Restated Consolidated Summary Statements, as at and for the four years ended 31st March, 2003, 2004, 2005 and 2006, are consolidated based on the “stand alone” financial statements of Taj Asia Limited, a jointly controlled entity, as mentioned in Note 1(d) of Annexure XIV, as it had not prepared Consolidated Financial Statements in view of certain exemptions from preparation of consolidated financial statements under the prevailing local laws.
 - iv. The consolidated restated profits have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings as, in our opinion, are appropriate in the year to which they relate.
 - v. There are no extraordinary items that need to be disclosed separately in the Restated Consolidated Summary Statements.
5. Based on our examination of these Summary Statements and subject to our comments in paragraph 2(ii), 4(ii) and 4(iii) above, we state that in our opinion, the ‘Financial Information as per Audited Financial Statements’ and ‘Other Financial Information’ mentioned above, as at and for the five years ended 31st March 2003, 2004, 2005, 2006 and 2007, has been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Guidelines.
 6. This report should not, in any way, be construed as a reissuance or redating of any of the previous audit reports, nor should this be construed as a new opinion on any of the financial statements referred to herein.
 7. This report is intended solely for your information and for inclusion in the Draft Letter of Offer, in connection with the Proposed Simultaneous but Unlinked Issue of Equity Shares and Non-Convertible Debentures having a detachable warrant, on a Rights basis, to the existing shareholders of the Company and is not to be used, referred to or distributed for any other purpose, without our prior written consent.

For S. B. BILLIMORIA & CO.
Chartered Accountants

Nalin M. Shah
Partner
(Membership No.15860)

For N. M. RAIJI & CO.
Chartered Accountants

Vinay D. Balse
Partner
(Membership No. 39434)

MUMBAI, 27th September, 2007

Annexure I
STATEMENT OF PROFITS, AS RESTATED

The Statement of Profits of the Company, as restated, for each of the five financial years ended 31st March, 2003, 2004, 2005, 2006 and 2007, together with the Schedules and related notes appearing hereunder are as set out below. Figures for the four financial years ended 31st March, 2003, 2004, 2005 and 2006 are based on the accounts of the Company audited by us. The figures for the accounts for the financial year ended 31st March 2007, audited by us are incorporating the returns of five amalgamating companies with effect from 1st April, 2006 which have been audited by other auditors who were appointed as Branch Auditors in terms of the Scheme of Amalgamation.

<i>Rs in million</i>						
Year Ended 31st March,	Schedule	2003	2004	2005	2006	2007
INCOME:						
Rooms, Restaurants, Banquets and Other Services		5,860.0	6,919.1	8,777.8	11,161.5	15,446.3
Other Income	1	180.9	268.6	376.4	386.5	742.0
Total Income		6,040.9	7,187.7	9,154.2	11,548.0	16,188.3
EXPENDITURE:						
a. Consumption of Food and Beverages		615.7	679.7	791.3	932.2	1,206.8
b. Staff Costs		1,329.5	1,586.4	1,954.2	2,218.5	2,787.0
c. License Fees		525.9	645.7	863.0	1,116.6	994.8
d. Fuel, Power and Light		615.4	620.0	647.3	694.9	804.8
e. Other Expenditure		2,002.5	2,577.2	2,654.2	3,079.0	4,032.9
f. Amortisation of VRS Expenses		116.7	120.5	121.9	83.0	5.1
		5,205.7	6,229.5	7,031.9	8,124.2	9,831.4
Less : Unallocated Expenditure during Construction Period transferred to Fixed Assets		109.7	206.7	0.1	81.0	22.8
Total Expenditure		5,096.0	6,022.8	7,031.8	8,043.2	9,808.6
Gross Profit		944.9	1,164.9	2,122.4	3,504.8	6,379.7
Interest (Net)	2	358.3	304.0	318.4	203.6	718.9
Depreciation		465.9	485.8	567.7	659.0	914.4
Profit Before Exceptional Items & Tax		120.7	375.1	1,236.3	2,642.2	4,746.4
Profit on sale of Hotels & Properties		233.4	275.4	63.8	-	-
Profit Before Tax		354.1	650.5	1,300.1	2,642.2	4,746.4
Provision for Tax (Including Deferred Tax)		104.5	178.0	352.2	823.7	1,476.5
Provision for Wealth Tax		4.0	5.0	6.0	6.0	9.0
Provision for Fringe Benefit Tax		-	-	-	52.5	37.0
Profit After Tax as restated	3	245.6	467.5	941.9	1,760.0	3,223.9

Notes:

- During 2002-03, the Company had entered into a licensing agreement with Taj Lands End Limited, consequent upon which the results of Taj Lands End property for the period commencing from 10th September, 2002 are reflected in the results of the Company.
- Consequent to the early adoption of the Revised Accounting Standard - 15 (AS-15), "Employee Benefits" issued by the Institute of Chartered Accountants of India (ICAI) with effect from 1st April, 2006, an amount of Rs. 79.1 million, being the difference between the liability as worked out on 31st March, 2006 on employee benefits, including defined benefit plans based on the revised AS-15 and the Company's liability as per the earlier AS-15 has been adjusted against the opening balance of the

General Reserve, in accordance with the transitional provisions of the Standard. The principles and assumptions brought in by the revised AS - 15 are significantly different and this would require a fresh actuarial valuation on each of the earlier Balances Sheet dates. It would be difficult to re-compute the impact with retrospective effect and restate the financial statements accordingly, as this may involve significant subjectivity in estimating the conditions existing at those Balance Sheet dates and also the relevant information would not be available as the accounting systems were designed to comply with the Accounting Standards applicable at those times.

- c) As on 1st April, 2004, the Company had ascertained the value of impairment to be recognised at Rs. 92.5 million, net of deferred tax adjustment of Rs. 16.4 million, which had been adjusted against the balance of General Reserve as on that date, in accordance with the transitional provisions of Accounting Standard - 28 on 'Impairment of Assets' issued by the ICAI. The test for impairment and the methodology used for the measurement was done in line with the guidelines introduced as a result of new Accounting Standard AS 28 issued during 2004-05 by the ICAI. The methodology followed to test the impairment involves significant subjectivity in estimating the conditions existing on the Balance Sheet date. It is not possible to determine as to which year the impairment actually relates to, as the exercise was carried out for the first time as required by the Accounting Standard. Hence, figures for the previous periods have not been restated.
- d) During 2002-03, debenture issue costs and premium on early redemption of certain debentures, aggregating Rs. 68.1 million were charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- e) During 2003-04, expenses amounting to Rs. 171.1 million incurred in connection with the issue of Foreign Currency Convertible Bonds (FCCBs) in that year, were also charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- f) During 2006-07, expenses amounting to Rs. 7.4 million incurred in connection with the issue of Rs. 2,500 million, 9.5% Non-Convertible Redeemable Debentures of Rs. 1 million each were also charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- g) With effect from 1st April, 2006 ("Appointed Date"), Asia Pacific Hotels Ltd. (APHL) & Taj Lands End Ltd.(TLEL), (both wholly- owned subsidiaries of the Company) and Indian Resort Hotels Ltd.(IRHL), Gateway Hotels & Getaway Resorts Ltd. (GHGRL) & Kuteeram Resorts Pvt. Ltd.(KRPL) (associate companies) which were engaged in a business similar to that of the Company, were amalgamated with the Company in terms of the Scheme of Amalgamation ("the Scheme") sanctioned by the Honourable High Courts of Judicature, wherein the following adjustments have been made against the balance in General Reserve:
 - (i) Unrecognised Net Deferred Tax Assets of Amalgamating Companies aggregating Rs.218.9 million
 - (ii) Net deficit in Profit and Loss Account of Amalgamating Companies aggregating Rs.1,671.6 million.
 - (iii) Deficit on Amalgamation of aggregating Rs 576.5 million.
 - (iv) Adjustment for differing accounting policy of Amalgamating Companies aggregating Rs.25.6 million.

Consequently, the results for the year 2006-07 are not comparable with the results of the previous years on a like-to-like basis.

- h) With effect from 1st April, 2006, the Company has changed its method of recovering common costs from hotels owned by subsidiaries, jointly controlled entities, associates and managed hotels to a percentage based on turnover of the hotels which, hitherto, was based on actual cost recovery. The relevant Income and Expense heads, have been grossed-up for cost recoveries in the previous years for the purpose of comparison. This has no impact on the profit.

- i) The Company's only business is hoteliering and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 -'Segmental Information' (AS-17). There is no geographical segment to be reported, since all the operations are undertaken in India.

SCHEDULES TO THE STATEMENT OF PROFITS, AS RESTATED

**Schedule 1
Other Income**

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Dividend from Subsidiaries	46.6	43.1	64.0	60.8	88.0
Dividend from Others	50.2	66.5	88.3	139.2	239.8
Surplus on Sale of Assets (Net)	-	47.8	-	25.5	1.9
Surplus on Sale of Investments (Net) (see note below)	-	-	166.1	-	247.5
Foreign Exchange Gain (Net)	46.5	61.6	-	54.9	93.4
Miscellaneous Income	37.6	49.6	58.0	106.1	71.4
Total	180.9	268.6	376.4	386.5	742.0

Note:

Surplus on sale of investments in 2006-07 includes Rs. 167.6 million on the sale of the Company's shares held by an amalgamating Company prior to the Scheme of Amalgamation becoming effective.

SCHEDULES TO THE STATEMENT OF PROFITS, AS RESTATED

**Schedule 2
Interest (Net)**

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Interest Charged:					
Fixed Loans	618.2	507.1	503.8	425.8	961.3
Other Loans	11.3	13.0	17.7	11.5	19.5
	629.5	520.1	521.5	437.3	980.8
Less : Capitalised	69.6	83.3	30.5	-	-
Total (A)	559.9	436.8	491.0	437.3	980.8
Interest Income:					
Deposits with Banks	19.7	10.5	62.8	37.0	17.0
Income-Tax Refunds	8.9	19.9	-	-	-
Interest on Deposits with Subsidiaries	18.6	14.7	64.2	156.9	161.0
Interest on Other Deposits	154.4	87.7	45.6	39.8	83.9
Total (B)	201.6	132.8	172.6	233.7	261.9
Net (A-B)	358.3	304.0	318.4	203.6	718.9

SCHEDULES TO THE STATEMENT OF PROFITS, AS RESTATED

Schedule 3 Reconciliation of Profits

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Audited Profit After Tax	404.8	606.5	1,058.6	1,837.8	3,223.9
Less :					
Reversal of Depreciation Charge for earlier years (See Note (a) below)	76.1	-	-	-	-
Amortisation of Voluntary Retirement Scheme Expenses (See Note (b) below)	116.7	116.7	116.7	77.8	-
	192.8	116.7	116.7	77.8	-
Add :					
Interest on Income Tax Refund (See Note (c) below)	8.9	(34.8)	-	-	-
Impact of Restatement on Provision for Tax (Including Deferred Tax)	24.7	12.5	-	-	-
	33.6	(22.3)	-	-	-
Profit After Tax as Restated	245.6	467.5	941.9	1,760.0	3,223.9

Notes:

- During 2002-03, the Company had charged depreciation on fixed assets, net of an amount of Rs. 76.1 million written back in the accounts, pursuant to rationalisation of rates of depreciation at certain units of the Company, in respect of additions to fixed assets made on or after 16th December, 1993.
- VRS expenses incurred upto the financial year ended 31st March, 2003, were initially fully charged off pursuant to the then applicable Accounting Standard-26 (AS-26) on Intangible Assets issued by the Institute of Chartered Accountants of India, and thereafter these were amortised over a period of 60 months, pursuant to the limited revision to AS-26, issued by the ICAI. Accordingly, figures for the previous periods have been restated. This restatement has no impact on the provision for tax.
- Interest on Income Tax Refund represents adjustment for prior period income.

Annexure II
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

The Statement of Assets and Liabilities, as restated, of the Company, as at 31st March, 2003, 2004, 2005, 2006 and 2007 together with the Schedules and related notes appearing hereunder are as set out below

		<i>Rs in million</i>					
	As at 31st March,	Schedule	2003	2004	2005	2006	2007
A	Fixed Assets:						
	Gross Block		8,583.9	9,447.7	12,529.4	13,083.4	20,143.4
	Depreciation		3,079.4	3,465.6	3,962.5	4,560.8	6,450.4
	Impairment		-	-	92.5	92.5	92.5
	Net Block		5,504.5	5,982.1	8,474.4	8,430.1	13,600.5
	Capital Work in Progress		1,273.2	2,149.2	347.7	489.6	1,115.2
			6,777.7	8,131.3	8,822.1	8,919.7	14,715.7
B	Current Assets, Loans and Advances:						
	Inventories		169.7	203.2	238.3	258.5	290.2
	Sundry Debtors	1	654.4	676.9	709.9	796.4	1,272.0
	Cash and Bank Balances		231.7	6,116.9	552.4	908.4	670.1
	Loans & Advances	2	3,459.6	2,820.5	7,402.5	5,998.9	2,743.2
			4,515.4	9,817.5	8,903.1	7,962.2	4,975.5
C	Liabilities and Provisions:						
	Secured Loans	3	5,549.1	4,613.7	4,334.5	4,237.3	7,764.0
	Unsecured Loans	4	1,527.5	9,111.8	5,748.8	1,206.1	1,675.4
	Trade Deposits		429.1	399.1	437.0	363.8	152.8
	Deferred Tax	5	653.6	709.1	823.6	800.5	1,354.0
	Current Liabilities and Provisions	6	2,095.5	3,176.3	3,379.0	3,560.7	4,439.1
			10,254.8	18,010.0	14,722.9	10,168.4	15,385.3
D	Investments	7	5,716.4	6,008.3	6,070.1	6,565.7	9,628.1
E	Long Term Deposits	8	2,682.6	2,563.5	2,614.2	3,856.9	4,039.0
F	Net Worth (A+B-C+D+E)		9,437.3	8,510.6	11,686.6	17,136.1	17,973.0
	Represented by:						
G	Share Capital		451.2	451.2	502.5	584.1	602.9
H	Reserves & Surplus		9,303.2	8,311.8	11,310.1	16,578.3	17,383.9
I	Miscellaneous Expenditure (to the extent not written off or adjusted)		(317.1)	(252.4)	(126.0)	(26.3)	(13.8)
	Net Worth (G+H-I)		9,437.3	8,510.6	11,686.6	17,136.1	17,973.0
	Capital Commitments		642.4	434.5	89.1	375.8	581.2
	Contingent Liabilities	9	3,539.2	3,455.5	2,167.2	2,091.5	2,826.2

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 1
Sundry Debtors:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Outstanding over six months					
Considered Good	223.7	176.0	109.9	72.4	115.9
Considered Doubtful	139.7	172.5	73.1	94.2	114.7
	363.4	348.5	183.0	166.6	230.6
Others (Considered Good)	430.7	500.9	600.0	724.0	1,156.1
Less : Provision for Doubtful Debts	139.7	172.5	73.1	94.2	114.7
Total	654.4	676.9	709.9	796.4	1,272.0

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 2

Loans & Advances:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Deposits with Public Bodies and Others	360.8	416.4	341.7	297.8	342.3
Advances to Subsidiary Companies	293.7	290.5	188.7	193.2	99.7
Advance payments of income-tax (Net of provisions)	469.8	483.8	533.4	613.4	1,065.3
Other Advances	781.1	901.2	594.9	788.3	751.4
Deposit with Companies:					
Subsidiary Companies	219.6	118.6	5,146.9	3,681.3	304.5
Others	1,334.6	610.0	596.9	424.9	180.0
Total	3,459.6	2,820.5	7,402.5	5,998.9	2,743.2

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 3
Secured Loans:**

Rs in million

As at 31st March,	Coupon	Date / Year of Allotment	Date / Year of Repayment	2003	2004	2005	2006	2007
Non-Convertible Debentures (see note (b) below)								
	9.75% (Note a)	2-Mar-02	2-Mar-07	1,000.0	1,000.0	1,000.0	1,000.0	-
Exchange Loss on Above				134.4	283.7	249.6	137.3	-
	6% (Note b)	2-Mar-02	2-Mar-07	2,000.0	2,000.0	2,000.0	2,000.0	-
	12.75%	7-Jun-99	7-Jun-04	1,330.0	1,330.0	-	-	-
	12%	10-Oct-00	10-Oct-03	370.0	-	-	-	-
	14%	1998/99	2003/04	500.0	-	-	-	-
	9.50%	27-Feb-07	27-Feb-12	-	-	-	-	2,500.0
	11.75%	9-Sep-02	7-Sep-07	-	-	-	-	3,307.4
Term Loans from a Bank (see note (c) below)	6%	25-Jun-04	25-Jun-09	-	-	1,000.0	1,000.0	1,000.0
Term Loans from a Housing Development Finance Corporation Ltd. (HDFC) (see note (d) below)	10.5%	29-Sep-00	29-Sep-10	-	-	-	-	832.9
Bank Overdraft (see note (e) below)	Various			214.7	-	84.9	100.0	123.7
Total				5,549.1	4,613.7	4,334.5	4,237.3	7,764.0

Notes:

- The Company had effected a currency swap in March 2002 in respect of 9.75% Secured Non-Convertible Debentures aggregating Rs. 1,000 million, whereby the underlying rupee liability was converted into a Japanese Yen liability. The liability had been re-stated in rupee terms at the end of each year at the prevailing / contracted exchange rates. Since the borrowing had been utilised for acquisition of fixed assets, the exchange fluctuation had been capitalised to the underlying assets.
- The Debentures are secured by a *pari passu* first charge created on all fixed assets of the Company, both present and future.
- Term loan from a Bank is secured by a specific charge on immovable properties of Taj Wellington Mews, Mumbai.
- Term loan from HDFC is secured by a specific charge on immovable properties of Taj Exotica, Goa.
- Secured by hypothecation of operating supplies, stores, beverages and receivables.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 4
Unsecured Loans:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Fixed Deposits - Public	367.0	337.0	252.5	64.8	20.1
Fixed Deposits - Shareholders	12.5	8.9	12.1	20.0	23.9
Inter-Corporate Deposits	148.0	293.0	90.1	-	110.0
Short Term Loans from Banks	250.0	857.2	87.4	-	676.6
Commercial Paper	750.0	500.0	250.0	-	-
1% FCCB Bonds (See Note (a & b) below)	-	6,568.1	4,071.8	127.6	-
Foreign Currency Term Loan from Banks	-	547.6	984.9	993.7	844.8
Total	1,527.5	9,111.8	5,748.8	1,206.1	1,675.4

Notes:

- a) During 2003-04, the Company raised 5-year 1-day, 1% Foreign Currency Convertible Bonds (FCCBs) aggregating USD 150 million (Rs. 6,568.1 million), including a greenshoe option of USD 15 million, with an option to the investors to convert the FCCBs into ordinary shares or global depository shares at Rs. 50.15 per share, at any time after 24th March, 2004 and prior to 28th January, 2009. The terms of the issue include redemption of the bonds at a premium of 11.545% at maturity, representing a yield-to-maturity of 3.15%. The bonds are redeemable at the option of the Company after 11th February, 2006, but prior to 12th February, 2009, if the closing price of the shares is greater than 125% of the conversion price for a continuous period of thirty consecutive trading days.
- b) FCCBs amounting to USD 1,000 (Rs 43,100/-) are yet to be converted to equity shares as at 31st March, 2007. Further, the Company has sent an early repayment notice for the balance outstanding FCCB. As per the terms of issue the FCCBs holders have the right to opt for conversion of FCCBs into equity shares before the early prepayment date intimated by the Company. In case the bond holders opt for conversion the Share Capital of the Company would increase by 903 Shares.
- c) Refer Annexure V for terms and conditions, interest rates and the repayment schedules as at 31st March, 2007.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 5
Deferred Tax:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Deferred Tax Liability:					
Depreciation on Fixed Assets	781.8	826.7	878.4	924.3	1,504.8
Total - A	781.8	826.7	878.4	924.3	1,504.8
Deferred Tax Assets:					
Provision for Doubtful Debts	50.4	61.9	24.6	31.7	39.0
Provision for Employee Benefits	65.8	34.5	4.3	40.6	61.0
Provision for Loyalty Programmes	8.6	12.3	19.0	23.0	30.0
Others	3.4	8.9	6.9	28.5	20.8
Total – B	128.2	117.6	54.8	123.8	150.8
Net (A-B)	653.6	709.1	823.6	800.5	1,354.0

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 6

Current Liabilities & Provisions:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Current Liabilities:					
Sundry Creditors	600.0	878.2	1,134.5	1,251.5	1,892.4
Other Liabilities	339.0	328.7	322.5	458.9	571.3
Dividend Warrants Issued But Not Encashed	17.0	17.2	15.8	16.1	17.8
Preference Share Redemption Pay Orders Issued But Not Encashed	0.1	0.1	0.1	0.1	0.1
Sundry Deposits	27.1	30.8	112.4	53.0	79.2
Advance Collections against Reservations	96.3	128.8	157.3	178.3	291.8
Interest Accrued but Not Due	134.5	92.2	38.1	30.5	55.4
Total (A)	1,214.0	1,476.0	1,780.7	1,988.4	2,908.0
Provisions:					
Employee Benefits	12.4	11.2	14.0	123.2	303.1
Loyalty Programmes	23.5	34.4	52.0	68.1	88.2
Contingencies (See Note (a) below)	-	-	-	11.2	11.2
Premium payable on Redemption of Debentures / Bonds (See Note (b) below)	489.3	1,247.6	959.3	504.0	-
Proposed Dividend	315.8	360.9	502.5	759.3	964.6
Tax on Dividend	40.5	46.2	70.5	106.5	164.0
Total (B)	881.5	1,700.3	1,598.3	1,572.3	1,531.1
Total (A+B)	2,095.5	3,176.3	3,379.0	3,560.7	4,439.1

Notes:

- a) The Company had reflected an amount of Rs. 41.5 million as a Contingent Liability on account of Entertainment Tax demand in respect of a property. The Company is in appeal at the High Court level against the said demand and had paid an amount of Rs. 30.3 million under dispute as directed by the Honourable High Court to the relevant authorities. As a matter of prudence, during 2005-06 the Company had made a provision of the entire amount; the unpaid demand of Rs. 11.2 million is being reflected as Provision for Contingencies.
- b) During 2003-04, the premium payable on redemption of Foreign Currency Convertible Bonds amounting to Rs. 758.2 million was fully provided for, considering Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, as against the past-practice of providing premium on a *pro-rata* basis over the term of the debentures.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 7

Investments:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Unquoted Equity Shares (unless otherwise stated)					
Fully Paid:					
Gateway Hotels & Getaway Resorts Ltd. (See Note (a) below)	4.0	4.0	4.0	4.0	-
Hotel De L' Annapurna Pvt. Ltd.	11.8	11.8	11.8	11.8	-
Hotels and Restaurant Co-op. Service Society Ltd. (Rs. 1,000/-)	-	-	-	-	-
Ideal Ice & Cold Storage Co. Ltd. (See Note (b) below)	0.6	0.6	0.6	0.6	0.6
India Tourism Development Corporation Ltd.(Listed but not quoted)	445.8	445.8	445.8	445.8	445.8
Inditravel Pvt. Ltd. (See Note (b) below)	1.4	1.4	1.4	1.4	2.4
Kumarkrupa Hotels Ltd.	9.4	9.4	9.4	9.4	9.4
Kuteeram Resorts Pvt. Ltd. (See Note (a) below)	0.6	0.6	0.6	0.6	-
Piem Hotels Ltd.	352.7	352.7	352.7	352.7	352.7
Rallis India Ltd. (7.5% Cumulative Redeemable Preference Shares)	-	200.0	200.0	200.0	200.0
Residency Food & Beverages Ltd. (See Note (b) below)	2.5	2.5	2.5	2.5	-
Taida Trading & Industries Ltd. (See Note (b) below)	1.8	1.8	1.8	1.8	2.7
Taj Air Ltd. (See Note (b) below)	-	-	-	-	1.5
Taj Asia Ltd.	136.3	136.3	136.3	136.3	136.3
Taj Enterprises Ltd.	0.7	0.7	0.7	0.7	0.7
Taj International Hotels (South Africa) (Proprietary) Ltd. (Rs. 2,925)	-	-	-	-	-
Taj Karnataka Hotels & Resorts Ltd.	3.0	3.0	3.0	3.0	3.0
Taj Kerala Hotels & Resorts Ltd.	156.7	156.7	156.7	156.7	156.7
Taj Lands End Ltd. (See Note (a) below)	241.5	241.5	241.5	241.5	-
Taj Madras Flight Kitchen Pvt. Ltd.	85.6	85.6	85.6	85.6	85.6
Taj Madurai Ltd.	9.5	9.5	9.5	9.5	9.5
Taj Rhein Shoes Co. Ltd.	4.5	4.5	4.5	4.5	4.5
Taj Trade & Transport Co. Ltd.	26.7	26.7	26.7	26.7	26.7
Taj Wilderness Lodges Ltd.	-	-	0.6	6.5	36.5
Tata Consultancy Services Ltd.	0.6	0.6	-	-	-
Tata Projects Ltd.	1.7	1.7	1.7	1.7	1.7
Tata Services Ltd.	0.3	0.3	0.3	0.3	0.3
Tata Sons Ltd.	250.0	250.0	250.0	250.0	250.0
Tata Sons Ltd. (6% Cumulative Redeemable Preference Shares)	51.8	29.8	29.8	29.8	-
Sub - Total (A)	1,799.5	1,977.5	1,977.5	1,983.4	1,726.6
Quoted Equity Shares - Fully Paid					
Benares Hotels Ltd.	6.9	6.9	6.9	6.9	6.9
Taj Lanka Hotels Ltd.	187.2	187.2	187.2	187.2	187.2
Tourism Finance Corporation of India Ltd.	1.0	1.0	1.0	1.0	1.0
Indian Resort Hotels Ltd. (See Note (a) below)	49.9	49.9	49.9	49.9	-
Oriental Hotels Ltd.	287.2	287.2	287.2	287.2	287.2
Taj GVK Hotels & Resorts Ltd.	403.4	403.4	403.4	403.4	403.4
Tata Consultancy Services Ltd.	-	-	0.5	0.5	0.5
Sub - Total (B)	935.6	935.6	936.1	936.1	886.2

As at 31st March,	2003	2004	2005	2006	2007
Investments in Subsidiary Companies Unquoted Equity Shares - Fully Paid :					
Asia Pacific Hotels Ltd. (See Note (a) below)	695.0	695.0	695.0	695.0	-
International Hotel Management Services Inc. (See note (c) and (d) below)	-	113.3	113.3	113.3	4,184.7
KTC Hotels Ltd.	7.0	7.0	7.0	7.0	7.0
Residency Food & Beverages Ltd. (See Note (b) below)	-	-	-	-	182.5
Roots Corporation Ltd.	-	0.5	94.3	240.0	385.0
Taj International Hotels (H.K.) Ltd.	811.2	811.2	811.2	811.2	811.2
Taj Investment & Finance Company Ltd.	815.0	815.0	815.0	815.0	815.0
Taj SATS Air Catering Ltd.	618.2	618.2	618.2	618.2	618.2
United Hotels Ltd.	11.1	11.1	11.1	11.1	11.1
Sub - Total (C)	2,957.5	3,071.3	3,165.1	3,310.8	7,014.7
Other Investments - Long Term:					
Central India Spinning Weaving & Manufacturing Co. Ltd. (10% unquoted Cumulative Preference Shares - Rs. 27,888)	-	-	-	-	-
6.75% Tax free Unit Scheme 64 Bonds	42.4	42.4	-	-	-
HDFC Bank Ltd. (quoted Equity Shares) (Rs. 5,000/-)	-	-	-	-	-
Sub - Total (D)	42.4	42.4	-	-	-
E = (A+B+C+D)	5,735.0	6,026.8	6,078.7	6,230.3	9,627.5
Less: Provision for Diminution in Value of Investments (F)	20.0	20.0	8.6	8.6	9.4
G = (E-F)	5,715.0	6,006.8	6,070.1	6,221.7	9,618.1
Investment in Mutual Funds (Unquoted - Units of Rs. 10/- each)					
Tata Fixed Horizon Fund Series 3-13 months dividend	-	-	-	-	10.0
Standard Chartered Mutual Liquidity Manager - Daily Dividend	-	-	-	0.6	-
Tata Floating Rate Short Term Installment Plan - Daily Dividend	-	-	-	0.7	-
Tata Liquidity Management Fund - Daily Dividend	-	-	-	340.2	-
Tata Liquid Super High Investment Fund - Daily Dividend	-	0.2	-	2.5	-
Tata Liquidity Appreciation Fund	1.2	1.2	-	-	-
Tata Liquid High Investment Fund	0.2	0.1	-	-	-
Sub - Total (H)	1.4	1.5	-	344.0	10.0
Total (G+H)	5,716.4	6,008.3	6,070.1	6,565.7	9,628.1
Aggregate of Quoted Investments					
Cost	935.6	935.6	936.1	936.1	886.2
Market Value	534.2	1,176.3	2,678.1	6,471.7	5,137.7
Aggregate of Unquoted Investments					
Cost	4,800.8	5,092.7	5,142.6	5,638.2	8,751.3

Notes:

- a) During 2006-07, Asia Pacific Hotels Ltd.(APHL) & Taj Lands End Ltd.(TLEL)(wholly- owned subsidiaries) and Indian Resort Hotels Ltd.(IRHL), Gateway Hotels & Getaway Resorts Ltd.(GHGRL) & Kuteeram Resorts Pvt. Ltd.(KRPL)(associate companies) which were engaged in similar business as

that of the Company, were amalgamated with the Company with effect from 1st April, 2006 in terms of the Scheme of Amalgamation sanctioned by the Honourable High Courts of Judicature .

- b) 49,984 Equity Shares of Ideal Ice & Cold Storage Co. Ltd., 96,000 Equity Shares of Inditravel Pvt Ltd., 8,992 Equity Shares of Taida Trading & Industries Ltd., 1,47,060 Equity Shares of Taj Air Ltd. and 2,50,000 Equity Shares of Residency Foods & Beverages Ltd. were acquired during 2006-07 pursuant to the Scheme of Amalgamation.
- c) The Company has given an undertaking to The Hongkong & Shanghai Banking Corporation (HSBC) in respect of borrowing of Australian Dollars 17.1 million, by IHMS (Australia) Pty Limited, a wholly-owned subsidiary, that it will not dilute its shareholding in the said subsidiary.
- d) The Company has given a letter of comfort to HSBC, New York in respect of credit facilities of upto US \$ 10 million to its wholly-owned subsidiary, International Hotel Management Services, Inc. in New York.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 8

Long Term Deposits:

	<i>Rs in million</i>				
As at 31st March,	2003	2004	2005	2006	2007
With Hotel Properties (See Note a below)	1,072.8	1,072.8	1,134.8	1,163.8	1,311.0
Shareholder's Deposit placed with Subsidiary Companies (See Note b & c below)	1,609.8	1,490.7	1,479.4	2,693.1	2,601.3
Shareholder's Deposit placed with Others	-	-	-	-	126.7
	2,682.6	2,563.5	2,614.2	3,856.9	4,039.0

Notes:

- a) Includes Rs. 35 million placed with subsidiaries
- b) Shareholder's Deposits placed with subsidiary companies includes an amount of US\$ 33.78 million, in respect of which, the Company retains the right to convert the said deposits into equity shares by 31st December, 2009, as per the permission received from the Reserve Bank of India.
- c) From 2005-06, the Company in line with the Accounting Standards - 11 " The Effect of Changes in Foreign Exchange Rates" issued by the Institute of Chartered Accountants of India, restated deposits given for non-integral foreign operations, which are in the nature of investments, by applying the the exchange rate prevalent on the date of the Balance Sheet, with the resultant impact being carried as "Foreign Currency Translation Reserve". The Financial Statements of the earlier period have been restated to give effect of such a change.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 9
Contingent Liabilities:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Income-Tax Matters:					
In respect of matters, which have been decided in the Company's favour by the Appellate Authorities, where the Income-tax department has preferred an appeal	531.7	501.7	586.9	626.4	635.5
Other matters for which the Company's appeals are pending	317.6	289.4	335.6	291.7	299.5
	849.3	791.1	922.5	918.1	935.0
Other tax disputes	139.0	194.7	320.7	212.7	140.4
Other Claims against the Company not acknowledged as debts	279.9	242.3	122.5	159.2	171.6
Guarantees given	2,271.0	2,227.4	801.5	801.5	1,579.2
Total	3,539.2	3,455.5	2,167.2	2,091.5	2,826.2

Note:

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 has received show cause notices. The Company has replied to a majority of these notices. Adjudication proceedings are in progress.

Annexure III
STATEMENT OF CASH FLOWS, AS RESTATED

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Cash Flow From Operating Activities					
Net Profit Before Tax as Restated	354.1	650.5	1,300.1	2,642.2	4,746.4
Adjustments For :					
Depreciation	465.9	485.8	567.7	659.0	914.4
Amortisation of VRS Expenditure	116.7	120.5	121.9	83.0	5.1
Profit on sale of investments	-	-	(166.1)	-	(247.5)
Loss / (Surplus) on sale of assets	-	(47.8)	-	(25.5)	(1.9)
Surplus on sale of business/property	(233.4)	(275.4)	(63.8)	-	-
Provision for Doubtful Debts and Diminution in value of investments	24.1	33.1	6.7	21.1	19.5
Dividend Income	(96.8)	(109.6)	(152.3)	(200.0)	(327.8)
Interest (Net)	358.3	304.0	318.4	203.6	718.9
Provision for Loyalty Programmes	13.2	10.9	17.6	16.2	20.1
Provision for Employee Benefits	4.8	(1.1)	2.6	109.2	96.7
Expenditure incurred towards VRS	-	(25.6)	-	-	-
Cash Operating Profit before working capital changes	1,006.9	1,145.3	1,952.8	3,508.8	5,943.9
Adjustments For :					
Trade and Other Receivables	(160.3)	(223.0)	292.9	(326.7)	(196.2)
Inventories	(15.7)	(33.5)	(35.1)	(20.2)	(17.4)
Trade Payables	253.2	300.1	422.6	153.2	690.9
	77.2	43.6	680.4	(193.7)	477.3
Cash Generated from Operating activities	1,084.1	1,188.9	2,633.2	3,315.1	6,421.2
Direct Taxes Paid	(283.6)	(179.6)	(276.9)	(932.9)	(1,125.7)
Net Cash From Operating Activities	800.5	1,009.3	2,356.3	2,382.2	5,295.5
Cash Flow From Investing Activities					
Purchase of Fixed Assets	(1,489.7)	(1,868.2)	(1,397.4)	(864.0)	(1,974.5)
Sale of Fixed Assets	139.3	122.7	63.3	20.6	72.6
Sale proceeds - Sale of hotel & property	1,003.9	312.9	-	-	-
Purchase of Investments	(500.6)	(313.7)	(94.5)	(151.6)	(5,846.2)
Sale of Investments	210.2	22.0	208.6	-	303.4
Interest Received	192.7	132.8	170.6	238.8	269.8
Dividend Received	96.8	109.6	152.3	200.0	327.8
Deposits Refunded by Other Companies	230.5	724.6	13.1	172.0	58.3
Loan to Subsidiaries	-	-	(4,931.2)	-	-
Loans Repaid by Subsidiaries	17.8	104.2	-	289.0	3,240.0
Net Cash Used In Investing Activities	(99.1)	(653.1)	(5,815.2)	(95.2)	(3,548.8)
Cash Flow From Financing Activities					

Year Ended 31st March,	2003	2004	2005	2006	2007
Debenture issue costs	(68.1)	(171.1)	(0.4)	-	(7.4)
Interest Paid	(582.4)	(562.4)	(575.6)	(444.9)	(1,002.5)
Repayment of long term Loans and Debentures	(1,300.0)	(903.6)	(1,461.4)	(179.8)	(3,814.5)
Proceeds of long term Loans and Debentures	219.1	7,265.0	1,437.3	-	2,500.0
Short Term Loan Raised/(Repaid)	985.0	502.2	(1,222.7)	(381.4)	786.6
Long Term Trade Deposits Raised/(Repaid)	-	(30.0)	37.9	-	(212.2)
Dividend Paid (Including tax on dividend)	(360.9)	(356.3)	(407.1)	(596.0)	(951.0)
Net Cash Used In / From In Financing Activities	(1,107.3)	5,743.8	(2,192.0)	(1,602.1)	(2,701.0)
Net Increase / (Decrease) In Cash and Cash Equivalents	(405.9)	6,100.0	(5,650.9)	684.9	(954.3)
Cash and Cash Equivalents Opening 1st April (See Note below)	424.3	18.4	6,118.4	467.5	1,152.4
Cash and Cash Equivalents acquired on Amalgamation	-	-	-	-	358.3
Cash and Cash Equivalents Closing 31st March (See Note below)	18.4	6,118.4	467.5	1,152.4	556.4
Note :					
Details of Cash and Cash Equivalents					
Cash and Bank Balances (as per Annexure II)	231.7	6,116.9	552.4	908.4	670.1
Add : Investment in Liquid Mutual Funds (as per Schedule 7)	1.4	1.5	-	344.0	10.0
Less : Bank Overdraft (As per Schedule 3)	214.7	-	84.9	100.0	123.7
Cash and Cash Equivalents Closing 31st March	18.4	6,118.4	467.5	1,152.4	556.4

Annexure IV

Significant Accounting Policies annexed to the Statement of Profits, as restated for the five financial years ended 31st March 2003, 2004, 2005, 2006 and 2007 and the Statement of Assets and Liabilities, as restated as at 31st March, 2003, 2004, 2005, 2006 and 2007

1. Basis of Accounting:

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act, 1956. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the Accounts are as under:-

2. Sales:

Sales comprise Sale of Rooms, Food and Beverages, allied services relating to hotel operations, including net income from telecommunication services and management and operating fees. Revenue is recognised upon rendering of the service.

3. Employee Benefits:

i) Provident Fund

The Company's Contribution to recognised Provident Fund paid/payable during the year is recognised in the Profit and Loss Account. The shortfall, if any, between the return guaranteed by the statute and actual earnings of the fund is provided for by the Company and contributed to the fund.

ii) Gratuity

The Company makes annual contributions to funds administered by trustees and managed by insurance companies for amounts notified by the said insurance companies. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the projected unit credit method carried out annually. Actuarial gains and losses are immediately recognised in the Profit and Loss Account.

iii) Post Retirement Benefits

The net present value of the Company's obligation towards post retirement pension scheme for whole time directors is actuarially determined based on the projected unit credit method. Actuarial gains and losses are recognised immediately in the Profit & Loss Account.

iv) Superannuation

The Company annually contributes a sum equivalent to the employee's eligible annual basic salary to an insurance Company which administers the fund. The Company recognises such contributions as an expense in the year they are incurred.

v) **Compensated Absences**

Liability on account of short-term compensated absences is recognised on an undiscounted basis and on long-term compensated absences on an actuarial basis as at balance Sheet date.

vi) **Leave encashment**

Upto 31st March, 2006, provision for leave encashable has been made on the basis of an actuarial valuation carried out as at the year end.

vii) **Other Employee Benefits**

With effect from 1st April, 2006, other benefits comprising of Long Service Awards are determined on an undiscounted basis and recognised based on the likely entitlement thereof.

4. Fixed Assets:

Fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs and exchange differences.

5. Depreciation/Amortisation:

In respect of assets acquired before 16th December, 1993, depreciation is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date.

In respect of assets acquired on or after 16th December, 1993, depreciation is provided at the rates as specified in Schedule XIV to the Companies Act, 1956, as revised with effect from that date. In respect of Leasehold Land, depreciation is provided from the date the land is put to use for commercial operations over the balance period of the lease.

In respect of additions/deletions to fixed assets pursuant to capitalisation of exchange differences arising on account of repayment / restatement of foreign currency borrowings / swaps, depreciation thereon is adjusted prospectively over the residual life of the assets.

Depreciation on assets purchased and provided to Company executives under the Company's 'White Goods' scheme is charged at 25% under the Straight Line Method.

Intangible assets are depreciated on a straight-line basis at the rates specified below:

Website Development Costs -	20.00%
Cost of Customer Reservation System (including licenced software)	16.67%
Service & Operating Rights -	10.00%

6. Transactions in Foreign Exchange:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

In respect of integral foreign operations :

- a) Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the resultant difference is recognised as income or expense.

- b) Exchange differences arising on repayment/revaluation and on currency swaps in respect of underlying rupee borrowings transacted on or after 1st April, 2004 and utilised for acquisition of fixed assets, are recognised as income or expense in the period in which they arise. Exchange difference on such borrowings/currency swaps transacted prior to 1st April, 2004, are adjusted to the carrying cost of the relevant fixed assets.
- c) Non-monetary items outstanding at the Balance sheet date are reported using the exchange rate at the date of the transactions.

In respect of non-integral foreign operations :

Both monetary and non-monetary items are translated at the closing rate and the resultant difference is accumulated in a Foreign Currency Translation Reserve until the disposal of the net investment.

7. Impairment of Assets:

Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

8. Assets taken on lease:

- i) In respect of finance lease transactions, prior to 1st April, 2001, lease rents paid are charged to the Profit and Loss Account in accordance with the terms of the lease agreement.
- ii) In respect of finance lease arrangements entered into on after 1st April, 2001, the assets taken on lease are capitalised and depreciated. Finance charges are debited to the Profit and Loss Account of the year in which they are incurred.
- iii) Operating Lease payments are recognised as expenditure in the Profit and Loss Account on a straight line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

9. Inventories:

Stock of food and beverages and operating supplies are carried at cost (computed on weighted average basis) or Net Realisable Value, whichever is lower.

10. Investments:

- i) Long term investments are carried at cost. However, provision is made for diminution in value, other than temporary, on an individual basis.
- ii) Current investments are carried at the lower of cost and fair value determined on a category-wise basis.

11. Miscellaneous Expenditure:

Payments made under the Voluntary Retirement Scheme (VRS), including additional liabilities towards leave encashment and gratuity arising pursuant to the VRS, were amortised over a period of 60 months commencing from the month in which the Scheme is implemented.

12. Taxes on income:

- i) Income tax is computed in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.
- ii) Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognised as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates substantially enacted by the Balance Sheet date, that would apply in the years in which the timing differences are expected to reverse.
- iii) Deferred tax assets arising out of unabsorbed depreciation or carried forward losses are recognised only if there is virtual certainty supported by convincing evidence that they will be realised in the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

13. Accounting for Provisions, Contingent Liabilities and Contingent Assets :

With effect from 1st April, 2004, provisions are recognised in terms of Accounting Standard 29 – ‘Provisions, Contingent Liabilities and Contingent Assets’, issued by the ICAI, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent Assets are not recognised in the financial statements.

14. Exports Benefits Entitlement :

Export Benefits in the nature of Duty Credit Scrips are recognised in the Profit and Loss Account upon the actual utilisation of Duty Credit Scrips.

15. Borrowing Costs :

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue over the tenure of the loan.

Annexure V
DETAILS OF UNSECURED LOANS TAKEN AS AT 31st MARCH, 2007

<u>Lender</u>	<u>Date of Agreement</u>	<u>Amount outstanding as at March 31,2007 (Rs in million)</u>	<u>Rate of Interest (%) p.a.</u>	<u>Repayment Terms</u>
Unsecured Loans				
Fixed Deposits	Various Dates	44.0	Various Rates	Various Dates
BNP Paribas, Singapore-ECB \$ 9.6 Million	3 rd March, 2006	413.8	LIBOR plus margin of 45 bps	\$ 4.8 Million on 7 th January, 2008 and \$ 4.8 Million on 7 th January,2009
State Bank of India, Osaka. ECB\$ 10 Million	25 th February, 2005	431.0	LIBOR plus margin of 130 bps	7 th March, 2009
Foreign Currency Convertible Bonds *	4 th February, 2004	*	1%	Redeemable on 12 th February, 2009
Short Term Loans from Banks	Various Dates	676.6	Various Rates	Varying Maturities of 12 months,24 months and 36 months
Inter Corporate Deposits(OHL)	2 nd March, 2007	110.0	8.75%	16 th April, 07/Call
Total Unsecured Loans		1,675.4		

* Rs. 43,100

Annexure VI
STATEMENT OF DIVIDEND PAID

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
No of Equity Shares	45,114,695	45,114,695	46,413,001	56,665,408	586,630,920
Face Value Per Share (Rs.)	10.0	10.0	10.0	10.0	1.0
Paid up Value Per Share (Rs.)	10.0	10.0	10.0	10.0	1.0
Paid-up Share Capital	451.2	451.2	464.1	566.7	586.7
Share Application Money (See Note a)	-	-	38.4	17.4	-
Share Capital Pending Allotment (See Note b)	-	-	-	-	16.2
Total Share Capital	451.2	451.2	502.5	584.1	602.9
Rate of Dividend %	70	80	100	130	160
Total Dividend Paid	315.8	360.9	522.7	759.3	964.6
Corporate Dividend Tax	40.5	46.2	73.3	106.5	164.0

Notes:

- a) Share Application Money represents FCCB's conversion effected from the end of financial year to the date of the Board Meeting adopting the Financial Results for the relevant financial year.
- b) Share Capital Pending Allotment represents 16,219,670 Ordinary Shares of the face value of Re. 1/- each issued on 9th May, 2007 as fully paid shares pursuant to amalgamation of Gateway Hotels & Getaway Resorts Limited and Indian Resort Hotels Limited.

Annexure VII
STATEMENT OF TAX SHELTER

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Marginal Tax Rate (%)	36.75	35.88	36.59	33.66	33.66
Profit Before Tax	354.1	650.5	1,300.1	2,642.2	4,746.4
Tax at notional rate on adjusted profits (A)	130.1	233.4	475.7	889.4	1,597.6
Permanent Differences					
Income exempt from tax	(29.9)	(41.7)	(48.8)	(60.6)	(99.3)
Long Term Capital Gain taxed at lower rate	71.3	(41.1)	(36.0)	(3.9)	(70.3)
Others	0.3	(60.2)	(92.6)	(50.3)	3.6
Total (B)	41.7	(143.0)	(177.4)	(114.8)	(166.0)
Timing Differences					
Depreciation on Fixed Assets	(57.4)	(28.5)	(133.8)	(14.7)	(18.0)
Provisions	3.2	15.7	14.1	14.9	28.6
Others	46.6	44.8	42.7	72.0	9.4
Total (C)	(7.6)	32.0	(77.0)	72.2	20.0
Unabsorbed Depreciation & Business Loss - (D)	-	-	-	-	(814.9)
Net (B+C+D) = E	34.2	(111.0)	(254.4)	(42.6)	(960.9)
Provision for Current Tax (A+E)	164.3	122.4	221.3	846.8	636.9
Deferred Tax	(59.8)	55.6	130.9	(23.1)	839.6
Tax Provision Including Deferred Tax	104.5	178.0	352.2	823.7	1,476.5

Notes:

- a) The Statement of Tax Shelter has been prepared based on restated profits as per Annexure I
- b) ii) Deferred Tax Adjustment includes adjustment for difference in tax rates relating to earlier years.

Annexure VIII
STATEMENT OF ACCOUNTING RATIOS

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Earning Per Shares (EPS)					
Profit after tax	245.6	467.5	941.9	1,760.0	3,223.9
Number of Equity Shares (Refer notes (b & c) below)	451,146,950	451,146,950	502,548,020	584,048,590	602,850,590
EPS (Rs.)	0.5	1.0	1.9	3.0	5.3
Return on Net Worth					
Profit after tax	245.6	467.5	941.9	1,760.0	3,223.9
Net Worth	9,437.3	8,510.6	11,686.6	17,136.1	17,973.0
Return on Net Worth (%)	2.6	5.5	8.1	10.3	17.9
Net Asset Value per Equity Share					
Net Worth	9,437.3	8,510.6	11,686.6	17,136.1	17,973.0
Number of Equity Shares	451,146,950	451,146,950	502,548,020	584,048,590	602,850,590
Net Asset Value per Equity Share (Rs)	20.9	18.9	23.3	29.3	29.8

Notes:

- a) The above ratios have been computed on the basis of the restated summary statements.
- b) Equity shares of the Company having face value of Rs. 10 each were subdivided into 10 equity shares of Re. 1 each vide resolution passed by the members on 21st September, 2006. The EPS for all previous years have been recast to make them comparable in compliance with the requirements of the Accounting Standard 20 on 'Earnings per Share' issued by the ICAI.
- c) Number of Equity Shares as at 31st March, 2007 includes Share Capital Pending Allotment representing 16,219,670 Ordinary Shares of the face value of Re. 1/- each issued on 9th May, 2007 as fully paid, pursuant to the amalgamation of Gateway Hotels & Getaway Resorts Limited and Indian Resort Hotels Limited.

**Annexure IX
CAPITALISATION STATEMENT**

Rs in million

	Pre-Issue as at March 31, 2007	Adjusted for Issue (See Note (b) below)
Borrowings:		
Short Term Debt	910.3	-
Long Term Debt (See Note (c) below)	8,529.1	-
Total	9,439.4	-
Shareholder's Funds:		
Capital (See Note below)	602.9	-
Reserves & Surplus	17,383.9	-
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	(13.8)	-
Total	17,973.0	-
Debt / Equity Ratio	0.53 : 1	-

Note:

- a) The above has been computed on the basis of the Restated Summary Statements.
- b) Post issue figures will be computed upon subscription to the proposed Rights Issue.
- c) Subsequent to 31st March, 2007, the Company has issued 9.86% Secured Non-Convertible Debentures amounting to Rs. 3,000 million for 3 years to replace the existing 11.75% Secured Non-Convertible Debentures Rs. 3,307.4 million included in Long Term Debts above.

Annexure X
RELATED PARTY INFORMATION

Rs in million

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
Interest Paid / Provided	2003	-	1.8	2.1
	2004	-	0.8	9.3
	2005	-	0.5	9.2
	2006	0.6	0.2	
	2007	2.0	16.2	-
Interest received / accrued	2003	18.6	21.1	7.1
	2004	14.7	26.6	8.5
	2005	64.2	29.7	10.1
	2006	156.9	16.1	11.1
	2007	161.0	2.9	10.2
Dividend received	2003	46.6	22.4	4.8
	2004	43.1	33.7	11.1
	2005	64.0	34.1	16.9
	2006	60.8	50.6	26.3
	2007	88.0	93.9	65.8
Operating / License fees paid	2003	3.0	93.5	-
	2004	3.1	163.1	-
	2005	-	233.1	-
	2006	3.4	331.8	-
	2007	4.2	-	-
Operating fees received	2003	22.0	128.7	60.9
	2004	23.7	155.7	77.6
	2005	58.8	208.7	109.8
	2006	59.1	262.3	182.2
	2007	87.5	499.6	280.9
Purchase of goods & services	2003	31.5	232.2	13.6
	2004	4.2	243.6	21.4
	2005	4.1	327.3	11.5
	2006	4.4	380.5	6.6
	2007	1.8	176.8	4.7
Sale of goods & services	2003	6.2	37.1	7.8
	2004	6.3	51.8	5.4

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
	2005	2.2	37.0	3.6
	2006	7.2	52.7	3.7
	2007	9.1	32.7	9.9
Due from/(to) on Current Account (Net)	2003	293.7	177.8	116.6
	2004	290.5	157.7	94.2
	2005	188.7	(11.8)	50.5
	2006	193.2	1.6	29.4
	2007	99.7	(6.6)	(10.9)
Purchase of Shares	2003	-	241.5	85.7
	2004	113.3	-	-
	2005	93.8	-	0.6
	2006	145.7	-	5.9
	2007	4,234.4	-	30.0
Sale of Shares	2003	-	3.4	-
	2004	-	-	-
	2005	-	-	-
	2006	-	-	-
	2007	-	-	-
Slump sale of hotel units	2003	-	1,046.2	-
	2004	-	-	-
	2005	-	-	-
	2006	-	-	-
	2007	-	-	-
Sundry Debtors	2003	45.6	84.1	44.7
	2004	62.1	72.1	40.4
	2005	57.0	18.5	62.6
	2006	-	-	-
	2007	32.1	119.1	138.9
Security Deposits	2003	-	4.5	100.0
	2004	1,077.8	4.5	100.0
	2005	1,072.9	4.5	100.0
	2006	-	4.5	100.0
	2007	-	-	100.0
Deposits	2003	1,829.4	300.5	123.8

Nature of Transaction	Year	Subsidiaries	Associates	Joint Ventures
	2004	1,609.3	451.1	159.0
	2005	6,626.3	412.7	94.1
	2006	6,567.7	412.7	185.5

Annexure X

LIST OF RELATED PARTIES

The list of related parties and the nature of the relationships in terms of Accounting Standard (AS-18) on "Related Party Disclosure" issued by the Institute of Chartered Accountants as on March 31st, 2003, 2004, 2005, 2006 and 2007 are as under :

Party	Note No.
SUBSIDIARIES:	
Domestic	
Taj Investment and Finance Company Ltd. (TIFCO)	
KTC Hotels Ltd. (KTC)	
Asia Pacific Hotels Ltd.	a
Taj Lands End Ltd.	a, o
United Hotels Ltd. (UHL)	
Taj Holdings Ltd.	b
Taj Trade & Investments Ltd.	b
Roots Corporation Ltd.	c
Taj SATS Air Catering Ltd.	
Residency Foods & Beverages Ltd.	d
Innovative Foods Ltd.	d
International	
Taj International Hotels (H.K.) Ltd. (TIHK)	
Chieftain Corporation NV (Chieftain)	
IHOCO BV (IHOCO)	
St. James Court Hotels Ltd. (SJCHL)	
Taj International Hotels Ltd. (TIHL)	
International Hotel Management Services Inc. (IHMS) and its Limited Liability Companies	
Samsara Properties Ltd.	e
IHMS Australia Pty Ltd. (IHMSA)	e
IHMS(Restaurants) Pty. Ltd.	f
Apex Hotel Management Services(Pte) Ltd.	g
JOINT VENTURES:	
Domestic	
Taj Madras Flight Kitchen Pvt. Ltd.	
Taj Karnataka Hotels And Resorts Ltd.	
Taj Kerala Hotels And Resorts Ltd.	
Taj GVK Hotels & Resorts Ltd.	
Taj Safaris Ltd. (formerly known as Taj Wilderness Lodges Ltd.)	h
International	
Taj Asia Ltd.	
Taj International Hotels (South Africa)(Pty) Ltd.	i

Party	Note No.
ASSOCIATES:	
Domestic	
Ideal Ice & Cold Storage Co. Ltd.	
Hotel De'L Annapurna Pvt. Ltd.	j
Indian Resort Hotels Ltd.	a
Benares Hotels Ltd.	
Gateway Hotels & Getaway Resorts Ltd.	a
Carnival Traders Pvt. Ltd.	k
Fonda Investments Pvt. Ltd.	k
Taj Air Ltd.	
Piem Hotels Ltd.	
Taj Trade and Transport Ltd.	
Speech & Software Technologies Pvt. Ltd.	l
Taj Enterprises Ltd.	
Taida Trading and Industries Ltd.	
Kuteeram Resorts Ltd.	a
Inditravel Pvt. Ltd. (formerly known Taj Services Pvt. Ltd.)	
Oriental Hotels Ltd.	
Taj Madurai Ltd.	
International	
Taj Lanka Hotels Ltd.	
Asian Resorts and Restaurant Associates Ltd.	m
Taj Lanka Resorts Ltd.	n

Note:

- a) Amalgamated with the Company in 2006-07
- b) Amalgamated with Taj Investments & Finance Co Ltd. in 2003-04
- c) Incorporated as a subsidiary in 2003-04
- d) Residency Foods & Beverages Ltd. an erstwhile associate, became a subsidiary of the Company in 2006-07, Consequently, Innovative Foods Ltd. has become an indirect subsidiary of the Company in 2006-07.
- e) Became subsidiary in 2005-06
- f) Incorporated as a subsidiary in 2006-07
- g) Acquired 100% stake in 2006-07
- h) Became a Joint Venture in 2004-05
- i) Became a Joint Venture in 2006-07
- j) Sold Groups holding in 2006-07
- k) Amalgamated with Taj Investments & Finance Co Ltd. in 2005-06
- l) Sold Group holding in 2006-07
- m) Underwent liquidation in 2005-06
- n) Became an associate in 2005-06
- o) Associate upto 2003-04

Annexure XI
STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

The Statement of Consolidated Profits, as restated of The Indian Hotels Company Ltd., its subsidiaries, jointly controlled entities and associates for each of the five financial years ended 31st March, 2003, 2004, 2005, 2006 and 2007 together with the Schedules and related notes appearing hereunder, are as set out below.

<i>Rs in million</i>						
Year Ended 31st March,	Schedule	2003	2004	2005	2006	2007
INCOME:						
Rooms, Restaurants, Banquets and Other Services		9,412.7	10,231.6	13,397.8	18,373.1	25,062.5
Other Income	1	212.0	334.4	364.4	374.2	948.8
Share of Profits in Associates		113.2	71.0	260.1	394.5	543.9
Total Income		9,737.9	10,637.0	14,022.3	19,141.8	26,555.2
EXPENDITURE:						
a. Consumption of Food and Beverages		1,123.2	1,056.0	1,404.3	1,841.9	2,537.6
b. Staff Costs		2,448.1	2,600.5	3,357.3	4,846.0	6,527.3
c. License Fees		569.1	677.7	669.9	901.4	1,132.1
d. Fuel, Power and Light		790.8	776.6	883.4	1,059.0	1,328.3
e. Other Expenditure		2,985.0	3,551.7	3,702.9	4,722.9	6,401.7
f. Amortisation of VRS Expenses		119.6	127.9	133.3	92.8	13.6
		8,035.8	8,790.4	10,151.1	13,464.0	17,940.6
Less : Unallocated Expenditure during Construction Period transferred to Fixed Assets		112.2	212.7	0.8	95.3	82.9
Total Expenditure		7,923.6	8,577.7	10,150.3	13,368.7	17,857.7
Gross Profit		1,814.3	2,059.3	3,872.0	5,773.1	8,697.5
Interest (Net)	2	814.7	701.1	1,047.9	1,037.2	1,221.5
Depreciation		880.2	878.3	1,117.3	1,273.5	1,606.6
Profit Before Exceptional Items & Tax		119.4	479.9	1,706.8	3,462.4	5,869.4
Profit on sale of Hotels & Properties		(128.2)	(275.4)	(63.8)	-	-
Other Exceptional Items	3	-	-	210.2	-	-
Profit Before Tax		247.6	755.3	1,560.4	3,462.4	5,869.4
Provision for Tax (Including Deferred Tax)		182.9	266.9	576.1	988.4	1,912.4
Provision for Wealth Tax		4.0	4.0	6.0	6.0	9.1
Provision for Fringe Benefit Tax		-	-	-	57.9	43.6
Less : Share of profit/(loss) of Minority Interest in Subsidiaries		(47.5)	(86.8)	(196.4)	25.1	201.1
Profit After Tax as restated	4	108.2	571.2	1,174.7	2,385.0	3,703.2

Notes:

- a) As on 1st April, 2004, the Company had ascertained the value of impairment to be recognised at Rs. 92.5 million, net of deferred tax adjustment of Rs. 16.4 million, which had been adjusted against the balance of General Reserve as on that date, in accordance with the transitional provisions of Accounting Standard - 28 on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India (ICAI). The test for impairment and the methodology used for the measurement was done in line with the guidelines introduced as a result of new Accounting Standard AS 28 issued during 2004-05 by the ICAI. The methodology followed to test the impairment involves significant subjectivity in estimating the conditions existing on the Balance Sheet date. It is not possible to determine as to which year the impairment actually relates as the exercise was carried out for the first time, as required by the Accounting Standard. Hence, figures for the previous periods have not been restated.
- b) Consequent to the early adoption of the Revised Accounting Standard - 15 (AS-15), "Employee Benefits" issued by ICAI with effect from 1st April, 2006, the difference between the liability as worked out on 31st March, 2006 on employee benefits, including defined benefit plans, based on the revised AS-15 and the Company's liability, as per the earlier AS-15, has been adjusted against the opening balance of the General Reserve (i.e. as on 1st April, 2006), in accordance with the transitional provisions of the Standard. The principles and assumptions brought in by the Revised Accounting Standard -15 are significantly different and this would require a fresh actuarial valuation on each of the earlier Balances Sheet dates. It would be difficult to re-compute the impact with retrospective effect and restate the financial statements accordingly, as this may involve significant subjectivity in estimating the conditions existing at those Balance Sheet dates and also the relevant information would not be available as the accounting systems were designed to comply with the Accounting Standards applicable at those times.
- c) During 2002-03, debenture issue costs and premium on early redemption of certain debentures, aggregating Rs. 68.1 million were charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- d) During 2003-04, expenses amounting to Rs. 171.1 million incurred in connection with the issue of Foreign Currency Convertible Bonds (FCCBs) were also charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- e) During 2006-07, expenses amounting to Rs. 7.4 million incurred in connection with the issue of Rs. 2,500 million, 9.5% Non-Convertible Redeemable Debentures of Rs. 1 million each were also charged to the Securities Premium Account, as permitted under Section 78 of the Companies Act, 1956.
- f) With effect from 1st April, 2006, the Company has changed its method of recovering common costs from hotels owned by subsidiaries, jointly controlled entities, associates and managed hotels to a percentage based on turnover of the hotels which hitherto was based on actual cost recovery. The relevant Income and Expense heads, have been grossed-up for cost recoveries in the previous years for the purpose of comparison. This has no impact on the profits.

SCHEDULES TO STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

**Schedule 1
Other Income**

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Dividend Income	78.3	80.5	58.0	69.0	292.6
Surplus on Sale of Assets (Net)	0.4	47.1	-	19.8	-
Surplus/(Loss) on Sale of Investments (Net)	4.0	(27.7)	191.2	0.8	326.7
Foreign Exchange Gain (Net)	89.8	214.6	-	54.9	93.4
Miscellaneous Income	39.5	19.9	115.2	229.7	236.1
Total	212.0	334.4	364.4	374.2	948.8

Note:

Surplus on sale of investments for the financial year ended 31st March, 2007 includes an amount of Rs.167.6 million on sale of the Company's shares held by an amalgamating company, prior to the Scheme of Amalgamation becoming effective.

SCHEDULES TO STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

**Schedule 2
Interest (Net)**

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Interest Charged:					
Fixed Loans	1,086.0	911.1	1,263.6	1,325.8	1,339.7
Other Loans	42.5	52.0	117.1	135.1	377.5
	1,128.5	963.1	1,380.7	1,460.9	1,717.2
Less : Capitalised	69.6	86.0	30.5	11.6	16.3
Total (A)	1,058.9	877.1	1,350.2	1,449.3	1,700.9
Interest Income:					
Deposits with Banks	23.8	14.8	122.8	115.8	23.2
Income-Tax Refunds	9.0	20.2	-	-	-
Interest on Deposits	191.8	129.0	35.6	25.3	14.8
Other Interest on Income	19.6	12.0	143.9	271.0	441.4
Total (B)	244.2	176.0	302.3	412.1	479.4
Net (A-B)	814.7	701.1	1,047.9	1,037.2	1,221.5

SCHEDULES TO STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

**Schedule 3
Other Exceptional Items**

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Loan Prepayment Premium	-	-	210.2	-	-
Total	-	-	210.2	-	-

SCHEDULES TO STATEMENT OF CONSOLIDATED PROFITS, AS RESTATED

Schedule 4 Reconciliation of Profits

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Audited Profit After Tax	280.7	719.9	1,285.0	2,487.4	3,703.2
Reversal of Depreciation Charge for earlier years (see Note (a) below)	(76.1)	-	-	-	-
Amortisation of Voluntary Retirement Scheme Expenses (see Note (b) below)	(119.6)	(119.6)	(119.6)	(79.2)	-
Interest on Income Tax Refund (see Note (c) below)	8.9	(34.8)	-	-	-
Interest adjustment of a subsidiary (see Note (d) below)	(28.1)	13.0	5.3	6.4	-
Deferred Tax Assets of earlier years of Taj Lands End Ltd. (see Note (e) below)	17.7	7.9	4.0	(29.6)	-
Share of profit of associates (see Note (f) below)	-	(27.7)	-	-	-
Impact of Restatement of above items on Provision for Tax (including Deferred Tax)	24.7	12.5	-	-	-
Profit After Tax as Restated	108.2	571.2	1,174.7	2,385.0	3,703.2

Notes:

- During 2002-03, the Company had charged depreciation on fixed assets net of an amount of Rs. 76.1 million, written back in the accounts, pursuant to rationalisation of rates of depreciation at certain units of the Company, in respect of additions to fixed assets made on or after 16th December, 1993.
- VRS expenses incurred upto the financial year ended 31st March, 2003 were charged off pursuant to the then applicable Accounting Standard-26 (AS-26) on Intangible Assets, and thereafter, these were amortised over a period of 60 months, pursuant to the limited revision to AS-26, issued by the ICAI. Accordingly, figures for the previous periods have been restated. This restatement has no impact on the provision for tax.
- Interest on Income Tax Refund represents adjustment for prior period income/expense
- Asia Pacific Hotels Limited (a wholly owned subsidiary) had been recognizing interest cost on effective IRR till the maturity of the loan as against the Company's policy of recognizing interest cost at the rate of interest applicable for the period. Accordingly, to bring the interest cost recognition in line with the Company's policy, the figures for the previous periods have been restated.
- During 2005-06 Taj Lands End Limited recognized deferred tax assets pertaining to earlier periods, which have been restated to give effect to relevant previous periods.
- Adjustment to share of profits in associates represents difference between unaudited financial statements of an associate company considered by the Company for preparation of financial statements and audited financial statements approved by the Board of the associate company, subsequent to the preparation of consolidated financial statements of the Company.

Annexure XII
STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

The Statement of Consolidated Assets & Liabilities, as restated of The Indian Hotels Company Ltd., its subsidiaries, jointly controlled entities and associates as at 31st March, 2003, 2004, 2005, 2006 and 2007 together with the Schedules and related notes appearing hereunder are as set out below.

Rs in million

As at 31st March,		Schedule	2003	2004	2005	2006	2007
A	Fixed Assets:						
	Gross Block		20,598.1	21,574.5	29,490.8	31,607.3	44,092.4
	Depreciation		4,397.9	5,124.7	6,774.5	8,171.4	10,219.5
	Impairment		-	-	92.5	92.5	92.5
	Net Block		16,200.2	16,449.8	22,623.8	23,343.4	33,780.4
	Capital Work in Progress		1,337.4	2,267.3	1,089.9	1,244.6	1,745.3
			17,537.6	18,717.1	23,713.7	24,588.0	35,525.7
B	Deferred Tax Assets	4	77.2	87.7	76.8	199.5	4.2
C	Current Assets, Loans and Advances:						
	Inventories		223.6	248.7	290.1	348.9	449.1
	Sundry Debtors		1,208.7	1,075.2	999.0	1,341.6	2,047.5
	Cash and Bank Balances		653.3	6,614.0	4,718.4	3,898.5	1,771.5
	Loans & Advances	1	3,669.9	2,606.7	2,739.8	2,599.2	2,724.0
			5,755.5	10,544.6	8,747.3	8,188.2	6,992.1
D	Goodwill on Consolidation		2,890.8	2,686.5	2,840.2	3,352.3	3,141.2
E	Liabilities and Provisions:						
	Secured Loans	2	12,385.0	11,075.8	13,469.8	13,556.2	17,015.6
	Unsecured Loans	3	1,781.9	9,711.1	6,255.5	1,478.9	3,535.8
	Trade Deposits		429.1	399.1	472.0	333.8	152.8
	Deferred Tax Liabilities	4	718.7	770.4	945.7	918.8	1,470.2
	Minority Interest		2,448.4	1,784.0	2,419.6	2,398.6	2,758.4
	Current Liabilities and Provisions	5	3,160.3	3,889.7	4,362.3	5,383.8	6,526.5
			20,923.4	27,630.1	27,924.9	24,070.1	31,459.3
F	Investments	6	3,972.0	4,371.1	4,622.7	5,819.3	5,142.7
G	Long Term Deposits		1,068.8	1,072.8	1,074.4	1,113.5	1,492.2
H	Net Worth (A+B+C+D-E+F+G)		10,378.5	9,849.7	13,150.2	19,190.7	20,838.8
	Represented by:						
I	Share Capital		451.2	451.2	502.5	584.1	602.9
J	Reserves		10,251.7	9,683.5	12,802.4	18,711.7	20,363.3
K	Miscellaneous Expenditure (to the extent not written off or adjusted)		324.4	285.0	154.7	105.1	127.4
	Net Worth (I+J-K)		10,378.5	9,849.7	13,150.2	19,190.7	20,838.8
	Capital Commitments		673.5	561.8	153.0	793.2	1,223.3
	Contingent Liability	7	1,838.4	1,531.3	2,284.7	2,203.2	3,177.7

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 1

Loans & Advances:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Deposits with Public Bodies and Others	390.1	445.7	373.6	315.1	376.8
Deposits with Other Companies	1,520.2	638.0	598.9	182.5	154.4
Other Advances	1,759.6	1,523.0	1,767.3	2,101.6	2,192.8
Total	3,669.9	2,606.7	2,739.8	2,599.2	2,724.0

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 2
Secured Loans:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Non-Convertible Debentures	5,334.4	4,613.7	6,557.0	6,444.8	5,807.4
Term loan from Banks / Institutions	6,827.4	6,422.5	6,824.5	6,993.3	11,057.9
Bank Overdraft	223.2	39.6	88.3	118.1	146.6
Interest accrued and due	-	-	-	-	3.7
Total	12,385.0	11,075.8	13,469.8	13,556.2	17,015.6

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 3
Unsecured Loans:**

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Fixed Deposits	379.5	345.9	264.6	84.8	44.0
Long Term Loans from Banks	-	-	-	-	1,379.2
Short Term Loans from Banks	282.5	874.1	87.4	25.5	952.4
Short Term Loans from Others	-	-	-	-	91.4
Inter - Corporate Deposits	369.9	875.4	596.8	247.3	138.4
1% Foreign Currency Convertible Bonds	-	6,568.1	4,071.8	127.6	-
Foreign Currency Term Loan from Bank	-	547.6	984.9	993.7	844.8
Commercial Paper	750.0	500.0	250.0	-	-
Bank Overdraft	-	-	-	-	85.6
Total	1,781.9	9,711.1	6,255.5	1,478.9	3,535.8

Notes:

- a) During 2003-04, the Company raised 5-year 1-day, 1% Foreign Currency Convertible Bonds (FCCBs) aggregating USD 150 million (Rs. 6,568.1 million), including a greenshoe option of USD 15 million, with an option to the investors to convert the FCCBs into ordinary shares or global depository shares at Rs. 50.15 per share, at any time after 24th March, 2004 and prior to 28th January, 2009. The terms of the issue include redemption of the bonds at a premium of 11.545% at maturity, representing a yield-to-maturity of 3.15%. The bonds are redeemable at the option of the Company after 11th February, 2006, but prior to 12th February, 2009, if the closing price of the shares is greater than 125% of the conversion price for a continuous period of thirty consecutive trading days.
- b) FCCBs amounting to USD 1,000 (Rs 43,100/-) are yet to be converted to equity shares as at 31st March, 2007. Further, the Company has sent an early repayment notice for the balance outstanding FCCBs. As per the terms of issue, the FCCB holders have the right to opt for conversion of FCCBs into equity shares before the early prepayment date intimated by the Company. In case the bond holders opt for conversion, the Share Capital of the Company would increase by 903 Shares.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 4

Net Deferred Tax Asset:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Deferred Tax Assets:					
Provision for Doubtful Debts	-	0.3	-	-	-
Provision for Employee Benefits	0.1	-	2.8	39.9	1.6
Business Loss carried forward	21.3	21.3	19.9	98.6	-
Unabsorbed Depreciation	134.1	165.9	161.3	162.4	3.2
Others	-	-	0.2	5.8	-
Total - A	155.5	187.5	184.2	306.7	4.8
Deferred Tax Liability:					
Depreciation on Fixed Assets	78.3	99.5	106.9	107.2	0.4
Others	-	0.3	0.5	-	0.2
Total - B	78.3	99.8	107.4	107.2	0.6
Net (A-B)	77.2	87.7	76.8	199.5	4.2

Net Deferred Tax Liability:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Deferred Tax Liability:					
Depreciation on Fixed Assets	850.0	893.7	1,152.5	1,192.6	1,634.6
Deferred Revenue Expenditure	20.4	4.4	11.4	8.2	4.8
Total - A	870.4	898.1	1,163.9	1,200.8	1,639.4
Deferred Tax Assets:					
Provision for Doubtful Debts	51.7	63.0	26.9	34.1	41.4
Provision for Employee Benefits	70.4	36.8	10.4	48.5	75.2
Business Loss and Unabsorbed Depreciation	15.6	5.6	154.9	163.5	1.7
Provision for Loyalty Programmes	8.6	12.3	19.0	23.0	30.0
Others	5.4	10.0	7.0	12.9	20.9
Total - B	151.7	127.7	218.2	282.0	169.2
Net (A-B)	718.7	770.4	945.7	918.8	1,470.2

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Schedule 5

Current Liabilities & Provisions:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Current Liabilities:					
Sundry Creditors	1,221.5	1,156.4	1,374.5	1,996.6	2,800.9
Other Liabilities	592.6	524.6	668.4	763.2	1,060.9
Dividend Warrants Issued but not Encashed	18.6	20.0	19.5	13.8	24.1
Preference Share Redemption Pay Orders Issued but not Encashed	0.1	0.1	0.1	0.1	0.1
Sundry Deposits	76.2	42.9	113.5	65.0	84.6
Advance from Customers	42.0	157.1	176.5	369.0	491.6
Interest Accrued but not Due	186.6	131.7	72.9	76.4	127.3
Total (A)	2,137.6	2,032.8	2,425.4	3,284.1	4,589.5
Provisions:					
Employee Benefits	54.0	35.7	65.5	151.2	577.4
Contingencies (see note (a) below)	-	-	-	11.6	11.6
Taxation (Net)	99.6	132.2	287.1	499.0	131.2
Loyalty Programmes	23.5	34.4	52.0	68.1	88.2
Premium Payable on Redemption of Debentures / Bonds (see note (b) below)	489.3	1,247.5	959.3	504.0	-
Proposed Dividend	315.8	360.9	502.5	759.3	964.6
Tax on Dividend	40.5	46.2	70.5	106.5	164.0
Total (B)	1,022.7	1,856.9	1,936.9	2,099.7	1,937.0
Total (A+B)	3,160.3	3,889.7	4,362.3	5,383.8	6,526.5

Notes:

- a) The Company had reflected an amount of Rs. 41.5 million as a Contingent Liability on account of Entertainment Tax demand in respect of a property. The Company is in appeal at the High Court level against the said demand and had paid an amount of Rs. 30.3 million under dispute, as directed by the Honourable High Court to the relevant authorities. As a matter of prudence, during 2005-06 the Company had made a provision of the entire amount; the unpaid demand of Rs. 11.2 million is being reflected as Provision for Contingencies.
- b) During 2003-04, the premium payable on redemption of Foreign Currency Convertible Bonds amounting to Rs. 758.2 million was fully provided for, considering Accounting Standard 29 - "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, as against the past practice of providing premium on a *pro-rata* basis over the term of the debentures.

SCHEDULES TO THE STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

**Schedule 6
Investments:**

	<i>Rs in million</i>				
As at 31st March,	2003	2004	2005	2006	2007
In Associates	2,493.8	2,568.4	2,544.8	3,521.1	3,450.4
In Shares					
Quoted Shares (see notes (a & b) below)	7.3	7.5	2.1	2.1	52.6
Unquoted Shares	1,443.4	1,715.4	1,929.0	1,731.8	1,513.7
Others Investments	54.0	105.5	-	0.7	0.2
Current Investments	1.4	-	163.9	569.8	130.8
	3,999.9	4,396.8	4,639.8	5,825.5	5,147.7
Less : Provision for Diminution in Value of Investments	27.9	25.7	17.1	6.2	5.0
Total	3,972.0	4,371.1	4,622.7	5,819.3	5,142.7

Notes:

a) Investment in quoted shares include shares of the Holding Company held by United Hotels Ltd., a subsidiary, amounting to Rs. 73,950, which were acquired prior to it becoming a subsidiary.

b) With effect from 1st April, 2006, in terms of the Scheme of Amalgamation (Scheme) of the Company with Taj Lands End Limited, Asia Pacific Hotels Limited, Gateway Hotels & Getaway Resorts Limited (GHGR), Indian Resort Hotels Limited (IRHL) and Kuteeram Resort Private Limited, sanctioned by the honourable High Courts of judicature, Taj Investment and Finance Company Limited (TIFCO), a subsidiary of the Company was entitled to receive 3,222,314 shares in the Company as a consequence of its holding in GHGR and IRHL. In accordance with the provisions of the 'Scheme', these shares have been allotted to a trust for eventual sale, with TIFCO as the beneficiary. The allotment of shares was completed on 9th May, 2007. The cost to the subsidiary of its referred holdings amounting to Rs. 50.5 million are disclosed as quoted investments above.

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

Schedule 7

Contingent Liabilities:

Rs in million

As at 31st March,	2003	2004	2005	2006	2007
Income-Tax Matters:					
In respect of matters, which have been decided in the Group's favour by the Appellate Authorities, where the Income-tax department has preferred an appeal	538.8	582.7	628.9	665.2	639.0
Other matters for which the appeals are pending	368.2	289.6	335.6	294.0	302.9
	907.0	872.3	964.5	959.2	941.9
Other statutory dues disputed	186.0	264.3	379.3	272.0	303.2
Other Claims against the Group not acknowledged as debts	383.9	316.6	126.6	160.0	225.1
Guarantees given	361.5	78.1	814.3	812.0	1,707.5
Total	1,838.4	1,531.3	2,284.7	2,203.2	3,177.7

Annexure XIII
STATEMENT OF CASH FLOWS, AS RESTATED

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Cash Flow From Operating Activities					
Net Profit Before Tax as Restated	247.6	755.3	1,560.4	3,462.4	5,869.4
Adjustments For :					
Depreciation	880.2	878.3	1,117.3	1,273.5	1,606.6
Amortisation of VRS Expenditure	125.4	127.9	133.3	92.8	13.6
Loss/(Profit) on sale of investments	(4.0)	27.7	(191.2)	(0.8)	(326.7)
Loan Repayment Premium	-	-	210.2	-	-
Loss / (Surplus) on sale of assets	-	(47.1)	2.1	(19.8)	0.7
Surplus on sale of business/property	(128.2)	(275.4)	(63.8)	-	-
Provision for Doubtful Debts and diminution in value of Investments	29.4	38.2	9.7	20.2	22.7
Dividend Income	(78.3)	(80.5)	(58.0)	(69.0)	(292.6)
Interest (Net)	814.7	701.1	1,047.9	1,037.2	1,221.5
Exchange Loss	-	-	-	37.4	-
Provision for Loyalty Programmes	13.2	10.9	17.6	16.2	20.1
Share of profits in Associates	(113.2)	(71.0)	(260.1)	(394.5)	(543.9)
Provision for Employee Benefits	-	1.0	8.2	110.7	105.5
Expenditure incurred towards VRS	(17.4)	(52.1)	-	-	-
Cash Operating Profit before working capital changes	1,769.4	2,014.3	3,533.6	5,566.3	7,696.9
Adjustments For :					
Trade and Other Receivables	(6.4)	873.0	245.2	(448.3)	(503.4)
Inventories	(21.7)	(30.4)	(35.8)	(58.8)	(43.0)
Trade Payables	159.5	25.4	379.5	709.5	1,090.5
	131.4	868.0	588.9	202.4	544.1
Cash Generated from Operating activities	1,900.8	2,882.3	4,122.5	5,768.7	8,241.0
Direct Taxes Paid	(302.2)	(231.9)	(362.3)	(1,239.4)	(1,439.9)
Net Cash From Operating Activities	1,598.6	2,650.4	3,760.2	4,529.3	6,801.1
Cash Flow From Investing Activities					
Purchase of Fixed Assets	(1,669.8)	(2,063.6)	(1,845.6)	(2,679.9)	(10,835.9)
Sale of Fixed Assets	712.1	124.3	80.0	44.1	75.3
Sale proceeds of Hotel & Properties	1,046.2	312.9	-	-	-
Purchase of Investments	(575.6)	(547.3)	(153.4)	(434.6)	(1,457.8)
Sale of Investments	247.8	42.4	239.2	0.8	497.5
Interest Received	241.0	176.0	302.3	417.2	283.4
Dividend Received including dividends from Associates	78.3	80.5	58.0	161.2	502.0
Deposits Refunded by / (Placed with) Other Companies	(115.0)	-	135.2	377.2	(42.0)
Net Cash Used In Investing Activities	(35.0)	(1,874.8)	(1,184.3)	(2,114.0)	(10,977.5)

Year Ended 31st March,	2003	2004	2005	2006	2007
Cash Flow From Financing Activities					
Debenture issue / Loan arrangement costs	(68.1)	(171.1)	(45.0)	-	(59.6)
Interest Paid	(1,066.2)	(1,025.0)	(1,462.0)	(1,463.8)	(1,492.9)
Loan Repayment Premium	-	-	(210.2)	-	-
Repayment of long term Loans and Debentures	(1,581.0)	(1,081.6)	5,875.4	(604.6)	(4,755.0)

Year Ended 31st March,	2003	2004	2005	2006	2007
Proceeds of long term Loans and Debentures	844.7	7,559.9	(6,827.9)	798.9	8,206.8
Short Term Loan Raised/(Repaid)	(112.2)	471.4	(1,385.6)	(779.9)	782.9
Long Term Trade Deposits Raised/(Repaid)	201.7	(30.0)	-	-	(212.2)
Dividend Paid (including tax on dividend)	(452.3)	(356.3)	(407.1)	(676.7)	(1,084.1)
Net Cash Used In Financing Activities	(2,233.4)	5,367.3	(4,462.4)	(2,726.1)	1,385.9
Net Increase / (Decrease) In Cash and Cash Equivalents	(669.8)	6,142.9	(1,886.5)	(310.8)	(2,790.5)
Cash and Cash Equivalents Opening 1st April (See Note below)	1,101.3	431.5	6,574.4	4,794.0	4,350.2
Cash and Cash Equivalents acquired on Amalgamation	-	-	106.1	8.0	295.6
Impact of Exchange Fluctuations on Cash and Cash Equivalents	-	-	-	(141.0)	(185.2)
Cash and Cash Equivalents Closing 31st March (See Note below)	431.5	6,574.4	4,794.0	4,350.2	1,670.1
Note :					
Details of Cash and Cash Equivalents					
Cash and Bank Balances	653.3	6,614.0	4,718.4	3,898.5	1,771.5
Add : Investment in Liquid Mutual Funds	1.4	-	163.9	569.8	130.8
Less : Bank Overdraft	223.2	39.6	88.3	118.1	232.2
Cash and Cash Equivalents Closing 31st March	431.5	6,574.4	4,794.0	4,350.2	1,670.1

Notes on Statement of Consolidated Profits, as restated and Statement of Consolidated Assets and Liabilities, as restated as at and for the five years ended 31st March 2003, 2004, 2005, 2006 and 2007
Annexure XIV

1) Basis of Consolidation

- a) The Consolidated Financial Statements relate to The Indian Hotels Company Ltd. ('the Company') its Subsidiary Companies, Jointly Controlled Entities and Associates. The Company, its subsidiaries and Jointly Controlled Entities constitute 'the Group'. The Consolidated Financial Statements have been prepared on the following basis:
- The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India, (ICAI).
 - In case of foreign subsidiaries and foreign jointly controlled entities, revenue items are consolidated at the average exchange rate prevailing during the year. The opening balance in Profit and Loss Account and the opening balance in Reserves and Surplus have been converted at the rates prevailing as at the respective Balance Sheet dates. All assets and liabilities as at the year end are converted at the rates prevailing as at the end of the year. Any exchange difference arising on consolidation is recognised as Foreign Currency Translation Reserve on Consolidation.
 - Interests in Jointly Controlled Entities have been accounted for by using the proportionate consolidation method, as per Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' issued by the ICAI.
 - Investments in Associate Companies have been accounted for under the equity method, as per Accounting Standard 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the ICAI.
 - The financial statements of the Subsidiaries, Jointly Controlled Entities and Associates used in the consolidation are drawn upto the same reporting date as that of the Company.
 - The excess of cost to the Company of its investment in the Subsidiaries and Jointly Controlled Entities over the Company's share of their equity, as at the date of making the investment, is recognised in the financial statements as Goodwill.
 - The excess of the Company's portion of equity of the Subsidiaries and Jointly Controlled Entities over the cost of acquisition of the respective investments, as at the date of making the investment, is treated as Capital Reserve.
 - Goodwill/Capital Reserve arising on investments in Associate Companies is retained/adjusted under the head "Investments in Associate Companies".
 - Goodwill arising on consolidation is not amortised.
 - Minority interest in the net assets of the Subsidiaries consists of :
 - (i) the amount of equity attributable to the minorities at the dates on which investment in the subsidiary is made and
 - (ii) the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

- b) The list of Subsidiaries, Jointly Controlled Entities and Associates, which are included in the consolidation with their respective country of incorporation and the Group's holdings therein in each of the financial years are given below: -

Name of the Company	Country of Incorporation	Holding %				
		2002/03	2003/04	2004/05	2005/06	2006/07
Subsidiary Companies – Domestic						
Taj Investment & Finance Co. Ltd.	India	100.00	100.00	100.00	100.00	100.00
KTC Hotels Ltd.	India	100.00	100.00	100.00	100.00	100.00
United Hotels Ltd.	India	55.00	55.00	55.00	55.00	55.00
Roots Corporation Ltd.	India	-	100.00	100.00	100.00	100.00
Taj SATS Air Catering Ltd.	India	51.00	51.00	51.00	51.00	51.00
Innovative Foods Ltd. (Note i)	India	-	-	-	-	67.94
Residency Foods & Beverages Ltd. (Note ii)	India	-	-	-	-	98.68
Asia Pacific Hotels Ltd. (Note ii)	India	100.00	100.00	100.00	100.00	-
Taj Lands End Ltd. (Note ii & iii)	India	-	-	19.90	19.90	-
Taj Holdings Ltd. (Note iv)	India	100.00	-	-	-	-
Taj Investment and Finance Company Ltd. (Note iv)	India	100.00	-	-	-	-
Subsidiary Companies - International						
Taj International Hotels (H.K.) Ltd.	Hong King	100.00	100.00	100.00	100.00	100.00
Chieftain Corporation NV	Netherlands Antilles	100.00	100.00	100.00	100.00	100.00
IHOCO BV	Netherlands	100.00	100.00	100.00	100.00	100.00
St. James Court Hotels Ltd.	United Kingdom	54.01	54.01	54.01	54.01	54.01
SJCHL Ltd. (Note v)	United Kingdom	100.00	100.00	100.00	100.00	100.00
Taj International Hotels Ltd.	United Kingdom	100.00	100.00	100.00	100.00	100.00
International Hotel Management Services Inc. and its Limited Liability Companies	United States of America	100.00	100.00	100.00	100.00	100.00
Samsara Properties Ltd.	British Virgin Islands	-	-	-	100.00	100.00
IHMS Australia Pty. Ltd.	Australia	-	-	-	100.00	100.00
IHMS (Restaurants) Pty. Ltd.	Australia	-	-	-	-	100.00
Apex Hotel Management Services (Pte) Ltd.	Singapore	-	-	-	-	100.00
Jointly Controlled Entities - Domestic						
Taj Madras Flight Kitchen Pvt. Ltd.	India	50.00	50.00	50.00	50.00	50.00
Taj Karnataka Hotels & Resorts Ltd.	India	40.00	40.00	40.00	40.00	40.00
Taj Kerala Hotels & Resorts Ltd.	India	30.88	28.30	28.30	28.30	28.30
Taj GVK Hotels & Resorts Ltd.	India	25.52	25.52	25.52	25.52	25.52
Taj Wilderness Lodges Ltd.	India	-	-	33.33	33.33	33.33
Jointly Controlled Entities – International						
Taj Asia Ltd.	Hong Kong	26.66	26.66	26.66	26.66	26.66
Taj International Hotels (South Africa) Pty. Ltd.	South Africa	-	-	-	-	50.00
Associate Companies – Domestic						
Ideal Ice & Cold Storage Co. Ltd.	India	22.49	22.49	22.49	22.49	34.99

Name of the Company	Country of Incorporation	Holding %				
		2002/03	2003/04	2004/05	2005/06	2006/07
Benares Hotels Ltd.	India	49.53	49.53	49.53	49.53	49.53
Taj Air Ltd.	India	45.39	45.39	45.39	45.39	45.64
Piem Hotels Ltd.	India	45.07	46.20	46.20	46.20	46.20
Taj Trade & Transport Ltd.	India	40.38	44.60	44.60	46.62	46.62
Taj Enterprises Ltd.	India	42.60	42.60	42.60	44.60	44.60
Taida Trading & Industries Ltd.	India	34.86	34.86	34.86	34.86	41.50
Inditravel Pvt. Ltd. (formerly known as Taj Services Ltd.)	India	33.75	33.75	33.75	33.75	47.08
Oriental Hotels Ltd.	India	33.73	33.73	33.73	33.80	33.80
Taj Madurai Ltd.	India	26.00	26.00	26.00	26.00	26.00
Speech & Software Technologies Pvt. Ltd.	India	49.80	49.80	49.80	49.80	-
Gateway Hotels & Getaway Resorts Ltd. (Note ii)	India	45.24	45.24	45.24	45.24	-
Indian Resort Hotels Ltd. (Note ii)	India	18.80	18.80	18.80	18.80	-
Kuteeram Resorts Pvt. Ltd. (Note ii)	India	25.00	25.00	25.00	25.00	-
Fonda Investments Pvt. Ltd. (Note vi)	India	40.99	40.99	40.99	-	-
Taj Lands End Ltd. (Note iii)	India	19.90	19.90	-	-	-
Residency Foods & Beverages Ltd. (Note ii)	India	50.00	50.00	50.00	50.00	-
Carnival Traders Pvt. Ltd. (Note vi)	India	27.00	27.00	27.00	-	-
Associate Companies – International						
Taj Lanka Resorts Ltd.	Sri Lanka	-	-	-	24.16	24.16
Taj Lanka Hotels Ltd.	Sri Lanka	24.62	24.62	24.62	24.62	24.62
Asian Resort and Restaurant Associates Ltd. (Note vii)	Hong Kong	49.00	49.00	49.00	-	-
Hotel DeL' Annapurna Pvt. Ltd. (Note viii)	Nepal	33.00	33.00	33.00	-	-

Notes referred to in table above:

- i. Residency Foods & Beverage Ltd., an erstwhile associate, became a subsidiary of the Company, during 2006/07. Further, Innovative Foods Ltd. also became an indirect subsidiary of the Company during 2006/07.
- ii. During 2006/07, Asia Pacific Hotels Ltd. & Taj Lands End Ltd., (wholly-owned subsidiaries) & Indian Resort Hotels Ltd., Gateway Hotels & Getaway Resorts Ltd., & Kuteeram Resorts Pvt. Ltd. (associate companies), were amalgamated with the Company from 1st April, 2006 in terms of the Scheme of Amalgamation sanctioned by the Honourable High Courts of Judicature.
- iii. During 2002/03, 2003/04, Taj Lands End Ltd. was consolidated as an associate and for the financial years 2004/05 and 2005/06, the company was consolidated as a subsidiary, as the balance shares came to be held by a trust with whom the Company had an arrangement for buying the shares any time prior to October 2007 at an agreed rate of return. During the financial year 2006/07, the Company acquired the balance shareholding of 80.10% making it a wholly-owned subsidiary which then was amalgamated into the Company.
- iv. Taj Holdings Ltd. and Taj Trade and Investment Ltd. were amalgamated into Taj Investment & Finance Co. Ltd. with effect from 15th January, 2003 vide order of the Honourable High Court of Bombay dated 18th July, 2003.
- v. SJCHL Ltd. is under liquidation with effect from 2006/07. Hence, no accounts were prepared for the year ended 31st March, 2007. Further, there being no transactions during the year, the accounts

- for the year ended 31st March, 2006 were considered for the purpose of preparation of the financials for the year ended 31st March, 2007.
- vi. Fonda Investments Pvt. Ltd. and Carnival Traders Pvt. Ltd. were amalgamated with Taj Investment and Finance Co. Ltd. during 2005/06.
 - vii. Asian Resort & Restaurant Associates Ltd. underwent liquidation during 2005/06.
 - viii. Hotel De'L Annapurna Pvt. Ltd., in which the Company held 33% of the paid-up capital during 2005/06, was not considered for the purpose of consolidation as the Company ceased to hold significant influence consequent upon the termination of the Operating Agreement in 2004/05. The Company sold its entire stake during 2006/07.
- c) In case of Samsara Properties Ltd. and IHMS Australia Ltd., both of which were acquired on 1st February, 2006 followed the calendar year as their accounting year. The subsidiaries had applied to the relevant Regulatory Authorities for extension of their financial year from 1st January, 2006 to 31st March, 2007. The results for the period from 1st February, 2006 to 31st March, 2006 for the said subsidiaries have been incorporated based on the management accounts.
- d) In the case of Taj Asia Ltd., a jointly controlled entity incorporated in Hong Kong and having its own subsidiaries, the financial statements for the four years ended 31st March 2003, 2004, 2005 and 2006 have been consolidated on the basis of its standalone financial statements since, Taj Asia Ltd., has not prepared consolidated financial statements.

2) The Group has given the following undertakings as at 31st March, 2007:

- i. An undertaking to the bankers of Taj Lanka Resorts Limited (TLRL) by Taj International Hotels (HK) Ltd. (TIHK) for non-disposal of its shares in TLRL in consideration of the banks providing loan facilities to TLRL. TIHK holds 24.16% of the ordinary shares of TLRL as at 31st March, 2007.
- ii. TIHK has agreed to subordinate 50% of its basic management fees and 100% of its incentive fees due to TLRL in lieu of a bank having extended loan facilities to TLRL. No amount of fee has remained unpaid on account of this subordination as at 31st March, 2007.
- iii. The Group has entered into a Share Retention Agreement with International Finance Corporation, Washington, USA (IFC) in November 2003, in consideration of IFC having provided loan facilities to a subsidiary of a jointly controlled entity, Taj Maldives Private Limited (TMPL). The Group, of which TIHK is a member, has also agreed to maintain at least a 26% aggregate effective shareholding in TMPL and to retain effective control of TMPL, so long as any amount remains outstanding under the loan agreement between TMPL and IFC.
- iv. The Group has given an undertaking to a lender of Taj Air Limited (TAL) not to transfer, assign, dispose of or encumber its holding in the shares of TAL without the lender's prior approval, except for changes in the shareholding of TAL between specified entities.

3) Finance and Operating Leases:

- (a) IHMS formed IHMS LLC (Hotel LLC) under the laws of the State of Delaware, U.S.A in order to acquire the lease with 795 Fifth Avenue Corporation, its affiliates 795 Fifth Avenue Limited Partnership, Barneys New York and individual apartment owners, which encompass the facilities of the Hotel Pierre.

The Hotel LLC has entered into lease agreements for the use of various facilities at the Hotel Pierre for the purpose of operating a hotel business. Under the terms of the various Agreements, the Hotel LLC is required to:

- (i) provide an irrevocable unconditional letter of credit in the amount of \$ 5,000,000, as to be renewed annually until expiration of the lease.
- (ii) spend not less than \$35,000,000 on renovation of the property by June 30, 2007. The IHMS LLC is in the process of negotiating a new completion date and higher budgeted renovation expenditure. As on March 31, 2007, the IHMS LLC has expended approximately US \$ 65,00,000. Future fixed and minimum rentals, exclusive of formula or percentage rentals for the year ending March 31, are approximately as under :-

(iii)

Year	Rs. Million
2008	84.8
2009	84.8
2010	84.8
2011	84.8
2012	84.8
Thereafter	275.7

- (iv) Lease on cooperative apartments and ballroom

The IHMS LLC assumed a lease agreement with Barney's New York, currently scheduled to expire in June 2013, for the use of Hotel Pierre's ballroom, and with some other individuals for the use of their cooperative apartments as hotel rooms and suites. Such leases require the IHMS LLC to pay minimum rent which increase annually by the change in the Consumer Price Index and to reimburse the owners for their actual cooperative maintenance charges. Future fixed minimum rentals, exclusive of formula or percentage rentals for the years ending March 31, are approximately as follows:

Year	Rs. million
2008	38.3
2009	35.3
2010	35.3
2011	35.3
2012	35.3
Thereafter	58.0

- (b) IHMS formed IHMS Boston LLC under the laws of the State of Delaware, U.S.A in order to acquire on an outright basis the erstwhile Ritz Carlton Hotel in Boston. The acquisition was completed in January 2007 at a cost of US \$ 170 million, equivalent to Rs. 7,320 million.
- (c) IHMS New York LLC and IHMS Boston LLC, as lessors under various operating leases, will receive base rents over the next five years and, in the aggregate, over the remaining terms of the leases as follows :-

March 31	Boston LLC Rs. Million	New York LLC Rs. Million	Total Rs. Million
2008	20.8	10.4	31.2
2009	18.7	8.3	27.0
2010	18.7	7.7	26.4
2011	18.7	5.5	24.2
2012	18.7	0.7	19.4
Thereafter	96.9	-	96.9

- (d) The Group has taken on finance lease, assets having an aggregate value of Rs. 126.7 million, against which the future obligations aggregate to Rs. 3.8 million. Lease rentals paid during the year were - Rs. 0.2 million.

Particulars	2006/07 Rs. Million
Minimum lease rentals payable as on Balance Sheet date	3.8
Present value of Minimum lease rentals payable at discounted rate implicit in lease agreement	3.5

Particulars	Minimum lease payment	Present value of minimum lease payment at discounted rate implicit in lease agreement
	2006/07 Rs. Million	2006/07 Rs. Million
Not later than one year	0.4	0.4
Later than one year but not later than five years	1.4	1.3
Later than five years	2.0	1.8
TOTAL	3.8	3.5

- (e) The Group has taken on operating lease certain assets, the minimum future lease rentals payable on which are as follows:

Particulars	2006/07 Rs. Million
Not later than one year	46.9
Later than one year but not later than five years	62.1
Later than five years	71.1

Significant Accounting Policies annexed to the Statement of Consolidated Profits, as restated and Statement of Consolidated Assets and Liabilities, as restated of the Company, its subsidiaries, jointly controlled entities and associates as at and for the five years ended 31st March 2003, 2004, 2005, 2006 and 2007

Annexure XV

The financial statements are prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards (AS) issued by the ICAI, referred to in Section 211 (3C) of the Companies Act, 1956. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the Accounts are as under:

(a) Sales:

Sales comprise Sale of Rooms, Food and Beverages, allied services relating to hotel operations, including net income from telecommunication services and management and operating fees. Revenue is recognised upon rendering of the service.

(b) Employee Benefits:

i. Defined Contribution Schemes

Employee benefits arising out of contribution to recognised Provident Fund, Superannuation, Social Security etc. paid/payable during the year is recognised in the Profit and Loss Account.

ii. Gratuity

Employee benefits arising out of Gratuity are accounted on the basis of an independent actuarial valuation based on projected unit credit method as at the Balance Sheet date.

iii. Post Retirement Benefits

The net present value of the Company's obligation towards post retirement pension scheme for whole time directors, wherever applicable, is actuarially determined based on the projected unit credit method as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

iv. Compensated Absences

Liability on account of short-term compensated absences is recognised on an undiscounted basis and on long-term compensated absences, on actuarial basis as at the Balance Sheet date.

v. Leave Encashment

Upto 31st March, 2006, provision for leave encashable was made on the basis of an actuarial valuation as at the year end.

vi. Other Employee Benefits

With effect from 1st April, 2006 other benefits, comprising of Long Service Awards, are determined on an undiscounted basis and recognised based on the likely entitlement thereof.

(c) Fixed Assets:

Fixed assets are stated at cost less depreciation/amortisation and impairment losses, if any. Cost includes expenses incidental to the installation of assets and attributable borrowing costs and exchange differences.

(d) Depreciation/Amortisation:

Indian Subsidiaries & Jointly Controlled Entities

In respect of assets acquired before 16th December, 1993, depreciation is provided under the straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as existing on that date.

In respect of assets acquired on or after 16th December, 1993, depreciation is provided at the rates as specified in Schedule XIV to the Companies Act, 1956, as revised with effect from that date. In respect of Leasehold Land, depreciation is provided for from the date the land is put to use for commercial operations over the balance period of the lease.

In respect of one subsidiary, depreciation is provided under the written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, amounts in respect of which are not material.

In respect of additions/deletions to fixed assets pursuant to capitalisation of exchange differences arising on account of repayment / restatement of foreign currency borrowings / swaps, depreciation thereon is adjusted prospectively over the residual life of the assets.

Depreciation on assets purchased and provided to Company executives under the Company's White Goods scheme is charged at 25% under the straight-line method.

Intangible assets are amortised on a straight-line basis at the rates specified below:

Website Development Cost	20.00%
Cost of Customer Reservation System (including licensed software)	16.67%
Service & Operating Rights	10.00%
Management Contract Acquisition Costs (Joint Venture)	33.33%
Non-Compete Fees	14.29%

International Subsidiary Companies

Assets are depreciated based on the estimated useful life determined by the Management of the respective Subsidiaries, the rates of depreciation whereof are equal to or higher than the rates prescribed in Schedule XIV to the Companies Act, 1956.

The following intangible asset is amortised over the term of the contract:

Management Contract Acquisition Costs	5.0%
---------------------------------------	------

(e) Transactions in Foreign Exchange:

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

In respect of integral foreign operations:

- i) Monetary items outstanding as at the Balance Sheet date are translated at the exchange rate prevailing as at the Balance Sheet date and the resultant difference is recognised as income or expense.

- ii) Exchange differences arising on repayment/revaluation and on currency swaps in respect of underlying rupee borrowings transacted on or after 1st April, 2004 and utilised for acquisition of fixed assets, are recognised as income or expense in the period in which they arise. Exchange differences on such borrowings/currency swaps transacted prior to 1st April, 2004, are adjusted to the carrying cost of the relevant fixed assets.
- iii) Non-monetary items outstanding as at the Balance Sheet date are reported using the exchange rate prevailing on the date of the transactions.

(f) Impairment of Assets:

Impairment is ascertained at each Balance Sheet date in respect of the Group's fixed assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(g) Assets taken on lease:

- i) In respect of finance lease transactions, prior to 1st April, 2001, lease rents paid are charged to the profits and loss account in accordance with the terms of the lease agreements.
- ii) In respect of finance lease arrangements entered into on or after 1st April, 2001, the assets taken on lease are capitalised and depreciated. Finance charges are debited to the Profit and Loss Account of the year in which they are incurred.
- iii) Operating Lease payments are recognised as expenditure in the Profit and Loss Account on a straight-line basis, representative of the time pattern of benefits received from the use of the assets taken on lease.

(h) Inventories:

Stock of food and beverages and operating supplies are carried at cost (computed on weighted average basis) or Net Realisable Value, whichever is lower.

(i) Investments:

- i) Long-term investments are carried at cost. However, provision is made for diminution in value, other than temporary, on an individual basis.
- ii) Current investments are carried at the lower of cost and fair value, determined on a category-wise basis.

(j) Miscellaneous Expenditure:

Payments made under the Voluntary Retirement Scheme (VRS), including additional liabilities towards leave encashment and gratuity arising pursuant to the VRS, are amortised over a period of 60 months commencing from the month in which the Scheme is implemented.

(k) Taxes on income:

- i. Income tax is computed in accordance with Accounting Standard 22 - Accounting for Taxes on Income (AS-22), issued by the ICAI. Tax expenses are accounted in the same period to which the revenue and expenses relate.

- ii. 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 and prevailing tax laws. The differences between the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effects of timing differences are recognised as deferred tax assets or liabilities. The tax effect is calculated on accumulated timing differences at the end of the accounting year, based on effective tax rates substantively enacted by the Balance Sheet date that would apply in the years in which such timing differences are expected to reverse.
- iii. Deferred tax assets arising out of unabsorbed depreciation or carried forward losses are recognised only if there is virtual certainty supported by convincing evidence that they will be realised in the future and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date. Other deferred tax assets are recognised on the basis of their reasonable certainty.

(l) Accounting for Provisions, Contingent Liabilities and Contingent Assets:

With effect from 1st April, 2004, provisions are recognised in terms of Accounting Standard 29 – Provisions, Contingent Liabilities and Contingent Assets (AS-29), issued by the ICAI, when there is a present legal obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a probable outflow of resources are provided for. Contingent Assets are not recognised in the financial statements.

(m) Exports Benefits Entitlement:

Export Benefits in the nature of Duty Credit Scrips are recognised in the Profit and Loss Account upon the actual utilisation of Duty Credit Scrips.

(n) Borrowing Costs:

Interest and other borrowing costs on specific borrowings attributable to qualifying assets are capitalised. Other borrowing costs are charged to revenue over the tenure of the loan.

Annexure XVI
STATEMENT OF ACCOUNTING RATIOS

Rs in million

Year Ended 31st March,	2003	2004	2005	2006	2007
Earning Per Shares (EPS)					
Profit after tax	108.2	571.2	1,174.7	2,385.0	3,703.2
Number of Equity Shares (Refer notes below)	451,146,950	451,146,950	502,548,020	584,048,590	602,850,590
EPS (Rs.)	0.2	1.3	2.3	4.1	6.1
Return on Net Worth					
Profit after tax	108.2	571.2	1,174.7	2,385.0	3,703.2
Net Worth	10,378.5	9,849.7	13,150.2	19,190.7	20,838.8
Return on Net Worth (%)	1.0	5.8	8.9	12.4	17.8
Net Asset Value per Equity Share					
Net Worth	10,378.5	9,849.7	13,150.2	19,190.7	20,838.8
Number of Equity Shares	451,146,950	451,146,950	502,548,020	584,048,590	602,850,590
Net Asset Value per Equity Share (Rs.)	23.0	21.8	26.2	32.9	34.6

Notes:

- Equity shares of the Company having face value of Rs. 10 each were subdivided into 10 equity shares of Re. 1 each vide resolution passed by the members on 21st September, 2006. The EPS for all previous years disclosed have been recast to make them comparable in compliance with the requirements of the Accounting Standard 20 on 'Earnings per Share' issued by the ICAI.
- Number of Equity Shares as at 31st March, 2007 includes Share Capital Pending Allotment representing 16,219,670 Ordinary Shares of the face value of Re. 1/- each issued on 9th May, 2007 as fully paid, pursuant to the amalgamation of Gateway Hotels & Getaway Resorts Limited and Indian Resort Hotels Limited.

Annexure XVII
CAPITALISATION STATEMENT

Rs in million

	Pre-Issue as at March 31, 2007	Adjusted for Issue
Borrowings:		
Short Term Debt	1,418.2	-
Long Term Debt	19,133.2	-
Total	20,551.4	-
Shareholder's Funds:		
Capital (See Note below)	602.9	-
Reserves & Surplus	20,363.3	-
Less : Miscellaneous Expenditure (to the extent not written off or adjusted)	(127.4)	-
Total	20,838.8	-
Debt / Equity Ratio	0.99 : 1	-

Notes:

- a. The above has been computed on the basis of the Restated Summary Statements.
- b. Post issue figures will be computed upon subscription to the proposed Rights Issue.
- c. Subsequent to 31st March, 2007, the Company has issued 9.86% Secured Non-Convertible Debentures amounting to Rs. 3,000 million for 3 years to replace the existing 11.75% Secured Non-Convertible Debentures Rs. 3,307.4 million included in Long Term Debt above.

Annexure XVIII
Statement of Consolidated Segment, as restated

BUSINESS SEGMENT

Rs in million

Particulars	Year	Hoteliering	Air Catering	Others	Total
Segment Revenue	2003	8,261.6	1,246.7	34.1	9,542.4
	2004	9,704.2	779.5	29.5	10,513.2
	2005	11,836.5	1,642.0	34.5	13,513.0
	2006	16,760.1	1,912.3	5.1	18,677.5
	2007	22,566.6	2,653.9	171.5	25,392.0
Dividend	2003				78.3
	2004				80.5
	2005				58.0
	2006				69.0
	2007				292.6
Surplus/(Loss) on sale of Investments	2003				4.0
	2004				(27.7)
	2005				191.2
	2006				0.8
	2007				326.7
Share of Profit in Associates	2003				113.2
	2004				71.0
	2005				260.1
	2006				394.5
	2007				543.9
Total Revenue	2003				9,737.9
	2004				10,637.0
	2005				14,022.3
	2006				19,141.8
	2007				26,555.2
Segment Results	2003	497.4	218.8	22.5	738.6
	2004	837.8	189.3	30.1	1,057.2
	2005	1,819.5	395.0	30.9	2,245.4
	2006	3,571.9	544.2	(3.0)	4,113.1
	2007	5,349.2	612.8	(34.3)	5,927.7

Particulars	Year	Hoteliering	Air Catering	Others	Total
Less : Interest (Net)	2003				814.7
	2004				701.1
	2005				1,047.9
	2006				1,037.2
	2007				1,221.5
Exceptional Income/(Expenses)	2003				128.2
	2004				275.4
	2005				(146.4)
	2006				-
	2007				-
Profit Before Tax	2003				247.6
	2004				755.3
	2005				1,560.4
	2006				3,462.4
	2007				5,869.4
Provision for Tax	2003				186.9
	2004				270.9
	2005				582.1
	2006				1,052.3
	2007				1,965.1
Profit after Tax	2003				108.2
	2004				571.2
	2005				1,174.7
	2006				2,385.0
	2007				3,703.2
Segment Assets	2003	21,992.0	2,256.8	113.1	24,361.9
	2004	28,824.7	1,451.1	58.7	30,334.5
	2005	30,975.0	2,539.8	20.5	33,535.3
	2006	30,940.5	2,811.1	138.1	33,889.7
	2007	41,009.4	2,589.9	410.7	44,010.0
Unallocated Assets	2003				7,264.4

Particulars	Year	Hoteliering	Air Catering	Others	Total
	2004				7,430.4
	2005				7,694.5
	2006				9,476.2
	2007				8,415.5
Total Assets	2003				31,626.3
	2004				37,764.9
	2005				41,229.8
	2006				43,365.9
	2007				52,425.5
Segment Liabilities	2003	3,222.9	307.0	59.5	3,589.4
	2004	4,066.2	186.0	36.6	4,288.8
	2005	4,344.8	486.9	2.6	4,834.3
	2006	4,941.2	751.9	24.5	5,717.6
	2007	6,182.0	432.9	64.4	6,679.3
Unallocated Liabilities	2003				14,885.6
	2004				21,557.3
	2005				20,671.0
	2006				15,953.9
	2007				22,021.6
Total Liabilities	2003				18,475.0
	2004				25,846.1
	2005				25,505.3
	2006				21,671.5
	2007				28,700.9
Depreciation	2003	775.0	105.2	-	880.2
	2004	816.8	61.5	-	878.3
	2005	1,007.5	109.8	-	1,117.3
	2006	1,175.3	98.0	0.2	1,273.5
	2007	1,470.2	123.3	13.1	1,606.6
Non-Cash Expenses other than Depreciation	2003				78.3
	2004				64.1

Particulars	Year	Hoteliering	Air Catering	Others	Total
	2005				57.0
	2006				158.6
	2007				182.6
Capital Expenditure	2003	1,128.7	60.0	-	1,188.7
	2004	1,189.7	29.9	-	1,219.6
	2005	3,471.6	224.3	-	3,695.9
	2006	2,652.6	158.0	13.0	2,823.6
	2007	9,936.6	213.7	226.7	10,377.0

Annexure XX
GEOGRAPHICAL SEGMENT

Rs in million

Particulars	Year	Domestic	Foreign	Total
Segment Revenue	2003	7,800.8	1,741.6	9,542.4
	2004	8,545.8	1,967.4	10,513.2
	2005	11,357.9	2,155.1	13,513.0
	2006	16,488.5	2,189.0	18,677.5
	2007	18,987.2	6,404.8	25,392.0
Dividend	2003			78.3
	2004			80.5
	2005			58.0
	2006			69.0
	2007			292.6
Surplus/(Loss) on sale of Investments (net)	2003			4.0
	2004			(27.7)
	2005			191.2
	2006			0.8
	2007			326.7
Share of Profit in Associates	2003			113.2
	2004			71.0
	2005			260.1
	2006			394.5
	2007			543.9
Total Revenue	2003			9,737.9
	2004			10,637.0
	2005			14,022.3
	2006			19,141.8
	2007			26,555.2
Segment Results	2003	654.4	84.2	738.6
	2004	889.4	167.8	1,057.2
	2005	2,077.5	169.4	2,246.9
	2006	3,895.0	218.1	4,113.1
	2007	5,814.3	113.4	5,927.7
Interest (Net)	2003			814.7
	2004			701.1
	2005			1,047.9
	2006			1,037.2
	2007			1,221.5
Extra-Ordinary Income	2003			128.2
	2004			275.4
	2005			(146.4)
	2006			-
	2007			-

Particulars	Year	Domestic	Foreign	Total
Profit Before Tax	2003			247.6
	2004			755.3
	2005			1,560.4
	2006			3,462.4
	2007			5,869.4
Provision for Tax	2003			186.9
	2004			270.9
	2005			582.1
	2006			1,052.3
	2007			1,965.1
Profit after Tax	2003			108.2
	2004			571.2
	2005			1,174.7
	2006			2,385.0
	2007			3,703.2
Segment Assets	2003	15,740.8	8,621.1	24,361.9
	2004	21,482.3	8,852.2	30,334.5
	2005	21,095.5	12,439.8	33,535.3
	2006	19,901.0	13,988.7	33,889.7
	2007	23,015.0	20,995.0	44,010.0
Unallocated Assets	2003			7,264.4
	2004			7,430.4
	2005			7,694.5
	2006			9,476.2
	2007			8,415.5
Total Assets	2003			31,626.3
	2004			37,764.9
	2005			41,229.8
	2006			43,365.9
	2007			52,425.5
Segment Liabilities	2003	3,018.6	570.8	3,589.4
	2004	4,248.5	40.3	4,288.8
	2005	4,495.1	339.2	4,834.3
	2006	3,534.6	2,183.0	5,717.6
	2007	5,278.5	1,400.8	6,679.3
Unallocated Liabilities	2003			14,885.6
	2004			21,557.3
	2005			20,671.0
	2006			15,953.9
	2007			22,021.6
Total Liabilities	2003			18,475.0
	2004			25,846.1
	2005			25,505.3

Particulars	Year	Domestic	Foreign	Total
	2006			21,671.5
	2007			28,700.9
Depreciation	2003	647.2	233.0	880.2
	2004	636.0	242.3	878.3
	2005	879.7	237.6	1,117.3
	2006	1,027.3	246.2	1,273.5
	2007	1,114.9	491.7	1,606.6
Non-Cash Expenses other than Depreciation	2003			78.3
	2004			64.1
	2005			57.0
	2006			158.6
	2007			182.6
Capital Expenditure	2003	1,120.5	68.2	1,188.7
	2004	1,199.2	20.4	1,219.6
	2005	3,666.2	29.7	3,695.9
	2006	1,405.0	1,418.6	2,823.6
	2007	2,558.8	7,818.2	10,377.0

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Company's Equity Shares are listed on the BSE and NSE. As the Company's shares are actively traded on the BSE and NSE, stock market data has been given separately for each of these Stock Exchanges. Whilst reviewing the information below, it should be noted that the equity shares of the Company were split with effect from November 3, 2006 to face value of Re. 1 from face value Rs. 10 each pursuant to shareholder approval dated September 21, 2006. The trading in equity shares after the split commenced from November 3, 2006

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

BSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	693.90	March 14, 2005	20,404	322.00	May 17, 2004	8,398	454.98
2006	1,376.80	March 7, 2006	239,063	600.10	April 15, 2005	5,974	859.58
2007*	1,584.00	May 10, 2006	166,037	121.65	March 5, 2007	480,239	791.55

*The Equity Shares of the Company were sub-divided into face value of Re. 1 each from November 3, 2006
Source: www.bseindia.com

NSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	696.00	March 14, 2005	70,580	321.25	June 25, 2004	13,431	454.81
2006	1,402.00	March 2, 2006	201,177	605.05	July 7, 2005	181,618	859.84
2007*	1,583.00	May 10, 2006	623,485	121.55	March 5, 2007	1,502,456	791.31

* The Equity Shares of the Company were sub-divided into face value of Re. 1 each from November 3, 2006
Source: www.nseindia.com

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
March, 2007	147.70	March 28, 2007	1,45,026	121.65	March 5, 2007	4,80,239	137.21
April,	153.70	April 16,	4,04,217	137.80	April 2,	7,02,669	145.57

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2007		2007			2007		
May, 2007	150.20	May 30, 2007	4,42,214	133.50	May 11, 2007	11,28,761	142.62
June, 2007	154.55	June 26, 2007	9,45,713	135.55	June 7, 2007	1,01,004	145.93
July, 2007	153.70	July 3, 2007	4,82,160	136.60	July 27, 2007	1,71,903	144.83
August, 2007	144.00	August 13, 2007	9,79,215	115.05	August 22, 2007	27,71,999	130.38

Source: www.bseindia.com

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
March, 2007	148.00	March 30, 2007	13,38,504	121.55	March 5, 2007	15,02,456	137.47
April, 2007	152.75	April 16, 2007	19,40,075	138.00	April 2, 2007	28,56,009	145.22
May, 2007	149.95	May 30, 2007	15,44,685	133.05	May 11, 2007	5,77,080	142.57
June, 2007	158.00	June 27, 2007	15,05,452	137.55	June 13, 2007	16,24,451	146.19
July, 2007	153.00	July 3, 2007	11,41,996	137.00	July 30, 2007	11,91,142	144.83
August, 2007	155.00	August 13, 2007	25,43,428	115.00	August 22, 2007	17,09,661	130.71

Source: www.nseindia.com

The market price was Rs. 135.45 on BSE on August 14, 2007, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

The market price was Rs. 135.45 on NSE on August 14, 2007, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Company's restated consolidated and restated non-consolidated financial statements, the schedules and notes thereto and the other information included elsewhere in this Draft Letter of Offer. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and adjusted as described in the report of our statutory auditors dated [●] included in the section titled "Financial Statements" beginning on page [●] of this Draft Letter of Offer.

For the purpose of this section, unless the context requires otherwise, references to "Fiscal 2003", "Fiscal 2004", "Fiscal 2005", "Fiscal 2006" and "Fiscal 2007" are to the financial year ended 31 March of the relevant year and references to "year" are to the financial year of the Company. In this discussion, "Taj Group" or the "Group" means the Company, its subsidiaries and its interests in associated companies and joint ventures.

This section contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under "Risk Factors" and "Forward-Looking Statements". The Company's financial statements are prepared in conformity with the Indian GAAP. Indian GAAP and Indian auditing standards differ in certain respects from U.S. GAAP, IRFS and UK GAAP and other accounting principles and auditing standards in other countries with which prospective investors may be familiar.

Overview

Taj Group

The Company is the flagship company of the Taj Group. The Taj Group is a network of 84 hotels, resorts and palaces in India and abroad, which are branded with the "Taj", "Gateway" and "Ginger" name depending on the market it caters to and which are owned, managed and/or operated by the Group. The Taj Group divides these properties into five divisions consisting of the Luxury India Hotels, the Luxury International Hotels, the Business Hotels, the Leisure Hotels and the Ginger Hotels. Certain of the hotels managed and operated by the Taj Group are owned, licensed or leased by the Company or its subsidiaries and it has a minority stake in a number of other properties through its joint venture interests and associated companies. In addition, certain of the hotel properties in the Taj Group are properties in which the Company or one of its subsidiaries manages and operates, but has no ownership interest. The Group receives income primarily from operating hotels in India and abroad and air-catering operations in India.

The Taj Group properties contain approximately 10,184 rooms. The following table gives a break-up of the rooms by various divisions, owned or managed by the Group:

Number of Rooms by Division

Division (Number of Hotels)	IHCL	Subsidiaries	Associates	Joint Ventures	Managed Hotels	Total
Luxury India (12)	2,156	-	207	260	144	2,767
Luxury International (8)	-	1,011	-	62	314	1,387
Leisure (31)	863	-	671	316	222	2,072
Business (24)	422	188	1,219	422	801	3,052
Ginger (9)	-	906	-	-	-	906
Total (84)	3,441	2,105	2,097	1,060	1,481	10,184



As set forth in the table above, 5,546 rooms are owned, licensed or leased by the Company or its subsidiaries, of which 3,167 rooms are luxury properties in India and abroad. The issuer has minority stake in properties consisting of 3,157 rooms through its joint venture interests and associated companies. In addition, the Company directly or through its subsidiaries manages and operates certain hotel properties consisting of 1,481 rooms, but has no ownership interest.

Consistent with its strategy, the Taj Group has been expanding internationally. As of August 31, 2007, the Taj Group owned, licensed, leased or managed, directly or through subsidiaries, joint ventures or associate companies, 16 hotels outside India. The following table gives a break-up of the rooms by country, owned or managed by the Group:

Number of Rooms by Country

Country	IHCL	Subsidiaries	Associates	Joint Ventures	Managed Hotels	Total
India	3,441	994	1,644	933	593	7,605
UK	-	428	-	-	-	428
USA	-	583	-	-	-	583
UAE	-	-	-	-	249	249
Mauritius	-	-	-	-	65	65
Maldives	-	-	-	127	-	127
Malaysia	-	-	-	-	82	82
Sri Lanka	-	-	453	-	112	565
Australia	-	100	-	-	-	100
Yemen	-	-	-	-	187	187
Zambia	-	-	-	-	193	193
Total	3,441	2,105	2,097	1,060	1,481	10,184

The Company owns or has acquired on licenses/lease directly 24 hotel properties in India. These hotels have an aggregate 3,441 rooms, with eight properties in the Luxury India division accounting for 2,156 rooms, 11 properties in the Leisure division accounting for 863 rooms and five properties in the Business division accounting for 422 rooms. For Fiscal 2007, the revenue attributable to Company's hotels in Mumbai and New Delhi represents the substantial majority of the Company's Luxury India division revenue, which in turn, represents the majority of the Issuers revenue on a non-consolidated basis. In addition to its revenue from direct hotel operations, the Company also recognizes management fees from operations of hotels and other income.

The Company's Subsidiaries

The primary sources of revenue for the Company's Subsidiaries are from hotels and air catering businesses. The Company's subsidiaries own or have acquired on license/lease 16 hotel properties in India and abroad. These hotels have aggregate 2,105 rooms, with two properties in UK accounting for 428 rooms, three properties in USA accounting for 583 rooms, one property in Australia accounting for 100 rooms and the balance 10 properties in India accounting for 994 rooms, including 906 rooms under "Ginger" Brand. The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and unrealized profits or losses, in accordance with Indian GAAP. For a more detailed description of the basis for consolidation of the Company's consolidated financial statements, see Note 1 to the Company's restated consolidated financial statements contained on page [●] of this DLoF. The Company's subsidiary hotel operations accounted for 23% of the

Company's consolidated revenue for Fiscal 2007, with the hotels in the USA and UK contributing 12% and 8% of the Company's consolidated revenue, which are also the luxury hotels of the Taj Group.

Joint Ventures

The Company's joint venture companies own or have acquired on license/lease 13 hotel properties in India and abroad. These hotels are managed and/or operated by the Company pursuant to management contracts. The hotels owned or licensed by these joint venture companies have an aggregate of 1,060 rooms, with one property in the Luxury India division accounting for 260 rooms, one property in the Luxury International division accounting for 62 rooms, three properties in the Business division accounting for 422 rooms and 8 properties in the Leisure division accounting for 316 rooms. Interests in joint ventures have been accounted for by using the proportionate consolidation method, in accordance with Indian GAAP. For a more detailed description of the basis for consolidation of the Company's consolidated financial statements, see Note 1 to the Company's restated consolidated financial statements contained on page [●] of this DLoF. The Company's proportionate share of its joint venture hotel operations accounted for 4% (Rs. 1,156.7 million) of the Company's consolidated revenue for Fiscal 2007.

Associate Companies

The Company's associate companies own or have acquired on license/lease 16 hotel properties in India and abroad. The hotels owned or licensed by the Company's associate companies have an aggregate of 2,097 rooms, with one property in the Luxury India division accounting for 207 rooms, 8 properties in the Business division accounting for 1,219 rooms and seven properties in the Leisure division accounting for 671 rooms. Investments in associate companies have been accounted for under the equity method of accounting, in accordance with Indian GAAP. Under the equity method of accounting, revenues from associate companies are not reflected in the Company's consolidated revenues, instead the Company recognizes its share of the associated companies' profits or losses. For a more detailed description of the basis for consolidation of the Company's consolidated financial statements, see Note 1 to the Company's restated consolidated financial statements contained on page [●] of this DLoF.

Management Contracts

The Company or its subsidiaries manage and operate 15 hotels in India and abroad which are owned by third parties pursuant to management contracts. These hotels have an aggregate of 1,481 rooms with 2 properties in the Luxury India division accounting for 144 rooms, 2 properties in the Luxury International division accounting for 314 rooms, six properties in the Business division accounting for 801 rooms and 5 properties in the Leisure division with 222 rooms. Revenue earned from management contracts are recorded in the Company's consolidated financial statements. The total revenue generated by managed properties for Fiscal 2007 was Rs. 3,797 million compared to Rs. 3,183 million in Fiscal 2006 representing a growth of 19%.

Changes in Accounting Policies in the Past Five Years

Accounting Policies which have been given effect to in the restated financial statements

In accordance with the then applicable Accounting Standard – 26 “Intangible Assets” an amount of Rs. 565 million incurred towards voluntary retirement scheme was adjusted against general reserve in Fiscal 2002. Subsequently, in accordance with limited revisions to Accounting Standard – 26, the Company adopted the policy to amortize expenses incurred towards voluntary retirement scheme over a period of 60 months. Accordingly, the financial statements have been restated to give effect to the current accounting policy.

From Fiscal 2006, in accordance with Accounting Standards 11 – “The Effect of Changes in Foreign Exchange Rates”, the Company restated deposits for non-integral foreign operations, which are in the form of investments, using exchange rates prevalent on the date of the balance sheet, with translation impact accumulated as “Foreign Currency Translation Reserve”. The financial statements for the earlier period have been restated to give effect to this change. Since the change represents restatement of long deposits with the corresponding adjustment of the reserve account, it has no impact on net profit.

As a result of a change in the applicable accounting standard, Taj Sats Air Catering Limited, which is owned 51% by the Company, was reclassified as a joint venture in Fiscal 2003 from its classification as a subsidiary in Fiscal 2002. However, based on clarifications issued by the Institute of the Chartered Accountants of India relating to the applicable accounting standard, Taj Sats Air Catering was reclassified as a subsidiary in Fiscal 2004 and has been consolidated as a subsidiary for all fiscal years since Fiscal 2004. The financial statements for Fiscal 2003 have been restated to classify Taj Sats Air Catering as a subsidiary.

In Fiscal 2005, the premium payable on redemption of Foreign Currency Convertible Bonds amounting to Rs. 468 million was fully provided for in accordance with Accounting Standard 29 – “Provisions, Contingent Liabilities and Contingent Assets”, and adjusted against securities premium account, changing the previous practice of providing for premium on a pro-rata basis over the term of the bonds. In order to give effect to this change, premium payable on redemption of Foreign Currency Convertible Bonds outstanding as at March 31, 2004, has been fully provided for. Since Section 78 of the Companies Act allows adjustment of premium payable on the redemption of bonds, this does not have any impact on the profit.

Accounting Policies which have not been given effect to in the restated financial statements

Pursuant to the early adoption of the Revised Accounting Standard - 15 (AS-15), "Employee Benefits" with effect from April 1, 2006, an amount of Rs. 79.1 million, representing the difference between the liability as determined on March 31, 2006 with respect to employee benefits, including defined benefit plans based on revised AS-15, and the Company's liability as per the earlier AS-15 has been adjusted against the opening balance of the general reserve in accordance with the transitional provisions of the revised AS-15. The principles and assumptions in the revised AS-15 have changed significantly and it would require a fresh actuarial valuation on each of the earlier balances sheet dates to determine the liability on such dates. It would be difficult to re-compute the impact of the revised AS-15 with retrospective effect and restate the financial statements as it would involve significant subjectivity in estimating the conditions existing at those balance sheet dates, and the relevant information would not be available as the accounting systems in place on such dates were set to comply with the accounting standards applicable on such dates.

As of April 1, 2004, the Company ascertained the value of impairment to be recognised at Rs. 92.5 million, net of deferred tax adjustment of Rs. 16.4 million, and adjusted against the balance of general reserve as on that date, in accordance with the transitional provisions of Accounting Standard - 28 on 'Impairment of Assets'. The test for impairment and the methodology used for the measurement was in line with the guidelines introduced as a result of new Accounting Standard AS-28 issued during 2004-05. The methodology followed to test the impairment involves significant subjectivity in estimating the conditions existing on the balance sheet date and it is not possible to determine those conditions for prior periods. Accordingly, financials for the previous periods have not been restated for the impact of impairment.

Factors affecting the results of operations

The Group's results of operations are primarily affected by room revenue and food and beverage revenue in its hotels. Room revenue is dependent upon the number of hotel rooms occupied by guests and the rate at which such guests can be charged. Food and beverages revenue is dependent upon number of hotel rooms occupied, number of non-resident guests visiting the hotel, utilization of banquet space and rate at which the guests can be charged. The occupancy rates reflect, as a percentage of overall rooms available, the rooms occupied by guests. Average Room Rate (“ARR”) reflects the average rate charged to guests for the rooms occupied by such guests over a given period.

The Group's revenue consists of operating revenue from its hotel activities, revenue from air-catering operations, management fees from hotels which are managed and operated by the Group, and other income. Revenue from air-catering operations is dependent upon the number of flights operating from a particular airport, number of passengers traveling and rates that can be charged to the airlines. Management fees are generally calculated as a percentage of the managed hotel's sales. Most management contracts also include incentive compensation based on the managed hotel's operating profits. Other income consists primarily of

dividends from equity investments in subsidiaries, joint ventures and associated companies and miscellaneous income.

The Group's results of operations are subject to seasonal fluctuations during the fiscal year. For its hotels in India and around the Indian Ocean, the first half of the Group's fiscal year includes India's summer and monsoon seasons and visitor levels to India are generally substantially lower than in the second half of the year. This seasonality has been mitigated to some degree as business travel, which is less sensitive to seasonal variations than leisure travel, has in recent years accounted for a larger share of travel to India. For its hotels in the UK and USA, the second half of the Group's fiscal year includes winter season in these countries and visitor levels to these countries are generally lower than in the first half of the year. The Group's results of operations during the first half of the year, historically, have not been indicative of its results for the full year.

Capacity Expansions

The Company has grown by adding capacity in its existing hotel properties over the last few years. The following table sets forth the number of rooms added in the last three fiscal years as a result of the Company's capacity expansion initiative:

	Fiscal 2005	Fiscal 2006	Fiscal 2007
	(Number of Rooms)		
IHCL	80	-	-
Subsidiaries	101	300	877
Joint Ventures	-	149	24
Associates	124	146	132
Total	305	595	1,033

During the current fiscal year, the Taj Group has added 311 rooms through subsidiaries. In addition, the Company and its subsidiaries, joint ventures and associate companies have plans to add approximately over 5,000 rooms over the next two to three years.

Management Contracts

Over the last few years, the Company has entered into strategic management contracts to grow and expand the presence of Taj Group in India and abroad. The Taj Group has added 402 rooms through management contracts over the last three fiscal years. In addition, the Company has entered into management contracts for hotel properties in India and abroad for approximately 2,400 rooms to be operational over the next two to three years.

Amalgamation of Group Companies

Asia Pacific Hotels Limited and Taj Lands End Limited, which were wholly-owned subsidiaries of the Company, and Indian Resort Hotels Limited, Gateway Hotels and Getaway Resorts Limited and Kuteeram Resorts Private Limited, which were associates of the Company, were merged with the Company with effect from April 1, 2006.

Results of Operations for the Years Ended March 31, 2005, 2006 and 2007

Consolidated Restated Financial Results

The following table sets forth selected consolidated financial information for the Company for the periods indicated.

	Year ended March 31,		
	2005	2006	2007
	(Rs. million)		
INCOME:			
Rooms, Restaurants, Banquets and Other Services	13,397.8	18,373.1	25,062.5
Other Income	364.4	374.2	948.8
Share of Profits in Associates	260.1	394.5	543.9
Total Income	14,022.3	19,141.8	26,555.2
EXPENDITURE:			
a. Consumption of Food and Beverages	1,404.3	1,841.9	2,537.6
b. Staff Costs	3,357.3	4,846.0	6,527.3
c. License Fees	669.9	901.4	1,132.1
d. Fuel, Power and Light	883.4	1,059.0	1,328.3
e. Other Expenditure	3,702.9	4,722.9	6,401.7
f. Amortisation of VRS Expenses	133.3	92.8	13.6
	10,151.1	13,464.0	17,940.6
Less : Unallocated Expenditure during Construction Period transferred to Fixed Assets	0.8	95.3	82.9
Total Expenditure	10,150.3	13,368.7	17,857.7
Gross Profit	3,872.0	5,773.1	8,697.5
Interest (Net)	1,047.9	1,037.2	1,221.5
Depreciation	1,117.3	1,273.5	1,606.6
Profit Before Exceptional Items & Tax	1,706.8	3,462.4	5,869.4
Profit on sale of Hotels & Properties	(63.8)	-	-
Other Exceptional Items	210.2	-	-
Profit Before Tax	1,560.4	3,462.4	5,869.4
Provision for Tax (Including Deferred Tax)	576.1	988.4	1,912.4
Provision for Wealth Tax	6.0	6.0	9.1
Provision for Fringe Benefit Tax	-	57.9	43.6
Less : Share of profit/(loss) of Minority Interest in Subsidiaries	(196.4)	25.1	201.1
Profit After Tax as restated	1,174.7	2,385.0	3,703.2

- a) Residency Foods and Beverages Limited., which was consolidated as an Associate for Fiscal 2005 and Fiscal 2006 has become a subsidiary and has been consolidated as a subsidiary for Fiscal 2007. Consequently, Innovative Foods Limited, a subsidiary of Residency Food and Beverages Limited, has also become a subsidiary of the Company.
- b) Indian Resort Hotels Limited, Gateway Hotels and Getaway Resorts Limited and Kuteeram Resorts Private Limited, each of which were consolidated as an Associate for Fiscal 2005 and Fiscal 2006 have merged with the Company with effect from April 1, 2006.
- c) During Fiscal 2005 and Fiscal 2006 the Company held 19.90% of the equity shares of Taj Lands End Limited. However, as a result of the Company's control in appointing a majority of the board of

directors, Taj Lands End Limited was consolidated as a subsidiary for those periods. During Fiscal 2007, the Company acquired the remaining 80.10% equity shares of Taj Lands End Limited and subsequent to that Taj Lands End Limited merged with the Company with effect from April 1, 2006.

- d) During Fiscal 2007, the Group sold its investment in Hotel De'L Annapurna Pvt. Limited and Speech and Software Technologies (I) Pvt. Limited, which were previously associate companies of the Company.

The following table below gives the break-up of revenue contributed by the Company, its subsidiaries and joint ventures and share of profits in associates*:

	Year ended March 31,		
	2005	2006	2007
	(Rs. million)		
Company	9,154.2	11,548.0	16,188.3
Subsidiaries	4,566.5	7,614.3	9,158.8
Joint Ventures	563.3	768.9	1,368.4
Share of profits in associates	260.1	394.5	543.9
Inter Company eliminations	(521.8)	(1,183.9)	(704.2)
Total Income	14,022.3	19,141.8	26,555.2

- * Investments in associate companies are accounted for under the equity method of accounting, in accordance with Indian GAAP. Under the equity method of accounting, revenues from associate companies are not reflected in the Company's consolidated revenues, instead the Company recognizes its share of the associated companies' profits or losses.

The following tables give the break-down of revenue and expenses by geography:

	Year ended March 31,					
	2005		2006		2007	
	Rs. million	%	Rs. million	%	Rs. million	%
Revenue						
Domestic	11,357.9	84	16,488.5	88	18,987.2	75
Foreign	2,155.1	16	2,189.0	12	6,404.8	25
Total	13,513.0	100	18,677.5	100	25,392.0	100
Total Expenditure						
Domestic	9,280.4	82	12,593.5	86	13,172.9	68
Foreign	1,985.7	18	1,970.9	14	6,291.4	32
Total	11,266.1	100	14,564.4	100	19,464.3	100

Consolidated Financial Information for the Year ended March 31, 2007 Compared to Year ended March 31, 2006

The consolidated financial statements for Fiscal 2006 and Fiscal 2007 include operating results of The Pierre, New York, which was acquired on July 1, 2005, Blue Sydney, which was acquired on February 1, 2006, and Hotel Taj Boston, which was acquired on January 11, 2007.

Rooms, Restaurants, Banquets and other Services

The Company's consolidated sales and operating income increased by 36% to Rs. 25,062.5 million in Fiscal 2007 from Rs. 18,373.1 million in Fiscal 2006. Hotel Pierre, New York, Taj Boston, Boston and Blue, Sydney, Australia, that were acquired during Fiscal 2006 and Fiscal 2007 contributed to increase of Rs. 1,201.1 million. Amalgamation of Indian Resort Hotels Limited, Gateway Hotels and Getaway Resorts Limited and Kuteeram Resort Private Limited with the Company resulted in an increase of Rs. 865.3 million. The buoyant demand for hotel rooms in India assisted the operating revenue of the luxury division of the Company to increase by Rs. 2,491.0 million. The overall demand buoyancy across most key markets assisted in increasing the occupancy and average room rates across most hotel properties.

Other Income

Other income comprises of dividend, profit on sale of investments and miscellaneous income. Other income for Fiscal 2007 increased to Rs. 948.8 million from Rs. 374.2 million for Fiscal 2006. The major increase was due to increase in dividend income by Rs. 223.6 million and profit on sale of investments of Rs. 326.7 million. Profit on sale of investments includes an amount of Rs. 167.6 million on sale of Company's shares held by Indian Resort Hotels Limited which was amalgamated with the Company with effect from April 1, 2006, prior to the scheme of amalgamation becoming effective.

Expenditure

The Company's consolidated expenditure increased by 34% to Rs. 17,857.7 million for Fiscal 2007 from Rs. 13,368.7 million for Fiscal 2006. The new properties acquired in New York, Boston contributed to an increase in expenditure of Rs. 1,141.4 million. Amalgamation of Indian Resort Hotels Limited, Gateway Hotels and Getaway Resorts Limited and Kuteeram Resort Private Limited with the Company resulted in an increase of Rs. 470.4 million.

Increase in cost of raw materials for food and beverages by 37% is largely due to higher volume of business at hotel properties and the impact of the acquisition of The Pierre, New York, Blue, Sydney and Taj Boston. Staff costs remained relatively constant at 25% of the revenue.

License fees are paid to the owners of the properties from whom the Taj Group has acquired properties under license agreements. Generally, license fees are paid as a percentage of revenue earned by the hotel properties. Accordingly, an increase in the revenue of hotel operations also results in higher license fees. Fuel, power and light increased by 25% mainly due to acquisition of new properties and increased levels of business in properties.

Other expenditure consists of other direct hotel operating expenses and corporate administration expenses. The other expenses increased by 36% primarily due to the acquisition of new properties and increase in collecting and sales agents commissions linked to increase in revenue. The Taj Group increased its budgeted expenditure for advertisement and promotion due to Taj Brand Campaign in the USA and for increasing the sales network in Europe and USA.

Interest and Depreciation

Interest costs, net of interest income on surplus funds, increased from Rs. 1,037.2 million in Fiscal 2006 to Rs. 1,221.5 million in Fiscal 2007, primarily due to an increase in debt of Rs. 3,448.0 million (US\$80 million) taken by International Hotel Management Services Inc., a wholly owned subsidiary of the Company, and application of surplus funds (including proceeds from our 2004 FCCB offering) toward the acquisition of hotel properties in Boston and Australia in Fiscal 2007. During Fiscal 2006, the proceeds from the 2004 FCCB offering were kept in an interest bearing account.

Depreciation has increased from Rs. 1,273.5 million in Fiscal 2006 to Rs. 1,606.6 million in Fiscal 2007, primarily due to acquisition of new properties and capital expenditure incurred for renovation existing properties.

Gross Profit

Gross profit increased by 51% to Rs. 8,697.5 million in Fiscal 2007 from Rs. 5,773.1 million in Fiscal 2006. Gross profit margin was 33% in Fiscal 2007 compared to 30% in Fiscal 2006.

Profit before Tax

The profit before tax increased by 70% to Rs. 5,869 million for Fiscal 2007 compared to Rs. 3,462 million in Fiscal 2006.

Profit after Tax

The profit after tax increased by 55% to Rs. 3,703.2 million for Fiscal 2007 from Rs. 2,385.0 million in Fiscal 2006. The buoyant hotel demand conditions helped in increasing the profits of hotel operating associate companies resulting in an increase in the Company's share in profits in associates by 38%.

Comparison of Consolidated Financial Information for the Year ended March 31, 2006 to Year ended March 31, 2005

The consolidated financial statements for Fiscal 2006 include operating results of The Pierre, New York, which was acquired on July 1, 2005 and Blue Sydney which was acquired on February 1, 2006.

Rooms, Restaurants, Banquets and other Services

The Company's consolidated sales and operating income increased by 37% to Rs. 18,373.1 million in Fiscal 2006 from Rs. 13,397.8 million in Fiscal 2005. Hotel Pierre, New York and Blue Sydney, Australia, which were acquired during Fiscal 2005 contributed to an increase of Rs. 2,137.5 million. The buoyant demand in India led to an increase in operating revenue in luxury hotels by Rs. 2,014.3 million. The overall demand buoyancy across most key markets assisted in increasing the occupancy and average room rates across most hotel properties.

Other Income

Other income comprises of dividend, profit on sale of investments and miscellaneous income. Other income for Fiscal 2006 increased to Rs. 374.2 million from Rs. 364.4 million for Fiscal 2005.

Expenditure

The Company's consolidated expenditure increased by 32% to Rs. 13,368.7 million in Fiscal 2006 from Rs. 10,150.3 million in Fiscal 2005. The new properties acquired in New York contributed to an increase in expenditure of Rs. 2,146.8 million. The expenditure also increased on account of increase in volume of business in hotel properties in India.

Increase in cost of raw materials for food and beverages by 31% is largely due to higher volume of business at hotel properties and the impact of the acquisition of Hotel Pierre, New York and Blue Sydney. Staff costs remained relatively constant at 24% to 25% of the revenue.

License fees as a percentage to revenue remained at 5% of the revenue for both Fiscal 2006 and Fiscal 2005. Fuel, power and light increased by 20% mainly due to acquisition of new hotel properties and increased levels of business in existing properties.

The other expenses increased by 28% mainly due to acquisition of new properties and increase in collecting and sales agents commissions linked to increase in revenue. The Taj Group increased its budgeted expenditure for advertisement and promotion due to Taj Brand Campaign in the USA.

Interest and Depreciation

Interest costs remained generally constant as expansion and investments requirements of the Company were met from internal cash accruals.

Depreciation increased from Rs. 1,117.3 million in Fiscal 2005 to Rs. 1,273.5 million in Fiscal 2006, primarily due to acquisition of new properties and capital expenditure incurred for renovation existing properties.

Gross Profit

Gross profit increased by 49% to Rs. 5,773.1 million for Fiscal 2006 compared to Rs. 3,872.0 million for Fiscal 2005. Gross profit margin for Fiscal 2006 was 30% compared to 28% for Fiscal 2005.

Profit before Tax

The profit before tax increased by 122% to Rs. 3,462.4 million for Fiscal 2006 compared to Rs. 1,560.4 million for Fiscal 2005

Profit after Tax

The profit after tax increased by 103% to Rs. 2,385.0 million for Fiscal 2006 from Rs. 1,174.7 million for Fiscal 2005. The buoyant hotel demand conditions helped in increasing the profits of hotel operating associate companies resulting in an increase in the Company's share in profit in associates to Rs. 394.5 million in Fiscal 2006 compared to Rs. 260.1 million in Fiscal 2005.

Liquidity and Capital Resources

The Company financed the acquisition of The Pierre, New York, Taj Boston and Blue, Sydney from the proceeds of its 2004 offering of Foreign Currency Convertible Bonds and by raising debt in its wholly owned subsidiaries in their respective reporting currencies. Fund requirement for capacity expansion in India and renovation and replacement capital expenditure were largely met by cash from operations and short-term and long-term debt.

The Company believes that it has sufficient resources to meet its planned requirements for the next 12 months. However, its sources of funding could be adversely affected by economic slowdown or other factors beyond its control. Any decrease in the demand for hotel rooms and services could lead to an inability to obtain funds from external sources on acceptable terms, in a timely manner or in a sufficient amount, or at all.

In respect of some borrowings by associate companies, the Company has provided undertakings (a) not to dilute the Company's equity shareholding in such associate, and (b) to maintain management contracts in respect of properties held by such associate.

Cash Flow Data

The following table sets forth selected items from the Company's consolidated cash flow statements for the period indicated.

Particulars	Year ended March 31,		
	2005	2006	2007
	(Rs. million)		
Net cash from operating activities	3,760.1	4,529.3	6,801.1
Net cash from / (used in) investing activities	(1,184.3)	(2,114.0)	(10,977.5)
Net cash from / (used in) financing activities	(4,462.4)	(2,726.1)	1,385.9
Net Increase / (decrease) in cash and cash equivalents	(1,886.6)	(310.8)	(2,790.5)

Operating Activities

The increase in net cash from operating activities to Rs. 6,801.1 million in Fiscal 2007 from Rs. 4,529.3 million in Fiscal 2006 was primarily due to increase in profits from the operations of hotels in India. While St. James Court Hotels Limited generated positive net cash from operating activities, the properties in USA that were acquired in Fiscal 2006, reported a negative cash from operating activities primarily due to funding of working capital needs of the newly acquired hotel properties.

Investing Activities

Net cash used in investing activities during Fiscal 2007 of Rs. 10,977.5 million in Fiscal 2007 was primarily due to the acquisition of Taj Boston. Investment in fixed assets for the properties in the United States was Rs. 7,745.7 million, Rs. 2,799.2 million for business operations in India and Rs. 1,419.8 million for the acquisition of 80.1% stake in Taj Lands End Limited. The increase was partially offset by cash generated from sale of investments, dividend and interest on surplus funds. Net cash used in investing activities for Fiscal 2005 and 2006 was mainly due to funds utilized for renovation and replacement of existing hotel properties.

Financing Activities

The Company's wholly-owned subsidiaries raised debt of Rs. 5,085.8 million during Fiscal 2007 to finance the acquisition of Taj Boston. The Company refinanced its outstanding secured non-convertible debentures together with premium payable on redemption of Rs. 3,489.3 million by issuing secured non-convertible debentures in the amount of Rs. 2,500.0 million and from internal accruals and short term debt. The other major components of cash used for financing activities were payment of interest of Rs. 1,492.9 million and payment of dividend to shareholders amounting to Rs. 1,084.1 million. Net cash used in financing activities during Fiscal 2006 and Fiscal 2005 was mainly on account of interest payments on outstanding debt and payment of dividend to shareholders.

Liabilities and Sources of Financing

The Company meets its short term working capital requirements by internal cash accruals, overdraft facilities with banks, short and medium term borrowings from banks and issuances of commercial papers. The Company has typically met capital requirements for acquisition and expansion initiatives through the issuance of equity and debt.

The total loans funds of the Group as at March 31, 2007 were Rs. 20,551.4 million, which increased from Rs. 15,035.1 million as at March 31, 2006. The increase in debt by Rs. 5,516.3 million is mainly due to Rs. 5,085.8 million raised by the subsidiaries of the Company for the acquisition of Taj Boston.

Indebtedness and equity issuances

In February 2004, the Company issued 5 year 1% Foreign Currency Convertible Bonds (FCCBs) in the amount of Rs. 6,568 million (US\$150 million) with an option to the investors to convert the FCCBs into ordinary shares or global depository shares at Rs. 50.15 per share, at any time after March 24, 2004 and prior to January 28, 2009. The terms of the issue include redemption of the bonds at a premium of 11.545% at maturity. As at March 31, 2007, all FCCBs except for an amount of Rs. 43,100 (US\$1,000) have been converted into equity shares, resulting in an increase in the Company's equity share capital by Rs. 135 million. The proceeds from the FCCB issuance were utilized as set forth below:

Purpose	Amount utilized (USD million)
FCCB issue expenses	4
Amount of capital expenditure for India domestic hotels	25
Investment/Placement of long term deposit for acquisition of	
The Pierre, New York	9
Blue, Australia	17
Taj Boston	92
Property in Phuket	3
Total	150

In February 2007, the Company raised Rs. 2,500 million by issuing in a private placement 9.50% Secured Non-Convertible debentures repayable at the end of fifth year from the date of allotment. The proceeds were utilized for refinancing the Secured Non-Convertible debentures that were redeemed in March 2007.

In August 2007, the Company raised Rs. 3,000 million by issuing in a private placement 9.86% Secured Non-Convertible debentures repayable at the end of third year from the date of allotment. The proceeds were utilized for refinancing the 11.75% Secured Non-Convertible debentures that were redeemed in September 2007 by exercising the pre-payment option.

During Fiscal 2005, part of the proceeds from the FCCB issuance amounting to Rs. 1,391 million (US\$32 million) were utilized for repayment of long term debt raised by Taj International Hotels (HK) Limited, a wholly owned subsidiary of the Company. For the acquisition of Taj Boston, Taj International Hotels (HK) Ltd., raised an additional Rs. 1,391 million (US\$32 million) in January 2007 through the issuance of debt securities.

Roots Corporation Limited, a wholly-owned subsidiary, which currently owns and operates hotels under the brand name "Ginger", has a secured term loan line of credit for Rs. 1,000 million for its expansion requirements. As at March 31, 2007 an amount of Rs. 684.0 million had been drawn on the line of credit.

The following table sets forth the Group's outstanding debt as at the dates indicated:

	As at March 31,		
	2005	2006	2007
	(Rs. million)		
Secured Loans			
Non-Convertible Debentures	6,557.0	6,444.8	5,807.4
Term Loan from banks/Institutions	6,824.5	6,993.3	11,057.9
Bank Overdraft	88.3	118.1	146.6

	As at March 31,		
	2005	2006	2007
	(Rs. million)		
Interest accrued and due	-	-	3.7
Total Secured Debt	13,469.8	13,556.2	17,015.6
Unsecured Loans			
Fixed Deposits	264.6	84.8	44.0
Long term loans from banks	-	-	1,379.2
Short Term Loans from Banks	87.4	25.5	952.4
Short Term Loans from Others	-	-	91.4
Inter Corporate Deposits	596.8	247.3	138.4
1% Foreign Currency Convertible Bonds	4,071.8	127.6	-
Foreign Currency Term Loan from Bank	984.9	993.7	844.8
Commercial Papers	250.0	-	-
Bank Overdraft	-	-	85.6
Total Unsecured Debt	6,255.5	1,478.9	3,535.8
Total Debt	19,725.3	15,035.1	20,551.4

The following table sets forth a summary of the maturity profile of the Company's outstanding debt obligations as at March 31, 2007, both on a consolidated and non-consolidated basis:

Payments Due by Period	Consolidated	Non-Consolidated
	(Rs. million)	
Secured Loans and Borrowings		
Repayable within 1 Year	4,106	3,431
After one year and up to two years	307	-
After two years and up to five years	12,199	4,333
After five years and up to ten years	404	-
Total	17,016	7,764
Unsecured Loans and Borrowings		
Repayable within 1 Year	1,491	1,011
After one year and up to two years	660	660
After two years and up to five years	1,384	4
After five years and up to ten years	-	-
Total	3,535	1,675
Total Loans and Borrowings		
Repayable within 1 Year	5,597	4,442
After one year and up to two years	967	660
After two years and up to five years	13,583	4,337
After five years and up to ten years	404	-
Total	20,551	9,439

The following table gives details for certain financial ratios for the Group:

	As at March 31,		
	2005	2006	2007
Net Debt to Total Capital (total debt less cash and bank balances divided by the sum of net debt and Net Worth)	0.53	0.37	0.47
Net Debt to Equity (total debt less cash and bank balances divided by Net Worth)	1.13	0.58	0.90

Capital Expenditure and Investments

Over the last three fiscal years, the Company has spent a substantial amount on capital expenditure and investments, primarily for renovation of hotel properties, replacement of equipments with technologically advanced equipment, capital expenditure for capacity addition, acquisition of hotel properties and increasing investment.

The Group has invested approximately Rs. 15,361 million over the last three fiscal years to fund its capital expenditure requirements and has made strategic investments of approximately Rs. 2,046 million.

The following tables provides a few major investments by the Group in last three fiscal years:

Hotel Property	Date of Acquisition	Amount Spent (Rs. million)
Taj Boston, Boston	February 2007	7,745
Ready to eat/Ready to cook business	January 2007	180
Increase in stake in Taj Lands End Limited	July 2006	1,420
Blue Sydney	February 2006	1,215
The Pierre, New York	July 2005	360
Ginger Hotels	Various dates	917

The Group has approved plans for adding capacity in India and abroad of approximately 5,300 rooms over the next two to three years. The capital expenditure budget for the planned expansion over the next two to three years is estimated at approximately Rs. 25,000 million. These expenditure are expected to be funded through a combination of internally generated cash, borrowings and equity offering.

Contingent Liabilities

The following table sets forth the Group's and the Company's contingent liabilities as at March 31, 2005, 2006 and 2007.

Particulars	As at March 31,		
	2005	2006	2007
	(Rs. million)		
The Group			
Income Tax	965	959	942
Luxury Tax	5	9	14
Entertainment Tax	41	2	5
Sales Tax	33	42	52

Particulars	As at March 31,		
	2005	2006	2007
Property Tax	220	116	41
Other Contingencies	80	103	193
Guarantees given	814	812	1708
Claims not acknowledged as debts	127	160	225
Total	2,285	2,203	3,178

The Company

Income Tax	923	918	935
Luxury Tax	4	6	10
Entertainment Tax	41	2	5
Sales Tax	32	41	23
Property Tax	194	90	15
License Fee	0	9	14
Stamp Duty	0	23	23
Other Contingencies	49	42	50
Guarantees given	802	802	1579
Claims not acknowledged as debt	122	159	172
Total	2,167	2,092	2,826

Quantitative and Qualitative Disclosures about Market Risk

The Group's exposure to financial market risks primarily results from changes in interest rates and foreign exchange rates. To mitigate these risks, the Group utilises certain derivative financial instruments, including interest rate option contracts and currency swap agreements.

The following table sets forth certain information relating to the Group and the Company's foreign currency debt exposure for the periods indicated.

	As at March 31,		
	2005	2006	2007
	(%)		
Company:			
Total foreign currency denominated debt as percentage of total outstanding debt	50	21	13
Total U.S.\$ debt as percentage of total outstanding debt	50	21	13

Changes in exchange rates can influence the cost of the Group's borrowings denominated in currencies other than Rupees. As at March 31, 2007, approximately 13% of the Company's borrowings were denominated in U.S.\$.

The Group uses derivative instruments both to hedge its foreign exchange exposure and to hedge its interest rate exposure. Nevertheless, a weakening of the Rupee against the U.S.\$ and some other major currencies may have an adverse effect on the Group's cost of borrowing.

The Company

A description of the Company's primary activities and sources of revenue are set out in "– Overview – The Company". The following table sets forth the Company's non-consolidated revenue, occupancy rates and average room rates on a quarterly basis for the financial year ended March 31, 2005, 2006 and 2007.

	<u>Revenue</u>	<u>Occupancy Rates</u>	<u>Average Room Rates</u>
	(Rs. million)	(%)	(Rs.)
Fiscal 2005			
First Quarter	1,689	64	4,511
Second Quarter	1,820	68	4,559
Third Quarter	2,526	75	6,050
Fourth Quarter	2,698	81	6,384
Fiscal 2006			
First Quarter	2,078	65	5,576
Second Quarter	2,261	64	5,639
Third Quarter	3,285	74	8,150
Fourth Quarter	3,687	79	8,888
Fiscal 2007			
First Quarter	2,997	67	7,160
Second Quarter	3,199	66	7,401
Third Quarter	4,636	76	10,674
Fourth Quarter	5,389	83	11,082

Non-Consolidated Financial Results

The following table sets forth selected non-consolidated financial information for the Company for the years ended March 31, 2005, 2006 and 2007.

<u>Particulars</u>	<u>Year ended March 31,</u>		
	<u>2005</u>	<u>2006</u>	<u>2007</u>
	(Rs. million)		
Income			
Rooms, Restaurants, Banquets and Other Services	8,777.8	11,161.5	15,446.3
Other Income	376.4	386.5	742.0
Total Income	9,154.2	11,548.0	16,188.3
Expenditure			
Consumption of Food and Beverages	791.3	932.2	1,206.8
Staff Costs	1,954.2	2,218.5	2,787.0
License Fees	863.0	1,116.6	994.8
Fuel, Power and Light	647.3	694.9	804.8
Other Expenditure	2,654.2	3,079.0	4,032.9
Amortisation of VRS Expenses	121.9	83.0	5.1

Particulars	Year ended March 31,		
	2005	2006	2007
Gross Expenditure	7,031.9	8,124.2	9,831.4
Less : Unallocated Expenditure during Construction Period transferred to Fixed Assets	0.1	81.0	22.8
Total Expenditure	7,031.8	8,043.2	9,808.6
Gross Profit	2,122.4	3,504.8	6,379.7
Interest (Net)	318.4	203.6	718.9
Depreciation	567.7	659.0	914.4
Profit Before Exceptional Items & Tax	1,236.3	2,642.2	4,746.4
Profit on sale of Hotels & Properties	(63.8)	-	-
Profit Before Tax	1,300.1	2,642.2	4,746.4
Provision for Tax (Including Deferred Tax)	352.2	823.7	1,476.5
Provision for Wealth Tax	6.0	6.0	9.0
Provision for Fringe Benefit Tax	-	52.5	37.0
Profit After Tax as restated	941.9	1,760.0	3,223.9

Comparison of Non-Consolidated Financial Information for the Year ended March 31, 2007 to Year ended March 31, 2006

Income

The total revenue increased by 40% from Rs. 11,548.0 million in Fiscal 2006 to Rs. 16,188.3 million in Fiscal 2007. Of the total increase, Rs. 1,382.5 million was on account of amalgamation of five Taj Group companies into the Company. The room revenue increased by 50% from Rs. 5,634.4 million in Fiscal 2006 to Rs. 8,451.0 million in Fiscal 2007, which included the impact of Rs. 885.9 million on account of amalgamation of companies. The average room rate (ARR) increased by 29% from Rs. 7,186 in Fiscal 2006 to Rs. 9,234 in Fiscal 2007.

The food and beverage revenue increased by 28% from Rs. 4,066.0 million in Fiscal 2006 to Rs. 5,212.0 million in Fiscal 2007 which included the impact of Rs. 419.0 million on account of amalgamation of companies.

Expenditure

The operating expenses increased by 22% from Rs. 8,043.2 million in Fiscal 2006 to Rs. 9,808.6 million in Fiscal 2007 which included Rs. 747.2 million being the impact of amalgamation of companies. The increase was primarily due to increase in payroll costs and increase in advertisement and general administration expenses. The increase in operating expenses were in line with the increased volume of business. The increased advertisement expenses were due to the campaign to promote the Taj brand internationally.

Gross Profit

The gross profit increased by 82% from Rs. 3,504.8 million in Fiscal 2006 to Rs. 6,379.7 million in Fiscal 2007, which included Rs. 1,122 million from the amalgamation of companies.

Interest and Depreciation

Interest cost increased from Rs. 203.6 million in Fiscal 2006 to Rs. 718.9 million in Fiscal 2007, due to acquisition of loans of Rs. 4,140.3 million from merging companies.

Profit before Tax

Profit before tax increased from Rs. 2,642.2 million in Fiscal 2006 to Rs. 4,746.4 million in Fiscal 2007, an increase of 80 % which included Rs. 481.7 million on account of merger.

Profit after Tax

Profit after tax increased by 83% from Rs. 1,760.0 million in Fiscal 2006 to Rs. 3,223.9 million in Fiscal 2007.

Comparison of Non-Consolidated Financial Information for the Year ended March 31, 2006 to Year ended March 31, 2005

Income

The total revenue increased by 26% from Rs. 9,154.2 million in Fiscal 2005 to Rs. 11,548.0 million in Fiscal 2006. Room revenue increased by 33% to Rs. 5,634.4 million from Rs. 4,231 million driven by average room rates (ARR), which increased by 31% to Rs. 7,187 from Rs. 5,471. Increased in occupancy levels – the number of room nights sold increased by 1% from 2,119 to 2,148 per day. Food and beverage revenue increased by 21% to Rs. 4,063.6 million in Fiscal 2006 from Rs. 3,365 million in Fiscal 2005.

Expenditure

The total operating expenditure increased by 14% from Rs. 7,031.8 million in Fiscal 2005 to Rs. 8,043.2 million in Fiscal 2006. The increase was largely on account of increase in payroll cost, license fees and general administration expenses. The increase in payroll cost was mainly due to wage settlement in some of the units and general increase in line with the industry. The general administration expenses increase due to revision in municipal taxes. Cost of raw materials, heat, light & power, license fees, stores and spares were in line with increased volume of business.

Gross Profit

The gross profit of Rs. 3,504.8 million in Fiscal 2006 is 65% higher than Rs. 2,122.4 million in Fiscal 2005.

Interest and Depreciation

Interest cost decreased by Rs. 114.8 million compared to the cost in Fiscal 2005 due to conversion of FCCBs into equity and increase in operating cash flows.

Profit before Tax

Profit before tax increased to Rs. 2,642.2 million in Fiscal 2006 from Rs. 1,300.1 million in Fiscal 2005, representing an increase of 103 %.

Profit after Tax

Profit after tax increased by 87% from Rs. 941.9 million in Fiscal 2005 to Rs. 1,760.0 million in Fiscal 2006.

MATERIAL DEVELOPMENTS

Recent Developments

1. IHCL filed its audited financial results for quarter ended June 30, 2007 with the Stock Exchanges in accordance with clause 41 of the Listing Agreement:

Items	Quarter ended		Year ended
	June 30, 2007	June 30, 2006	March 31, 2007
Sales and Other Operating Income	346.50	289.35	1,544.51
Other Income	17.90	10.39	74.20
Total Income	364.40	299.74	1,618.71
Expenditure			
a. Consumption of raw materials	28.29	25.39	120.68
b. Staff costs	71.40	62.18	278.23
c. License Fees	18.35	17.33	98.48
c. Fuel, power and light	23.37	20.73	80.29
d. Other expenditure	95.36	75.41	403.10
Total	236.87	201.04	980.78
Gross Profit	127.53	98.70	637.93
Interest (Net)	22.71	17.80	71.89
Depreciation	21.27	21.90	91.40
Profit Before Tax	83.55	59.00	474.64
Provision for Tax (Including Deferred Tax)	27.64	18.50	148.55
Provision for Fringe Benefit Tax	1.15	1.10	3.70
Profit After Tax	54.76	39.40	322.39
Paid-up Equity Share Capital (Face value per share – Re. 1 each) (note 4)	60.29	60.03	60.29
Reserves Excluding Revaluation Reserves			1,738.39
Earnings Per Share – Basic (note 5)	0.91	0.66	5.35
Earnings Per Share – Diluted (note 5)	0.91	0.65	5.35
Aggregate of Public Shareholding			
No. of Shares (note 4)	427,020,451	41,815,072	420,726,050
% of Shares	70.83	71.60	71.72

Notes:

1. During the Financial Year 2006-07 Asia Pacific Hotels Limited, Indian Resort Hotels Limited, Gateway Hotels and Getaway Resorts Limited, Taj Lands End., and Kuteeram Resorts Limited were amalgamated with the Company with effect from April 1, 2006 in terms of the Scheme of Amalgamation sanctioned by The High Courts of Judicature in March 2007. Accordingly, the figures for the quarter ended June 30, 2006 have been appropriately recast to give effect to the scheme of amalgamation.
2. During the quarter under review, the Company acquired the Campton Place Hotel in San Francisco, USA, through its wholly owned subsidiary International Hotel Management Services Inc., for USD 58 million.

3. In view of the seasonality of the business, the financial results for the first quarter are not indicative of the full year's performance.
4. Equity shares of the Company of the face value of Rs. 10 each were subdivided into 10 equity shares of Re. 1 each vide resolution passed by the members on September 21, 2006. Accordingly, the number of shares shown under 'Public Shareholding' as at June 30, 2007 and March 31, 2007 represent shares of Re. 1 each, as against shares of Rs. 10 each shown for the previous quarter.
5. The Earnings per share (EPS) disclosed for the previous quarter has been recast to make it comparable with the EPS for the quarter under review, on a face value of Re. 1 per share, in conformity with the requirement of the Accounting Standard 20 on 'Earning per Share' issued by The Institute of Chartered Accountants of India, consequent to sub-division of shares referred to in Note 4.
6. Disclosure of segment-wise information is not applicable as hoteliering is the Company's only business segment.
7. Disclosure on Investors' complaints:

Complaints outstanding at the beginning of the quarter	Received during the quarter	Disposed off during the year	Unresolved as on 30.06.2007
-	-	-	-

8. Figures for the previous quarter have been restated wherever necessary to conform to the current quarter's presentation.
 9. The aforementioned results were reviewed by the Audit Committee of the Board and subsequently taken on record by the Board of Directors at its meeting held on July 30, 2007. The standalone results for the quarter ended June 30, 2007 have been audited by the Statutory Auditors of the Company.
 10. The Board of Directors have decided to commence publication of the unaudited financial statement of the Company commencing from the quarter ending September 30, 2007.
2. On September 17, the Board of Directors ratified an investment of USD 211.28 million made by Samsara Properties, a wholly owned subsidiary of the Company acquiring 10.01% shares in Orient Express Hotels Limited, a company listed on the New York Stock Exchange.

3. Equity Shares

- a) Week end prices of the Equity Shares of the Company for the last four weeks on the BSE and NSE are as below:

Week Ended on	Closing Rate BSE (Rs.)	Closing Rate NSE (Rs.)
September 21, 2007	130.95	130.95
September 14, 2007	128.65	128.50
September 7, 2007	128.50	128.80
August 31, 2007	127.00	126.90

- b) Highest and Lowest Price of the Equity Share of the Company on BSE and NSE during the period April 1, 2006 to March 31, 2007 (for the last year)*:

	Highest (Rs.)	Date	Lowest (Rs.)	Date
BSE	1,584.00	May 10, 2006	121.65	March 5, 2007
NSE	1,583.00	May 10, 2006	121.55	March 5, 2007

- * The equity shares of the Company were split with effect from November 3, 2006 to face value of Re. 1 from face value Rs. 10 each pursuant to shareholder approval dated September 21, 2006. The trading in equity shares after the split commenced from November 3, 2006

DESCRIPTION OF CERTAIN INDEBTEDNESS

Details of Secured Borrowings

The Company's secured borrowings on a stand alone basis as on March 31, 2007 are as follows:

A. Secured Loans

Lender	Total sanctioned Amount (in million)	Amount Outstanding (in Rs. Million)	Date(s) of Availment	Rate of Interest	Repayment Terms	Security
UBI	1,000	1,000	June 24, 2004	6%	The term loan is repayable on June 25, 2009.	Secured by a specific charge on immovable properties of Taj Wellington Mews, Mumbai
Housing Development Finance Corporation Limited	832.90	832.90	September 29, 2000	10.0%	This loan has an option for prepayment on April 1, every year. The loan is repayable on September, 2010	Secured by a specific charge on immovable properties of hotel Taj Exotica, Goa

The Company has also availed of an overdraft facility from HSBC for which the amount outstanding as of March 31, 2007 aggregates to Rs. 123.7 million at an interest of 12.5% per annum. The overdraft facility has been secured by hypothecation of operating supplies, stores, beverages and receivables.

B. Non-Convertible Redeemable Debentures

Debenture Holder	Total sanctioned Amount (in Rs. Million)	Amount Outstanding (in Rs. Million)	Rate of Interest	Redemption Terms	Security
Privately placed with various parties	2,500	2,500	9.5%	Repayable at the end of 5 th year from date of allotment i.e. February 28, 2012	The debentures are secured by a pari passu first charge created on all fixed assets of the Company, both present and future.
Privately placed with various parties	3,307.40	3,307.40	11.75%	Repayable over 10 years commencing from March 9, 2008 with a call option for repayment on September 9, 2007 which has been exercised	

C. Unsecured Loans

The unsecured loans of the Company outstanding as on March 31, 2007 are as follows:

Lender	Amount Outstanding (in Rs. Million)	Date of availment
Fixed Deposits from shareholders*	23.9	Various dates
Fixed Deposits from others	20.1	Various dates
Short term loans from various banks	676.6	Various dates
BNP Paribas, Singapore: ECB of USD 9.6 million	413.8	March 3, 2006
State Bank of India, Osaka: ECB of USD 10 million	431.0	February 5, 2005
Inter-corporate deposits	110	Various dates

*Includes fixed deposit from Mr. Ratan N. Tata for an amount aggregating Rs. 12.3 million

Corporate Actions

Some of the corporate actions for which the Company requires the prior written consent of lenders include the following:

1. Entering into a merger, amalgamation, or consolidation.
2. Hiving off or selling off or de-merger of any part or division of its business or material fixed assets.
3. Reduction in the shareholding of the promoters below 30% of the paid-up equity share capital of the Company, before the unconditional and irrevocable discharge of the obligations under the loan agreement.
4. Change in the Management of the Company, which in the opinion of the lender may impair the ability or willingness of the Company to perform its obligations under the financing documents.
5. Amendment of Memorandum or Articles of Association.
6. Material acquisitions or investments by the Company.

OUTSTANDING LITIGATION AND DEFAULTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against the Company, the Directors, the Promoter or group companies and there are no defaults, non payment of statutory dues, over dues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues payable to holders of any debentures, bonds or fixed deposits, and arrears on preference shares issued by the Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956). The following are the outstanding litigation or pending litigations or suits or proceedings against IHCL and criminal complaints or cases, defaults, non payment or overdues of statutory dues, proceedings initiated for any economic or civil offences and disciplinary action taken by SEBI or stock exchanges against IHCL, its subsidiaries and other group companies and outstanding or pending litigations or suits or proceedings against the subsidiaries and other group companies.

A. Litigation against the Company

Criminal Litigation (including cases filed against employees)

1. There are 6 cases that are pending against the Company and/or its employees for violation of various provisions of the Prevention of Food Adulteration Act. These cases are pending adjudication before various authorities and courts at various stages of hearing.
2. There are 3 cases that are pending against the Company and/or its employees for violation of various provisions of The Standards of Weights and Measures Act, 1976. These cases are pending adjudication before various authorities and courts at various stages of hearing.
3. There is one criminal case pending against Mr. B.D. Nariman, in his capacity as Principal Officer of the Company, Mumbai for alleged violations of the Maharashtra Regional and Town Planning Act, 1966. The matter is currently pending.
4. The State of Rajasthan has filed a criminal complaint (527/2003) against the Company and others before Jodhpur High Court for creating nuisance under the Noise Pollution Act. The matter is currently pending.
5. 3 cases have been filed against IHCL and/or its employees in the Chief Metropolitan Magistrates Court, Esplanade, Mumbai under various sections of IPC and FERA. The cases are currently pending.
6. 10 show cause notices have been issued to Mr. R. K. Krishnakumar by the Enforcement Directorate for various issues including misinforming RBI with respect to information relating to a fees of USD 1.75 million received by IHCL, payment of USD 1 million without RBI's permission, not repatriating dues within the prescribed time period, failure to take permission from RBI regarding casino operations at Hotel Annapurna, waiving the right to receive an amount of Nepali Rupee 4.01 million without any permission from RBI etc. All the show cause notices are currently pending.
7. 46 show cause notices have been issued against the Company and its affiliates under the erstwhile FERA in respect of exchange control violations alleged to have been committed by it. Adjudication proceedings for the alleged violations are currently being defended by the Company. The show cause notices are presently pending.

Consumer Cases

1. There are 3 cases which have been filed against the Company before various authorities and courts for non-transfer of shares and/or share certificates. These cases are pending adjudication and are at various stages of hearing.
2. S.K. Jalan has filed a consumer case (Consumer Comp. No.248/2006) before the Consumer Forum Unit – 1 against the Company for claiming refund for Rs. 0.1 million deposited for banquet booking. The matter is currently pending.
3. CERS (Plaintiff) has filed a complaint (Complaint No. 148/2003) before the National Consumer Commission against the Company. The Plaintiff has alleged that the Company has made undue enrichment aggregating to Rs. 19 million by charging Rs. 8 per phone call instead of charging Rs. 1.20 per call in accordance with MTNL rates. The Plaintiff has claimed an amount aggregating approximately Rs. 10 million. The matter is currently pending.
4. Voyages India Private Limited (Plaintiff) has filed a consumer complaint (Compliant No. 251/1998) before the National Consumer Commission against the Company. The Plaintiff has claimed an amount aggregating Rs. 3.2 million in addition to 12% interest due to deficiency of services and damages caused to the Plaintiff in relation to conducting tours. The matter is currently pending.
5. Ashok Gupta (Plaintiff) has filed a consumer complaint (Comp. No. 511/05) against the Company and others before the District Forum, Ludhiana. The Plaintiff has claimed a refund of an amount aggregating approximately Rs. 0.5 million and 12% interest paid as booking charges for availing an offer which the Plaintiff did not avail of till the last date of the offer. The Plaintiff has in addition demanded compensation of Rs. 0.1 million. The matter is currently pending.
6. United India Insurance Company Limited and others (Plaintiffs) have filed a complaint (Complaint No. 198/99) before the State Consumer Commission, New Delhi against the Company. The Plaintiff after paying its client has claimed an amount aggregating Rs. 0.5 million along with interest at the rate of 24% per annum from August 1, 1998 for alleged theft of a car parked at the Taj Mahal Hotel, New Delhi. The matter is currently pending for final arguments.
7. A case was filed against Taj Garden Retreat, Varkala and Mr. R. K. Krishnakumar (M.D. of Taj Garden Retreat, Varkala) in the District Consumer Disputes Redressal Forum, Trivandaram by 3 customers claiming damages amounting Rs.0.02million each plus other charges for spoiling their new year's eve party. The District Consumer Disputes Redressal Forum, Trivandaram passed an order in the favour of customers directing Taj Garden Retreat, Varkala to pay Rs. 0.02 million as compensation and Rs.2500 as cost to each of the customers. Taj Garden Retreat, Varkala has filed an appeal against the said order, which is presently pending.

Civil Litigation

1. Binu A. Khanna (Plaintiff) has filed a suit (399/2001) in the High Court of Delhi against the Company and Mr. Ratan Tata (Chairman), Mr. R.K. Krishnakumar (Director) and others. The Plaintiff has filed a suit for declaration and damages aggregating to Rs. 10 million and for recovery of statutory dues.
2. The Company has moved an intervention application to be impleaded as intervenor respondents in a special leave petition (SLP No. 15101 -02/2002) pending before the Supreme Court of India between Gulf Goan Hotels Company Limited and the Union of India. The Company has impleaded itself as respondents in this case since the Company believes that the Court's order on certain contentions that come up for hearing will have a bearing on the Company. The matter is currently pending.
3. C.S. Gupta (Plaintiff) has filed a suit (438/2003) before the District Court, Delhi against the Company. The Plaintiff has claimed an amount aggregating approximately Rs. 0.1 million which was paid to the Company as a non-refundable amount for booking a banquet hall in the Taj Palace Hotel, New Delhi. The booking was later cancelled by the Plaintiff. The matter is currently pending.

4. Guptasons Jewellers and Gems Private Limited has filed a suit (Suit No. 1176/2006) in the District Court, Delhi against certain entities. The Company has been made a proforma party in this suit. The Plaintiff has claimed a sum of Rs. 0.1 million along with interest at the rate of 18% paid to the Taj Palace Hotel, New Delhi on behalf of a certain individual, Mr. Tarun Sharda in accordance with the terms of a MoU December 17, 2004. The matter is currently pending.
5. Chetan Das and M/s West End Garage (Plaintiffs) have filed different suits before the City Civil Court, Bangalore against the Company. The Plaintiffs are occupying space at the Taj West End, Bangalore from where they run a car rental business. The Plaintiffs have alleged that the Company is interfering with the business of the Plaintiff and have *inter alia* pleaded for passing interim injunction against the Company from being evicted from the premises.
6. Indian Quotation Systems Private Limited (Plaintiff) has filed a suit (Civil Suit No. 1502/99) against the Company for recovery of an amount aggregating approximately Rs. 0.6 million. The Plaintiff has alleged that the agreement for providing stock market information via satellite to the Taj Palace Hotel, New Delhi was terminated on a wrong date by the Company and without giving adequate notice. The matter is currently pending.
7. A case has been filed against the Gateway Hotel, Bangalore in the City Civil Court, Bangalore for the recovery of Rs. 0.08 million. The case has been referred for mediation, which is currently pending.

Arbitration

1. Moral Trading and Investment Limited has initiated arbitration proceedings against the Union of India and the Company. The dispute pertains to the disinvestments process initiated by the Government of India for ITDC's Indraprastha Hotel, New Delhi. The matter is currently pending.
2. Delhi Development Authority (DDA) has initiated arbitral proceedings against the Company for payment of additional licence fee. DDA has alleged that the Company is in contravention of Article VIII of the Collaboration Agreement between DDA and IHCL. In accordance with Article VIII of the Collaboration Agreement the Company is required to pay a licence fee of 17.25% of the gross receipts per annum to DDA. DDA has objected to the Company booking certain receipts under various expenditure heads and has been demanding additional licence fee since 1986-87. DDA has claimed an amount aggregating Rs. 172 million along with 18% interest. The matter is currently pending.

Property Suits

1. Brigadier Bhawani Singh (Plaintiff) has filed an appeal (Appeal No. 13/05) in the court of the Additional District Judge, Jaipur against the Company and others (Defendants) in relation to Ramgarh Lodge in Jaipur (Suit Premises). The Plaintiff has *inter alia* pleaded that the defendants should not be allowed to dispose moveable and immoveable property in relation to the Suit Premises and should not carry out any alterations to the Suit Premises or to transfer the Suit Premises. The matter is currently pending.
2. Krishna Kumar and others (Plaintiffs) have filed a suit before the District Court, Agra against the Government of Uttar Pradesh and the Company. The Plaintiffs have raised a dispute against the Government of Uttar Pradesh regarding acquisition of their land which was sold to the Company. The suit was dismissed in default and the plaintiffs have filed an application for restoration. The application is currently pending.
3. Ram Singh Bhati (Plaintiff) has filed a suit (Suit No. 321/85) before the Additional Munsif and Magistrate, Jaipur City against certain individuals and the Company. The Plaintiffs have filed this suit against their eviction from the premises of the Jai Mahal Palace Hotel. The matter is currently pending.
4. Ram S. Bhati (Plaintiff) has filed a contempt suit (Suit No. 16/2002) against the Company and others (Defendants) before the Additional District Judge, Jaipur. The Plaintiff has alleged that the Defendants were directed by the Court in the main suit between the Plaintiff and Gopal Singh to maintain status quo in regard to Jai Mahal Hotel (Suit Premises), which the Defendants have not

- complied with and have made certain alterations to the Suit Premises. The matter is currently pending.
5. There is one appeal pending against the Company before the Madras High Court where the plaintiff has *inter alia* pleaded to be declared as a statutory tenant in relation to shopping premises at Taj Connemara, Chennai (Suit Premises) as well as to injunct the Company from evicting the Plaintiff from the suit premises.
 6. Tahir Issani (Plaintiff) has filed a first appeal to a writ petition (WP No. 227/2002) before the Panaji Bench of the Bombay High Court. The Plaintiff has claimed that a sale deed executed by the Company is void. The matter is currently pending.
 7. A.F. Fernandes and others (Plaintiffs) have appealed (First Appeal No. 149/2001) against an order of the trial court in the District Court. The Plaintiffs have claimed ownership on a portion of land which the Company has bought. The matter is currently pending.

Taxation Cases

The Company and DDA had entered into a Collaboration Agreement dated April 9, 1985 for the construction and operation of Taj Palace Hotel, New Delhi. NDMC has been assessing the Company for property tax since 1983-84 on the basis Chapter V of the Rent Control Act, 1958. IHCL has been challenging the property tax assessment of NDMC stating that the hotel should be taxed in accordance with the Standard Rent Control i.e. in accordance with section 6 of the DRCA, 1958 and as per the cost of construction method. The Company has been paying admitted tax to NDMC calculated on the cost of construction method from 1983-84 to 1988-89. Thereafter, NDMC has been assessing the Company for tax in accordance with section 6 of the DRCA, 1958 since NDMC lost an appeal on this count in New Delhi High Court. The demands made by NDMC up to 1988-89 have been remanded back to NDMC by various courts and is pending consideration. The amount pending under consideration by NDMC aggregates approximately to Rs. 425.4 million.

Environment Cases

Goa Foundation (Plaintiff) has filed a writ petition (W.P. No. 25/89) before Panaji Bench of the Bombay High Court against the Company. The Plaintiff has filed a writ petition alleging that the Company did not have relevant environment related permissions for the construction of hotel rooms at Taj Holiday Village. The matter is currently pending.

Trademark Litigation

Jiva Institute of Vedic Science and Culture & Others (Plaintiff) has filed suit (Civil Suit No. 1960/2006) in the Delhi High Court against the Company and others *inter alia* for permanent injunction restraining passing off and for acts of unfair competition. The Court granted an ex-parte injunction restraining the Company from adopting and/or using the trademark “Jiva” in relation to its goods or services. The Company has filed a written statement and moved an application under Order XXXIV, Rule 4 of the Civil Procedure Code for vacation of ex-parte injunction order. The matter is currently pending.

Stamp Duty Cases

1. The Assistant Collector of Stamps has initiated proceedings against the Company for deficiency in relation to stamp duty payment made by the Company with respect to allotment of land to the Company in Noida, Uttar Pradesh. The matter is currently pending before the Assistant Collector of Stamps, Noida. The matter has been adjourned for filing of written submissions. The stamp duty liability in this case aggregates approximately to Rs. 114.4 million.
2. The Collector of Stamps Jodhpur has initiated proceedings (331/2000) against the Company and has issued a notice under section 66 C of the Registration Act read with section 33(5) and 35 of the Rajasthan Stamp Act. The matter is pending before the Collector of Stamps, Jodhpur. The matter is pending adjudication due to a stay order which has been made by the Tax Board, Ajmer in a revision application made by the Company. The amount involved in this case aggregates approximately to Rs. 23.4 million.

3. The Stamp Duty Office in Mumbai had made a demand of Rs. 5.4 million in respect of the debentures issued by the Company, which was upheld by the Bombay High Court. The Company filed a special leave petition in the Supreme Court of India, which directed the Bombay High Court to hear the matter afresh on the interpretations of the provisions of the Bombay Stamp Act.

Labour Cases

1. 3 cases for termination of service have been filed against Taj View Hotel, Agra in the Industrial Tribunal – IV, Agra. Currently all the cases are pending.
2. One case has been filed against Taj View Hotel, Agra in the Labour Court, Agra. The case pertains to abandonment of service and is presently pending.
3. Taj Residency, Aurangabad has filed an appeal, against the order of Employees State Insurance (ESI) Inspector levying a sum of Rs.1, 72, 146 on account of omitted contributions to ESI for the period 1996-97, in the E.I. Court. The matter is currently pending in the E.I. Court.
4. Eight employees deployed through contractors had filed a case against Taj Residency, Aurangabad in the Industrial Court and subsequently, a case for contempt of court. They were decided in favour of Taj Residency, Aurangabad. The matter was then referred to Labour Court as the complainants had sought permanency of employment with Taj Residency, Agra. The case is currently pending.
5. 3 different cases have been filed against Taj Malabar, Cochin by the Regional Director, Employees State Insurance Corporation (ESIC) in the ESIC Court, Alappuzha, Kerala for non payment of ESIC contribution. An aggregate amount of Rs.0.2 million is involved in these cases. All the cases are currently pending.
6. 4 different cases have been filed against Taj Residency, Bangalore, inter alia seeking reinstatement of service, in the II Additional Labour Court, Bangalore. All the cases are currently pending.
7. 3 different cases have been filed against Taj Residency, Bangalore in the High Court of Karnataka. The petitioners in these cases have challenged the validity of refusal of voluntary retirement scheme, sought reinstatement and challenged the validity of transfer. Presently, all the cases are pending.
8. An employee had filed an appeal under Section 2 (A) of the Industrial Disputes Act against Taj Coromandel, Chennai challenging his termination from service. Subsequent to the failure of conciliation proceedings, the government of Tamil Nadu declined reference for adjudication. The employee preferred a writ petition, in the High Court of Chennai, against the order of the government. The said writ petition was dismissed for default. Subsequently, the employee filed a miscellaneous petition against the dismissal for default which was also dismissed. The employee then approached the Supreme Court against the said order of dismissal. The case is currently pending.
9. 3 different cases have been filed against Taj Coromandel, Chennai, in the High Court, Chennai, seeking reinstatement, challenging rejection of the application filed under the voluntary retirement scheme and seeking payment of gratuity. All the cases are currently pending.
10. 2 different cases have been filed in the Labour Court against Taj Coromandel, Chennai by employees seeking reinstatement and benefits of the voluntary retirement scheme. Both the cases are presently pending.
11. A writ appeal has been filed by Taj Connemara, Chennai in the High Court, Chennai challenging the judgment passed in a writ petition. In its judgment the, single judge of the High Court had set aside both the award passed by I Additional Labour Commissioner and the resignation of the employee. The case is currently pending.
12. 2 cases have been filed against Taj Holiday Village, Goa in the Industrial Tribunal, Panjim, Goa. Both the cases are currently pending.
13. A case has been filed against Fort Aguada Beach Resort, Goa, in the Industrial Tribunal, Goa, challenging dismissal from service. The case is currently pending.

14. A case has been filed in the High Court, Bombay challenging the award of Industrial Tribunal, Goa. Fort Aguada Beach Resort is a party in the said case. The case is presently pending.
15. 15 cases have been filed against Usha Kiran Palace, Gwalior, in the Labour Court no.1, Gwalior, seeking reinstatement and claiming back wages along with an interest @ 18% p.a. All the cases are currently pending.
16. Taj Krishna, Hyderabad has filed an appeal against the order of Deputy Commissioner, in the Andhra Pradesh High Court. The Deputy Commissioner had ordered the reinstatement of an employee along with back wages. The Andhra Pradesh High Court has granted a stay and passed an interim order directing Taj Krishna to pay back wages as per the old salary till April 2002 and full wages thereafter till the matter is settled. The case is currently pending.
17. Taj Krishna, Hyderabad has filed a writ petition in the Andhra Pradesh High Court, challenging the order of reinstatement of an employee with 50% back wages passed by the Labour Court – I, Hyderabad. The writ petition is presently pending.
18. A case has been filed against Taj Krishna, Hyderabad in the Labour Court – I, Hyderabad seeking reinstatement with full back wages, continuity of service and all other consequential benefits. The matter is currently pending.
19. An enquiry has been instituted against Taj Krishna, Hyderabad before the Commissioner of Labour for violating the Contract Labour (Regulation and Abolition) Act. The enquiry is presently pending.
20. An enquiry has been instituted against Taj Krishna, Hyderabad before the Deputy Commissioner of Labour for violating the Minimum Wage Act. The enquiry is presently pending.
21. A case was filed by the Inspector under Contract Labour (Regulation and abolition) Act in the XXI – Metropolitan Magistrate Court Nampally, Hyderabad against Taj Krishna, Hyderabad for contravention of the Contract Labour (Regulation and abolition) Act. Taj Krishna, Hyderabad has filed a petition for quashing the case in the Andhra Pradesh High Court and obtained a stay. The case is currently pending.
22. Taj Krishna, Hyderabad has been impleaded as a party in a suit filed by an employee in the court of Vth Junior Civil Judge, City Civil Court, Hyderabad against Provident Commissioner for wrongly mentioning date of birth and father's name in his pension form. The case is currently pending.
23. A case had been filed against Taj Banjara, Hyderabad in the court of Labour Officer, Circle-III, Hyderabad by an employee, seeking reinstatement and back wages. The case was decided in favour of Taj Banjara, Hyderabad. The employee has filed an appeal before the Assistant Commissioner of Labour which is currently pending.
24. A case was filed against Taj Banjara, Hyderabad in the Labour Tribunal, Hyderabad by an employee seeking reinstatement and back wages. Taj Banjara, Hyderabad has filed a writ petition in the Andhra Pradesh court in the instant matter, which is currently pending.
25. A case has been filed against Jai Mahal Palace, Jaipur in the Industrial Tribunal seeking abolition of contract labour in gardening work on the ground that such work is of permanent nature. The case is currently pending.
26. 3 different cases have been filed against Jai Mahal Palace, Jaipur in the Labour Court seeking reinstatement. The cases are presently pending.
27. 2 separate cases have been filed against Rambagh Palace, Jaipur in the Labour Court by two different employees. They are seeking reinstatement. The cases are currently pending.
28. 3 separate cases have been filed in the Labour Court by different employees, who have challenged the fairness of domestic enquiry pursuant whereto they were dismissed from service. The cases are currently pending.

29. 2 separate cases have been filed by different employees in the Industrial Tribunal and the Labour Court against Rambagh Palace, Jaipur. The employees' contention was that their age as mentioned in the records of the Rambagh Palace, Jaipur was incorrect, consequent where to they had been retired before reaching the age of superannuation. The cases are currently pending.
30. A case has been filed in the Industrial Tribunal against Rambagh Palace, Jaipur by an employee challenging his discharge from service. The case is currently pending.
31. A case regarding dispute relating to distribution of tips collected from the guests was filed in the Industrial Tribunal against Rambagh Palace, Jaipur. The case is currently pending.
32. An application has been filed before the Controlling Authority under the Payment of Gratuity Act against Rambagh Palace, Jaipur seeking payment of arrears of gratuity. The amount involved in the instant matter is Rs. 0.1 million. The application is presently pending.
33. A case has been filed against Umaid Bhawan Palace, Jaipur before the Employees State Insurance Authority for outstanding dues for the period 2005-06 and 2006-07. The amount involved in the case is Rs. 4.8 million. The case is currently pending.
34. 8 cases, subsequently clubbed together, have been filed against Hotel Chandela, Khajuraho in the Labour Court, Sagar by employees for termination of their services. The case(s) is currently pending.
35. 2 separate cases have been filed in the Labour Court, Sagar against Hotel Chandela, Khajuraho by different employees challenging the termination of their services. The cases are currently pending.
36. A case has been filed in the Labour Court against Hotel Chandela, Khajuraho. The employee's contention was that his age as mentioned in the records of the Hotel Chandela, Khajuraho was incorrect, consequent where to he had been retired before reaching the age of superannuation. The case is currently pending.
37. 2 separate cases were filed by different employees against Indian Hotels Company Limited before the Labour Court challenging their dismissal from service. In both the cases adverse orders were passed against Indian Hotels Company Limited which challenged the said orders in the High Court of Mumbai. The High Court of Mumbai has remanded the cases back to the labour court to decide on the quantum of punishment in one case and the authority of the Manager to terminate the services of the workman in the other case. The amount involved in one case is Rs. 0.85 million and none in the other. Presently the cases are pending.
38. A case has been filed against Indian Hotels Company Limited before the Industrial Court by an employee challenging dismissal from service. The Industrial Court directed Indian Hotels Company Limited to reinstate the employee with continuity of service. Indian Hotels Company Limited has filed a review application against the said order which is currently pending.
39. A case has been filed against Indian Hotels Company Limited in the VIII Labour Court, by certain employees challenging their termination from service. The case is currently pending.
40. A case was filed against Taj Trade and Transport Company, Taj Birdy's Food Services Limited and Mars Catering Services Private Limited in the Labour Court by Shramik General Kamgar Union (SGKS), representing the workmen of Taj Trade and Transport Company. Taj Trade and Transport Company managed the Cake Shop of Taj Mahal Palace and Tower, Mumbai, which it transferred to Taj Birdy's food Services Limited. The employees represented by SGKS had alleged that the company had indulged in unfair labour practices and that they were employees of Indian Hotels Company Limited. This was upheld by the Labour Court, which was challenged in the High Court. The High Court also decided in favour of the workmen. A review application was filed which is currently pending.
41. A case has been filed by the Bhartiya Kamgar Sena against Taj Lands End, Mumbai in the Industrial Court seeking recognition of the union. The case is currently pending.

42. Government Labour Officers have filed 2 cases against Taj Lands End, Mumbai and others under the Minimum Wages Act for not taking exemption from maintaining computerised records. The cases are currently pending.
43. A case has been filed against Taj Ganges, Varanasi before the Assistant Labour Commissioner, Varanasi challenging dismissal from service. The case is currently pending.
44. A case has been filed against Taj Ganges, Varanasi and Benares Hotels Limited in the court of Subordinate Civil Court, Varanasi by an employee seeking injunction against the defendants on the ground that he was illegally and forcibly obstructed from discharging his duties as Assistant Personnel Manager, Taj Ganges, Varanasi during the continuance of his service. The case is currently pending.
45. An employee was dismissed by the Taj Lake Palace, Udaipur and since he was a concerned workman in the reference case before Industrial Tribunal; Taj Lake Palace, Udaipur submitted an application for approval of the dismissal. The Industrial Tribunal gave a judgement reinstating the concerned employee which was challenged by way of writ petition in the High Court. The writ petition is currently pending.
46. 2 writ petitions have been filed, against Taj Palace, Delhi, in the Delhi High Court pertaining to labour matters. Both the petitions are currently pending.
47. 3 different writ petitions have been filed by Taj Palace Hotel, Delhi, challenging the orders of various Labour Courts. The petitions are currently pending, with stay being granted in one of the petitions in favour of Taj Palace Hotel, Delhi.
48. 2 different cases have been filed in Labour Court, Delhi against Taj Palace Hotel, Delhi. The cases are currently pending.
49. 3 different cases have been filed in various Labour Courts against Taj Connemara, Chennai regarding matters like entitlement for permanent service, reinstatement, dismissal from service etc. the cases are currently pending.
50. A contempt of court petition has been filed against Taj West End, Bangalore arising out of a labour dispute regarding reinstatement and back wages. The amount involved is Rs. 0.64 million. The case is currently pending.
51. A writ petition has been filed, in the High Court of Karnataka by Taj West End, Bangalore, challenging the award of Principal Labour Court direct reinstatement of a worker. The court has granted stay subject to the payment of wages to the workman by the hotel. The case is currently pending and the hotel is paying Rs. 8825 per month as wages.
52. A case has been filed in the Principal Labour Court, Bangalore by an employee regarding termination from service. The case is currently pending.
53. A writ petition has been filed in the High Court of Karnataka, challenging the award of Labour Court. The case is currently pending.
54. Taj Mahal Hotel, Delhi has filed a writ petition in the High Court, Delhi. The writ petition seeks quashing of the notice dated November 26, 1991 issued to the Labour Commissioner, seeking sanction to prosecute the Chairman and Directors of Taj Mahal Hotel, Delhi. The High Court has granted a stay and the case is currently pending.
55. 2 cases have been filed by the employees of Taj Mahal Hotel, Delhi, in the High Court, against Taj Mahal Hotel, Delhi, challenging their dismissal from service. The cases are currently pending.
56. A case, connected to the cases in the High Court mentioned above, has been filed against Taj Mahal Hotel, Delhi by its employees in the lower court, challenging their dismissal from service. The case is currently pending.
57. A case has been filed in the High Court, Delhi by an employee of Taj Mahal Hotel, Delhi challenging the order of Labour Court vide which his case against dismissal from service was dismissed for non-appearance. The case is currently pending.

58. A case has been filed in the 1st Additional Labour Court, Chennai by an employee, against Fisherman's Cove, Chennai, under the Industrial Disputes Act.
59. A case has been filed against Taj, Chandigarh in the court of Assistant Labour Commissioner, Chandigarh. The amount involved is Rs. 0.04 million. The case is currently pending.

Miscellaneous

1. Balwan Singh (Plaintiff) has filed a suit (FAO No. 258/2001) in the Delhi High Court against certain individuals and the Company. The Plaintiff has this suit challenging the order of the MACT Judge for enhancing the amount of compensation payable. The matter is currently pending.

B. Litigation by the Company

Criminal Litigation

1. Jai Mahal Palace hotel (Hotel) has filed a criminal complaint (Criminal Comp. No. 1555/2003) under section 138 of the Negotiable Instruments Act before the Additional Chief Judicial Magistrate No. 5, Jaipur City, Jaipur for an amount aggregating approximately Rs. 0.2 million. In addition the Hotel has also filed a criminal case under sections 190 of the Criminal Procedure Code and 406 and 420 of the Indian Penal Code before the Additional Chief Judicial Magistrate, Jaipur City, Jaipur. The matters are currently pending.
2. The Company has filed 9 criminal complaints in the court of the 28th Court of Additional Chief Metropolitan Magistrate, Esplanade in relation to dishonour of cheques aggregating approximately to Rs. 3.50 million. The matters are currently pending.
3. The Company has filed 1 criminal complaint in the court of the 37th Court of Additional Chief Metropolitan Magistrate's Court for an amount aggregating approximately Rs. 1.49 million. The matter is currently pending.
4. The Company has filed one criminal complaint (2167/2005) in the court of the Sub-Divisional Judicial Magistrate, Alipore, Kolkata under section 138 of the Negotiable Instruments Act for an amount aggregating approximately 0.06 million. The matter is currently pending.
5. The Company has filed one criminal complaint in the District Court, Mumbai against a guest who had absconded without paying the bills at Taj Lands End, Mumbai. The amount involved aggregates approximately Rs. 0.2 million. The matter is currently pending.
6. The Company has filed one criminal complaint under section 138 of the Negotiable Instruments Act for an amount aggregating to Rs. 0.07 million in relation to payments to be made to Taj Lands End, Mumbai. The matter is currently pending.
7. The Company has filed one criminal complaint for dishonour of cheques issued by a guest for services availed in the Taj Mahal Hotel, New Delhi. The amount involved aggregates approximately Rs. 2.0 million. The matter is currently pending.
8. The Company and others have filed a criminal miscellaneous petition (8287-88/2006) in the Delhi High Court for setting aside an order of the Metropolitan Magistrate, New Delhi dated September 15, 2004 for dismissing the Company's application under section 19(2) of the Prevention of Food Adulteration Act read with section 245 of the Criminal Procedure Code for discharging the Company and Mr. Mansingh Rathore (employee). The High Court has issued notice to the Government of Delhi and has stayed proceedings pending before the Metropolitan Magistrate's Court. The matter has been adjourned to November 27, 2007.
9. The Company has filed 6 criminal complaints in relation to dishonour of cheques issued by guests in relation to services availed by them at the Taj Palace, New Delhi. The amount involved aggregates approximately to Rs. 3.80 million. The Company has received 0.5 million of this outstanding amount. The matters are currently pending.

10. The Company has filed 4 criminal complaints in relation to overdue payment aggregating approximately Rs. 0.5 million in relation to facilities and services availed by guests at Taj West End, Bangalore. The matters are currently pending.

Civil Litigation

1. The Company has filed an appeal (FAO (OS) 373/2005) before the Delhi High Court in the case between the Company and Binu A. Khanna, against an order dated September 30, 2005 whereby the single bench of the Court had dismissed the Company's application for rejection of the plaint under Order VII Rule 11 of the Civil Procedure Code. The Court has issued notice to the respondents but no stay has been granted. The Court has directed fresh service to a certain respondent. The next hearing is scheduled to be held on November 13, 2007. The matter is currently pending.
2. The Company and others (Plaintiffs) have filed a writ petition (1701/98) in the Bombay High Court against the Union of India. The Plaintiffs have filed this writ in relation to the maintainability of the dual tariff structure in hotels, which was being questioned by the government. The Court has granted an order of stay. The matter is currently pending.
3. The Company has initiated proceedings against Development Authority, Agra before the Chairman ADA Commissioner, Agra Division for an order dated June 3, 2006 for demolition of outer boundary wall. The Company has appealed for a stay order and other relief. The Company has been granted a stay order. The matter is currently pending.
4. The Company and Taj Connemara (Petitioners) have filed writ petitions (W.P. No. 30923/2003 and WP MP Nos. 37686 and 37687/03) in the Madras High Court against the Tamil Nadu Electricity Board (TNEB). The Plaintiffs have applied for a writ of certiorari and mandamus against TNEB from collecting or demanding differences in tariff rates applicable to H.T. Industrial Services and H.T. Commercial Services in future consumption bills and to refund to the Petitioners refund of amount collected as adjustment charges and to quash the impugned order. The matter is currently pending.
5. The Company has filed a suit (Civil Suit No. 2209/2003) in the District Court, Jodhpur, against the State of Rajasthan for a demand made by the transport authority aggregating approximately Rs. 0.1 million. The matter is currently pending.
6. The Company has filed 2 summary suits in the Bombay High Court for recovery of amounts aggregating approximately Rs. 2.0 million. These suits have been decreed in favour of the Company and application for execution of decree has either been filed or pending to be filed on receipt of order from the Court.
7. The Company has filed 3 appeals before the Director of Panchayat Office, Goa against the order of the Village Panchayat, Candolim, Goa. The Village Panchayat had ordered the Company to demolish certain constructions in the premises of the hotel Taj Holiday Village. The demolition order has been stayed. The matter is currently pending.
8. The Company has filed a suit (C.A. No. 446/98) in the MRTPC against Berg and Co. Limited and others for short delivery of certain items ordered by the Company for the Taj Palace Hotel, New Delhi. The Company made an application under section 12B of the MRTP Act, 1969 for claiming compensation of Rs. 0.9 million. The Company has received 0.5 million and the matter is currently pending.

Property Suits

1. The Company has filed an appeal before the Additional District Judge (Civil), Jaipur District, Jaipur against an order of the lower Court which rejected the Company's application for permanent injunction against Lt. Co. Bhawani Singh against taking possession of Ramgarh Lodge and against causing interference in the business of the Company. The matter is currently pending.
2. The Company has filed a writ petition in the Allahabad High Court against the State of Uttar Pradesh and others. The Company has challenged the cancellation of a plot of land allotted to the

Company for hotel operations in Noida. A stay has been granted by the Allahabad High Court against dispossession and the matter is currently pending.

3. Jai Mahal Palace hotel (Hotel) has filed an appeal (Appeal No. 36/2003) in the Court of the SDO for amendment of records in relation to extension plans of the Hotel. The Hotel had submitted its plan for extension of the building to the Jaipur Development Authority (JDA) October 5, 2001 for approval. The JDA had returned the plans on January 23, 2003 without approval stating that ownership of the land on which the extension plans were proposed is in the name of PWD and JDA in the revenue records. The JDA advised the Hotel to rectify the error of ownership of the land in the revenue records. The Hotel filed this appeal under sections of 88, 89 and 91 of the Rajasthan Tenancy Act read section 136 of the Land Revenue Act for amending revenue records. The matter is currently pending.
4. The Company has filed an appeal in the Madras High Court against an order of the City Civil Court where a decree was passed in favour of the plaintiff in a civil suit (O.S. No. 9468/95) where the City Civil Court declared the plaintiff to be a statutory tenant in the premises of Taj Connemara. The matter is currently pending.

Intellectual Property

1. The Company has filed 2 suits in the Delhi High Court for permanent injunction, restraining the defendants from passing off, dilution of trade mark and rendition of accounts. The matters are currently pending.
2. The Company has filed a first appeal (FAO No. 44/2007) under Order XLIII Rule 1 CPC in the Delhi High Court against an ex-parte and interim order dated October 17, 2006 passed by the Court in a case (C.S. 1960/2006) filed by Jiva Institute of Vedic Science and Culture restraining the Company from the using the name “JIVA” to market or manufacture any goods or services. The matter is currently pending.

Stamp Duty

1. The Company has filed a tax revision petition (1342/2007) before the Tax Board, Ajmer. The Collector of Stamps, Bharatpur through his order dated June 11, 2007 has demanded a stamp duty of Rs. 15.5 million and has demanded penalty aggregating approximately to Rs. 150 million. The Collector issued a demand notice on June 13, 2007 for an amount aggregating Rs. 170 million. The Company has filed this revision application along with a “stay” order before the Tax Board, Ajmer challenging the order of the Collector. The member Tax Board, Ajmer has passed an order dated September 5, 2007 recommending to the Chairman, Tax Board, Ajmer for constituting a larger bench to decide the matter as important legal issues are involved for determination. The matter is pending.
2. The Company has filed a writ petition in the Allahabad High Court against the Government of Uttar Pradesh and others. The Company has challenged a notification dated May 29, 2005 and June 29, 2007 on remission of stamp duty issued by Assistant Collector (Stamps) demanding deficiency of stamp duty aggregating approximately Rs. 114.4 million. The matter is currently pending.
3. Lake Palace Hotels and Motels Private Limited and others (Plaintiff) has challenged an order of the Collector of Stamps, Jodhpur before the High Court of Rajasthan at Jodhpur. The General Manager for Taj Lake Palace has been made a proforma party to this suit. The Sub-Registrar’s Office had issued a notice to the Plaintiff for producing the agreement with the Company for purposes of levying stamp duty. The agreement was not produced by Plaintiff since it was a business sharing agreement and was not a lease agreement. The matter was referred to the Collector of Stamps for adjudication who based on market value demanded stamp duty aggregating approximately Rs. 6 million. This order was challenged before Board of Revenue, Ajmer which confirmed the Collector’s order. The Plaintiffs have now challenged the order before the High Court. The High Court has stayed the order. The matter is currently pending.

Recovery Suits

1. The Company has filed 2 different suits for recovery of amount aggregating approximately Rs. 2.09 million for banquet expenses in Taj Lands End Mumbai. The matters are currently pending.
2. The Company has filed one suit for recovery of an amount aggregating approximately Rs. 0.4 million for banquet expenses and other services availed by a guest at the Taj Mahal Hotel, New Delhi. The matter is currently pending.
3. The Company has filed 4 civil suits in relation to recovery of amounts aggregating approximately Rs. 3.8 million for services availed by guests at the Taj Palace Hotel, New Delhi. The matters are currently pending.
4. The Company has filed 4 civil suits for overdue payment aggregating approximately to Rs. 1.3 million for facilities and services availed by guests in relation to the Taj West End, Bangalore. The matters are currently pending.

Taxation Cases

1. The Company had filed an appeal against the RTT, Jaipur against a tax demand of Rs. 11.5 million for assessment year 1995-1996. The RTT had granted a “stay” to the Company and directed the Company to deposit Rs. 4.4 million. The balance amount was stayed. Subsequently, the RTT was abolished and all matters were transferred to the Jaipur High Court. The matter is currently pending.
2. The Company has filed an appeal (43/2003) against the Government of Rajasthan before the Collector, Jodhpur. The Company has appealed against an order of the Assistant Director (LBT), Jodhpur for a demand of Rs. 8.3 million for assessment years 1997-98, 1998-99 and 1999-2000. The Company has also challenged the order of the Assistant Director by way of an appeal before, the Director, Tax (LBT), Jaipur. The matters are currently pending.
3. The Company had filed writ petitions (1973/99 and 197/99) in the Jodhpur High Court against the Assistant Director (LBT) for a demand bill of Rs. 1.87 million for assessment year 1996-97. The matter was challenged in RTT which was transferred to the High Court. The writ petitions had been dismissed ex-parte. A restoration application for the same has been filed in the High Court. The matter is currently pending.
4. The Company has filed a writ petition (WP TT No. 11/04) in the Kolkata High Court against an order of the tribunal dated August 25, 2004 which dismissed the Company’s application on non-applicability on entertainment tax on the Company’s night club “Incognito” from 1993 to 1997-98. The total entertainment tax demanded aggregates approximately Rs. 21.5 million. The matter is currently pending.
5. The Company has filed a writ petition (CWP No. 836/89) in the Delhi High Court against a demand for entertainment taxes aggregating approximately Rs. 1.63 million for the period October, 1988 to December, 1988 and January 1, 1989 to June 30, 1989 in respect of a discotheque at Taj Mahal Hotel, New Delhi.
6. The Company has filed 2 appeals before the Commissioner of Luxury Tax in relation to payment of luxury tax in regard to Taj Mahal Hotel, New Delhi aggregating approximately Rs. 0.41 million. The matters are currently pending.
7. The Company has filed 2 appeals before the Commissioner of Luxury Tax in relation to payment of luxury tax in regard to Taj Palace Hotel, New Delhi aggregating approximately Rs. 0.33 million. The matters are currently pending.
8. The Company has 4 appeals in the Income Tax Appellate Tribunal against the Department of Income Tax for assessing interest income as income from other sources and not as income from business and subsequent deduction under section 57(iii) of the Income Tax Act for assessment years 1989-90, 1990-91, 1991-92, 1992-93 and 1993-94. The tax liability amount aggregates approximately to Rs. 23.77 million. The matters are currently pending.

9. The Company has filed a case before the Settlement Commission against the Department of Income Tax in regard to assessment year 1994-95 for the following reasons: (a) differential interest on advances to subsidiary and interest free advances, (b) characterization of interest income, (c) disallowance of carpet and linen expenses and (d) reduction in deduction under section 80 HHD of the Income Tax Act. The tax liability amount aggregates approximately to Rs. 208.28 million. The matter is currently pending.
10. The Company has filed a case before the Mumbai High Court against the Department of Income Tax for disallowing municipal tax and disallowing expenses for procuring tenancy rights for assessment year 1991-92. The tax liability amount aggregates approximately to Rs. 2.21 million. The matter is currently pending.
11. The Company has 7 appeals before the Commissioner of Income Tax (Appeals) against the Department of Income Tax in regard to assessment years 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04 and 2004-05 for the following reasons: (a) differential interest on advances to subsidiary and interest free advances, (b) characterization of interest income, (c) disallowance of carpet and linen expenses, (d) reduction in deduction under section 80 HHD and (e) notional foreign exchange gain. The tax liability amount aggregates approximately to Rs. 186.6 million. The matters are currently pending.
12. The Company has made 9 appeals pertaining to payment of luxury tax in regard to various hotels before various authorities including Commissioner of Luxury Tax, Deputy Commissioner and Appellate Assistant Commissioner of Commercial Tax. The tax liability in these cases aggregates approximately to Rs. 9.95 million. The matters are currently pending.
13. The Company has made 6 appeals pertaining to payment of sales tax/VAT in regard to various hotels before various authorities including the Sales Tax Commissioner and Joint Commissioner of Sales. The tax liability in these cases aggregates approximately to Rs. 21.38 million. The matters are currently pending.
14. The Company has made 2 appeals pertaining to payment of customs duty before the CEGAT. The duty liability in these cases aggregates approximately to Rs. 3.98 million. The matters are currently pending.
15. The Company has made 2 appeals pertaining to payment of service tax before the service tax authority. The tax liability in these aggregates approximately to Rs. 0.95 million. The matters are currently pending.
16. The Company has made 3 appeals pertaining to payment of entertainment tax before various courts and authorities including the Delhi High Court and Commissioner of Income Tax. The tax liability in these cases aggregates approximately to Rs. 46.2 million. The matters are currently pending.
17. The Company has made 1 appeal against enhancement in annual rateable value of property tax in relation to Gateway Hotels. The tax liability aggregates approximately to Rs. 7.46 million. The matter is currently pending.

Labour Cases

1. Taj Agricultural Research Center (TARC), Goa has filed an appeal in the Employees Provident Fund Appellate Tribunal against an order dated November 2, 2004 of the Assistant Provident Fund Commissioner, Goa. The Assistant Provident Commissioner had determined that provident fund dues aggregating approximately Rs. 1.78 million were payable by TARC from January 1, 1983 to June 1, 2003. A stay order has been granted in favour of the Company for paying the aforesaid amount. The matter is currently pending.

Contingent Liabilities as on March 31, 2007:

- (a) On account income tax matters in dispute:
- (i) In respect of appeals filed by the Income Tax Department against the decision of the Income Tax Appellate Tribunal: Rs.0.5 million.
 - (ii) In respect of matters, which have been decided in the Company's favour by the Appellate Authorities, where the Income Tax Department has preferred an appeal: Rs.635 million.
 - (iii) In respect of other matters for which Company's appeals are pending: Rs.299.5 million.

The said amounts have been paid / adjusted and will be recovered as refund if the matters are decided in favour of the Company.

- (b) On account of other disputes in respect of:
- (i) Luxury Tax: Rs.10 million.
 - (ii) Entertainment Tax: Rs.4.7 million.
 - (iii) Sales tax: Rs.22.5 million.
 - (iv) Property Tax: Rs.14.6 million.
 - (v) Licence fee: Rs.13.9 million.
 - (vi) Stamp duty: Rs.23.4 million.
 - (vii) Others: Rs.51.3 million.
- (c) The Company has reflected an amount of Rs. 41.5 million as contingent liability on account of entertainment tax demand in respect of a property in the previous year. The Company is in appeal at the High Court level against the said demand and has paid an amount of Rs. 30.3 million under dispute as directed by the Court to the relevant authorities. As a matter of prudence, the Company has made a provision of the entire amount; unpaid demand of Rs. 11.2 million is being reflected as provision for contingencies.
- (d) The other claims against the Company not acknowledged as debts – Rs. 171.6 million mainly pertains to the additional licence fees demand raised by Delhi Development Authority of Rs. 171.4 million.
- (e) Guarantees given by the Company in respect of deposits received and loans obtained by other companies, and outstanding, as on March 31, 2007 – Rs. 1,579.2 million

Litigation involving the Directors

1. Binu A. Khanna (Plaintiff) has filed a suit (399/2001) in the High Court of Delhi against the Company, Mr. Ratan Tata (Chairman), Mr. R.K. Krishnakumar (Director) and others. The Plaintiff has filed a suit for declaration and damages aggregating to Rs. 10 million and for recovery of statutory dues. The case is currently pending.
2. J. P. Telecommunications (complainant) has filed a criminal complaint (29/2005) in the court of the Special Chief Judicial Magistrate, Kanpur against Ratan N. Tata and others, under sections 467, 418, 420 and 468 of the Indian Penal Code in a case alleging delay in refund of a security deposit paid by the complainant. Two revision petitions have been filed on behalf of R.N. Tata in the Allahabad High Court. The case has been stayed by the High Court by its order passed in a criminal revision petition (1969/2006). The case is currently pending.
3. Subodh Kumar Sangwan (complainant) has filed a criminal complaint (17282/2005) in the court of the Second Judicial Magistrate (First Class), Meerut against Ratan N. Tata and others, under sections 420 and 292 of the Indian Penal Code in a case relating to a defective product supplied to the complainant. The complaint has been stayed by the Allahabad High Court in a criminal miscellaneous petition (15547/06) filed before it. The case is currently pending.
4. Om Prakash Sharma (complainant) has filed a criminal complaint in the court of the Chief Judicial Magistrate, Agra, against Ratan N. Tata and another under sections 406, 420, 468 and 471 of the

- Indian Penal Code in a case alleging over-charging for services provided. The Magistrate has yet to take cognizance of offence complained of, and the case is at the pre-summoning evidence stage.
5. Raj Kumar Shah (complainant) has filed a complaint (OC/10/2006) before the District Forum, Qutab Institutional Area, New Delhi against Ratan N. Tata in his capacity as director of Tata Teleservices Limited. The complainant claims relief of Rs. 0.07 million for deficient service by Tata Teleservices Limited.
 6. Singhal & Sons (complainant) has filed a complaint (17/2006) before the District Forum, KG Marg, New Delhi, against Ratan N. Tata, in his capacity as director of Tata Teleservices Limited, claiming relief of Rs.0.13 million for deficient services provided by Tata Teleservices and faulty generation of a bill.
 7. Mahendra Reddy has filed a complaint (314/2004) against Ratan N. Tata in his capacity as director of Tata Teleservices Limited, claiming relief of Rs. 0.11 million for deficient service provided by Tata Teleservices Limited.
 8. Jagdish Enterprises has filed a complaint in the Consumer Disputes Redressal Forum, Aurangabad, against Ratan N. Tata and others, in a case alleging deficiency in service and claiming an amount of Rs. 0.47 million. An interim application filed to drop the name of Ratan N. Tata from the litigation was rejected by an order, against which an application has been filed challenging rejection of interim application. The case is currently pending.
 9. Narayan Rao Badakule (complainant) has filed a consumer complaint in the Consumer Disputes Redressal Forum, Betul against Telco, Mumbai, Ratan .N. Tata and another. The complaint relates to a hire purchase agreement, wherein the complainant had committed a default in payment of the monthly installments and as a consequence thereof, the vehicle was repossessed. An application has been filed for deletion of the name of Ratan N. Tata from the complaint. The case is currently pending.
 10. Parag Jain (complainant) has filed two separate consumer complaints in the Consumer Disputes Redressal Forum, Sagar, against Ratan N. Tata and others, claiming a compensation of Rs. 0.29 million. The complaint relates to defaults by the complainant in payment of certain monthly installments in relation to a vehicle, as a result of which, the vehicle was repossessed. The case has been currently posted for hearing.
 11. N. Poongodi (petitioner) has filed a petition in the Monopoly and Restrictive Trade Practice Commission, Delhi, against Ratan N. Tata. The petition relates to repossession of three commercial vehicles and one excavator following defaults on a hire purchase facility provided to the petitioner. The legal validity of the repossession has been upheld by the Bombay High Court (54/134 of 2004) and the Supreme Court (506/507 07 2004). Execution proceedings have been commenced against the petitioner, in relation to which, insolvency proceedings are pending in the Madras High Court.
 12. A writ petition (129/1998) has been filed in the Madhya Pradesh High Court at Jabalpur seeking directions to lodge a first information report against Tata Motors Limited, Commercial Automobiles Limited, Ratan N. Tata and all directors of Tata Motors Limited under sections 465, 466, 471 and 420 of the Indian Penal Code, in relation to a hire-purchase transaction.
 13. A criminal miscellaneous application (6919/2004) has been filed in the Gujarat High Court, Ahmedabad, where Mr. Ratan Tata has been impleaded as party.
 14. Jiva Institute of Vedic Science and Culture & Others (Plaintiff) has filed suit (Civil Suit No. 1960/2006) in the Delhi High Court against the Company and Mr. R.K. Krishnakumar (Director) for permanent injunction restraining passing off and for acts of unfair competition. The Court granted an ex-parte injunction restraining the Company from adopting and/or using the trademark "Jiva" in relation to its goods or services. The Company has filed a written statement and moved an application under Order XXXIV, Rule 4 of the Civil Procedure Code for vacation of ex-parte injunction order. The matter is currently pending.

15. A case was filed against Taj Garden Retreat, Varkala and Mr. R. K. Krishnakumar (Director) in the District Consumer Disputes Redressal Forum, Trivandaram by 3 customers claiming damages amounting Rs.25, 000 each plus other charges for spoiling their new year's eve party. The District Consumer Disputes Redressal Forum, Trivandaram passed an order in the favour of customers directing Taj Garden Retreat, Varkala to pay Rs.25, 000 as compensation and Rs.2500 as cost to each of the customers. Taj Garden Retreat, Varkala has filed an appeal against the said order, which is presently pending.
16. 10 show cause notices have been issued to Mr. R. K. Krishnakumar by the Enforcement Directorate for various issues including misinforming RBI with respect to information relating to a fees of USD 1.75 million received by IHCL, payment of USD 1 million without RBI's permission, not repatriating dues within the prescribed time period, failure to take permission from RBI regarding casino operations at Hotel Annapurna, waiving the right to receive an amount of Nepali Rupee 4.01 million without any permission from RBI etc. All the show cause notices are currently pending.

The following cases have been filed against Mr. N.A. Soonawala in his capacity as director of Tata Motors Limited:
17. 2 different cases have been filed against Mr. N. A. Soonawala (Director), in the Labour Court, Pune regarding issues related to termination from service of an employee. The cases are currently pending.
18. 2 different writ petitions have been filed in the Bombay High Court against Mr. N. A. Soonawala (Director), challenging the orders of the Industrial Court. The writ petitions have been admitted by the Bombay High Court and are currently pending.
19. A criminal complaint has been filed in the court of Additional CJM, Raipur against Mr. N. A. Soonawala (Director) u/s 200 Cr P C for taking cognizance of offence under section 138 read with section 141 of the Negotiable Instrument Act and section 420 read with section 34 of the IPC. A petition for quashing of the complaint has been filed before the High Court of Chhatisgarh, which granted an interim stay. The case is currently pending.
20. A consumer case has been filed against Mr. N. A. Soonawala (Director) for replacement of vehicle and payment of compensation and litigation expenses. The case is currently pending.

Litigation involving Promoter

Outstanding Litigation: Nil

Statement of Contingent Liability as on March 31, 2007:

1. Tata Sons Limited has given guarantees to banks, financial institutions and others in respect of cash credit, loan arrangements etc. allowed to other companies of the maximum amount of Rs.19.19 billion. The amounts outstanding against the above guarantees as on March 31, 2007 were Rs. 183.84 billion. A part of the above cash credit, loan arrangements, etc. are secured against the assets of the borrowers.
2. Tata Sons Limited has provided guarantees for performance to lenders in relation to loans extended by them to certain subsidiaries. The maximum exposure of the Company in the event of the projected stipulations not being met has been estimated at Rs. 6.5 billion.
3. Tata Sons Limited has given an undertaking to a financial institution to maintain at least 51% of the shareholding in a certain subsidiary so long as any amount is outstanding under certain facilities granted by them to that subsidiary.
4. Tata Sons Limited has pledged shares of the book value of Rs. 27.35 billion held in a subsidiary of the Company as security for the assistance availed by that company from certain banks.

5. Tata Sons Limited has received a sales tax demand of Rs 43.9 million for subscriptions received under the Brand Equity – Business Promotion Agreement for the financial years 1998-99 to 2001-02. A deposit of Rs. 6.6 million was made in January 2004, with the case currently being on appeal.
6. Tata Teleservices Limited, a subsidiary of Tata Sons Limited, has allotted in earlier years, 520 million shares of Rs 10 each at a premium of Rs. 7 per share to a financial investor. Tata Motors Limited has entered into an agreement with the lenders of the investor under which Tata Motors Limited is entitled to and would acquire these shares at the issue price plus an amount computed at the rate of 6 per cent annualized, if the security of these shares is invoked by the lenders.
7. Tata Teleservices Limited had issued redeemable preference shares in December 2002, aggregating Rs. 8.35 billion which are redeemable at the end of 76 months, of which Tata Sons Limited holds shares of the nominal value of Rs. 4.06 billion. The Company has entered into a put option agreement with the shareholders under which the maximum liability of the Company, if the option is exercised by the other shareholders, would be Rs. 4.29 billion.

Litigation involving subsidiaries of IHCL

1. Taj Investment and Finance Company Limited

Outstanding Litigation: Nil

Contingent Liabilities as of March 31, 2007:

- (a) No provision has been made for the premium and penalty, if any, payable to the lessor for the transfer of leasehold rights in a building in the name of the company as the quantum thereof has not been determined by the said lessor. The amount when quantified, admitted and paid by the Company is expected to be capitalized.
- (b) The claims against the company not acknowledged as debts – Rs. 10.43 million

2. KTC Hotels Limited

Outstanding Litigation: Nil

Contingent Liabilities as of March 31, 2007: Nil

3. United Hotels Limited

Litigation against United Hotels Limited

1. Tanzeb tailors have filed a suit, for recovery of Rs. 0.1 million as damages for loss of business and injunction, against United Hotels Limited in the court of Additional District Judge, Delhi. The case is currently pending.
2. 2 civil suits for injunction, declaration and recovery of damages amounting to Rs. 0.1 million each have been filed against United Hotels Limited in the court of Additional District Judge, Delhi. The suits are currently pending.

Litigation by United Hotels Limited

1. United Hotels Limited has filed 5 different suits for possession and recovery of mesne profits in various courts at Delhi. The suits are currently pending.
2. United Hotels Limited has filed 2 complaints under Section 630 of the Companies Act in the court of MM and ACMM. The complaints are presently pending.

3. United Hotels Limited has filed 2 different complaints under section 138 of the Negotiable Instruments Act in the court of Metropolitan Magistrate, New Delhi. The aggregate amount involved is Rs. 0.1 million. At present the complaints are pending.
4. United Hotels Limited has filed 6 different complaints under section 138 of the Negotiable Instruments Act against M/s Dasaprakash and another in the court of Metropolitan Magistrate, New Delhi. The amount involved in each complaint is Rs.1.27 million. The complaints are currently pending.

Contingent Liabilities as of March 31, 2007:

- (a) Claims against the company not acknowledged as debts are:

NDMC-House Tax – Rs. 25.7 million
Income tax of earlier years – Rs. 39.9 million
Surety with Sales Tax Authority – Rs. 0.7 million

4. Taj SATS Air Catering Limited

1. Taj SATS Air Catering Limited has filed a suit for recovery of Rs.3.3 million plus interest against M/s East West Airlines Limited in the High Court, New Delhi. A decree has been passed in favour of Taj SATS Air Catering Limited. Further, Mumbai High Court has granted Taj SATS Air Catering Limited liberty to file an application before the official liquidator, as M/s East West Airlines Limited is under liquidation, for including its name in the list of unsecured creditors. An application has been filed. The case is currently pending.
2. Taj SATS Air Catering Limited has filed a suit for recovery of Rs.2.03 million plus interest against M/s U. P. Airways in the High Court, New Delhi. The suit is presently pending.

Contingent Liabilities as of March 31, 2007:

- (a) Arbitration proceedings initiated to resolve the long standing dispute Airport Authority of India (AAI) for granting access through its land at Mumbai have been concluded in favour of IHCL. As a result, the claim made by AAI on IHCL amounting to Rs. 102 million stands withdrawn. The revised claim pursuant to the award given by the arbitrator is awaited from AAI. The Company does not expect any liability for the past period and should there be any liability crystallizing on the company for any reason, the same is indemnifiable by IHCL under the business transfer agreement executed on formation of the joint venture.
- (b) Counter guarantees given to banks against guarantees given by them on behalf of the company – Rs. 3.2 million.
- (c) Estimated amount of contracts remaining to be executed on capital account – Rs. 252.6 million
- (d) Appeal filed by the company against Department of Commercial Taxes under order of West Bengal Sales Tax Act for the financial year 2002-03 – Rs. 0.1 million.
- (e) Appeal filed by the company against demand raised by the income tax department for assessment year 2003-04 – Rs. 31.7 million against which provision has been made for Rs. 28.30 million and amount paid Rs. 31.76 million.
- (f) Labour disputes under adjudication relating to staff – amount not ascertainable.

5. Roots Corporation Limited

Litigation against Roots Corporation Limited

A suit for injunction has been filed against Roots Corporation Limited in the court of 1st Additional Civil Judge (Senior Division), Varanasi. The suit is currently pending.

Contingent Liabilities as of March 31, 2007:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 270 million.
- (b) The company has contingent liabilities in the form of bank guarantees given to Jawahar Custom House, NHAVA Sheva against import of construction material to the tune of Rs. 0.3 million.

6. Residency Foods and Beverages Limited

Litigation against Residency Foods and Beverages Limited

1. RFBL has filed an appeal before CESTAT, Delhi challenging the order of the Commissioner of Excise, Delhi. The Commissioner of Excise had vide order dated April 21, 2005 confirmed the demand of Rs.26.2 million imposed against RFBL under the Central Excise Act 1944 (CEA 1944); a penalty of Rs.26 million on RFBL, penalties amounting to Rs.2 million each on two employees of RFBL and of Rs. 3 million on one employee of RFBL, under Section 11AC of CEA 1994 read with Rule 209A of Central Excise Rules 1944. CESTAT has stayed the demand of Rs. 26.2 million and also the penalties imposed on RFBL and the employees, till the disposal of the appeal(s). A period of six months has passed since the stay order was granted by CESTAT; consequently RFBL has filed an application for extension of the stay order. The matter is currently pending.
2. RFBL has filed a revision petition before the Lucknow bench of Allahabad High Court against the order passed by the Trade Tax Tribunal, Lucknow rejecting RFBL's application for exemption from payment of sales tax. During the pendency of the above petition, the Trade Tax Department, UP assessed RFBL for sales tax and confirmed the demand of Rs. 27.5 million plus interest and penalties, by passing an ex-parte order which assessment has since been reopened. RFBL filed an application in the revision petition pending before the High Court seeking a stay on the sales tax assessment proceedings which has been granted. The matter is currently pending.
3. A dispute had arisen between Meghdoot hotel and M/s Pepsico. M/s Pepsico referred the matter for arbitration wherein Meghdoot hotels has impleaded RFBL as a party. The amount involved in the arbitration proceedings is Rs.1.1 million. The arbitration proceedings are yet to commence.
4. RFBL filed an appeal before the Trade Tax Tribunal challenging the order dated September 28, 2000 passed by the Assistant Commissioner (Sales Tax), Kanpur demanding a sum Rs.0.05 million. A bank guarantee of Rs. 0.4 million was submitted by the company. The Trade Tax Tribunal remanded the matter to the Deputy Commissioner for fresh adjudication. An ex-parte order was passed by the Deputy Commissioner consequent, subsequent to which an application was moved by RFBL for setting aside of the ex-parte order. The application was allowed by the Deputy Commissioner and the matter is currently pending.
5. A criminal complaint under Sections 7 and 16 of the Prevention of Food Adulteration and a FIR has been filed against RFBL and others for presence of fungus in a bottle of beverage. Apart from prosecution the complainant has also sought Rs. 0.2 million as compensation. The case is currently pending.
6. A consumer complaint has been filed against RFBL for adulteration of beverages. The complainant has claimed a compensation amounting to Rs. 0.2 million. Presently, the case is pending.

Show cause Notice issued to Residency Foods and Beverages Limited

A show-cause cum demand notice was issued by the Additional Commissioner (CCE), Allahabad alleging that RBFL and its sole buyer are related persons and that RBFL is liable to pay duty at the selling price offered to the sole buyer. The amount involved in the case is Rs. 2.4 million. A detailed reply, dated November 29, 1999, was sent in response to the show-cause cum demand notice. No notice of hearing has been received thereafter. The matter is currently pending.

Litigation by Residency Foods and Beverages Limited

1. The Uttar Pradesh Trade Tax Department assessed RFBL to sales tax of Rs. 5.7 million, Rs.12 million and Rs.7.6 million for financial years 1990-1991, 1991-1992 and 1992-1993 respectively. RFBL filed an appeal against the said assessment orders before the Trade Tax Tribunal which remanded the matter to Deputy Commissioner to decide the matter afresh. The Deputy Commissioner passed an ex-parte order consequent where to RFBL filed an application for setting aside of the order. The Deputy Commissioner reopened the assessment, vide order dated January 31, 2007 and also granted RFBL 6 months time to have the renewed appeal decided by the Lucknow High Court. RFBL filed an application before the Lucknow High Court which granted a stay vide order dated May 3, 2007. The matter is currently pending.
2. The Commissioner, Central Excise, Allahabad vide order dated January 7, 2003 had quashed the show-cause cum demand notice issued by the Deputy Commissioner of Excise, Allahabad and directed the Deputy Commissioner to first finalise the provisional assessment. The Deputy Commissioner passed order dated October 30, 2006 finalising the assessment and creating a demand of Rs. 20.7 million. RFBL filed an appeal before the Commissioner, Central Excise against order dated October 30, 2006. The Commissioner, Central Excise decided the appeal in favour of RFBL and order a reassessment. The matter is currently pending.

Contingent Liabilities as of March 31, 2007:

Disputed Excise Demands

Rs. 75.77 million

- (a) The Allahabad and Kanpur excise authorities had in earlier years issued show cause notices to the company in connection with the production and dispatches between March 1994 to the January 29, 1995 from its satharia and unnao plants. The show cause notices raised a demand of excise duty amounting to Rs. 20.7 million (plus interest and penalties) for the satharia plant and Rs. 52.1 million (including interest and penalties) for the unnao plant. As regards the demand of Rs. 20.7 million related to satharia, the Commissioner Central Excise, Allahabad, vide order dated April 7, 2003 had dropped proceedings initiated under the said showcause notice and issued direction to the Assistant Commissioner of Central Excise Division – II, Allahabad to finalize the pending provisional assessment within one month from the date of receipt of the order. During the year, the company received and order dated October 3, 2006, confirming the demand on the same basis as alleged in the initial showcause notice. The company filed an appeal with Commissioner (Appeals), Central Excise, Allahabad. The Commissioner (Appeals) vide his order dated May 22, 2007 has waived the pre-deposit of duty; set aside the order dated October 3, 2006 and has remanded the matter back to the adjudicating authority to decide afresh.

No provision has been considered in case of the showcause notice for Rs. 26.1 million issued by the Kanpur Excise Authorities as the matter is pending for disposal before the Commissioner Adjudication, Central Excise, New Delhi. As regards the unnao plant, the Company had received confirmation of the demand of Rs. 26.1 million and further a penalty of Rs. 26 million vide order no. C.No.V(15) Off/Adj./50/97 dated April 7, 2005 from the Commissioner (Adjudication), Delhi. The company filed an appeal before CESTAT along with the stay application against the said order. CESTAT vide order dated September 19, 2005 had stayed the requirement of pre-deposit of duties and penalties till the disposal of appeal.

- (b) The Excise Authorities at Allahabad has issued a show cause cum demand notice raising the demand of Rs. 2.97 million on account of alleged differential duty payable by the company during the period September 1994 to November 1994. The company has contended that this demand is already covered in demand of Rs. 20.7 million raised by showcause cum demand notice referred above in para (a) above.

Disputed sales tax demands

Rs. 27.49 million

- (a) The UP trade tax department had in earlier years made a demand on company for Rs. 5.72 million for the financial year 1990-1991, Rs. 11.7 million for 1991-92, and Rs. 6.76 million for 1992-93 in connection with sales made by the company from its unnao plant. The demand is in repswct of sales tax exemption entitlement of the unnao plant during the period May 21, 1990 to July 8, 1992 as a “successor manufacturer” under the UP Trade Tax Act. Consequent to the rejection of the company’s appeal by the trade tax tribunal, the company filed a revision petition before Lucknow branch of Allahabad High Court for exemption from sales tax which is pending before the High Court.

During the year, the trade tax tribunal remanded the matter back to the assessing authority. The assessing authority made ex-parte assessments for these three years raising the demand of Rs. 27.25 million through separate orders dated October 3, 2006. The company filed requisite applications for re-opening of the ex-parte assessment. The Deputy Commissioner (Sales Tax) vide its order dated January 31, 2007, while setting aside the ex-parte orders, has also ordered re-opening of above assessments. The assessment proceedings are yet to be completed as on March 31, 2007.

In the meanwhile, the company moved an application before the Lucknow Bench of the Allahabad High Court in the pending revision petition seeking the stay on the assessment proceedings before the assessing authority for the years 1990-91, 1991-92 and 1992-93. The High Court vide its order dated May 3, 2007 has ordered the proceedings pending before the assessing authority for these three years to be kept in abeyance.

- (b) A demand of Rs. 0.16 million was imposed for the financial year 1993-1994 which was subsequently reduced to Rs. 0.05 million by Deputy Commissioner (Appeals). The company had filed an appeal before the tribunal. During the year, the assessing authority consequent to the remanding back of the assessment by the trade tax tribunal vide its order dated October 3, 2006 passed an ex-parte order raising a demand of Rs. 0.20 million. The company filed an application for re-opening of the ex-parte assessment. The Deputy Commissioner (Sales Tax) while setting aside the ex-parte orders on January 31, 2007 also ordered re-opening of the above assessment. The assessment proceedings are yet to be completed as on March 31, 2007 and the company considers liability to be contingent in nature.

Messrs. R.K. Agencies had placed a security of Rs. 0.04 million with RFBL which was transferred to Messrs Pepsico India Holdings Limited who are not refunding the amount to the party. The party is hence, demanding payment from the company. The matter is pending before District Forum at Farukhabad. Messrs Pepsico assured that the case has been dismissed, however; the company has not received any formal communication in this regard till date.

Two individuals have filed a case under the Prevention of Food Adulteration Act with an aggregate demand of Rs. 0.46 million. In one case, the court has passed an order and asked the company to pay a compensation of Rs. 7,500 with interest at the rate of 12% per annum. However, the company has challenged this order before the State Commissioner.

7. Innovative Foods Limited

Litigation involving Innovative Foods Limited

1. Employees State Insurance Corporation has filed a case, against Innovative Foods Limited, in ESI Court, Alappuzha for omission of contribution. The amount involved in the case is Rs. 0.1 million. The case is currently pending.
2. Provident Fund commissioner, Sub regional office, Cochin has filed a case, in the Employees Provident Fund Appellate Tribunal, against Innovative Foods Limited for not making appropriate provident fund contribution on peeling charges. The amount involved in the case is Rs. 2.1 million. The case is currently pending.
3. A private complaint has been filed, against Innovative Foods Limited and others, in the Cherthala Principle Municipal Court Lok Adalat regarding pollution. The complaint is presently pending.

Contingent Liabilities as of March 31, 2007: Nil

8. Taj International Hotels (H.K.) Limited

Outstanding Litigation: Nil

Contingent Liabilities as of March 31, 2007:

St. James Court Hotel Limited own the leasehold interest in the property in London, such interest having been assigned to it in an earlier year by a subsidiary company (under liquidation) on the basis of a licence granted by the landlord of the property, Scottish Widows' Fund and Life Assurance Society. The licence was granted for such assignment upon the guarantee from the company for the due performance and observance by St. James Court Hotel Limited of the covenants and conditions contained in the licence. The obligations of the company in favour of the land lord shall remain in force throughout the full term of the lease, including any renewals.

9. International Hotel Management Services Inc.

Outstanding Litigation: Nil

Contingent Liabilities: Nil

10. St. James Court Hotel Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

11. Chieftain Corporation N.V.

Outstanding Litigation: Nil

Contingent Liabilities: Nil

12. IHOCO B.V.

Outstanding Litigation: Nil

Contingent Liabilities: Nil

13. Taj International Hotels Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

14. Samsara Properties Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

15. IHMS (Australia) Pty Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

16. IHMS (Restaurants) Pty Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

17. Apex Hotel Management Services Pte Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

18. IHMS LLC

Outstanding Litigation: Nil

Contingent Liabilities: Nil

19. IHMS (Boston) LLC

Outstanding Litigation: Nil

Contingent Liabilities: Nil

20. IHMS (USA) LLC

Outstanding Litigation: Nil

Contingent Liabilities: Nil

21. IHMS (SF) LLC

Outstanding Litigation: Nil

Contingent Liabilities: Nil

Litigation involving Joint Venture Companies

1. Taj GVK Hotels and Resorts Private Limited

Litigation involving Taj GVK Hotels and Resorts Private Limited

1. Taj GVK Hotels and Resorts Limited has filed an appeal, against the order of Assistant Commissioner of Income Tax, in the Appellate Tribunal. The amount involved in the case is Rs.9 million. Taj GVK Hotels and Resorts Limited has already paid an amount of Rs. 8.6 million, under protest. The appeal is currently pending.
2. Taj GVK Hotels and Resorts Limited has filed an appeal, against the order of Deputy Commissioner of Income Tax, in the court of Commissioner of Income Tax (Appeals). The amount involved in the case is Rs. 4.4 million. Taj GVK Hotels and Resorts Limited has already paid an amount of Rs. 2.2 million. The appeal is currently pending.
3. Commercial Tax Officer has filed 2 separate appeals, challenging orders passed in favour of Taj GVK Hotels and Resorts Limited, in the Sales Tax Appellate Tribunal. The aggregate amount involved in the appeals is Rs.0.2 million. The appeals are currently pending.
4. Deputy Commissioner (CT), Punjagutta Division has filed an appeal, in the Andhra Pradesh Sales Tax Appellate Tribunal, against Taj GVK Hotels and Resorts Limited. The amount involved in the case is Rs.0.2 million. The appeal is currently pending.

Contingent Liabilities not provided for in respect of (as of March 31, 2007):

- | | | |
|-----|--|-------------------|
| (a) | Sales Tax Matters (Purchase Tax): | Rs. 0.5 million |
| (b) | Income Tax Matters: | Rs. 13.4 million |
| (c) | Probable customs duty: | Rs. 93.8 million |
| (d) | Guarantees: | Rs. 13.8 million |
| (e) | Letters of Credit: | Rs. 8.8 million |
| (f) | Bank Guarantees (others) | Rs. 24.1 million |
| (g) | Estimates contracts remaining to be executed on capital account: | Rs. 357.3 million |

2. Taj Karnataka Hotels and Resorts Private Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

3. Taj Kerala Hotels and Resorts Limited

Outstanding Litigation: Nil

Contingent Liabilities in respect of (as of March 31, 2007):

Claims against the company not acknowledged as debts:

- | | | |
|-----|-------------------------------|-------------------|
| (a) | Luxury tax demands: | Rs. 12.58 million |
| (b) | Building tax demands: | Rs. 0.5 million |
| (c) | Provident fund demands: | Rs. 3.35 million |
| (d) | ESI demands: | Rs. 1.67 million |
| (e) | Workers Welfare cess demands: | Rs. 0.5 million |
| (f) | Sales tax demands: | Rs. 0.11 million |

The estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 7 million.

4. Taj Madras Flight Kitchen Private Limited

Litigation involving the Company

1. The company has received a demand under section 156 of the Income Tax Act 1961 for assessment year 2002-03 for an amount of Rs.0.2 million and for assessment year 2004-05 for an amount of Rs.0.01 million. The company has gone on appeal before the Commissioner of Income Tax (Appeals) against the above orders, which is pending hearing. The company also deposited the amount demanded by the Assessing Officer under protest, subsequently in the month of April 2007.
2. For the financial year 2002-03, the company had appealed against the assessment order passed by the Commercial Tax Officer in connection with the levy of Rs.0.02 million towards tax and Rs.1.8 million towards penalty before the appellate assistant commissioner. The Appellate Assistant Commissioner had remanded the case back to the Assessing Officer and the same was pending before the Commercial Tax Officer as of March 31, 2005. During the year 2005-06 the Commercial Tax Officer passed an order in which the appeal for Rs.0.02 million was decided in favour of the company and the levy of penalty for Rs.1.8 million was upheld in favour of the department. The company went on appeal before the Appellate Assistant Commissioner which appeal was also rejected vide order dated November 9, 2005. The company has now gone on appeal before Tamil Nadu Sales Tax Appellate Tribunal, Madras Bench and the same is pending hearing.

Contingent Liabilities as at March 31, 2007

- (a) Guarantee issued by bankers against company's counter guarantee: Rs.1.3 million
- (b) Letters of Credit issued by the bankers: Rs.0.8 million
- (c) Claims against the company not acknowledged as debts:
 - The company has received a demand under section 156 of the Income Tax Act 1961 for assessment year 2002-03 for an amount of Rs.0.2 million and for assessment year 2004-05 for an amount of Rs.0.01 million. The company has gone on appeal before the Commissioner of Income Tax (Appeals) against the above orders, which is pending hearing. The company also deposited the amount demanded by the Assessing Officer under protest, subsequently in the month of April 2007.
 - The company had received a notice from the Commercial Tax Officer, Sales Tax Department, Tamil Nadu during the year ended March 31, 2005 claiming an amount of Rs.0.7 million towards additional sales tax for the year 2001-02. The company has objected to the above claim and has made necessary representations in this regard, based on professional advice. Pending any formal demands / orders from the Sales Tax Department, the above claims are not construed by the company to be statutory dues in demand as of March 31, 2007.
 - For the financial year 2002-03, the company had appealed against the assessment order passed by the Commercial Tax Officer in connection with the levy of Rs.0.02 million towards tax and Rs.1.8 million towards penalty before the appellate assistant commissioner. The Appellate Assistant Commissioner had remanded the case back to the Assessing Officer and the same was pending before the Commercial Tax Officer as of March 31, 2005. During the year 2005-06 the Commercial Tax Officer passed an order in which the appeal for Rs.0.02 million was decided in favour of the company and the levy of penalty for Rs.1.8 million was upheld in favour of the department. The company went on appeal before the Appellate Assistant Commissioner which appeal was also rejected vide order dated November 9, 2005. The company has now gone on appeal before Tamil Nadu Sales Tax Appellate Tribunal, Madras Bench and the same is pending hearing.

No specific provisions have been made with respect to the aforesaid income tax and sales tax claims. However, a general provision of Rs.0.8 million has been made towards contingencies.

5. Taj Safaris Limited

Outstanding Litigation: Nil

Contingent Liabilities as of March 31, 2007:

- (a) Guarantees given by banks on behalf of the company outstanding amounting to Rs. 1.7 million.
- (b) Estimated amounts of contracts remaining to be executed on capital account: Rs. 3.2 million

6. Taj Asia Limited

Outstanding Litigation: Nil

Contingent Liabilities as of March 31, 2007:

At the balance sheet date, the company had contingent liabilities not provided for in the financial statements in respect of corporate guarantees for bank loans granted to an associate totaling to approximately USD 10 million.

7. Taj International Hotels (South Africa) Pty Limited

Outstanding Litigation: Nil

Contingent Liabilities: Nil

Litigation involving Promoter Group

1. Tata Steel Limited

Litigation Against Tata Steel Limited

Criminal Cases (including cases filed against employees of Tata Steel Limited)

- i. A special leave petition, challenging the discharge of Tata Steel Limited's employees by Jharkhand High court in complaint relating to unauthorised occupation of Tata Steel Limited's premises, is currently pending in the Supreme Court of India.
- ii. Tata Steel Limited has filed 3 separate petitions in the Jharkhand High Court for quashing of 3 different criminal complaints under various sections of IPC, which were filed by complainants regarding disputes arising out of encroachment of land/property. Presently, all the 3 petitions are pending.
- iii. 3 separate criminal complaints have been filed against Tata Steel Limited and/or its employees by different complainants under various sections of IPC relating to encroachment of land. The complaints are currently pending.
- iv. 2 different cases have been filed against Tata Steel Limited and 2 of its Directors under various sections of IPC including section 420. The proceedings have been stayed, pending disposal, by the Jharkhand High Court in one case and Calcutta High Court in the other, in petitions filed before them on the issue of cognizance and for quashing of criminal proceedings respectively.
- v. A case, under various sections of IPC, has been filed against the employees of Tata Steel Limited for forgery of training certificates. The case is currently pending.
- vi. 8 different cases, have been filed against Tata Steel Limited and/or its employees under various sections of IPC including sections 287 and 304-A, arising out of unrelated fatal accidents. All the cases are currently pending and Supreme Court has granted stay in 2 cases pending disposal of

- special leave petition on the issue that whether such cases are under the jurisdiction of the factory inspector or the police.
- vii. 2 different cases have been filed against 3 employees of Tata Steel Limited under sections 287, 337, 335 and 34, IPC arising from a hard landing of Tata Steel Limited's aircraft. All the cases are currently pending.
 - viii. Two different cases have been filed against the employees of Tata Steel Limited, under various sections of IPC including sections 279 and 338, relating to fatal road accident and rash driving. The cases are currently pending.
 - ix. A complaint under section 92 of the Factories Act, 1948, relating to a fatal accident has been filed against employees of Tata Steel Limited, by the State of Jharkhand through Factory Inspector. The case is currently pending.
 - x. A complaint under section 92 of the Factories (Amendment) Act, 1987 has been filed against Tata Steel Limited and Dr. J.J. Irani relating to a fatal accident. A discharge petition has been filed on behalf of Dr. J.J. Irani. The case is currently pending.
 - xi. A criminal complaint under various sections of IPC has been filed against Tata Steel Limited and its employees. The complaint relates to the age given by the complainant in the records of Tata Steel Limited. The case is currently pending for hearing.
 - xii. A criminal complaint under various sections of IPC has been filed against Tata Steel Limited and others. The complaint relates to an alleged fabricated document filed in Court by Tata Steel Limited and is currently pending.
 - xiii. 3 different complaints have been filed against Tata Steel Limited and its employees under various sections of IPC for inducing resignation by issuing threats. All the cases are currently pending and Tata Steel Limited has filed a criminal revision petition before the Additional District Judge in one of the cases.
 - xiv. A criminal complaint has been filed against Tata steel Limited, its Director and other under sections 278, 283 and 431, IPC in relation to an allegation of nuisance caused by Tata Steel Limited by its failure to widen/maintain a road. The case is currently pending.
 - xv. A criminal complaint has been filed against Tata Steel Limited and others under various sections of Wildlife (Protection) Act, 1972 and the Prevention of Cruelty to Animals Act, 1960. The complaint is currently pending for enquiry under section 202 of the Criminal Procedure Code.
 - xvi. An appeal has been filed by a complainant in the court of the District and Sessions Judge, Jamshedpur against State of Jharkhand and Tata Steel Limited challenging conviction by the trial court. The appeal is currently pending for hearing.
 - xvii. A case was filed against a Director and a former Director of Tata Steel Limited under sections 338 and 304, IPC. Pursuant to separate criminal miscellaneous petitions being filed by the Director and former Director, the Jharkhand High Court has amalgamated the petitions. The case is currently pending.
 - xviii. A case has been filed against employees of Tata Steel Limited under sections 147, 148, 323 and 324 of the IPC, which is currently pending for final hearing.
 - xix. Tata Steel Limited has challenged, the order of Trial Court rejecting petition seeking dismissal of criminal proceedings instituted against its employees, through a writ petition in the Jharkhand High Court. The case is currently pending.
 - xx. A case has been filed against Tata Steel Limited. The case arises out of a case pertaining to cognizance taken under sections 279, 427, 304, 201 and 202 of the IPC and section 151 of the Indian Railways Act, 1989. The case is currently pending for evidence.
 - xxi. A case has been filed against an employee under sections 323 and 341, IPC arising from an incident wherein the complainant allegedly attacked a superior, and was discharged from service. The case is currently pending.

- xxii. A case has been filed against the employees of Tata Steel Limited under sections 379, 427 and 34 of the IPC. The case is currently pending.
- xxiii. A case has been filed against an employee of Tata Steel Limited under sections 323, 330, 420, 406, 357 and 120(B) of the IPC. The case is currently pending, and Tata Steel Limited has filed a discharge petition on behalf of the accused.

Customs Cases

- i. The Commissioner of Central Excise and Customs, Bhubaneswar has filed an appeal in the Supreme Court of India against the order of the CESTAT, Mumbai reducing the redemption fine of Rs.65 million and penalty of Rs.40 million imposed on Tata Steel Limited to Rs.20 million and Rs.10 million respectively. The appeal is currently pending.
- ii. The Commissioner of Central Excise and Customs, Bhubaneswar has filed 12 appeals in the CESTAT, Kolkata against certain orders passed by the Commissioner of Central Excise, Bhubaneswar allowing Tata Steel Limited the benefit of complete exemption of duty for the importation of low silica limestone through Paradip port under a customs. The aggregate amount involved is Rs.54.77 million. The case is currently pending.
- iii. The Deputy Commissioner, Customs, Custom House, Paradip has issued 66 show cause notices against Tata Steel Limited during the years from 2003 to 2005. The aggregate amount involved Rs.133.64 million. The case is currently pending.
- iv. The Commissioner of Customs, Kolkata has issued an order claiming an amount of USD 14.98 million from Tata Steel Limited in relation to duty payable for import of steel billets. The case is currently pending.
- v. There are 18 proceedings pending before the Commissioner of Customs, Kolkata. The aggregate amount involved in these proceedings is approximately Rs.92.61 million.
- vi. There are 8 proceeding pending before the CEGAT, New Delhi and. The aggregate amount involved in these proceedings is approximately Rs.28.74 million.
- vii. There are 14 proceedings pending before Commissioners of Central Excise in Bhubaneswar, Kolkata, New Delhi, Nagpur and Pune. The aggregate amount involved in these proceedings is approximately Rs.29.12 million.
- viii. There are 8 proceedings pending before the Deputy Commissioner of Customs, Paradip relating to refunds claimed by Tata Steel Limited for excess customs duty paid. The aggregate amount involved in these proceedings is Rs.3.1 million.

Environment Cases

- i. The State of Bihar has filed three civil appeals in the Supreme Court of India against Tata Steel Limited and others relating to the 1992 amendment to the Mineral Area Development Authority Act, 1986. The case is currently pending.
- ii. The State of Jharkhand has filed a special leave petition in the Jharkhand High Court against Tata Steel Limited, challenging the judgment of the Jharkhand High Court in a letters patent appeal relating to the payment of royalty on coal. The aggregate liability in this case is Rs.293.3 million. The case is currently pending.
- iii. A writ petition has been filed in the Supreme Court of India against the Union of India and Tata Steel Limited seeking an order quashing the certain circulars issued by the Ministry of Environment and Forests which purport to amend an older notification issued under the Environment (Protection) Act, 1986. The case has been stayed by the Supreme Court of India.
- iv. A writ petition has been filed in the Jharkhand High Court against Tata Steel Limited, which relates to seeking of permission from the Central Government for sale of coal slurry. It is yet to be admitted.
- v. A writ petition has been filed in the Jharkhand High Court, against the Union of India, Tata Steel Limited and others, for quashing clause 1(1) of the notifications dated September 14, 1999 and

- August 27, 2003 issued by the Ministry of Environment and Forests under rule 5(3) of the Environment (Protection) Rules, 1986.
- vi. A writ petition has been filed in the Jharkhand High Court against the Union of India, Tata Steel Limited and others seeking directions to Tata Steel Limited to use fly ash bricks manufactured by the petitioner as per the guidelines of the Indian Standards Institute. The case is currently pending.
 - vii. 3 writ petitions have been filed in the Jharkhand High Court against the Union of India, Tata Steel Limited and others. The petitioners seek to obtain an order quashing the notifications of the Ministry of Environment and Forests, dated September 19, 1999 and August 27, 2003, issued under rule 5 (3) of the Environment (Protection) Rules, 1986 and letter no. 9-5/O3 HSMD of the Ministry of Environment and Forests, dated April 3, 2003. The case is currently pending.
 - viii. A writ petition has been filed in the Jharkhand High Court against the State of Jharkhand, Tata Steel Limited and others for setting aside the order of the Additional Collector, Hazaribagh wherein the jamabandi (record of rights) in favour of the petitioner was cancelled. The case is currently pending.
 - ix. A revision case has been filed in the Mines Tribunal, Delhi against the State of Chhattisgarh and Tata Steel Limited, challenging the recommendation in favour of Tata Steel Limited made by the Chhattisgarh state government for grant of a prospecting license. The case is currently pending.
 - x. The State of Jharkhand has filed a case in the court of the Sub-Divisional Judicial Magistrate, Sariakela against the employees of Tata Steel Limited under section 33 of the Forests Act, 1958. The Jharkhand High Court has stayed the proceedings in the lower Court under a criminal revision petition. The case is currently pending.

Excise Cases

- i. The Commissioner of Central Excise and Customs has filed a tax appeal before the Jharkhand High Court against the order of CESTAT (Tribunal), Mumbai reducing the demand imposed on Tata Steel Limited from Rs.35.6 million to Rs.1.61 million and replacing the penalty of Rs.37.2 million to a redemption fine of Rs.2 million. The case is currently pending.
- ii. The Excise authorities have issued an order against Tata Steel Limited in relation to faulty invoices submitted by it and imposed a penalty of Rs. 19.6 million and redemption fine of Rs. 11 million on it and an aggregate penalty of Rs.30 million on 2 of its directors. Tata Steel Limited has deposited a duty of Rs.10.8 million under protest, and bond and bank guarantee for Rs.104 million. The case is currently pending before the CEGAT, Chennai.
- iii. The Commissioner, Central Excise, Jamshedpur has issued a demand on Tata Steel Limited of Rs.108.98 million. Tata Steel Limited preparing to file an appeal to the Commissioner (Appeals), Patna.
- iv. The Commissioner of Central Excise and Customs has filed an appeal in CESTAT, Mumbai against the order relating to excise liability of Tata Steel Limited. The order of the Commissioner (appeals) favoured Tata Steel Limited. The amount involved is Rs.166.99 million.
- v. Tata Steel Limited has proceedings pending before the excise tribunals in Hosur, Kolkata and Durgapur, relating to issues including refund applications, excess credit taken and conversion of DEPB into DFRC. The aggregate amount involved in these proceedings is approximately Rs.264.6 million.

Income Tax

- i. The Income Tax Department has filed 12 different appeals before the Income-tax Appellate Tribunal against various orders of the Commissioner of Income-tax (Appeals), Mumbai for several assessment years. The tax liability involves an amount aggregating approximately Rs.812.7 million.

Labour Cases

- i. 3 different cases have been filed against Tata Steel Limited and/or its employees for violation of the provisions of the Minimum Wages Act, 1948. The cases are currently pending.
- ii. 7 different cases have been filed against Tata Steel Limited and/or its employees in the Labour Court for illegal termination of service.
- iii. 10 different cases have been filed against Lafarge India Limited and two directors for illegal termination under a voluntary retirement scheme. The proceedings are currently pending.
- iv. Tata Steel Limited has 8 proceedings pending before the Jharkhand High Court, relating to demands for payment made to Tata Steel Limited by the Employees State Insurance Corporation under the Employees State Insurance Act, 1948. The aggregate amount involved in these cases is approximately Rs. 222.35 million.
- v. Tata Steel Limited has 4 proceedings pending before the Employees State Insurance Authorities, Mumbai, in relation to various demands made under the Employees State Insurance Act, 1948.
- vi. An appeal filed by The Employees State Insurance Corporation, Ahmedabad is pending before the Gujarat High Court against the decision of the Employees State Insurance Tribunal, Ahmedabad whereby Tata Steel Limited was made exempt from the purview of the scheme under the Employees State Insurance Act. The amount involved in the case is Rs.0.08 million. The appeal is currently pending.
- vii. An exemption application has been filed by Tata Steel Limited against a demand for Rs.0.23 million issued by the Employees State Insurance Corporation, Chennai. A final order is awaited.
- viii. Tata Steel Limited has filed a writ petition before the Jharkhand High Court, seeking renewal of a pre-existing exemption from the provisions under the scheme, pursuant to a demand of Rs.160 million issued by The Employees State Insurance Corporation, Jamshedpur. The High Court has granted a stay and the case is currently pending for hearing.
- ix. 10 different cases have been filed against Tata steel Limited and/or its employees for violating Section 10 (1) of CLRA. Criminal miscellaneous petitions have been filed in all of them seeking quashing in 5 of them and challenging the cognizance order in 5 others. The cases are currently pending.
- x. 3 different criminal revision petitions have been filed in the Jharkhand High Court against the order of Chief Judicial Magistrate, Jamshepur dismissing proceedings under the Factories Act, 1948 against a Director of Tata Steel Limited. The cases are currently pending.
- xi. 5 cases have been filed against the employees of Tata Steel Limited relating to offences under various sections of the Factories Act including Section 92. The cases are currently pending.
- xii. 9 different cases have been filed against the Directors and/or employees of Tata Steel Limited under various sections of the Bihar Factories Rules, 1950 and/or Factories Act, 1948. In 7 cases different criminal miscellaneous petitions have been filed in the Jharkhand High Court, out of which 6 cases have been stayed and 1 case has been stayed pursuant to an order of Jharkhand High Court in a writ petition filed before it. In 1 case Tata Steel Limited has filed a petition seeking discharge of its Director. All the cases are currently pending.
- xiii. A complaint has been filed against a director of Tata Steel Limited under various rules of Bihar Factories Rules, 1950. The case is currently pending.
- xiv. The Factory Inspector has filed 2 complaints against a Director of Tata Steel Limited under various provisions Factories Act, 1948 read the Bihar Factories Rules, 1950. In one of the cases Tata Steel Limited filed a petition for discharge of its Director, which was allowed and the name of another Director was included. Tata Steel limited has filed a case against order of inclusion whereas State of Jharkhand has filed a case against the order of discharge. All the cases are currently pending.

- xv. The Factory Inspector has filed 2 complaints against a Director of Tata Steel Limited under section 96(A) of the Factories (Amendment) Act, 1987. Tata Steel Limited has filed a petition seeking to discharge the Director from liability. The case is currently pending.
- xvi. 2 writ petitions have been filed in the Jharkhand High Court against the Presiding Officer, Central Government Industrial Tribunal-I, Dhanbad (Tribunal) and the management of the Sijua Colliery of Tata Steel Limited, arising out of reference case regarding the up gradation of the petitioner and five others. The petitions are currently pending.
- xvii. A writ petition has been filed against part of the award of the Central Government Industrial Tribunal – I, Dhanbad, in a reference case ordering reinstatement of petitioner without back wages. The petition is currently pending.
- xviii. 4 different writ petitions have been filed against 4 different awards of Presiding Officer, Central Government Industrial Tribunal, Dhanbad in the Jharkhand High Court. The Jharkhand High Court has clubbed one of the cases with a similar pending petition. All other petitions are also pending.
- xix. 16 proceedings have been filed by various petitioners before the Fourth Industrial Tribunal, Kolkata against Tata Steel Limited on the issue that whether the petitioners are ‘workmen’ within the meaning of the Industrial Disputes Act, 1947 and are therefore entitled to be regularized. All these proceedings are currently pending.
- xx. Six proceedings have been filed against Tata Steel Limited in various Industrial Tribunals and Courts relating to matters including non-payment of bonus, reinstatement of workmen etc. These proceedings are currently pending.
- xxi. 1 letters patent appeal has been filed challenging the decision of the Jharkhand High Court in a writ petition, dismissing the appeal against a decision of the Central Government Industrial Tribunal in a reference case. The appeal is currently pending.
- xxii. The Jamshedpur Contractor Worker’s Union has filed 2 special leave petitions in the Supreme Court of India, subsequently converted into civil appeals by the court, against the decisions of the Patna High Court. The appeals concern the order of the Industrial Tribunal, Ranchi directing Tata Steel Limited to absorb 658 labourers on the permanent rolls of Tata Steel Limited, for which Tata Steel Limited has provided a contingent liability of Rs.1.19 billion.
- xxiii. Various ex-employees have initiated 10 proceedings before the Deputy Labour Commissioner-cum-Controlling-Authority against a director of Tata Steel Limited pertaining to gratuity related. The proceedings are currently pending.
- xxiv. A case has been filed in the Labour Court against a director of Tata Steel Limited and the Adibasi Welfare Society, relating to payment of compensation by a contractor or, on his failure, by Tata Steel Limited. The case is currently pending.
- xxv. A case has been filed against Tata Steel Limited and its director under section 33C(2) of the Industrial Disputes Act, 1947. It is currently pending.

Sales Tax

- i. The Assessing Officer, Jamshedpur has issued 2 demand notices to Tata Steel Limited. The aggregate amount involved is Rs.333.74 million.
- ii. The Deputy Commissioner of Commercial Taxes, Jamshedpur, has issued 2 demand notices to Tata Steel Limited. The aggregate amount involved is Rs.602.04 million.
- iii. The Sales Tax department has issued a demand upon Tata Steel Limited regarding non-submission of central sales tax forms, F forms and export documents under the Central Sales Tax Act, 1956. The aggregate amount claimed from Tata Steel Limited is approximately Rs.403.35 million.
- iv. The Commissioner of Commercial Taxes, Jamshedpur, has issued a demand notice (to Tata Steel Limited claiming sales tax of Rs.383.19 million from Tata Steel Limited for the period 1988-1989.

Service Tax

- i. Tata Steel Limited was issued with 5 show cause notices by the Commissioner of Central Excise, Joint Commissioner of Central Excise, Jamshedpur involving an aggregate amount of Rs.200.16 million including education cess. All the matters are currently pending.

Civil Cases

- i. 3 different special leave petitions have been filed in the Supreme Court of India against Tata Steel Limited and others, including a director in one petition, by the state of Orissa, state of Jharkhand and a citizens' forum in distinct and unrelated matters. The aggregate amount involved is Rs.2.68 billion. All the petitions are currently pending.
- ii. 11 different writ petitions have been filed against Tata Steel Limited and/or its employees in the Jharkhand High Court by various persons including individuals and corporate bodies relating to distinct issues. The petitions are currently pending at various stages of adjudication.
- iii. 9 different appeals have been filed in the Jharkhand High Court against Tata Steel Limited in 9 distinct matters by various individuals. The appeals are currently under various stages of adjudication.
- iv. A miscellaneous appeal has been filed in the Jharkhand High Court against Tata Steel Limited and others, which is currently pending.
- v. An appeal has been filed in the Supreme Court of India in which Tata Steel Limited's interim application for intervention has been allowed. Final hearings in the case have concluded on April 27, 2006.
- vi. 3 different letters patent appeals have been filed against Tata Steel Limited in the Jharkhand High Court, relating to distinct matters. All the appeals are currently pending.
- vii. A suit for recovery of Rs.0.605 million has been filed against Tata Steel Limited in the Trial Court, Tis Hazari, which is currently pending.
- viii. The State of Chhattisgarh has filed an inquiry case in the Chhattisgarh High Court, Bilaspur against Tata Steel Limited and another. The case is currently pending.
- ix. A revision petition has been filed in the Jharkhand High Court against Tata Steel Limited, which is currently pending.
- x. An interim application has been filed in the Jharkhand High Court against Tata Steel Limited, in an appeal pending before the Jharkhand High Court. The case is currently pending.
- xi. 2 different civil contempt petitions have been filed in the Jharkhand High Court against Tata Steel Limited and/or its director/employees for non-compliance with the order of the Jharkhand High Court. The cases are currently pending.
- xii. A miscellaneous application has been filed in the Jharkhand High Court against Tata Steel Limited, challenging the order of the Trial Court, Jamshedpur in a miscellaneous suit relating to the payment of a sum of Rs.223.71 million to Tata Steel Limited.
- xiii. The State of Jharkhand has filed a case in the court of the Sub-Divisional Judicial Magistrate, Jamshedpur against an employee of Tata Steel Limited, relates to the violation of Standards of Weights and Measures Act, 1976. Tata Steel Limited has filed a petition in the Jharkhand High Court to quash the order taking cognizance. The case is currently pending for final hearing.
- xiv. The State of Jharkhand has filed a case in the Court of the Sub-Divisional Judicial Magistrate, Jamshedpur against employees of Tata Steel limited, relating to Prevention of Food Adulteration Act, 1954. Tata Steel Limited has filed a criminal miscellaneous petition in the Jharkhand High Court to quash the order taking cognizance. The case is currently pending.
- xv. Tata Steel Limited has a proceeding pending before the Naidu Commission in relation to an incident concerning a case of police firing upon certain persons protesting against the allotment of

- land to Tata Steel Limited in connection with Tata Steel Limited's plans to set up a steel plant at Kalinganagar, Orissa. Tata Steel Limited has denied its involvement and liability.
- xvi. The State of Bihar has filed a writ petition in the Ranchi Bench of Patna High Court against Tata Steel Limited, relating to the payment for water supply to Tata Steel Limited. The amount demanded from Tata Steel Limited by the State of Bihar is Rs.1.63 billion as on March 31, 2007. As an interim measure and without admitting any liability, Tata Steel Limited has paid an amount of Rs.1.1 billion for the period up to March 1995 and an amount of Rs.370 million for the period of May, 1995 to March, 2007. The case is pending before the Jharkhand High Court.

Property Litigation

- i. 24 different writ petitions have been filed against Tata Steel Limited and/or its director/employees in the Jharkhand High Court with respect to various distinct property related matters. The petitions pertain to issues like obtaining mutation, removal or demolition of encroachments, eviction, cases under Bihar public Land Encroachment Act, 1956 etc. All the matters are currently pending.
- ii. 5 different appeals have been filed against Tata Steel Limited in the Jharkhand High Court regarding various distinct property related matters. The appeals concern issues like eviction, matters arising from the Bihar Land Reforms Act, 1950 and the Land Acquisition Act, 1894, possession of land etc. All the matters are currently pending.
- iii. 3 different criminal revision petitions have been filed in the Jharkhand High Court against Tata Steel Limited and the state of Jharkhand, relating to penalty for failure to vacate Tata Steel Limited quarters. All the cases are currently pending.
- iv. 3 unconnected civil writ jurisdiction cases have been filed in the Jharkhand High Court against the State of Jharkhand and Tata Steel Limited, relating to decisions under the Bihar Public Lands Encroachment Act, 1956 and restoration of possession. All the cases are presently pending.
- v. A criminal miscellaneous petition has been filed in the Jharkhand High Court against Tata Steel Limited and the State of Jharkhand, arising from the decision in a complaint relating to penalty for failure to vacate Tata Steel Limited quarters. The case is currently pending.
- vi. An eviction suit has been filed in the City Civil Court, Mumbai against Tata Steel Limited and another, seeking to obtain a decree directing Tata Steel Limited to vacate a plot bearing.
- vii. A civil miscellaneous petition has been filed in the Jharkhand High Court against Tata Steel Limited for restoration of a title partition suit filed in the lower court.
- viii. The Kalinganagar Power Corporation Limited has filed a special leave petition in the Supreme Court of India against Tata Steel Limited concerning the allotment of 2,000 acres of land to Tata Steel Limited at Kalinganagar for setting up a steel plant by the Orissa Industrial Infrastructure Development Corporation. The Supreme Court of India had directed the parties to maintain status quo regarding the land and subsequently it held that Tata Steel Limited's project would proceed at Tata Steel Limited's own risk. The case is currently pending.
- ix. Various persons have filed 160 title suits against Tata Steel Limited relating to the title of land leased by Tata Steel Limited.
- x. Tata Steel Limited has filed approximately execution 388 cases in various Courts, relating to the decrees passed in favour of Tata Steel Limited pertaining to land, market and estate to take delivery of possession of these premises through the process of the Court.

Money Suits

- i. Tata Steel Limited is a defendant in money suits filed by various parties in the Jharkhand High Court, court of the Sub-Judge and other Courts. The aggregate liability of Tata Steel Limited in these suits is Rs.15.16 million.

Arbitration Proceedings

- i. A petition has been filed in the Kolkata High Court under sections 9 and 11 of Arbitration and Conciliation Act, 1996 against Tata Steel Limited. The petitioner is claiming losses suffered to the tune of Rs.29.81 million. No order has been passed as yet and the case is currently pending.

Consumer cases

- i. Tata Steel Limited has 20 consumer cases filed against it under the Consumer Protection Act, 1986 pending at various district and state consumer forums in the country.

Litigation by Tata Steel Limited

Criminal Cases

- i. Tata Steel Limited has filed 3 different against criminal complaints various different persons including corporate bodies, relating to several offences under IPC. All the complaints are currently pending. Jharkhand High Court has granted stay to the accused in one case.
- ii. 2 different criminal appeals have been filed challenging separate decisions of different trial courts, relating to removal of encroachment on Tata Steel Limited's land.
- iii. A criminal appeal has been filed in the court of the First Additional District Judge, Seraikella against the State of Jharkhand and the Factory Inspector, relating to an order of conviction for the fatal accident of a contractor employee in Tata Steel Limited's shop. The case is currently pending for hearing.
- iv. A criminal appeal has been filed in the court of the District and Sessions Judge, Jamshedpur against the State of Bihar and others challenging conviction under sections 379 and 427, IPC. The case is currently pending for hearing.
- v. The State of Jharkhand has filed a case in the court of the Judicial Magistrate, First Class at Jamshedpur, relating to offences under sections 148, 307, 393 and 397 of the IPC. The case is currently pending.
- vi. The State of Jharkhand has filed a case in the court of the Second Additional District Judge, Jamshedpur relating to offences under sections 148, 149, 307, 326 and 302 of IPC. The case is currently pending.
- vii. A complaint has been filed in the court of the Judicial Magistrate, First Class at Jamshedpur regarding a theft in the factory of Tata Steel Limited. The State of Jharkhand has filed a counter case. Both the cases are currently pending.
- viii. The State of Jharkhand has filed a petition in the court of the Judicial Magistrate, First Class at Jamshedpur regarding offences under sections 297, 427 and 308 of the IPC and section 151 of the Railways Act, 1989. The case is currently pending.
- ix. A criminal revision petition has been filed in the court of the Second Additional District Judge, Jamshedpur challenging the order of the lower court discharging one director and including another director. The case is currently pending.
- x. A director of Tata Steel Limited and an employee have filed a criminal revision petition in the court of the First Additional District Judge, Jamshedpur challenging the order of the lower court in a complaint case dismissing the petition by Tata Steel Limited seeking discharge.
- xi. A director of Tata Steel Limited has filed a criminal miscellaneous petition, in the Jharkhand High Court, seeking quashing of criminal proceedings initiated in the court of the Chief Judicial Magistrate, Jamshedpur. The case is currently pending.
- xii. The State of Jharkhand has filed a criminal revision petition in the court of the Second Additional District Judge, Jamshedpur, arising from the petition of the State of Jharkhand for discharging a director of Tata Steele Limited. The case is currently pending.
- xiii. A criminal appeal has been filed in the court of the District and Sessions Judge, Jamshedpur

- against the State of Bihar and others, challenging an order of the lower court releasing the appellant after admonition under the Probation of Offenders Act, 1958. The case is currently pending.
- xiv. The head of Tata Steel Limited's Sijua Colliery has filed a special leave petition in the Jharkhand High Court challenging an order of the Jharkhand High Court in a criminal miscellaneous. The proceedings have currently been stayed in the Jharkhand High Court.
 - xv. Tata Steel Limited and its employees have filed 2 separate criminal miscellaneous petitions in the Jharkhand High Court seeking to quash 2 different criminal proceedings pending before the court of the Sub-Divisional Judicial Magistrate, Hazaribagh. The cases relates to the removal of slurry from the land of the complainant.
 - xvi. A criminal revision petition (186/05 (B)) has been filed in the court of the First Additional District Judge, Jamshedpur against State of Jharkhand and another. A separate revision petition has also been filed by the petitioner. A discharge petition was filed before the Trial Court, Jamshedpur which was rejected. The case is currently pending.
 - xvii. 2 criminal appeals have been filed in the court of the District and Sessions Judge, by the accused challenging their conviction under sections 147, 323 and 341 of IPC. The case relates to some actions of the security officers of Tata Steel Limited. The case is currently pending.
 - xviii. Tata Steel Limited has filed a criminal miscellaneous petition in the court of the Additional Chief Metropolitan Magistrate, Chennai against a former employee of Tata Steel Limited relating to misappropriation of funds. The aggregate amount involved in the case is Rs.11.48 million. The case is currently pending.
 - xix. There are 16 cases filed by Tata Steel Limited for offences relating to dishonour of cheques under section 138 of the Negotiable Instruments Act, 1881 and different provisions of the IPC. They are pending at different legal forums in the country. The aggregate amount involved in these cases is Rs.21.42 million.

Labour Cases

- i. 2 different criminal miscellaneous petitions have been filed in the Jharkhand High Court, by a director of Tata Steel Limited, arising from the decisions of the lower court regarding violation of the provisions of the Minimum Wages Act, 1948. The cases are currently pending.
- ii. Tata Steel Limited and/or its directors/employees have filed 9 criminal miscellaneous petitions in the Jharkhand High Court, seeking to quash proceedings in the lower court regarding violations of CLRA. The petitions are currently pending.
- iii. Tata Steel Limited has filed 3 different writ petitions, before different High Courts, in relation to Employees State Insurance Corporation Act, 1948. The aggregate amount involved is Rs.137.4 million. The petitions are currently pending.
- iv. Tata Steel Limited also has a proceeding against it in the Employees State Insurance Tribunal, Kolkata relating to a demand notice of Rs.0.15 million. A stay has been granted on the demand notice and the case is pending final disposal.
- v. Tata Steel Limited has filed 3 appeals, before the Bombay High Court, challenging the decision of the Employees State Insurance Tribunal, Nagpur rejecting the Tata Steel Limited's petition seeking dismissal of 3 demands made upon it. Tata Steel Limited subsequently paid the sum of Rs.0.78 million under protest. The appeals are currently pending before the Bombay High Court.
- vi. Tata Steel Limited has filed an appeal, in the Jharkhand High Court, challenging the decision of the first appellate court upholding the judgment of the lower court directing payment of damages and compensation to an ex-employee for pre-mature superannuation. The case is currently pending.
- vii. Tata Steel Limited has filed a special leave petition, before the Supreme Court of India, against a judgment of the Orissa High Court regarding acceptance of resignation letter of an employee.

- viii. Tata Steel Limited has filed a letters patent appeal, before the Jharkhand High Court, against a decision of the Jharkhand High Court in a civil writ jurisdiction case, regarding payment of overtime charges. The case is pending for final hearing.
- ix. Tata Steel Limited has filed writ a petition, before the Jharkhand High Court, seeking to quash the order of Commissioner for Workmen's Compensation, Dhanbad, directing Tata Steel Limited to pay Rs.0.14 million as compensation. The case is pending for final hearing and Tata Steel Limited has been directed to make an interim payment of Rs.0.05 million.
- x. Tata Steel Limited has filed 7 different writ petitions, before the Jharkhand High Court, challenging distinct orders of Central Government Industrial Tribunals relating to issues like reinstatement/regularisation of employees, payment of wages etc. All the petitions are currently pending.
- xi. A director of Tata Steel Limited has filed 2 different criminal miscellaneous petitions, in the Jharkhand High Court, seeking to quash orders of the trial court regarding offences under section 92 of the Factories Act, 1948.

Excise Cases

- i. Tata Steel Limited has filed a special leave petition in the Supreme Court of India against an order of Jharkhand High Court, Ranchi denying Tata Steel Limited of availment of cenvat credit. The aggregate amount involved in the case is Rs.46.25 million. The case is pending for hearing.
- ii. Tata Steel Limited has filed a tax appeal, in the Jharkhand High Court, against the order of the CESTAT, Mumbai which denied Tata Steel Limited from availing modvat credit on certain capital goods. The aggregate amount involved is Rs.3.61 million. The case is currently pending.
- iii. Tata Steel Limited has filed 2 different appeals in the CESTAT, Mumbai against different orders of the Commissioner of Central Excise, Jamshedpur. The aggregate amount involved is Rs.154.96 million. The cases are currently pending and stay has been grant in one of the appeals.
- iv. Tata Steel Limited has filed 5 different appeals before CESTAT, Kolkata against different orders of the Commissioner of Central Excise, Jamshedpur. The aggregate amount involved is Rs.3.84 billion. All the cases are currently pending.
- v. Tata Steel Limited had filed an appeal, in the CESTAT, Kolkata, against the decision of the Commissioner of Central Excise. The amount involved is Rs.410.01 million. The CESTAT has remanded the case to Commissioner, Central Excise, Jamshedpur to decide the matter afresh.
- vi. Tata Steel Limited has filed 2 letters patent appeals, in the Jharkhand High Court, against the order of the lower court in cases relating to applicability of certain central excise notifications. The case is currently pending.
- vii. Tata Steel Limited has 16 appeals pending before the CESTAT, Kolkata relating to issues such as denial of Modvat credit, undervaluation and evasion of excise duty, wrong availment of Modvat credit etc. The aggregate amount involved is approximately Rs.66.94 million.
- viii. Tata Steel Limited has 12 appeals pending before the Commissioner (Appeals), Central Excise, Patna relating to issues such as undervaluation by non-inclusion of advertisement expenses, availment of irregular credit, wrongful availment of Cenvat credit etc. The aggregate amount involved in these cases is Rs.63.27 million.
- ix. 20 show cause notices have been issued against Tata Steel Limited regarding matters such as short payment of duty due to undervaluation, wrongful availment of Cenvat credit of excise duty, clearances of scrap without payment of duty etc. The aggregate amount involved in these show cause notices is approximately Rs.671.60 million. All the cases are currently pending.

Customs Cases

- i. Tata Steel Limited has filed an appeal, in the Supreme Court of India challenging the order of CESTAT, Mumbai wherein a redemption fine of Rs.20 million and a penalty of Rs.10 million was imposed on it.

Service Tax Cases

- i. Tata Steel Limited has filed an appeal before CESTAT, Kolkata against the order passed by the Commissioner of Central Excise, Jamshedpur. The aggregate amount involved is Rs.46.2 million (out of which a sum of Rs.10.7 million already paid by Tata Steel Limited, has been appropriated against the aforesaid total demand). The appeal is currently pending.

Income Tax Cases

- i. Tata Steel Limited has filed 2 different appeals before the Commissioner of Income-tax (Appeals), Mumbai against different orders of the Deputy Commissioner of Income-tax, Mumbai. The aggregate tax liability involved is approximately Rs.51.4 million. The appeals are currently pending.
- ii. Tata Steel Limited has filed 2 different appeals before the Commissioner of Income-tax (Appeals), Mumbai against different orders of the Assistant Commissioner of Income-tax, Mumbai. The aggregate tax liability involved is approximately Rs.235.3 million. The appeals are currently pending.
- iii. Tata Steel Limited has filed an appeal before the Commissioner of Income-tax (Appeals), Mumbai against the order of the Additional Commissioner of Income-tax, Mumbai. The tax liability involves an amount aggregating approximately Rs.24.7 million. The appeal is currently pending.
- iv. Tata Steel Limited has filed 6 different appeals before the Income-tax Appellate Tribunal against different orders of the Commissioner of Income-tax (Appeals), Mumbai. The aggregate tax liability involved is approximately Rs.150.9 million. The appeals are currently pending.
- v. Tata Steel Limited has filed 8 separate appeals before the Income-tax Appellate Tribunal against a combined order dated February 21, 2003 pertaining to assessment years 1985-86 to 1987-88, 1989-90 to 1991-92 and 1994-95 to 1995-96. The tax liability involves an amount aggregating approximately Rs.125 million. The appeals are currently pending.
- vi. Tata Steel Limited has filed 7 appeals before the Income-tax Appellate Tribunal, Ranchi, against the order dated February 26, 2001 for assessment years 1998-99 and 1999-2000. The tax liability involves an aggregate amount of approximately Rs.190 million. The appeal is currently pending.

Sales Tax

- i. Tata Steel Limited has filed an appeal before the Additional Commissioner, Sales Tax, Cuttack against the decision of the Assistant Commissioner, Sales Tax, Cuttack. The amount involved in the case is Rs.255.06 million.

Mining and Environment cases

- i. Tata Steel Limited has filed a special leave petition, in the Jharkhand High Court, challenging the judgment of the Jharkhand High Court relating to the payment of royalty on coal. The aggregate liability in this case is Rs.293.3 million. The case is currently pending.
- ii. Tata Steel Limited has filed a special leave petition, before the Supreme Court of India. The petition, challenging a judgment of the Jharkhand High Court. The aggregate liability involved is Rs. 23.4 million. The case is currently pending.
- iii. Tata Steel Limited has filed a special leave petition, before the Supreme Court of India, against the final order of the Jharkhand High Court dismissing certain appeals relating to the issue of enhancement of compensation from Rs.418 per decimal to Rs.1, 500 per decimal. The aggregate liability of Tata Steel Limited is Rs.7.5 million. The case is currently pending before the Court.
- iv. Tata Steel Limited has 2 writ petitions pending in the Jharkhand High Court, seeking to quash the resolutions pursuant where to, the District Mining Officer, Chaibasa and District Mining Officer, Dhanbad have issued demand notices to Tata Steel Limited seeking to levy surface rent at the rate of 5% of the market value of the entire leasehold area. The amounts demanded are Rs.4.93 million and Rs.17.2 million respectively.

- v. Tata Steel Limited has filed a letters patent appeal, in the Jharkhand High Court, challenging the judgment of a single bench of the Jharkhand High Court in a civil writ jurisdiction case. The case is currently pending.
- vi. A criminal miscellaneous petition has been filed in the Jharkhand High Court, regarding the violation of the Forest (Conservation) Act, 1980 by Tata Steel Limited's continuation of mining operations in the Noamundi forest area after expiry of the temporary permit to it.
- vii. A criminal miscellaneous petition has been filed, in the Jharkhand High Court, relating to violation of section 33 of the Indian Forest Act, 1927 by Tata Steel Limited.

Civil Cases

- i. A special leave petition has been filed, in the Supreme Court of India, challenging a decision of the Patna High Court in a civil writ jurisdiction case. Tata Steel Limited has filed an intervention application to appear as party in the case in a civil appeal. The case is currently pending.
- ii. Tata Steel Limited has filed 5 different special leave petitions, in the Supreme Court of India, challenging 5 decisions of the Jharkhand High Court different civil writ jurisdiction cases. The aggregate liability of Tata Steel Limited is Rs.81.6 million and a bank guarantee has been provided by Tata Steel Limited for a part of this amount. The cases are currently pending.
- iii. Tata Steel Limited and its director have filed a special leave petition, in the Supreme Court of India, challenging the judgment of the Jharkhand High Court in a civil writ jurisdiction case. The aggregate amount involved is Rs.1.36 billion. The case is currently pending.
- iv. Tata Steel Limited has filed 11 civil writ jurisdiction cases in the Jharkhand High Court against the Bihar State Electricity Board and others. The aggregate liability of Tata Steel Limited in these cases is Rs.160.5 million and Tata Steel Limited has paid a part thereof.
- v. Tata Steel Limited has filed a civil writ jurisdiction case in the Jharkhand High Court against the State of Bihar and others relating to a demand of Rs.59.7 million from Tata Steel Limited.
- vi. Tata Steel Limited has filed a civil writ jurisdiction case in the Jharkhand High Court against the State of Jharkhand.
- vii. Tata Steel Limited has filed 9 different writ petitions in the Jharkhand High Court against the State of Jharkhand and/or Jharkhand State Electricity. The aggregate amount involved in these cases is approximately Rs.989.63 million.
- viii. Tata Steel Limited has filed a writ petition, in the Jharkhand High Court, seeking to quash the order, issued by the Vidyut Upvokta Sikayat Niwaran Forum whereby the Jharkhand State Electricity Board has declined to pay interest @ 6% on the security deposit maintained by Tata Steel Limited.
- ix. Tata Steel Limited has filed 9 different appeals, in the Jharkhand High Court, challenging the decisions of various lower courts regarding issues like property matters, money suits, employee disputes etc. The aggregate amount involved is Rs.0.97 million.
- x. Tata Steel Limited and others have filed 2 different criminal miscellaneous petitions, in the Jharkhand High Court, seeking to quash the orders taking cognizance of offences under the Prevention of Food Adulteration Act, 1954.
- xi. Tata Steel Limited has filed an appeal, in the Supreme Court of India, challenging the judgment of the Electricity Appellate Tribunal, New Delhi. The aggregate liability of Tata Steel Limited in the case is Rs.106.5 million.
- xii. Tata Steel Limited has filed a case before the General Manager cum Chief Engineer, Bihar State Electricity Board pursuant to the decision of the Patna High Court directing disposal within 6 months of the billing dispute raised by Tata Steel Limited. The case involves a sum of Rs.210.62 million.
- xiii. Tata Steel Limited has filed a letters patent appeal in the Jharkhand High Court against the order of the Jharkhand High Court in a civil writ jurisdiction case, whereby Tata Steel Limited was

- directed to provide a commercial electricity connection in a shop premises.
- xiv. Tata Steel Limited has filed a writ petition in the Calcutta High Court against the Union of India, Steel Development Fund and Joint Plant Committee relating to utilization of amounts contributed by Tata Steel Limited to the Steel Development Fund. The Calcutta High Court has passed an interim order restraining the respondents from utilizing any amounts from the contributions made by Tata Steel Limited to the Steel Development Fund, except for the use towards its members, including Tata Steel Limited. The refund amount claimed by Tata Steel Limited, together with interest thereon, was Rs.16.09 billion as on March 31, 2006. The case is pending.
 - xv. Tata Steel Limited has filed a petition in the Orissa High Court against the State of Orissa. The aggregate amount involved in the case is Rs. 818.19 million. The order passed by the Orissa High Court in favour of Tata Steel Limited has been challenged in the Supreme Court of India and is currently pending.
 - xvi. Tata Steel Limited has filed a revision case in the court of the Commissioner, Chaibasa against the order of the Deputy Collector in a certificate appeal case. It confirmed the demand raised against Tata Steel Limited of 122.2 million.
 - xvii. Tata Steel Limited has 40 execution proceedings relating to money suits pending in the Courts of the Sub-Judge I, III, V and VI, Jamshedpur. The aggregate amount involved in these cases is Rs.10.41 million.
 - xviii. A director of Tata Steel Limited has filed a criminal miscellaneous petition, in the Jharkhand High Court, seeking to quash the order of Judicial Magistrate, First Class, Jamshedpur wherein the court refused to recall a warrant of arrest issued on the director.
 - xix. A director of Tata Steel Limited has filed a criminal miscellaneous petition, in the Jharkhand High Court, to quash the order of the Sub-Divisional Judicial Magistrate, Jamshedpur in a case wherein he was named as an accused.
 - xx. Tata Steel Limited has filed a petition in the Calcutta High Court against ICCL relating to the claim by ICCL arising out of a conversion arrangement. Tata Steel Limited has challenged the claim and has instead filed a claim for Rs.1.39 billion against ICCL. The case is currently pending before the Calcutta High Court.

Property Litigation

- i. Tata Steel Limited has filed 6 different writ petitions in the Jharkhand High Court against the State of Jharkhand and/or others regarding issues relating to Chhotanagpur Tenancy Act. The petitions are currently pending at various stages of adjudication.
- ii. Tata Steel Limited has filed 5 different writ petitions in the Jharkhand High Court against the Tisco Mazdoor Union regarding issues relating to various orders of the lower court in eviction different appeals. The petitions are currently pending.
- iii. Tata Steel Limited has filed 2 different writs petitions in the Jharkhand High Court regarding property related issues. The petitions are currently pending.
- iv. Tata Steel Limited has filed 3 different appeals in the Jharkhand High Court against the Tisco Mazdoor Union. 2 appeals relate to issues regarding eviction and 1 is regarding certain land falling within a market area.
- v. Tata Steel Limited has filed an appeal in the Jharkhand High Court challenging the decision of lower court regarding directions of title in respect of suit land and restraining Tata Steel Limited from interfering with possession. The case is currently pending.
- vi. Tata Steel Limited has filed 27 appeals before the Jharkhand High Court against various parties. The cases relate to the enhancement of the compensation for land acquisition and are currently pending. The aggregate amount involved in the cases is Rs. 41.29 million.
- vii. Tata Steel Limited has filed a civil writ jurisdiction case, in Patna High Court at Ranchi, seeking to quash the order of the Assistant Settlement Officer in a case under the Chhotanagpur Tenancy

- Act, 1908.
- viii. Tata Steel Limited has filed a civil writ jurisdiction case, in the Jharkhand High Court, seeking to quash the order of the lower court in an appeal under the Bihar Public Lands Encroachment Act, 1956.
 - ix. Tata Steel Limited has filed a civil writ jurisdiction case, in the Jharkhand High Court, seeking to quash the action of the Circle officer and the Assistant Settlement Officer of the Hazaribagh District. The case is currently pending.
 - x. Tata Steel Limited has filed 2 appeals, in the Patna High Court at Ranchi, against the order of the lower court in a case under the Land Acquisition Act, 1894. The aggregate liability of Tata Steel Limited in these cases is Rs.0.17 million.
 - xi. Tata Steel Limited has filed an appeal before the Secretary, Department of Industries, Government of Jharkhand against the MD, Adityapur Industrial Area Development Authority. The aggregate liability of Tata Steel Limited in this case is approximately Rs.20 million.
 - xii. Tata Steel Limited has filed a special leave petition, in the Supreme Court of India, arising out of a civil writ jurisdiction case in the Patna High Court, relating to a demand raised by the Deputy Commissioner, Jamshedpur for payment of Rs.161.4 million. Tata Steel Limited, under the instructions of the Supreme Court of India, filed an appeal with the Deputy Commissioner Jamshedpur by further depositing Rs.38.9 million. Pursuant to the decision of the Deputy Commissioner, Tata Steel Limited has filed a revision petition which is pending for hearing.
 - xiii. Tata Steel Limited has filed nearly 324 cases in various Courts against former employees. The cases are filed under section 630 of the Companies Act.
 - xiv. Tata Steel Limited has filed nearly 14309 cases in various Courts against unauthorized encroachers. The cases are filed under Bihar Public Land Encroachment Act, 1956.
 - xv. Tata Steel Limited has filed 73 title suits in various Courts relating to the title of land leased by Tata Steel Limited.

Railway Claims

- i. Tata Steel Limited has filed 37 different cases before the Railway Claims Tribunal, claiming compensation under the Railway Act, 1989. The aggregate sum claimed by Tata Steel Limited in these cases is Rs.19.92 million.

Money Suits

- i. Tata Steel Limited has also filed 15 money suits in the court of the Sub-Judge, V, relating to recovery of money for reasons including breach of service contracts, misappropriation of funds and short supply of caustic soda. The aggregate amount claimed by Tata Steel Limited in these cases is Rs.15.49 million.
- ii. Tata Steel Limited has also obtained decrees in its favour in 111 money suits filed in various Sub-Judge Courts. The aggregate amount owing to Tata Steel Limited by reason of these execution decrees is Rs.47.42 million.

Arbitration Proceedings

- i. Tata Steel Limited has initiated arbitration proceedings against Delta Brands Incorporated for a claim of USD 1.93 million. The case is currently pending.

Statement of Contingent Liability as on March 31, 2007 (Amount in Rs.)

Excise	:	1.93 billion
Customs	:	136.55 million
Sales tax	:	3.12 billion
State levies	:	989.17 million
Suppliers and service contracts	:	893.84 million
Labour related	:	319.53 million
Income tax	:	524.1 million
Guarantees to banks and FIs on behalf of others	:	28.69 billion
Bills discounted	:	3.83 billion
Contract labour	:	1.19 billion
ICCL Conversion Case	:	1.95 million
Orissa Rural Infrastructure and Socio-Economic Development Act, 2004	:	3.27 billion
Special Dispensation to the Integrated Steel Plant	:	2.35 billion

2. Tata Consultancy Services Limited (TCS)

Litigation against TCS

- (i) Two cases have been filed before the City Civil Court, Mumbai and Small Causes Court, Mumbai against TCS regarding properties licensed to TCS. The amount involved in these cases aggregates approximately to Rs. 880.37 million. The cases are currently pending.
- (ii) Three money suits have been filed against TCS in different courts at various stages of adjudication. The amounts involved in these suits aggregates approximately to Rs.1.76 million. The cases are currently pending.
- (iii) Two cases have been filed against TCS before the Chennai High Court and the Karnataka High Court regarding payment of additional stamp duty. The amounts involved in these cases aggregates approximately to Rs 0.91 million. The cases are currently pending.
- (iv) Five consumer cases have been filed against TCS before various district forums, Civil Courts and the Monopolies and Restrictive Trade Practices Commission. The amounts involved in these cases aggregates approximately to Rs.0.18 million.
- (v) Two cases have been filed against TCS in the Chennai High Court and the Supreme Court of India regarding payment of arrears of service tax and sales tax. The service tax and sales tax liability of TCS in these cases aggregate approximately to Rs.1.97 million and Rs.4.33 million respectively. The cases are currently pending.
- (vi) An ex-employee has filed a case against TCS before the Sessions Court, Sewri. The case relates to accusations of cheating and breach of trust by the directors of TCS, and involves an amount of approximately Rs. 0.23 million. The case is currently pending.
- (vii) A writ petition has been filed in the Bombay High Court against TCS by the father of a deceased TCS employee. The petition has been filed claiming compensation from TCS aggregating approximately to Rs. 3 million.
- (viii) A case has been filed against TCS before the Copyright Board, relating to non-payment of royalty by TCS. The amount involved in this case aggregates approximately to Rs. 32 million.
- (ix) Seven cases have been filed against TCS before various courts relating to issues including payment of license fees, monthly advertisement charges, fraudulent encashment of cheque and contribution towards employee's provident fund. The amounts involved in these cases aggregates

approximately to Rs. 3.2 million. The cases are currently pending.

- (x) An arbitration proceeding has been initiated against TCS before an Arbitral Tribunal in Delhi relating to a contractual breach. This proceeding is by way of a counter-claim filed by the company's client to the original claim made by TCS for recovery of dues. The amount involved in this proceeding is approximately Rs. 277.7 million.

Litigation by TCS

- (i) TCS has filed a writ petition before the Bombay High Court against the Municipal Corporation and the Commissioner of Mumbai for permission to carry out repairs and modification to certain premises. TCS has complied with an interim order passed by the Bombay High Court for payment of Rs. 46.7 million as deposit and furnishing of a bank guarantee of Rs. 40 million. The case is currently pending.
- (ii) TCS has filed a complaint before the Court of the Metropolitan Magistrate, New Delhi relating to fraudulent encashment of cheques. The amount involved in this case aggregates approximately to Rs. 5.5 million. The case is currently pending.
- (iii) There are 95 cases filed by TCS before various courts and tribunals against its ex-employees. The amounts involved in these cases aggregates approximately to Rs. 10.02 million.
- (iv) TCS has filed two trademark disputes before the Deputy Registrar of Trade Marks, in addition to five opposition proceedings filed before the Registrar of Trade Marks. The cases are currently pending.
- (v) TCS has filed five software related disputes before various courts and tribunals. The amount involved in these disputes aggregates approximately to Rs. 7.93 million.
- (vi) TCS has filed two cases relating to payment of security deposits. These cases involve amounts aggregating approximately to Rs. 2.16 million and are currently pending adjudication.
- (vii) TCS has filed a case seeking revocation of its bid and return of earnest money which is pending adjudication. The amount involved in this case aggregates approximately to Rs. 2.4 million.

Contingent Liabilities not provided for: Nil

3. Tata Motors Limited

Litigation against Tata Motors Limited

- (i) 635 criminal cases have been filed against Tata Motors Limited or its employees, and are pending adjudication before various Authorities, Tribunals and Courts at various stages of hearing.
- (ii) 286 excise cases have been filed against Tata Motors Limited before various Authorities, Tribunals and Courts in relation to the excise liability of the company. The aggregate amount involved in these cases is approximately Rs. 1.17 billion.
- (iii) 177 sales tax cases have been filed against Tata Motors Limited before various Authorities, Tribunals and Courts in relation to the sales tax liability of the company. The aggregate amount involved in these cases is approximately Rs. 2.30 billion.
- (iv) The Pimpri Chinchwad Municipal Corporation has filed two cases against Tata Motors Limited by in relation to payment of octroi duty. These cases are currently pending in the Supreme Court of India on a point of law. The aggregate amount involved in these cases is Rs. 430 million.

- (v) Apart from the above, three other cases have been filed against Tata Motors Limited before various Courts relating to payment of octroi duty. The aggregate amount involved in these cases is approximately Rs. 127 million.
- (vi) Six road tax cases have been filed before various Courts against Tata Motors Limited. The aggregate amount involved in these cases is Rs. 89.24 million.
- (vi) 160 property tax cases have been filed against Tata Motors Limited before various Courts, in relation to the property tax liability of Tata Motors Limited. 24 of these cases relate to the manner of fixing the rateable value of a building. 135 other cases pertain to the change in the mode of assessing property tax of recently constructed buildings.
- (vii) The Pimpri Chinchwad New Township Development Authority has filed a petition in the Bombay High Court against Tata Motors Limited, demanding that Tata Motors Limited pay the market rate towards premium of excess land admeasuring 14 acres and 36 gunthas handed over inadvertently to Tata Motors Limited. The amount demanded by in these cases (exclusive of interest) aggregates approximately to Rs. 119 million.
- (viii) Three cases have been initiated against Tata Motors Limited by the revenue authorities in relation to agricultural and non-agricultural land of the company. The amount involved in these cases aggregates to approximately Rs. 14.5 million.
- (ix) 296 labour cases have been filed against Tata Motors Limited pending adjudication before various Authorities, Tribunals and Courts.
- (x) 1,905 consumer cases have been filed against Tata Motors Limited pending adjudication before various Consumer Forums and Commissions at various stages of hearing.
- (xi) 1,919 motor accident claims have been filed against Tata Motors Limited pending adjudication before various Authorities, Tribunals and Courts.
- (xii) 1,139 civil cases have been filed against Tata Motors Limited pending adjudication before various Authorities, Tribunals and Courts at various stages of hearing
- (xiii) Three public interest litigations have been filed against Tata Motors Limited in the Bombay High Court and Supreme Court of India.
- (xiv) 13 cases have been filed against Tata Motors Limited under the Monopolistic and Restrictive Trade Practices Act, 1969 pending adjudication before various Authorities, Tribunals and Courts at various stages of hearing.
- (xv) 21 arbitration cases involving Tata Motors Limited are pending making of an award at various stages of hearing.
- (xvi) 38 environmental cases have been filed against Tata Motors Limited before various Authorities, Tribunals and Courts, relating to alleged violations of environmental laws including the Forests Act, 1928, Environment (Protection) Act, 1986 and the Wild Life (Protection) Act, 1972.

Litigation by Tata Motors Limited

- (i) Tata Motors Limited has initiated approximately 14,516 cases under the Negotiable Instruments Act, 1881 against various persons, which are pending adjudication before various Courts.
- (ii) Tata Motors Limited has filed three writ petitions in the Bombay High Court challenging the rateable value fixed by the Pimpri Chinchwad Municipal Corporation in respect of the vacant land of Tata Motors Limited at Pimpri, Chikhali and Chinchwad. The aggregate amount involved in

these petitions is approximately Rs. 142.2 million. The decision of the Bombay High Court in these petitions is currently being challenged by Tata Motors Limited in the Supreme Court of India.

- (iii) Tata Motors Limited has filed a petition in the Bombay High Court challenging the levy of octroi duty by the Pimpri Chinchwad Municipal Corporation. The aggregate amount involved in the petition is Rs. 0.52 million.

Contingent Liabilities not provided for: Nil

4. Tata Power Company Limited (TPCL)

Litigation against TPCL

- (i) Sneha Mandal C.H.S. Limited and others have filed a special leave petition before the Supreme Court of India against the decision of the Bombay High Court, which held that the receiving station proposed to be set up by TPCL at the Backbay plot did not contravene Coastal Regulatory Zone Regulations.
- (ii) Ilac Limited has filed a civil suit in the Bombay High Court against TPCL and others claiming damages of about Rs. 205.1 million as compensation for acts including the alleged wrongful disconnection of power supply by TPCL on May 22, 1985.
- (iii) Apart from the above, cases have been filed against TPCL by various entities which are pending adjudication before various Authorities, Tribunals and Courts at various stages of hearing. These cases are in relation to issues including sharing of standby charges for electricity, and interpretation of a license to supply electricity to retail consumers in Mumbai.
- (iv) Two appeals have been filed before the Commissioner of Income Tax (Appeals) by the Income Tax Department which are pending adjudication. The appeals relate to matters including the issue of whether surplus made on buy back of euro notes could be claimed as capital receipts and whether deduction is required to be at source for payments to lead managers in relation to GDRs. The aggregate amount involved in these appeals is Rs. 286.4 million.
- (v) Three show cause notices have been issued to TPCL by authorities in the Excise Department in relation to issues including willful suppression of fabrication activities and non-payment of excise duty on the shortage of LSHS received.
- (vi) TPCL has been served with a show cause notice by the Assistant Commissioner, Sales Tax demanding a sum of Rs. 0.01 million as service tax in relation to transportation of goods by road. A reply has been filed by TPCL, and a personal hearing in relation to the demand is awaited.

Litigation by TPCL

- (i) TPCL has initiated six cases against various parties which are pending adjudication before various Authorities, Tribunals and Courts at various stages of hearing. These cases are in relation to issues including assessment tax, payment of way leave fees under the Public Premises (Eviction of Unauthorized Occupants) Act, 1971, levy of octroi duty and payment of power supply bills. The amount involved in these cases aggregates to approximately Rs. 186.3 million.
- (ii) TPCL has filed appeals before the Commissioner of Income Tax (Appeals) which are pending adjudication. The appeal filed by TPCL for the assessment year 2001-02 relates to the claim of TPCL that profit on repatriation of certificates of deposit was a capital receipt and hence not taxable. The liability of TPCL in this appeal is Rs. 181.3 million.
- (iii) TPCL has filed two appeals before the CEGAT in relation to issues including the rate of duty

applicable on a cable tray and denial of a refund claim. The amount involved in these appeals aggregates approximately to Rs. 0.43 million.

- (iv) TPCL has filed a writ petition before the Bombay High Court relating to exemption for payment of octroi duty. The amount involved in the petition is Rs. 0.5 million.

Contingent Liabilities not provided for: Nil

4. Videsh Sanchar Nigam Limited (VSNL)

Litigation against VSNL

- (i) 47 cases have been filed against VSNL before various consumer forums and courts which are currently at various stages of hearing. The amount involved in these cases aggregates to Rs. 146.78 million.
- (ii) 49 labour related cases have been filed against VSNL pending adjudication before various labour courts as well as civil courts. The amount involved in these cases aggregates to Rs. 3.4 million.
- (iii) Two cases against VSNL relating to payment of property tax are currently pending. The amount involved in these cases aggregates to Rs. 22.98 million.
- (iv) Four cases have been filed against VSNL relating to land acquisition and valuation of land. The amounts involved in these cases aggregates approximately to Rs. 0.2 million.
- (v) Four arbitral proceedings have been initiated against VSNL in relation to various matters. The amount involved in these proceedings aggregates approximately to Rs. 337.4 million.

Litigation by VSNL

- (i) VSNL has filed 19 cases before various consumer forums and courts, which are currently at various stages of hearing. The amounts involved in these proceedings aggregates approximately to Rs.153.38 million.
- (ii) VSNL has initiated two arbitral proceedings, which are pending adjudication. The aggregate amount involved in these proceedings is Rs.12.02 million.

Contingent Liabilities (Amount in Rs.):

Letter of Credit	Rs. 207.98 million
Guarantees	Rs. 2.55 billion
Guarantees given on behalf of subsidiaries	Rs. 10.16 billion
Income tax disputes	Rs. 1.93 billion
Income tax disputes where VSNL has a favourable decision in other assessment year for the same issue	Rs. 78.24 million
Income tax disputes other than above:	Rs. 9.25 billion
Claims for other taxes:	Rs. 211.96 million
Other Claims:	Rs. 3.97 billion

GOVERNMENT APPROVALS

In view of the approvals listed below, IHCL can undertake this Issue and current business activities and no further material approvals are required from any government authority for IHCL to continue their activities.

Approvals for the Issue

1. In-principle approval from the National Stock Exchange of India Limited dated [●], 2007 and;
2. In-principle approval from the Bombay Stock Exchange Limited dated [●], 2007
3. The Company will apply to the RBI for permission to issue NCDs on a rights basis to the existing shareholders. The details of such approval will be included in the Letter of Offer

General

PAN Number: AAAC3957G

Approval for Registrar and Share Transfer Agent

The Company has obtained Category I Registrar to an Issue and Share Transfer Agent Certificate from SEBI to handle in-house share transfer work and the registration no. is INR000003746.

Approvals for the Company's business

The Company requires various approvals for it to carry on its business in India and overseas. The approvals that the Company requires include the following.

(a) Approvals and registrations in India

1. Lodging house licences from the relevant Municipal Corporation / local body.
2. Eating house licences from the relevant Municipal Corporation / local body.
3. Licences for Manufacture and Sale of Eatables (MPFA) from the relevant Municipal Corporation / local body.
4. Gradation from the relevant Municipal Corporation / local body.
5. Approvals for storage of furnace oil and high speed diesel from the Department of Explosives, Government of India / Controller of Rationing and Civil Supply, State Government and Licences Department, Municipal corporation.
6. No objection certificates of Chief Fire Officer and licence from the relevant Municipal Corporation / local body to store LPG cylinders.
7. Boiler inspections undertaken by the relevant Municipal Corporation / local body.
8. Registration under Shops and Establishments Act Shops with the Shops and Establishments Department, relevant Municipal Corporation / Labour department.
9. Sales tax registrations with the relevant State Government
10. Luxury tax registrations with the relevant State Government
11. Bar licences to be obtained from the relevant State Excise Department.
12. Liquor licences from the relevant State Excise Department.
13. Licences to operate EPABX from Ministry of Telecommunication, Government of India.
14. Approvals for swimming pool from the relevant local body / Commissioner of Police.

15. Approvals for operation of paging system, dish antenna etc. from the Wireless Advisor to Government of India, Department of Telecommunication.
16. Licences to keep a place for public amusement, premises licence, ticket selling licence, performance licence from the relevant Commissioner of Police under Rules for Licensing and Controlling Places of Public Amusement, 1960.
17. Licences to keep a place of public entertainment from the relevant Commissioner of Police under the Police Act.
18. Nominations under the Prevention of Food Adulteration Act with the relevant Municipal Corporation / local body.
19. Approvals for claiming income tax incentives from the Department of Tourism, Government of India and local Tourism Department
20. Classification of various hotels by the Department of Tourism, Government of India.
21. Air and water pollution consents under the Air (Prevention And Control Of Pollution) Act, 1981 and Water (Prevention And Control Of Pollution) Act, 1974 from the relevant State Pollution Control Board.
22. License to play music in the hotel from Phonographic Performance Limited / Indian Performing Right Society Limited.
23. License to play music on special events from Phonographic Performance Limited / Indian Performing Right Society Limited.
24. No objection certificates for operating beauty parlours and saloons from the relevant Municipal Corporation / local body.
25. No objection certificates from the Public Works Department.
26. Calibration of weights and measures used in the hotel by the Controller of Weights and Measures of the relevant State Government.
27. Registrations under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 with the Provident Fund Commissioner.
28. Registrations under the Employees Family Pension Scheme, 1971 with the Provident Fund Commissioner.
29. Registrations under the Employees State Insurance Act, 1948 with the Employees State Insurance Directorate in the State.
30. Licenses for use of tourist guides from the Regional Director, India Tourism offices.
31. Compliances with the Minimum Wages Act, 1948.
32. Compliance with the Payment of Wages Act, 1936.
33. Compliances with the Payment of Bonus Act, 1956.
34. Compliances with the Contract Labour (Regulation & Abolition) Act 1970.
35. Compliances with the Industrial Employment (Standing Orders) Act, 1946.
36. Compliances with the Maternity Benefits Act, 1961.
37. Compliances with the Equal Remuneration Act.
38. Approvals for garbage disposal, sewage discharge etc. from the Municipal Corporation / local body.
39. Import licenses from the Director General of Foreign Trade (DGFT), Government of India.
40. Entertainment tax registrations with the Entertainment Tax Department of the relevant State Government.

41. Naukar Nama from the relevant Municipal Corporation / local body.
42. Permissions for operating a marriage house from the relevant Municipal Corporation / local body.
43. Permissions to install diesel generator sets from the Electricity Board of the relevant state.
44. Approvals for energisation of transformers from the Electricity Board of the relevant state.
45. No objection certificates of Chief Fire Officer regarding fire safety.
46. Authorizations for occupier or operator handling hazardous wastes from the relevant Municipal Corporation / local body.
47. Certificate of registrations of hotel under Registration of Tourist Trade Act, 1982 to carry on the business of hotels.
48. Health and hygiene certificates from the relevant Municipal Corporation / local body.
49. Licenses for engaging drivers under the Motor Transport Workers Act.
50. Licenses for operating elevators from the relevant Municipal Corporation / local body.
51. Licenses for money changers, as per the Foreign Exchange Management Act, from the Reserve Bank of India.
52. Licences to operate boats from the relevant Regional Transport Officer.
53. Boat fitness certificates from the relevant Regional Transport Officer.
54. Approvals for illuminated show cases under sections 328 and 328 A of the Bombay Municipal Corporation Act.
55. Explosives Licenses from the Joint Chief Controller of Explosives.
56. Ordinary trade and import license for removal from customs frontier to its premises from Collector of Mumbai under the Bombay Prohibition Act 1949.
57. Licenses for sale of imported foreign liquor and Indian made foreign liquor from the Collector of Mumbai under the Bombay Prohibition Act 1949.
58. Luxury Tax Certificates for levy collection and payment thereof to the government.
59. Laundry licences from the relevant Municipal Corporation / local body.
60. Registration certificates to cure, produce, manufacture, carry on wholesale trade business / broker or commission agent or otherwise deal in excisable goods or user of excisable goods for special industrial purpose from Central Excise Department.
61. Khatha Certificate from Municipal Corporation / local body.
62. Licences to import and store petroleum installation from the Petroleum and Explosive Safety Organisation, Ministry of Commerce and Industry, Government of India.
63. Approvals for land mobile station (1-6) h from the Ministry of Communication and IT.
64. Permissions to install borewell where relevant from the relevant Municipal Corporation / local body.
65. Occupancy certificates from the relevant Municipal Corporation / local body.
66. Licences to operate discotheques from the relevant local Commissioner of Police.
67. Importer-Exporter code from the Foreign Trade Development Officer.
68. Professional tax registrations for employees and employer with the Sales Tax Officer.
69. Permissions to use land for commercial purpose from the relevant Offices of the Collector.
70. No objection certificates for construction of building from the Airports Authority of India.

71. Cable tax registrations with the Entertainment Tax Department of the relevant State.
72. Licences to keep establishments open for 24 hours from the relevant Municipal Corporation / local body.

(b) Approvals and Registrations outside India

1. Approvals for the Company to conduct business in the United States of America in the states of New York, San Francisco and Massachusetts.
2. Approvals for the Company to conduct business in various countries including Australia, United Kingdom, Maldives, Mauritius, Sri Lanka, Zambia, Yemen, United Arab of Emirates

The Company has obtained the above approvals and the same are valid as of the date of the Draft Letter of Offer. Some of these have expired in the ordinary course of business and applications for their renewal have been submitted. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

STATUTORY AND OTHER INFORMATION

Authority for the Issue

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on August 13, 2007 and September 27, 2007 it has been decided to make the rights offer to the Equity Shareholders of the Company with a right to renounce. The Company will apply to the RBI for permission to issue 60,285,059 NCDs on a rights basis to the existing shareholders of the Company. The details of such approval will be included in the Letter of Offer.

Prohibition by SEBI

Neither the Company, nor the Directors or the Promoter Group Companies, or companies with which the Company's Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Further, none of the directors or person(s) in control of the Promoter have been prohibited from accessing the capital market under any order or direction passed by SEBI. Further neither the Promoter, the Company or group companies has been declared as wilful defaulters by RBI / Government authorities.

Eligibility for the Issue

The Company is an existing company registered under the Companies Act whose Equity Shares are listed on the BSE and NSE. It is eligible to offer this Issue in terms of Clause 2.4.1(iv) of the SEBI (DIP) Guidelines.

Disclaimer Clause

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, JM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, JM FINANCIAL CONSULTANTS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2007 WHICH READS AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

- a) **THE DRAFT LETTER OF OFFER FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- c) **THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED ISSUE;**
3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID; AND**
4. **WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE**
5. **IF UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE.**

The filing of this Draft Letter of Offer does not, however, absolve the Company from any liabilities under section 63 or section 68 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Manager any irregularities or lapses in this Draft Letter of Offer.

Caution

The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Equity Shares and Non-Convertible Debentures with a Warrant (the “Securities”) on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. The Company is making this Issue of Securities on a rights basis to the shareholders of the Company and will dispatch the Letter of Offer and CAF to shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Securities may not be offered or sold, directly or indirectly, and this Draft Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Securities or the rights entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Securities or the rights entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company’s affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Draft Letter of Offer was filed with SEBI, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, for its observations. After SEBI gives its observations, the Draft Letter of Offer was filed with the Designated Stock Exchange as per the provisions of the Act

United States Restrictions

NEITHER THE RIGHTS ENTITLEMENTS NOR THE SECURITIES THAT MAY BE PURCHASED PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE “UNITED STATES” OR THE “U.S.”) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, “US PERSONS” (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT (“REGULATIONS”)), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS REFERRED TO IN THIS DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SHARES OR RIGHTS. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME. NEITHER THE COMPANY NOR ANY PERSON ACTING ON BEHALF OF THE COMPANY WILL ACCEPT SUBSCRIPTIONS OR RENUNCIATIONS FROM ANY PERSON, OR THE AGENT OF ANY PERSON, WHO APPEARS

TO BE, OR WHO THE COMPANY OR ANY PERSON ACTING ON BEHALF OF THE COMPANY HAS REASON TO BELIEVE IS, EITHER A “U.S. PERSON” (AS DEFINED IN REGULATION S) OR OTHERWISE IN THE UNITED STATES. ANY PERSON SUBSCRIBING TO THE EQUITY SHARES OFFERED HEREBY WILL BE DEEMED TO REPRESENT THAT SUCH PERSON IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) OR OTHERWISE IN THE UNITED STATES AND HAS NOT VIOLATED ANY U.S. SECURITIES LAWS IN CONNECTION WITH THE EXERCISE.

European Economic Area Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive at any relevant time (each, a “Relevant Member State”) the Company has not made and will not make an offer of the Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (c) In any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an “offer of Equity Shares to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

This European Economic Area selling restriction is in addition to any other selling restriction set out below.

United Kingdom Restrictions

This Draft Letter of Offer is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). The Equity Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Equity Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be the [●].

Disclaimer Clause of the BSE

The Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter dated [●] permission to the Company to use the Exchange’s name in this Draft Letter of Offer as one of the Stock Exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or (ii) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer has been submitted to National Stock Exchange of India Limited (“NSE”). NSE has given vide its letter dated [●] permission to the Issuer to use the Exchange’s name in this Draft Letter of Offer as one of the Stock Exchanges on which the Issuer’s securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Letter of Offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; nor does it warrant that the Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its Promoter, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

Dematerialized dealing

The Company has entered into agreements dated July 16, 2003 and May 6, 2003 with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited respectively, and its Equity Shares bear the ISIN INE053A01029.

Listing

The existing Equity Shares are listed on the BSE and NSE. The Company has made applications to the BSE and NSE for permission to deal in and for an official quotation in respect of the Equity Shares and NCDs with detachable Warrants being offered in terms of this Draft Letter of Offer. The Company has received in-principle approvals from BSE and NSE by letters dated [●] and [●], respectively. The Company will apply to the BSE and NSE for listing of the Equity Shares and NCDs with detachable Warrants to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, within 42 days from the Issue Closing Date, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Draft Letter of Offer. If such money is not paid within eight days after the Company becomes liable to repay it, then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the section 73 of the Act.

Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisors, Registrar to the Issue, Banker to the Company to act in their respective capacities have been obtained and filed with SEBI, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchanges.

S.B. Bilimoria and Company and N.M. Raiji and Company, the Auditors of the Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Draft Letter of Offer and such consents and reports have not been withdrawn up to the time of delivery of this Draft Letter of Offer for registration with the stock exchanges.

S.B. Bilimoria and Company and N.M. Raiji have given their written consent for inclusion of tax benefits in the form and content as appearing in this Draft Letter of Offer, accruing to the Company and its members.

To the best of the Company's knowledge there are no other consents required for making this Issue. However, should the need arise, necessary consents shall be obtained by the Company.

Expert Opinion, if any

Except in the sections titled "Auditor's Report" and "Statement of Tax Benefits" on page [●] and [●] of this Draft Letter of Offer, no expert opinion has been obtained by the Company in relation to this Draft Letter of Offer.

Expenses of the Issue

The expenses of the Issue payable by the Company including brokerage, fees and reimbursement to the Lead Manager, Auditors, Legal Advisors, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses are estimated at Rs. [●] (around [●]% of the total Issue size) and will be met out of the proceeds of the Issue.

Amounts in Rs. million

S. No.	Particulars	Amount*	% of net proceeds of the Issue	% of total expenses of the Issue
1.	Fees of the Lead Manager, Registrar to the Issue, Legal Advisors, Auditors and other advisors	[●]	[●]	[●]
2.	Printing and stationery, distribution, postage, etc.	[●]	[●]	[●]
3.	Advertisement and marketing expenses	[●]	[●]	[●]
4.	Other expenses	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* Amounts will be finalized at the time of filing the Letter of Offer and determination of Issue price and other details.

Fees Payable to the Lead Manager to the Issue

The fees payable to the Lead Manager to the Issue are set out in the engagement letter issued by the Company to the Lead Manager and the Memorandum of Understanding entered into by the Company with the Lead Manager, copies of which are available for inspection at the registered office of the Company.

Previous Issues by the Company

The Company has not undertaken any previous public or rights issue during the last five years.

Date of listing on the Stock Exchange

The equity shares of the Company were first listed on the Bombay Stock Exchange in January, 1971. The Company's equity shares were listed on the National Stock Exchange in July 3, 1996. The Company's equity shares were listed on Bangalore Stock Exchange Limited, Madras Stock Exchange Limited and the Delhi Stock Exchange Association Limited on February 27, 1987, February 27, 1987 and February 25, 1987 respectively. The Company delisted its equity shares from the Bangalore Stock Exchange Limited, Madras Stock Exchange Limited and Delhi Stock Exchange Association Limited on September 18, 2006, October 13, 2006 and November 23, 2006 respectively. The Global Depository Receipts issued by the Company are listed on the London Stock Exchange.

Issues for consideration other than cash

The Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves, other than issuances mentioned in the section "Capital Structure" on page [●] of the Draft Letter of Offer.

Outstanding Debentures or Bonds and Preference Shares

The Company has not issued any debentures, bonds or preference shares other than those mentioned in the sections on "Capital Structure" and "Description of Certain Indebtedness" on pages [●] and [●] of the Draft Letter of Offer

Option to Subscribe

Other than the present Issue, the Company has not given any person any option to subscribe to the Equity Shares of the Company.

Stock Market Data for Equity Shares

As the Company's shares are actively traded on the BSE and NSE, the Company's stock market data have been given separately for each of these Stock Exchanges.

The Equity Shares of the Company have been sub-divided from face value of Rs. 10 each to Re. 1 each with effect from November 3, 2006.

The high and low closing prices recorded on the BSE and NSE for the preceding three years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	693.90	March 14, 2005	20,404	322.00	May 17, 2004	8,398	454.98
2006	1,376.80	March 7, 2006	239,063	600.10	April 15, 2005	5,974	859.58
2007*	1,584.00	May 10, 2006	166,037	121.65	March 5, 2007	480,239	791.55

* The Equity Shares of the Company were sub-divided into face value of Re. 1 each on November 3, 2006

The average price has been computed based on the average of the daily high and low price of Equity Shares.

NSE

Year ending March 31	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
2005	696.00	March 14, 2005	70,580	321.25	June 25, 2004	13,431	454.81
2006	1,402.00	March 2, 2006	201,177	605.05	July 7, 2005	181,618	859.84
2007*	1,583.00	May 10, 2006	623,485	121.55	March 5, 2007	1,502,456	791.31

* The Equity Shares of the Company were sub-divided into face value of Re. 1 each on November 3, 2006

The average price has been computed based on the average of the daily high and low price of Equity Shares.

The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
March, 2007	147.70	March 28, 2007	1,45,026	121.65	March 5, 2007	4,80,239	137.21
April, 2007	153.70	April 16, 2007	4,04,217	137.80	April 2, 2007	7,02,669	145.57
May, 2007	150.20	May 30, 2007	4,42,214	133.50	May 11, 2007	11,28,761	142.62
June, 2007	154.55	June 26, 2007	9,45,713	135.55	June 7, 2007	1,01,004	145.93
July, 2007	153.70	July 3, 2007	4,82,160	136.60	July 27, 2007	1,71,903	144.83
August, 2007	144.00	August 13, 2007	9,79,215	115.05	August 22, 2007	27,71,999	130.38

The average price has been computed based on the average of the daily high and low price of Equity Shares.

NSE

Month, Year	High (Rs.)	Date of High	Volume on date of high (no. of shares)	Low (Rs.)	Date of Low	Volume on date of low (no. of shares)	Average price for the year (Rs.)
March, 2007	148.00	March 30, 2007	13,38,504	121.55	March 5, 2007	15,02,456	137.47
April, 2007	152.75	April 16, 2007	19,40,075	138.00	April 2, 2007	28,56,009	145.22
May, 2007	149.95	May 30, 2007	15,44,685	133.05	May 11, 2007	5,77,080	142.57
June, 2007	158.00	June 27, 2007	15,05,452	137.55	June 13, 2007	16,24,451	146.19
July, 2007	153.00	July 3, 2007	11,41,996	137.00	July 30, 2007	11,91,142	144.83
August, 2007	155.00	August 13, 2007	25,43,428	115.00	August 22, 2007	17,09,661	130.71

The average price has been computed based on the average of the daily high and low price of Equity Shares.

The market price was Rs. 135.45 on BSE on August 14, 2007, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

The market price was Rs. 135.45 on NSE on August 14, 2007, the trading day immediately following the day on which Board meeting was held to finalize the offer price for the Issue.

There have not been any transactions in Equity Shares by the Promoter, the promoter group and directors of the Company during the last six months from the date of this Draft Letter of Offer other than those mentioned in the section "Capital Structure" on page [●] of the Draft Letter of Offer.

Important

- This Issue is pursuant to the resolution passed by the Board of Directors at its meetings held on August 13, 2007 and September 27, 2007.
- This Issue is applicable to those Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of the Company at the close of business hours on the Record Date i.e. [●], 2007, after giving effect to the valid share transfers lodged with the Company upto the Record Date i.e. [●], 2007.
- Your attention is drawn to the section entitled ‘Risk Factors’ appearing on page [●] of this Draft Letter of Offer/Abridged Letter of Offer.
- Please ensure that you have received the Composite Application Form (“CAF”) with this Draft Letter of Offer/Abridged Letter of Offer.
- Please read the Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are each an integral part of this Draft Letter of Offer and must be carefully followed. An application is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.
- All enquiries in connection with the Draft Letter of Offer or CAF should be addressed to the Registrar to the Issue, quoting the Registered Folio number/ DP and Client ID number and the CAF numbers as mentioned in the CAF.
- All information shall be made available to the Investors by the Lead Manager and the Issuer, and no selective or additional information would be available by them for any section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports, etc.
- The Lead Manager and the Company shall update the Draft Letter of Offer and keep the public informed of any material changes till the listing and trading commences.

Issue Schedule

Issue Opening Date:	[●]
Last date for receiving requests for split forms:	[●]
Issue Closing Date:	[●]

The Board may however decide to extend the issue period as it may determine from time to time but not exceeding 60 days from the Issue Opening Date.

Allotment Advices / Refund Orders

The Company will issue and dispatch allotment advice/ share certificates/ NCD certificates/ demat credit and/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 42 days from the date of closure of the Issue. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under section 73 of the Companies Act.

Applicants residing at centers where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (Electronic Clearing Service) except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those Applicants who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and advice regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 42 working days of closure of the Issue.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form and the Company issues an allotment advice, the corresponding share certificates will be dispatched within one month from the date of allotment. For more information please refer to the section titled 'Allotment advice/ Share Certificates/Demat Credit' on page [●] of this Draft Letter of Offer.

The refund order exceeding Rs.1,500 would be sent by registered post/speed post to the sole/first Applicant's registered address. Refund orders up to the value of Rs.1,500 would be sent under certificate of posting. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/first Applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Promise versus Performance

1. The Company

(i) 9.86% Secured Redeemable Non-Convertible Debentures

The Company offered on private placement basis secured redeemable non-convertible debentures for an amount aggregating Rs. 3,000 million. The object of the issue was to augment the long term resources for re-financing the repayment of existing long term debt and for general corporate purposes. The issue opened on August 28, 2007 and closed on August 30, 2007. The amount raised from the issue of debentures by the Company was applied to the objects of the issue.

(ii) 9.5% Secured Redeemable Non-Convertible Debentures

The Company offered on private placement basis secured redeemable non-convertible debentures for an amount aggregating Rs. 2,500 million. The object of the Issue was to augment the long term resources for re-financing the repayment of existing debentures and for general corporate purposes. The issue opened on February 13, 2007 and closed on February 20, 2007. The amount raised from the issue of debentures by the Company was applied to the objects of the issue.

(iii) Foreign Currency Convertible Bonds Issue

In the financial year 2003-04, Company raised USD 150 million through an issue of Foreign Currency Convertible Bonds (FCCBs). The offering had a yield to maturity of 3.15% per annum. The conversion price was fixed at Rs.501.53, a 19% premium to the closing price on the day of the issue. The object of the issue was to (a) the importation of capital goods; (b) domestic expansion and acquisitions; (c) modernization of existing properties; and (d) any other use as may be permitted under applicable law or regulations, from time to time. The amount raised from the issue of FCCBs by the Company was applied to the objects of the issue.

2. Group Companies

TCS made an initial public offer of its equity shares during the fiscal 2005. The company issued 55,452,600 equity shares of Re. 1 each for cash at a price of Rs. 850 per equity share, consisting of a fresh issue of 22,775,000 equity shares by the company and an offer for sale of 32,677,600 equity shares by certain shareholders of the company through a prospectus dated August 11, 2004.

The proceeds of the issue were applied for the objects of the issue as disclosed in the prospectus for the issue, i.e. paying in part the transfer consideration of Rs. 230,000 million to Tata Sons Limited pursuant to the scheme of arrangement. TCS did not receive any proceeds from the offer for sale of equity shares by the selling shareholders and from the sale of the equity shares pursuant to the exercise of the green shoe option in the issue. There were no deviations from the objects on which the issue proceeds were utilized.

Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by in-house registrar and share transfer agent. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 3-5 days.

The contact details of the share registrars are:

The Indian Hotels Company Limited

Share Department
Mandlik House, Mandlik Road
Mumbai 400 001
Tel: (91 22) 6639 5515
Fax: (91 22) 2202 7442
Email: shares.dept@tajhotels.com

Status of Complaints

- (a) Total number of complaints received during last financial year (2006-2007): 1
- (b) No. of shareholders complaints as of April 1, 2007: Nil
- (c) Total number of complaints received during current financial year (2007-2008): Nil
- (d) Total number of complaints received during the period April 1, 2007 to June 30, 2007: Nil
- (d) Status of the complaints: There are no pending complaints.
- (e) Time normally taken by it for disposal of various types of Investor grievances: 3-5 days

Investor Grievances arising out of this Issue

The Company's investor grievances arising out of the Issue will be handled by Intime Spectrum Registry Limited, who are the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ NCD certificates/ share certificate / warrant / refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Company Secretary in case of any pre-Issue/ post - Issue related problems such as non-receipt of allotment advice/share certificates/NCD certificates/demat credit/refund orders etc. His address is as follows:

Mr. Dev Bajpai

The Indian Hotels Company Limited
Mandlik House, Mandlik Road
Mumbai 400 001

Tel No: (91 22) 66395515

Fax No: (91 22) 22027442

Changes in Auditors during the last three years

The Company has not changed its auditors in the last three years

Capitalisation of Reserves or Profits

The Company has not capitalized any of its reserves or profits for the last five years other than those mentioned in the section “Capital Structure” on page [●] of the Draft Letter of Offer.

Revaluation of Fixed Assets

There has been no revaluation of the Company’s fixed assets for the last five years.

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue (separately for Equity Shares and NCDs with detachable Warrants) on the date of closure of the Issue or the subscription level falls below 90% after the closure of the Issue on account of cheques having being returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the date from which the Company becomes liable to pay the amount, the Company shall pay interest as prescribed under Section 73 of the Companies Act, 1956.

Additional Subscription by the Promoter

The Promoter has confirmed that it intends to subscribe to the full extent of its entitlement in the Issue. The Promoter reserves its right to subscribe to its entitlement in this Issue, including by subscribing for renunciation if any made by the promoter group or any other shareholder. The Promoter has provided an undertaking dated September 27, 2007 to the Company to apply for additional Equity Shares and NCDs with detachable Warrants in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above its entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” on page [●] of this Draft Letter of Offer), there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter, in this Issue, the Promoter’s shareholding in the Company exceeds their current shareholding. The Promoter shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

TERMS OF THE PRESENT ISSUE

The Equity Shares and the Non-Convertible Debentures (“NCDs”) with detachable Warrants (Warrants) now being issued, are subject to the terms and conditions contained in this Draft Letter of Offer, the enclosed Composite Application Form (“CAF”), the terms and conditions as may be incorporated in the Debenture Trust Deed, FEMA, the Memorandum and Articles of Association of the Company, approvals from the RBI, the provisions of the Companies Act, 1956, guidelines issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

Authority for the Issue

This Issue is being made pursuant to a resolution passed by the Board of Directors of the Company under section 81(1) of the Companies Act at its meeting held on August 13, 2007 and September 27, 2007. The Company will apply to the RBI for permission to issue NCDs on a rights basis to the existing shareholders of the Company. The details of such approval will be included in the Letter of Offer.

Basis for the Issue

The Equity Shares and NCDs with detachable Warrants are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the Electronic Form and on the Register of Members of the Company in respect of the Equity Shares held in physical form at the close of business hours on [●] (the “Record Date”), fixed in consultation with the Designated Stock Exchanges.

Rights Entitlement

As your name appears as beneficial owner in respect of the Equity Shares held in the Electronic Form or appears in the Register of Members as an Equity Shareholder on the Record Date, you are entitled to the number of Equity Shares and NCDs with detachable Warrants shown in Block I of Part A of the enclosed CAF.

The eligible Equity Shareholders are entitled to the following:

- One (1) Equity Share for every Five (5) Equity Shares held on the Record Date;
- One (1) NCD for every Ten (10) Equity Shares held on the Record Date;
- For every NCD being allotted on a rights basis under this Issue, the Equity Shareholder shall be entitled to receive one detachable Warrant

Principal Terms of Equity Shares

Face Value

Each Equity Share will have the face value of Re. 1.

Issue Price

Each Equity Share shall be offered at an Issue Price of Rs. 70 for cash at a premium of Rs. 69 per Equity Share.

Entitlement Ratio

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of one (1) Equity Shares for every five (5) Equity Shares held on the Record Date.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 5 Equity Shares or not in the multiple of 5, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preference in allotment of one additional share each if they apply for additional shares.

For e.g. if a Equity Shareholder holds between 5 and 10 Equity Shares, he will be entitled to 1 Equity Share on a rights basis. He will also be given a preference for allotment of 1 additional Equity Share if he has applied for the same.

Those Equity Shareholders have a holding less than 5 Equity Shares and therefore entitled to zero Equity Shares under this Issue shall be despatched a CAF with zero entitlement. Such equity shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAF with zero entitlement will be non-negotiable/non-renounceable.

For e.g. if a Equity Shareholder holds between 1 and 4 Equity Shares, he will be entitled to Nil Equity Shares on rights basis. He will be given a preference for allotment of 1 additional Equity Share if he has applied for the same.

Terms of the Payment

Full amount of Rs. 70 per Equity Share is payable on application.

The payment towards the Equity Shares offered will be as under:

Re. 1 per share	Towards Share Capital
Rs. 69 per share	Towards Share Premium Account

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidating/splitting, see the section titled "Main Provisions of Articles of Association" on page [●] of this Draft Letter of Offer.

Principal Terms of Non-Convertible Debentures

Face Value

Each NCD shall have the face value of Rs. 100.

Entitlement Ratio

The NCDs are being offered on a rights basis to the existing Equity Shareholders of the Company in the ratio of One (1) NCD for every Ten (10) Equity Shares held on the Record Date.

SEBI vide its Circular No. IMD/FII/20/2006 dated April 5, 2006 and the RBI circular no. RBI/2006-2007/435 A.P. (DIR Series) Circular No.74 dated June 8, 2007, has stated that Government of India and Reserve Bank of India have clarified that FII investments are restricted to only listed debt securities of companies. Accordingly, FIIs are not eligible to subscribe to the NCDs with detachable warrants issued vide this Letter of Offer. FIIs are however permitted to renounce their entitlements of NCDs with detachable Warrants to other investors subject to compliance with applicable law.

Fractional Entitlement

For NCDs being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 10 Equity Shares or not in the multiple of 10, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preference in allotment of one additional NCD each if they apply for additional NCD.

For e.g. if a Equity Shareholder holds between 10 and 20 Equity Shares, he will be entitled to 1 NCD on a rights basis. He will also be given a preference for allotment of 1 additional NCD if he has applied for the same.

Those Equity Shareholders have a holding less than 10 Equity Shares and therefore entitled to zero NCD under this Issue shall be despatched a CAF with zero entitlement. Such equity shareholders are entitled to apply for additional NCDs. However, they cannot renounce the same in favour of third parties. CAF with zero entitlement will be non-negotiable/non-renounceable.

For e.g. if a Equity Shareholder holds between 1 and 9 Equity Shares, he will be entitled to Nil NCDs on rights basis. He will be given a preference for allotment of 1 additional NCD if he has applied for the same.

Non-Resident Equity Shareholder/ Applicants

Applications received from NRIs and non-residents for allotment of NCDs and detachable Warrants shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of application moneys, allotment of NCDs with detachable Warrants, issue of allotment advice / debenture certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000 The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of NCDs with detachable Warrants, payment of interest etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity

Shares/NCD/Warrants. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.

Terms of Payment

On application: Rs. [●] per NCD

On allotment: Rs. [●] per NCD

The balance amount of Rs. [●] per NCD will be payable on allotment. An allotment cum call notice would be sent to all NCD holders specifying the procedure for payment of call money and the last date for payment of the same (at the designated branches to be announced). Subsequent to this the Company would have a corporate action for appropriation of amount payable on allotment and for credit of fully paid NCDs to the demat accounts of NCD holders who have paid the amount due on allotment. In case the shareholder applies for additional Equity Shares and is not fully allotted the same, the refund due to the shareholder for the same would be applied towards the amount payable on allotment for the NCDs applied for by such shareholder and allotment cum call notice stated above shall be for the balance amount only and no interest shall be payable on this adjusted amount.

Failure to pay the amount due on allotment on the date specified for the payment will render the NCD holder liable to pay interest at the rate of 12% per annum from the date so specified to the date of the realisation of the cheque/demand and also render the NCD (including the amount already paid in respect of these NCD) liable to forfeiture by resolution of the Board of Directors to that effect. The provision regarding the forfeiture of shares as contained in the Articles of Association of the Company shall apply mutatis mutandis to the forfeiture of these NCDs.

Any excess payment made on application, i.e. more than Rs. [●] per NCD will be refunded back to the applicant.

Further, NCDs issued cannot be traded after the date of allotment until the Balance Amount Payable is received and corporate action for appropriation of the amounts received is taken and the NCDs are made fully paid-up.

Redemption

Each NCD shall be redeemed at the end of 3 years from the Date of Allotment at the face value of Rs. 100.

Interest

Interest would be paid at the rate of 6% per annum on the amount outstanding from time to time from the Date of Allotment of each NCD. Interest payments would be made at the end of each year from the date of allotment and the last payment would be made on final redemption. If such date falls on a Sunday or a public holiday in Mumbai notified in terms of the Negotiable Instruments Act, 1881, then interest would be paid on the next working day. Payment of interest would be subject to the deduction of Income-tax Act, 1961 or any statutory modification or re-enactment thereof for the time being in force.

As per the current provisions of the Income-tax Act, 1961, tax will not be deducted at source from interest on NCD (in case of resident individual NCD holders), if such interest does not exceed Rs.2,500, respectively in any financial year. If interest exceeds the prescribed limit of Rs.2,500 on account of interest on NCD, then, to ensure non-deduction or lower deduction of tax at source, as the case may be, the NCD holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 65 years or more (ii) Form 15G which can be given by all applicants (other than companies, firms and NR), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed

form i.e. Form 13. The aforesaid documents, as may be applicable, should be submitted to Company quoting the name of the sole/ first NCD holder, NCD folio number and the distinctive number(s) of the NCD held, at least one month prior to the interest payment date, to ensure non-deduction/lower deduction of tax at source from interest on NCD. The investors need to submit Form 15H/ 15G/ certified true copy of Certificate from Assessing Officer for each financial year to ensure non-deduction or lower deduction of tax at source from interest on NCD. NRIs/ OCBs applying on repatriation basis who desire that the interest be paid without deduction of tax at source or at lower rate should submit a certified true copy of Certificate issued by their Assessing Officer to the Company.

Agents and Trustees for the NCD holders

The Company will appoint trustees for the holders of the NCDs offered through this Draft Letter of Offer. The trust deed will be executed before filing of the Letter of Offer with the Stock Exchanges and the details of such trust deed will be included in the Letter of Offer.

Security

The Company will create appropriate security in favour of the trustees to be appointed, for redemption of the principal amount of the NCDs, payment of all interest, remuneration of the trustees, all fees, costs, charges, expenses and all other monies payable in respect thereof. The security will be created by the Company before filing the Letter of Offer with the Stock Exchanges and the details of such security will be included in the Letter of Offer.

Further Issues/Borrowings

The Company shall be entitled, from time to time to make further issue of debentures and/or raise term loans or raise further funds from time to time by such other debt instruments or other securities (whether or not the same constitutes securities for the purposes of the Act or the Securities (Contracts Regulations) Act, 1956 to the public, of any section of the public in India or any part of the world, members of the Company, by way of a private placement or bilateral arrangements and/ or avail of further financial and or guarantee facilities from financial institutions, banks and/or any other person(s) on the security or otherwise of its property or against any security provided by any third party security provider without the consent of the holders of the NCD. However, until the NCDs are fully redeemed, the Company shall not create any mortgage or charge on any of its properties or assets without obtaining prior written approval of the Trustee.

Rights of Holders of NCD

- The NCDs shall rank pari-passu inter-se without any preference or priority of one over the other or others of them.
- The NCD shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of Equity Shares of the Company contained in the Articles and the Act shall apply, mutatis mutandis, to the NCD as well.
- The NCD holders will not be entitled to any right and privileges of the Equity Shareholders of the company other than those available to them under statutory requirements. The NCDs shall not confer upon the NCD holders the right to receive notice, or to attend and vote at the general meetings of shareholders or the NCD holders or any other class of securities of the Company.
- The rights, privileges, terms and conditions attached to the NCDs may be varied, modified or abrogated with the consent, in writing, of those holders of the NCDs (or through the Trustee) who hold at least three fourths of the outstanding amount of the NCDs (of the current issue) or with the sanction accorded pursuant to a resolution passed at the meeting of the NCD holders; provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions governing the NCDs and the same are not acceptable to the Company.

- The Company shall, as required by Section 152 of the Companies Act, keep a Register of the Debenture holders and enter therein the particulars prescribed under the said Section.
- The Trustee or the Company may, at any time, and the Trustee shall at the request in writing of the holder(s) of NCDs representing not less than one-tenth in value of the nominal amount of the NCDs for the time being outstanding, convene a meeting of the holders of the NCDs by giving not less than 21 days notice in writing. Provided that a meeting may be called by giving shorter notice if the consent of the NCD holders representing not less than 95% of the NCDs remaining outstanding is accorded.
- The accidental omission to give notice to, or the non-receipt of notice by, any NCD holder or other person to whom it should be given shall not invalidate the proceedings at the meeting.
- The quorum for a meeting of the NCD holders shall be [●] ([●]) NCD holders, personally present or holders of not less than 10% of the outstanding amount of the NCDs. The nominee of the Trustee shall be the chairman of the meeting of the NCD holders and in his absence, the NCD holders personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands.
- At every such meeting each NCD holder shall, on a show of hands, be entitled to one vote only, but on a poll he shall be entitled to one vote in respect of every NCD of which he is a holder in respect of which he is entitled to vote.
- The NCD will be subject to any other terms and conditions to be incorporated in the Agreement/Trust Deed(s) to be entered into by the Company with the Trustees and the NCD Certificates/ Allotment Letters that will be issued.

Procedure for Redemption of NCDs

Payment on part or final redemption of the NCD will be made to those NCD holders whose names appear in the Register of NCD holders (or to first holder in case of joint-holders) as on record date/book closure date to be fixed by the Company for this purpose from time to time. No surrender of the NCD certificates is required and its face value will automatically stand reduced to the extent of the payment made to the NCD holder on part or final redemption. On payment of the final redemption proceeds, the NCD Certificate shall automatically stand cancelled.

The record date for this purpose would be fixed in consultation with the Stock Exchanges at least 30 calendar days prior to the relevant part/final redemption date. Such dates would be would be intimated to the Stock Exchanges where the NCDs are proposed to be listed. No separate notice would be published by the Company in this regard. Buyers of the NCD are advised to send the NCD Certificates to the Company Limited or to such persons as may be notified by the Company from time to time, along with a duly executed Transfer Deed for registration of transfer of the NCD. If the request for transfer of the NCD is not received by, or on, the record date fixed by the Company for the said part/final redemption, the part/final redemption proceeds will be paid to the seller and not to the buyer. In such cases, any claims, shall be settled *inter-se* between the parties and no claim or action shall lie against the Company. Payment on part or final redemption will be made by cheque payable at par at all such places where the applications were originally accepted. At other places, the Company reserves the right to adopt any other suitable mode of payment.

The Company's liability to the NCD holder(s) towards their rights including for payment or otherwise shall stand extinguished from the date of final redemption in all events and on the Company dispatching the final redemption amounts to the NCD holder(s). Further, the Company will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Modification to the Terms of the NCDs

Any modification to the terms of issue pertaining to the NCDs would be carried out only with the prior approval of the NCD holders and Trustees. This would be done by convening their special class meeting in accordance with the provisions of the Companies Act, 1956 and taking their approval by a simple majority to the terms of modification sought, from the NCD holders present and voting.

Repurchase and Right to Reissue NCD

The Company may, at its discretion, at any time purchase the NCD at discount, at par or at a premium in the open market or otherwise. Such NCD may, at the option of the Company, be cancelled, held, reissued or resold at such price and on such terms and conditions as the Company may deem fit and as permitted by law.

Where the Company has redeemed or repurchased any NCD, the Company shall have and shall be deemed always to have had the right to keep such NCD alive without extinguishment for the purpose of resale or reissue and in exercising such right, the Company shall have and be deemed always to have had, the power to resell or reissue such NCD either by reselling or reissuing the same NCD or by issuing any other NCD in its place. This includes the right to reissue the original NCD.

Arrangement for buyback of the Non Convertible Debentures

For the benefit of the prospective applicants in this Issue, the Company along with JM Financial Consultants Private Limited (“JM Financial”), has finalized arrangements for sale by the applicants, if they so wish, of the Non Convertible Debentures (“Khokha Buy-back Scheme”). Attention to the scheme is drawn of those applicants who would be interested in disposing of the NCD whilst simultaneously retaining the share warrants attached to the NCD. The intention to opt for Khokha Buy-back Scheme will have to be confirmed by the applicant while making the application.

Specifically the Scheme would work as under:

- a) All applicants, eligible to apply for the NCD, have an option to offer for sale the NCD (“Khokha”) to the extent of the NCD(s) that may be allotted to them. An applicant shall have to exercise this option of offer for sale with respect to the Khokha of all the NCD that may be allotted to the applicant. In no case can the applicant exercise his option with respect to Khokha of only part of the NCD(s) that may be allotted to the applicant.
- b) The applicant opting for Khokha buy-back must have a clear and unencumbered title to the Khokha offered for sale. The transferee shall have a warranty of title in respect of the Khokha comprised in such sale. The sale shall be free from all claims, liens, charges and encumbrances of whatsoever nature (except to the extent provided in respect of partly paid NCD under the terms of the Issue). The transferor shall keep the transferee indemnified against any loss or damage arising on account of any defect that may subsequently be found in the title or signature of the transferor.
- c) The Khokha of Face Value of Rs. [100]/- with Rs. [●]/- paid-up per NCD may be offered for sale at a net price of Rs. [●]/- per Khokha (inclusive of accrued interest, if any). The said purchase price of Rs. [●]/- is no indication of the price at which the Khokha will be quoted and traded on the floor of the Stock Exchanges.
- d) The applicant who will be exercising the option to sell the Khokha will be doing so at an upfront discount of Rs. [●]/- on the paid-up value of the Khokha. If the option to sell the Khokha is exercised, the effective cost per Ordinary Share on exercise of the Detachable Warrant would be Rs. [●]/-.
- e) Under the terms of the Issue, Rs. [●]/- per NCD is payable on application and an amount of Rs. [●]/- per NCD is payable on allotment. In such case the applicant’s liability to pay the allotment money will stand reduced from Rs. [●]/- per NCD to Rs. Nil as the purchaser of the Khokha would directly pay to the Company the allotment money pertaining to the Khokha to the extent of Rs. [●]/- per NCD. Further, JM Financial would pay Rs. [●]/- to the applicants who have opted for the Khokha Buy-back Scheme within three weeks of date of finalisation of the basis of allotment.
- f) Applicants who wish to sell the Khokha that may be allotted to them should give their consent by signing the Part E of the relevant CAF. By signing the declaration at the appropriate place in the CAF, the applicant shall be deemed to have authorized the Company to issue such NCD in electronic form

and credit the same to an “Escrow Account” to be opened by JM Financial for this purpose. JM Financial would act as agent of the applicants and the applicants would authorize JM Financial to receive payment on his/her/their behalf from the purchasers of Khokha.

- g) In case you have not signed Part E of the CAF then it will be assumed that you do not intend to participate in the Khokha Buy-back Scheme.
- h) The transaction for sale of NCD allotted and their purchase shall be a spot delivery transaction in terms of the provisions of the Securities Contracts (Regulation) Act, 1956 and Rules made thereunder.
- i) Khokha buy-back from Non residents would be subject to the approval of RBI.
- j) The Scheme is purely voluntary in nature and is based on the terms and conditions from (a) to (i) above. The applicants for NCD are free to make any other arrangements for disposal of the NCD.

IT IS EXPRESSLY BROUGHT TO THE NOTICE OF THE APPLICANTS THAT THE COMPANY DOES NOT HAVE ANY INTEREST IN THE KHOKHA BUY-BACK OFFER. IT IS ENTIRELY AT THE DISCRETION OF THE APPLICANT TO OPT FOR THIS OFFER OR TO RETAIN THE NCD OR TO DISINVEST THE NCD IN ANY OTHER MANNER.

Principal Terms of Detachable Warrants

Entitlement

For allotment of every NCD being offered, one detachable Warrant would be issued. This Warrant can be freely and separately traded. The Warrant holder will be entitled to exercise his right to apply for one Equity Share of Re. 1 each at the Warrant Exercise Price for each Warrant held, at any time during the Warrant Exercise Period.

Warrant Exercise Period

Warrant Exercise Period shall be for a period not later than 12 months commencing the Date of Allotment. Warrant holders can exercise their right to apply for the Equity Shares(s) at the Warrant Exercise Price at any time during the Warrant Exercise Period. No record date will be fixed by the Company for this purpose. Further, the Warrants not exercised in the Warrant Exercise Period shall lapse. The Company shall give at least 30 days prior notice to the warrant holder intimating them regarding the closure of the warrant exercise period. For valid applications received along with the Warrant Exercise Price during the Warrant Exercise Period, whether received in physical form or through transfer to the Escrow Account opened for the purpose, till the last working day of a calendar month of the Company shall be deemed to have been allotted on the 10th day of the succeeding calendar month (if the 10th calendar day is a holiday, the deemed Date of Allotment shall be the succeeding working day). In this regard, the Company shall disregard applications which are liable for rejections, due to such factors including incidence of dishonour of payment instrument or short payment.

Warrant Exercise Price

Warrant Exercise Price shall be Rs. [●]

The Warrant Exercise price would be adjusted for any further bonus issue made by the Company prior to the Warrant Exercise Period so as to ensure that the benefit to the Warrant holder is not prejudiced and remains the same as if the bonus would not have been declared. For example, should the Company declare a bonus issue prior to the Warrant Exercise Period in the ratio of 1:1, then the Warrant Exercise Price would be half of the Warrant Exercise Price as aforesaid. In case the Company announces a rights issue during the tenure of the Warrants, neither would any adjustment be made to the Warrant Exercise Price nor would there be any reservations for Warrant holders. The face value of each Equity Share of the Company is Re.1 each. In the event of any sub-division or consolidation of the face value, the share entitlement on

each Warrant shall be proportionately increased/decreased such that the aggregate nominal value of the entitlement remains the same as the nominal value of the Equity Shares immediately prior to such subdivision or consolidation e.g. in case the Company decides to consolidate the face value of Equity Shares to Rs. 2 each, then upon exercise of each Warrant by making payment under the Warrant Exercise Price, the Warrant holder would be required to pay two times the Warrant Exercise Price in order to subscribe to one Equity Share of face value Rs. 2 each. Considering that the current face value of Equity Shares is Rs. 1 each, further sub-division would not be allowed.

Procedure for Conversion of Detachable Warrants being issued with NCDs under this Issue

Application for issue of Equity Shares should be made on the prescribed Warrant Exercise Application Form. This application form would be sent to all the Warrant holders separately. The same would also be available on request with our Secretarial department and during the Warrant Conversion Period can be downloaded from our web-site www.tajhotels.com.

- *In case of Warrant held in Physical Mode:* During the Warrant Exercise Period, the Warrant holder should send his application for issue of Equity Shares to our Secretarial Department located at C/o. The Indian Hotels Company Limited, Mandlik House, Mandlik Road, Mumbai 400 001, Maharashtra, India by filling up the requisite particulars on the Warrant Exercise Application Form and by discharging on the reverse of the Warrants certificate. It should be accompanied by a cheque/demand draft favoring “The Indian Hotels Company Limited” payable at Mumbai for the requisite amount.
- *In case of Warrants held in Demat Form:* During the Warrant Exercise Period, the Warrant holder should send his application for issue of Equity Shares to our Secretarial Department located at C/o. The Indian Hotels Company Limited, Mandlik House, Mandlik Road, Mumbai 400 001, Maharashtra, India by filling up the said application form. It should be accompanied by cheque/demand draft favouring “The Indian Hotels Company Limited” for the requisite amount. Warrant holders should concurrently transfer their dematerialized holdings to the Escrow Account to be opened by the Company by marking this as an off market transaction. Details of the Escrow Account would be mentioned in the Warrant Exercise Application Form to be provided by the Company.

Modification to the Terms of the Warrants

Any modification to the terms of issue and exercise of the Warrants would be carried out only with the prior approval of the Warrant holders. This would be done by convening their special class meeting in accordance with the provisions of the Companies Act, 1956 and taking their approval by a simple majority to the terms of modification sought, from the Warrant holders present and voting.

Rights of Warrant holders

- The Warrants shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations and other related matters as in the case of Equity Shares of the Company.
- The Warrants shall not confer upon the holders thereof any right to receive any notice of the meeting of the Shareholders of the Company or Annual Report of the Company and or to attend/vote at any of the General Meetings of the Shareholders of the Company held, if any.
- Save and except the right of subscription to the Company’s Equity Shares as per the terms of the Issue of Warrants, the holders of the Warrants in their capacity as Warrant holders shall have no other rights or privileges.

The Warrant holders inter-se, shall rank pari passu without any preference or priority of one over the other or others.

All the above rights of the Warrant holders shall lapse automatically if the Warrants are not converted within the Warrant Exercise Period and the unexercised Warrant shall automatically be treated as cancelled. A separate register of Warrant holders would be maintained by the Company.

Ranking of the Equity Shares

The Equity Shares issued and allotted on a Rights Basis as a part of this Issue and the Equity Shares allotted on conversion of the Warrants shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects including dividends with the existing Equity Shares of the Company.

General Terms of the Issue

Market Lot

The Equity Shares of the Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is [●]. In case of holding of Equity Shares in physical form, the Company would issue to the allottees 1 certificate for the Equity Shares allotted to each folio (“Consolidated Certificate”).

The NCDs and detachable Warrants of the Company are tradable only in dematerialized form. The market lot for NCDs and detachable Warrants in dematerialised mode is [●]. In case of holding of NCDs and detachable Warrants in physical form, the Company would issue to the allottees 1 certificate for the NCDs and/or detachable Warrants, applicable allotted to each folio (“Consolidated Certificate”).

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares/NCDs/detachable Warrants, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles.

Nomination

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares, NCDs and detachable Warrants. The applicant can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders/NCD holders/Warrant holders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares and/or NCDs/detachable Warrants. A person, being a nominee, becoming entitled to the Equity Shares/NCD/Warrant holders by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares and/or NCDs and/or detachable Warrants. Where the nominee is a minor, the Equity Shareholder(s)/NCD Holder(s)/Warrant holder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) and/or NCDs and/or detachable Warrants, in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share and/or the NCDs and/or detachable Warrants by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share and/or NCDs and/or detachable Warrants is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the registered office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares and/or NCDs and/or detachable Warrants that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares/NCDs/detachable Warrants is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the applicant would prevail. Any applicant desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Equity Shareholder(s), NCD holders and Warrant holders required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation and/or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares/NCDs/detachable Warrants from time to time.

Listing and trading of Equity Shares and NCDs with detachable Warrants proposed to be Issued and the Equity Shares arising on conversion of the detachable Warrants

The Company’s existing Equity Shares are currently trade on the BSE and the NSE under the ISIN INE053A01029. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE under the existing ISIN for fully paid Equity Shares of the Company. The fully paid up Equity Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than 10 days from the date of allotment. The Company has made an application for “in-principle” approval for listing of the Equity Shares in accordance with clause 24(a) of the Listing Agreement to the BSE and NSE through letters dated [●], 2007 and [●], 2007 and has received such approval from the BSE through letter no. [●], dated [●], 2007 and from NSE through letter no. [●], dated, [●], 2007.

The NCDs with detachable Warrants proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE for which the Company has made an application to the BSE and NSE through letters dated [●], 2007 and [●], 2007 respectively. The NCDs with detachable Warrants allotted pursuant to this Issue will be listed as soon as practicable but in no case later than 10 days from the date of allotment. The Company has made an application for “in-principle” approval for listing of the NCDs with detachable Warrants in accordance with clause 24(a) of the Listing Agreement to the BSE and NSE through letters dated [●], 2007 and [●], 2007 and has received such approval from the BSE through letter no. [●], dated [●], 2007 and from NSE through letter no. [●], dated, [●], 2007.

The equity shares which will arise on conversion of Warrants shall be listed for trading on the BSE and the NSE under the existing ISIN for fully paid Equity Shares of the Company. The Equity Shares allotted pursuant to the conversion will be listed as soon as practicable but in no case later than 10 days of allotment.

The Global Depository Receipts with respect to the Equity Shares of the Company issued by Citibank N.A. as depository (“Depository”) (“GDRs”) are currently listed on the London Stock Exchange pursuant to the International Deposit Agreement dated May 3, 1995 (“International Deposit Agreement”).

The Company has agreed in the International Deposit Agreement that in the event the Company offers or causes to be offered to the holders of any GDRs, any rights to subscribe for additional shares or any rights of any other nature, the Depository, after consultation with the Company, shall have the discretion as to the procedure to be followed in making such rights available to the GDR holders or in disposing of such rights on behalf of such GDR holders and making the net proceeds available in cash to such GDR Holders or, if by the terms of such rights offering or by reason of applicable law, the Depository may neither make such rights available to such GDR holders nor dispose of such rights and make the net proceeds available to such GDR holders, then the Depository shall allow the rights to lapse.

The distribution of this Draft Letter of Offer and the issue of Equity Shares and NCDs with detachable Warrants on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

The Company is making this issue of Equity Shares and NCDs with detachable Warrants on a rights basis to the shareholders of the Company and will dispatch this Letter of Offer/Abridged Letter of Offer and CAF to shareholders who have provided an Indian address.

Additional Subscription by the Promoter

The Promoter has confirmed that it intends to subscribe to the full extent of its entitlement in the Issue. The Promoter reserves its right to subscribe to its entitlement in this Issue, including by subscribing for renunciation if any made by the promoter group or any other shareholder. The Promoter has provided an undertaking dated September 27, 2007 to the Company to apply for additional Equity Shares and NCDs with detachable Warrants in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above its entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter through this Issue, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” on page [●] of this Draft Letter of Offer), there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter, in this Issue, the Promoter’s shareholding in the Company exceeds their current shareholding. The Promoter shall subscribe to such unsubscribed portion as per the relevant provisions of the law. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with the Listing Agreement and other applicable laws prevailing at that time relating to continuous listing requirements.

For further details please refer to section titled “Basis of Allotment” beginning on page [●] of this Draft Letter of Offer.

Procedure for Application

The CAF for Equity Shares would be printed in black ink and the CAF for the NCDs with detachable Warrants will be printed in blue ink for all Equity Shareholders. In case the original CAFs are not received by the applicant or is misplaced by the applicant, the applicant may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares and NCDs with detachable Warrants offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares and the NCDs with detachable Warrants that the Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Equity Shares and/or NCDs with detachable Warrants, then he can:

- Apply for his entitlement of Equity Shares and/or NCDs with detachable Warrants in part;
- Apply for his entitlement of Equity Shares and/or NCDs with detachable Warrants in part and renounce the other part of the Equity Shares and/or NCDs with detachable Warrants;
- Apply for his entitlement of Equity Shares and/or NCDs with detachable Warrants in full;
- Apply for his entitlement in full and apply for additional Equity Shares and/or NCDs with detachable Warrants

Additional Equity Shares/ NCDs with detachable Warrants

You are eligible to apply for additional Equity Shares and NCDs with detachable Warrants over and above the number of Equity Shares or NCDs with detachable Warrants (as the case may be) you are entitled to, provided that you have applied for all the Equity Shares and NCDs with detachable Warrants offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares and NCDs with detachable Warrants shall be considered and allotment shall be made at the sole discretion of the Board, in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section entitled ‘Basis of Allotment’ on page [●] of this Draft Letter of Offer.

If you desire to apply for additional Equity Shares and NCDs with detachable Warrants, please indicate your requirement in the place provided for additional shares in Part A of the CAF. The renounee applying for all the Equity Shares and NCDs with detachable Warrants renounced in their favour may also apply for additional Equity Shares and NCDs with detachable Warrants.

Where the number of additional Equity Shares/ NCDs with detachable Warrants applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares and/or NCDs with detachable Warrants offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and/or register and Equity Shares/ NCDs with detachable Warrants in favour of more than 3 persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares and NCDs with detachable Warrants, as the case may be).

Any renunciation from Resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) or from Non-resident Indian shareholder(s) to other Non-resident Indian(s) is subject to the renouncer(s)/renounee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Equity Shares and NCDs with detachable Warrants in Part ‘C’ of the CAF to receive allotment of such

Equity Shares and NCDs with detachable Warrants. The renounees applying for all the Equity Shares and NCDs with detachable Warrants renounced in their favour may also apply for additional Equity Shares and NCDs with detachable Warrants. Part 'A' of the CAF must not be used by the renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Equity Shares and NCDs with detachable Warrants in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to a shareholder in favour of one renounee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares and/or NCDs with detachable Warrants, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares and NCDs with detachable Warrants are renounced should fill in and sign Part 'C' of the Application Form and submit the entire Application Form to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full.

Change and/ or introduction of additional holders

If you wish to apply for Equity Shares and NCDs with detachable Warrants jointly with any other person(s), not more than three, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renounee(s) without assigning any reason thereof.

Instructions for Options

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Draft Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for split form should be made for a minimum of [●] Equity Shares or NCDs with detachable Warrants or, in either case, in multiples thereof and one Split Application Form for the

balance Equity Shares or NCDs with detachable Warrants, if any.

- Request by the applicant for the split application form should reach the Company on or before [•], 2007.
- Only the Equity Shareholder to whom this Draft Letter of Offer has been addressed shall be entitled to renounce and to apply for split application forms. Forms once split cannot be split further.
- Split form(s) will be sent to the applicant(s) by post at the applicant's risk.

Additional Equity Shares and/or NCDs with detachable Warrants

You are eligible to apply for additional Equity Shares and/or NCDs with detachable Warrants over and above the number of Equity Shares and NCDs with detachable Warrants you are entitled to, provided that you have applied for all the Equity Shares or NCDs with detachable Warrants offered, as the case may be, without renouncing them in whole or in part in favor of any other person(s). Applications for additional Equity Shares and/or NCDs with detachable Warrants shall be considered and allotment shall be in the manner prescribed under the section entitled 'Basis of Allotment' on page [•] of this Draft Letter of Offer.

Where the number of additional Equity Shares and/or NCDs with detachable Warrants applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Stock Exchanges.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares and/or NCDs with detachable Warrants offered, using the enclosed CAF:

Option Available	Action Required
1. Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2. Accept your entitlement in full and apply for additional Equity Shares and/or NCDs with detachable Warrants	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares and/or NCDs with detachable Warrants (<i>All joint holders must sign</i>)
3. Renounce your entitlement in full to one person (<i>Joint renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Equity Shares and/or NCDs with detachable Warrants renounced and hand it over to the renouncee. The renouncee must fill in and sign Part C (<i>All joint renouncees must sign</i>)
4. Accept a part of your entitlement and renounce the balance to one or more renouncee(s) OR Renounce your entitlement to all the Equity Shares and NCDs with detachable Warrants offered to you to more than one renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. For the Equity Shares and/or NCDs with detachable Warrants you wish to accept, if any, fill in and sign Part A.

Option Available	Action Required
	For the Equity Shares and/or NCDs with detachable Warrants you wish to renounce, fill in and sign Part B indicating the number of Equity Shares and/or NCDs with detachable Warrants renounced and hand it over to the renouncee. Each of the renouncee should fill in and sign Part C for the Equity Shares and/or NCDs with detachable Warrants accepted by them.
5. Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the renouncee must fill in and sign Part C.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within 15 days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements, he / she shall face the risk of rejection of both the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with Demand Draft, net of bank and postal charges payable at Mumbai which should be drawn in favor of the “IHCL – Rights Issue” and the Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelope should be superscribed “IHCL – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being The Indian Hotels Company Limited
- Name and address of the Equity Shareholder including joint holders
- Registered Folio Number/ DP and Client ID no.
- Number of Equity Shares held as on Record Date
- Number of Rights Equity Shares and NCDs with detachable Warrants entitled
- Number of Rights Equity Shares and/or NCDs with detachable Warrants applied for
- Number of additional Equity Shares and/or NCDs with detachable Warrants applied for, if any
- Total number of Equity Shares and/or NCDs with detachable Warrants applied for
- Total amount paid at the rate of Rs. 70 per Equity Share and Rs. [•] per NCDs with detachable Warrants
- Particulars of cheque/draft
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order
- PAN, photocopy of the PAN card/ PAN communication of the applicant and for each applicant in case of joint names, irrespective of the total value of the Equity Shares and/or NCDs with detachable Warrants applied for pursuant to the Issue.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the applicant without any interest thereon.

Last date of Application

The last date for submission of the duly filled in CAF is [•], 2007. The Issue will be kept open for a minimum of 30 (thirty) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 60 (sixty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Draft Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the section “Basis of Allotment”.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES AND NCDs WITH DETACHABLE WARRANTS OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares / NCDs with detachable Warrants in the following order of priority:

- (a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares / NCDs with detachable Warrants renounced in their favour, in full or in part.
- (b) For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 5 Equity Shares or is not in the multiple of 5, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of one additional share each if they apply for additional shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for allotment under this head are more than the number of shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (c) For NCDs with detachable Warrants being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 10 Equity Shares or is not in the multiple of 10, the fractional entitlement of such holders shall be ignored. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of one additional NCD with detachable Warrant each if they apply for additional NCDs with detachable Warrants. If number of NCDs with detachable Warrants required for allotment under this head are more than the number of NCDs with detachable Warrants available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (d) Allotment to the Equity Shareholders who having applied for all the Equity Shares / NCDs with detachable Warrants with offered to them as part of the Issue and have also applied for additional Equity Shares / NCDs with detachable Warrants . The allotment of such additional Equity Shares /

NCDs with detachable Warrants will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a), (b) and (c) above. The allotment of such Equity Shares / NCDs with detachable Warrants will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

- (e) Allotment to renounees who having applied for all the Equity Shares / NCDs with detachable Warrants renounced in their favour, have applied for additional Equity Shares / NCDs with detachable Warrants provided there is surplus available after making full allotment under (a), (b), (c) and (d) above. The allotment of such Equity Shares / NCDs with detachable Warrants will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.

After taking into account allotment to be made under (a) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ for the purpose of regulation 3(1)(b) of the Takeover Code which would be available for allocation under (b), (c), (d) and (e) above. The Promoter has provided an undertaking dated September 27, 2007 to the Company to apply for additional Equity Shares and NCDs with detachable Warrants in the Issue, to the extent of the unsubscribed portion of the Issue. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, will not result in change of control of the management of the Company and shall be exempt in terms of proviso to Regulation 3(1)(b)(ii) of the Takeover Code. As such, other than meeting the requirements indicated in the section on “Objects of the Issue” on page [•] of this Draft Letter of Offer), there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoter, in this Issue, the Promoter’s shareholding in the Company exceeds their current shareholding. In the event of oversubscription, allotment will be made within the overall size of the Issue.

Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time.

Underwriting

The present Issue is not underwritten.

Allotment / Refund

The Company will issue and dispatch allotment advice/ share certificates/debenture certificates/demat credit and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of six weeks from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73 of the Act.

Applicants residing at centers where clearing houses are managed by the Reserve Bank of India (RBI), will get refund through ECS only except where applicant are otherwise disclosed as applicable/eligible to get refunds through direct credit and RTGS.

In case of those applicants who have opted to receive their Right Entitlement in dematerialized form by using electronic credit under the depository system, an advice regarding the credit of the Equity Shares and/or NCDs with detachable Warrants shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit refund with a period of 6 (six) weeks from the Issue Closing Date.

In case of those Applicants who have opted to receive their Rights Entitlement in physical form, the Company will issue the corresponding share/debenture certificates under section 113 of the Companies Act or other applicable provisions if any.

Any refund order exceeding Rs. 1,500 will be dispatched registered post/ speed post to the sole/ first applicant's registered address. Refund orders up to the value of Rs. 1,500 would be sent under the certificate of posting. Such cheques or pay orders will be payable at par at all place where the applications were originally accepted and will be marked 'Account Payee only' and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. Direct Credit – Applicants having bank accounts with the existing bankers of the Company shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first applicant and payable at par.

Allotment advice / Share Certificates/Debenture Certificates /Demat Credit

Allotment advice/ share certificates/ debenture certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 6 (six) weeks, from the date of closure of the subscription list. In case the Company issues allotment advice, the relative share certificates will be dispatched within one month from the date of allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares/ NCDs with detachable Warrants in Dematerialized Form

Applicants to the Equity Shares of the Company issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. The Company signed a bipartite agreement with National Securities Depository Limited (NSDL) on July 16, 2003, which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates. The Company has also signed a bipartite agreement with Central Depository Services (India) Limited (CDSL) on May 6, 2003 which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares/ NCDs with detachable Warrants in dematerialized form will receive their Equity Shares/ NCDs with detachable Warrants in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and/or dematerialized form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the securities sought in demat and balance, if any, will be allotted in physical securities.

The Equity Shares/ NCDs with detachable Warrants of the Company will be listed on the BSE & NSE. Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those equity shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
- For equity shareholders already holding Equity Shares of the Company in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares pursuant to this Offer by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Issue may be made in dematerialized form even if the original Equity Shares of the Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

Responsibility for correctness of information (including applicant's age and other details) filled in the CAF vis-à-vis such information with the applicant's depository participant, would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be the same as registered with the applicant's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF the applicant will get Equity Shares/ NCDs with detachable Warrants in physical form.

The Equity Shares/ NCDs with detachable Warrants pursuant to this Offer allotted to Investors opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for allotment of securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

Utilisation of Proceeds

Subscription received against this Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90%, of the Issue and the necessary approvals of the Stock Exchanges, to use the amount of subscription.

General instructions for applicants

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head Application on plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the applicants, details of occupation, address, father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their application forms to the Registrar to the Issue by REGISTERED POST. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) Applications for any value made by the applicant or in the case of application in joint names, each of the applicants, should mention his/ her PAN number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN Communication") along with the application for the purpose of verification of the number. Applicants who do not have PAN are required to provide a declaration in Form 60 / Form 61 prescribed under the I.T. Act along with the application. **CAFs without this photocopy/ PAN Communication/ declaration will be considered incomplete and are liable to be rejected.**
- e) Applicants are advised that it is mandatory to provide information as to their savings/current account number and the name of the Company with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- f) The payment against the application should not be effected in cash if the amount to be paid is Rs. 20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Issue.

- g) Signatures should be either in English or Hindi or in any other language specified in the Eight Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.
- h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Offer and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renounees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- j) All communication in connection with application for the Equity Shares and/or NCDs with detachable Warrants, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- k) Split forms cannot be re-split.
- l) Only the person or persons to whom Equity Shares have been offered and not renounee(s) shall be entitled to obtain split forms.
- m) Applicants must write their CAF number at the back of the cheque / demand draft.
- n) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given for Application of any value;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renounce(s) if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Letter of Offer;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications that do not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Securities in compliance with all applicable laws and regulations;
- Applications which have evidence of being executed in/dispatched from the US;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- Applications where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- Multiple Applications

Mode of payment for Resident Equity Shareholders/ Applicants

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked 'IHCL-Rights Issue'
- Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount, net of bank and postal charges favouring the Bankers to the Issue, crossed 'A/c Payee only' and marked 'IHCL-Rights Issue' payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares/ NCDs with detachable Warrants allotted, will be refunded to the applicant within six weeks from the close of the Issue.

For further instruction, please read the Composite Application Form (CAF) carefully.

Utilisation of Issue Proceeds

The Board of Directors declares that:

- (i) The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Act.
- (ii) Details of all moneys utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such moneys has been utilized.
- (iii) Details of all such utilized moneys out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized moneys have been invested. The funds received against this Issue will be kept in a separate bank account and the Company will not have any access to such funds unless it satisfies the Designated Stock Exchange with suitable documentary evidence that the minimum subscription of 90% of the Issue has been received by the Company.

Undertakings by the Company

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. The funds required for dispatch of refund orders/ allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue.
4. Except as disclosed, no further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Issue are listed or till the application moneys are refunded on account of non-listing, under-subscription etc.

5. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
6. All information shall be made available by the Lead Manager and the Issuer to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Draft Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed 'IHCL – Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (W)
Mumbai 400 078.

- It is to be specifically noted that this Issue of Equity Shares and NCDs with detachable Warrants is subject to the section entitled 'Risk Factors' beginning on page [•] of this Draft Letter of Offer.

The Issue will not be kept open for more than 30 days unless extended, in which case it will be kept open for a maximum of 60 days.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association. Pursuant to Schedule II of the Companies Act, 1956 and SEBI Guidelines, the main provisions of the Articles of Association of the Company are set forth below:

TABLE “A” EXCLUDED

Article 1 provides that, “The regulations contained in Table A, in the First schedule to the Companies Act, 1956, shall not apply to this Company, but the regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special resolution, as prescribed by the said Act, be such as are contained in these Articles.”

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Amount of Capital

Article 4 provides that “The Authorised Share capital of the Company is as reflected in Clause V of the Memorandum of Association, from time to time.”

Shares under the control of the Directors

Article 5 provides that “Subject to the provisions of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount and at such times as they may from time to time think fit and proper, and with full power subject to the sanction of the Company in General Meeting to give to any person the option to call or be allotted shares of any class of the Company either at par or at a premium or subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Directors think fit.”

Power of General Meeting to offer shares to such persons as the Company may resolve

Article 6 provides that “In addition to and without derogating from the powers for that purpose conferred on the Directors under Article 5 the Company in General Meeting may determine to issue further shares of the authorized but un issued capital of the Company and may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportions and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or to be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.”

Increase of Capital

Article 7 provides that “(a) The Company may, from time to time, by ordinary resolution, increase its capital by the creation of new shares of such amount as may be deemed expedient and alter the conditions of its Memorandum accordingly.

- (b) Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct, and, if no direction be given, as the Directors shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, provided always that any Preference shares may be issued on the terms that they are, or at the option of the Company are, to be liable to be redeemed.

- (c) The share capital of the Company may include equity share capital with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions, as may be prescribed in law.

Provisions in case of redeemable Preference Shares

Article 9 provides that “On the issue of redeemable Preference Shares under the provisions of Article 7 the following provisions shall take effect:

- (a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;
- (b) No such shares shall be redeemed unless they are fully paid;
- (c) The premium, if any, payable on redemption shall be provided for out of the profits of the Company or out of the Company’s share premium account, before the shares are redeemed;
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a Reserve Account to be called “The Capital Redemption Reserve Account”, a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of a Company shall except as provided under Section 80 of the Act or herein apply as if the Capital Redemption Reserve Account were paid up share capital of the Company;
- (e) Subject to the provisions of Section 80 of the Act and this Article, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.
- (f) The Company shall not issue any preference shares which are irredeemable or which are redeemable after the expiry of a period of 20 years from the date of its issue.

Buy Back of Shares

Article 11A provides that “Notwithstanding anything contained in these Articles in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company’s own shares or securities as it may think necessary, subject to limits, upon such terms and conditions and subject to approvals, as may be permitted by law.”

Reduction of Capital

Article 12 provides that “The Company may from time to time by Special resolution reduce its capital in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise and may if and so far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.”

Consolidation, division and sub-division

Article 13 provides that “The Company may in General Meeting alter the conditions of its Memorandum as follows: -

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum subject nevertheless to the provisions of the Act and of these Articles;
- (c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any such person and diminish the amount of its share capital by the amount of the shares so cancelled.”

SHARES

Shares to be numbered progressively and no share to be sub-divided

Article 16 provides that “The shares in the capital of the Company shall be numbered progressively according to their several denominations, and, except in the manner hereinbefore mentioned no share shall be sub-divided.”

Directors may allot shares as fully paid-up

Article 17 provides that “. Subject to the provisions of the Act and these Articles the Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares, and, if so issued, shall be deemed to be fully paid-up shares.”

Deposit and calls, etc. to be a debt payable immediately

Article 19 provides that “The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall, immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.”

Company not bound to recognize any interest in shares other than that of the registered holders

Article 22 provides that “Except as required by law no person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way, to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as by these Articles or as ordered by a Court of competent jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in registered holder.”

UNDERWRITING AND BROKERAGE

Commission for placing shares, debentures, etc

Article 23 provides that “The Company may subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing procure subscriptions, whether absolutely or conditionally, for any shares in or debentures of the Company but so that the amount or rate of commission does not exceed in the case of shares 5 per cent of the price at which the shares are issued and in the case of debentures 2 ½ per cent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.”

INTEREST OUT OF CAPITAL

Payment of interest out of Capital

Article 24 provides that “Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital part of the cost of construction of the work or building, or the provision of plant.”

CERTIFICATES

Certificates of shares

Article 25 provides that “(a) The Certificate of title to the shares shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (i) two Directors or persons acting on

behalf of the Directors under a duly registered Power of Attorney; and (ii) the Secretary or some other person appointed by the Board for the purpose. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; Provided that, if the composition of the Board permits of it, at least one of the aforesaid two directors shall be a Person other than a Managing Director or Whole-time Director, provided always that notwithstanding anything contained in this Article, the Certificate of title to the shares may be executed and issued in accordance with such other provisions of the Act or the Rules made thereunder as may be in for the time being and from time-to-time.

Every member shall be entitled without payment to one certificate and shall for all the shares of each class or denomination registered on his name or if the Directors so approve (upon paying such fee or fees or at the discretion of the Directors without payment of fees as the Directors may from time to time determine) to several certificates each for one or more shares of each class. Every certificate of title to shares shall specify the number and denoting numbers of the shares in respect of which it is issued and the amount paid thereon and shall be in such form as the Directors shall prescribe or approve.”

Discretion to refuse sub-division or consolidation of certificates

Article 25A provides that “Notwithstanding anything contained in Article 25, the Board may in its absolute discretion refuse an application for sub-division or consolidation of share certificates, debenture or bond certificates into denominations of less than the marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or an order of a competent court of law.”

Limitation of time for issue of certificates

Article 26 provides that “The Company shall within three months after the allotment of any of its shares or debentures and within two months after the application for the registration of the transfer of any such shares or debentures complete and have ready for delivery the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provide. The expression “transfer” for the purpose of this Article means as transfer duly stamped and otherwise valid and does not include any transfer, which the Company is for any reason entitled to effuse to register and does not register.”

Issue of new certificates in place of those defaced, lost or destroyed

Article 27 provides that “No certificate/s of any share or shares shall be issued either in exchange for those which sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilized, unless the certificates in lieu of which they are issued are surrendered to the Company; provided that the company may charge such fee, if any, not exceeding Rupees two per certificate issued on splitting or consolidation of certificates or in replacement of certificates that are defaced or torn, as the Board thinks fit. No duplicate share certificates shall be issued in lieu of those that are lost or destroyed, without the prior consent of the Board or a Committee appointed by the Board authorised with such powers, or without payment of such fee, if any, not exceeding Rupees two per certificate, and on such reasonable terms, if any, as to evidence of such loss or destruction and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board think fit. The Directors may in their discretion waive payment of such fee in the case of any certificate or certificates.”

CALLS

Board may make calls

Article 29 provides that “The Board of Directors may from time to time, but subject to the conditions hereinafter mentioned, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments.”

Calls on shares of same class to be made on uniform basis

Article 30 provides that “Where after the commencement of the Act, any calls for further share capital are made on shares; such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.”

Notice to call

Article 31 provides that “Fifteen days’ notice at the least of every call otherwise than on allotment shall be given specifying the time of payment; provided that before the time for payment of such call the Directors may by notice in writing to the members revoke the same.”

Calls to date from resolution

Article 32 provides that “A call shall be deemed to have been made at the time when the resolution of the Board of directors authorizing such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.”

Directors may extend time

Article 33 provides that “The Directors may from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Directors may deem entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.”

When interest on call or installment payable

Article 35 provides that “If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate of interest as may be determined by the Directors from time to time from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.”

Payment in anticipation of calls may carry interest

Article 38 provides that “The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares, held by him beyond the sums actually called for; and upon the money so paid in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon provided that the moneys so paid in advance shall not confer in respect thereof a right to participate in profits or dividend and that the Company may at anytime repay the amount so advanced upon giving to such member three months’ notice in writing.”

FORFEITURE, SURRENDER AND LIEN

If call or installment not paid notice must be given

Article 39 provides that “If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at anytime thereafter during such time as the call or installment or any part thereof or other moneys remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.”

Terms of notice

Article 40 provides that “The notice shall name a day (not being less than 14 days from the date of the notice on which such call installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid and if payable to any person other than the Company the person to whom such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the company to the person appointed) at the person appointed) at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited. A copy of the notice shall also be sent to the Depository in case of the shares which are liable to be forfeited have been de-materialised.”

In default of payment shares to be forfeited

Article 41 provides that “If the requirement of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given, may at anytime thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.”

Forfeited shares to be property of the Company, and may be sold, etc

Article 43 provides that “Any share so forfeited shall thereupon become the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Directors shall think fit.”

Company’s lien on shares

Article 50 provides that “The Company shall have a first and paramount lien upon all the shares (other than on fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and conditions that Article 22 hereof is to have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company’s lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this clause.”

TRANSFER AND TRANSMISSION OF SHARES

Transfer not to be registered except on production of instrument of transfer

Article 57 provides that “The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence, along with the letter of allotment of the shares; provided that where, on an application in writing made to the company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as member any person to whom the right to any shares in the Company has been transmitted by operation of law.”

Directors may refuse to register transfer

Article 58 provides that “Subject to the applicable provisions of any law for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares and in particular may so decline in any case in which the Company has a lien upon the shares or any of them or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration

of a transfer shall be conclusive evidence of the approval by the Directors of the transferee. Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.”

Title of shares of deceased holder

Article 63 provides that “The executors or administrators of a deceased member or a holder of a Succession Certificate (whether European, Hindu, Mohamedan, Parsi or otherwise not being one of two or more joint holders) shall be the only person whom the Company will be bound to recognize as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or letter of Administration as the case may be, from a duly Constituted Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with production of probate or letters of Administration or Succession certificate and under the next Article, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.”

Fee on transfer or transmission

Article 67 provides that “A fee not exceeding twenty-five paise per share may be charged in respect of the transfer or transmission to the same party of any number of shares of any class or denomination subject to such maximum on any one transfer or transmission as may from time to time be fixed by the Directors. Such maximum may be a single fee payable on any one transfer or on transmission of any number or shares of one class or denomination or may be on a graduated scale varying with the number of shares of any one class comprised in one transfer or transmission or may be fixed in any other manner as the Directors may, at their discretion, waive the payment of any transfer or transmission fee either generally or in any particular case or cases.”

JOINT HOLDERS

Joint Holders

Article 74 provides that “Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles :-

- (a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share;
- (b) On the death of any such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person
- (c) Only the person whose name stands first in the Register of Members may give effectual receipts of any dividends or other moneys payable in respect of such share;
- (d) Only the person whose name stands first in the Register of members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in Article 204) from the Company and any document served on or sent to such person shall be deemed service on all the joint holders;
- (e) Any one of two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose names stands first or higher (as the case may be) on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled be present at the meeting, provided always that a joint holder present at any meeting personally shall be entitled to vote in presence to a joint holder present by attorney or by

proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the said Register in respect of such stands first or higher (as the case may be) in the said Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purposes of this sub-clause be deemed joint holders.

- (f) Subject as in this Article provided, the person first named in the Register of Members as one of the joint holders of a share shall be deemed the sole holder thereof for matters connected with the Company.”

DEMATERIALISATION OF SECURITIES

Article 70 A provides in part that,

Dematerialisation of Securities

“2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.”

Rights of depositories

“6 a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.

- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.
- (c) Every person holding Securities of the Company and whose name is entered as the beneficiary owner in the records of the Depository shall be deemed to be the owner of such Securities and where such Securities consist of the shares of the Company, shall be deemed to be the member of the Company. The beneficial owner of securities shall be entitled to all the liabilities in respect of his securities which are held by a depository.”

GENERAL MEETINGS

CONVENING MEETINGS

Annual General Meetings

Article 82 provides that “(1) The Company shall in addition to any other meetings hold a general meeting (herein called an “Annual General Meeting”) at the intervals and in accordance with the provisions herein specified. The Annual General Meetings of the Company shall be held within six months after the expiry of each financial year; Provided however, that if the Registrar of Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar. Except in cases where the Registrar has given an extension of time as aforesaid for holding any Annual General Meeting, not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

(2) Every Annual General Meeting shall be called for a time during business hours and not on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or some other place within the city of Mumbai. The notice calling such meeting shall specify it as the Annual General Meeting.”

PROCEEDINGS AT GENERAL MEETINGS

Quorum at General Meeting

Article 93 provides that “Five members entitled to vote and present in person shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the business.”

If quorum not present meeting to be dissolved or adjourned

Article 94 provides that “If within half an hour from the time appointed for the holding of a General Meeting, a quorum be not present, the meeting if called upon requisition of members, shall stand dissolved. In any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place in Mumbai as the Board may determine.”

Business at the adjourned meeting

Article 95 provides that “If at any adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum and shall have the power to decide upon all the matters which could properly have been disposed of at the meeting from which the adjournment took place.”

Chairman of Board of Directors or Vice-Chairman or a Director to be Chairman of General Meeting

Article 96 provides that “The Chairman (if any) of the Board of Directors shall, if willing, preside as Chairman at every General Meeting whether Annual or Extraordinary, but if there be no such Chairman, or in case of his absence or refusal, the Vice-Chairman (if any) of the Board of Directors shall, if willing, preside as the Chairman at such meeting and if there be no such Vice-Chairman, or in case of his absence or refusal, one of the Directors (if any be present) shall be chosen to be Chairman of the meeting.”

Demand for poll

Article 102 provides that “Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the Resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand.”

Time and manner of taking poll

Article 103 provides that “A poll demanded on any question (other than the election of the Chairman or on a question of adjournment which shall be taken forthwith) shall be taken at such place in Mumbai and at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken. The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.”

VOTES OF MEMBERS

Votes may be given by a proxy or attorney

Article 112 provides that “Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in case of body corporate also by a representative duly authorised under Section 187 of the Act and Article 114.”

No member to vote unless sums are paid up

Article 117 provides that “Subject to the provisions of the Act no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.”

Number of Votes to which Members are entitled to

Article 113 provides that “(1) Subject to the provisions of the Act & these articles upon a show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and article 124) or by attorney or in the case of body corporate by proxy shall have one vote.

- (2) Subject to the provisions of the Act & these Articles, upon a poll every member entitled to vote and present in person (including a body corporate present as aforesaid) or by attorney or proxy shall be entitled to vote and shall have the following voting rights namely, that in respect of every ordinary share whether fully paid or partly paid his voting right shall be in the same proportion as the capital paid up on such ordinary share bears to the total paid up ordinary capital of the Company.
- (3) Notwithstanding anything contained in 113(2), if the Company has issued any equity share capital with differential rights as to voting as permitted under the provisions of clause a (ii) of Section 86 of the Act read with Article 7(a), the members holding the equity shares carrying differential rights to voting shall be entitled to vote in accordance with the terms of issue of such equity shares.”

No voting by proxy on show of hands

Article 114 provides that “No member not personally present shall be entitled to vote on a show of hands unless such member is present by attorney or unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such attorney or representative may vote on show of hands as if he were a member of the Company.”

Proxies

Article 119 provides that “Any member entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself; but proxy so appointed shall not have any right to speak at the meeting.”

Instrument appointing the proxy

Article 120 provides that “Every proxy shall be appointed by an instrument in writing, or if the appointer is a body corporate, be under its seal or being signed by an officer or an attorney duly authorised by it.”

DIRECTORS

Number of Directors

Article 129 provides that “Unless otherwise determined by a general meeting the number of Directors shall not be less than four and not more than eighteen.”

Nominee Director

Article 129A provides that “Notwithstanding anything contained to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any financial institution / investment institution (whether owned wholly by the Central Government or any State Government or partly by one and partly by other) or any nationalized or commercial bank (hereinafter referred to as ‘the lender(s)’ out of any loan / debenture assistance granted by the lender(s) to the Company or so long as the lender(s) hold(s) or continue to hold debentures of the Company as a result of private placement, the lender(s) shall each have a right, if so required and if approved by the Board, to appoint, remove re-appoint, substitute from time to time, its nominee as a Director (hereinafter referred to as “the Nominee Director”) on the Board of the Company. The Nominee Director so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retirement by rotation of Directors. The Board shall have no power to remove such Nominee Director from office, so long as any moneys remain owing by the Company to any of the aforesaid financial institution / investment institution. However the Nominee Director shall be disqualified for acting as director on such terms and conditions as may be prescribed in the Act or any other law for the time being in force. Such Nominee Director shall be entitled to the same rights and privileges and obligations as any other Director of the Company, and shall also be entitled to attend any general meeting of the Company. The Company shall pay to such Nominee Director sitting fees and expenses to which the other Directors of the Company are entitled. Such Nominee Director shall be entitled to receive all the notices and other communications (including agenda) relating to meetings of the Board and its Committees and general meetings of the Company and the minutes of all such meetings.”

Appointment of Alternate Director

Article 130 provides that “The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called “the original Director”) during his absence for a period not less than three months from the State of Maharashtra and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate the office if and when the original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic reappointment of retiring Directors in default of the another appointment shall apply to the original Director and not to the Alternate Director.”

Casual Vacancy

Article 131 provides that “Subject to the provisions of section 262 and 284(6) and other applicable provisions (if any) of the Act, if the office of the Director appointed by the Company in the General Meeting is vacated before the expiry of his term of office in normal course, the resulting casual vacancy may be filled up by the Directors at a meeting of the Board. Any person so chosen shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid.”

Appointment of Additional Director

Article 132 provides that “Subject to the provisions of section 260 and 284(6) and other applicable provisions (if any) of the Act, the Board of Directors shall have power at any time, and from time to time, to appoint a person as an Additional Director. The Additional Director shall hold office only upto the next following Annual General Meeting, but shall be eligible for election by the Company at that meeting as a Director.”

Qualification of Directors

Article 133 provides that “A Director shall not be required to hold qualification shares.”

Remuneration of Directors

Article 134 provides that “(a) A Director, other than a whole time Director, shall be entitled to receive remuneration by way of a fee for each meeting of the Board or a Committee thereof attended by him. The amount of such fee payable for each of the meetings of the Board or Committee thereof attended by such Director shall not exceed such sum as may be prescribed by the Central Government. Subject as aforesaid, the Directors may allow and pay to any Director, who is not a bona fide resident in Mumbai, and who shall come to Mumbai, for the purpose of attending a meeting, such a Director may consider fair compensation for his expenses and loss of time in connection therewith in addition to his fee for attending such meeting as above specified.

(b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any purpose of the Company, the Board may arrange with such Director for such special remuneration for such services, either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or substitution for his remuneration above provided and the Directors shall be entitled to be repaid any traveling or other expenses incurred in connection with the business of the Company.”

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by rotation

Article 144 provides that “(1) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting.

(2) The remaining Directors shall be appointed in accordance with the provisions of these Articles.”

Directors to retire annually how determined

Article 145 provides that “At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three then the number nearest to one-third shall retire from office.”

PROCEEDINGS OF MEETINGS OF THE BOARD OF DIRECTORS

Meetings of Directors

Article 154 provides that “The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the term herein mentioned could not be held for want of quorum.”

Quorum

Article 156 provides that “Subject to the provisions of Section 287 and other applicable provisions (if any) of the Act, the Quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded-off as one) or two Directors, whichever is higher; Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of remaining Directors, that is to say, the number of Directors who are not interested and are present at the meeting, not being less than two, shall be quorum during such time. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Act or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally.”

Who to preside at meetings of Board

Article 159 provides that “All the meetings of the Directors shall be presided over by the Chairman, if present, but if at any meeting of Directors, the Chairman shall not be present at the time appointed for the meeting, the Vice-Chairman, if any, if present, shall preside and if he be not present at such time, then and in that case, the Directors shall choose one of the Directors then present to preside at the meeting.”

POWERS OF DIRECTORS

General powers of the Directors

Article 167 provides that “(1) Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers, and to do all such acts and things, as the Company is authorised to exercise and do; Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum or these Articles or otherwise, to be exercised or done by the Company in General Meeting; Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in General Meeting.

(2) No regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.”

MANAGING OR WHOLETIME DIRECTORS

Power to appoint Managing or Whole-time Director(s)

Article 174 A provides that “Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included a Joint Managing Director) or Whole-time Director or Whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit, to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.”

Remuneration of Managing or Whole-time Director(s)

Article 174 C provides that “The remuneration of a Managing Director or Whole-time Director (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, subject to the approval of the Company in general meeting, and may be by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any or all of those modes. A Managing Director or Whole-time Director shall not receive or be paid any commission on sales or purchases made by or on behalf of the Company.”

Powers and duties of Managing or Whole-time Director(s)

Article 174 D provides that “Subject to the superintendence, control and direction of the Board of Directors, the day to day management of the Company shall be in the hands of the Director or Directors appointed under Article 174 A with power to the Directors to distribute such day to day management functions among such Directors if more than one, in any manner as directed by the Board, or to delegate such power of distribution to any one of them. The Directors may from time to time entrust to and confer upon a Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such and to be exercised for such objection and purposes and upon such terms and conditions, and with such restriction as they think expedient and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.”

DIVIDENDS

Dividend

Article 175 provides that “The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively; Provided Always that (subject as aforesaid) any capital paid-up on a share during the period in respect of which a dividend is declared, shall, unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.”

Dividends in proportion to amount paid-up

Article 177 provides that “The Company may pay dividends in proportion to the amount paid-up or credited as paid-up on each share, where a larger amount is paid-up or credited a paid-up on some shares than on others.”

The Company in General Meeting may declare a dividend

Article 178 provides that “The Company in General Meeting may subject to Section 205 of the Act declare a dividend to be paid to the members according to their respective rights and interests in the profits and subject to the provisions of the Act may fix the time for payment. When a dividend has been so declared,

the warrant in respect thereof shall be posted within 30 days from the date of the declaration to the shareholder entitled to the payment of the same.”

Forfeiture of unclaimed dividend

Article 184 provides that “Unclaimed dividends and interest may be invested or otherwise used by the Directors for the business of the Company and all dividend the claim to which has become barred by law may be forfeited by the Directors for the benefit of the Company, and, if the Directors think fit may be applied in augmentation of the Reserve Fund; provided however, that the Directors may at any time annul such forfeiture and pay any such dividend.”

AUDIT

Accounts to be audited

Article 198 provides that “Every Balance Sheet and Profit and Loss Account of the Company shall be audited by one or more Auditors to be appointed as hereinafter mentioned.”

Appointment of Auditors

Article 199 provides that “(1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall, within seven days of the appointment, give intimation thereof to every auditor so appointed,

- (2) At any Annual General Meeting, a retiring Auditor by whatsoever authority appointed, shall be re-appointed, unless:
 - (a) he is not qualified for re-appointment;
 - (b) he has given the Company notice in writing of his unwillingness to be re-appointed;
 - (c) a resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed; or
 - (d) where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring Auditor, and by reason of the death, incapacity or disqualification of that person or of all those persons, as the case may be, the resolution cannot be proceeded with.
- (3) Where at an Annual General Meeting no Auditors are appointed or re-appointed, the Central Government may appoint a person to fill the vacancy.
- (4) The Company shall, within seven days of the Central Government’s power under sub-clause (3) becoming exercisable give notice of that fact to that Government.
- (5) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues, the surviving or continuing Auditor or Auditors (if any) may act, but where such vacancy is caused by the resignation of an Auditor, the vacancy shall only filled by the Company in General Meeting.
- (6) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution for appointment of that person to the office of Auditor as been given a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring Auditor shall not be re-appointed.

Remuneration of Auditors

Article 201 provides that “The remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting, except that the remuneration of any Auditors appointed to fill any casual vacancy, may be fixed by the Directors.”

INDEMNITY AND RESPONSIBILITY

Directors' and others' right to indemnity

Article 217 provides that “(a) Subject to the provisions of Section 201 of the Act, every Director of the Company Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such Director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, officer or servant or in any way in the discharge of his duties.

(b) Subject as aforesaid every Director, Managing Director, Manager, Secretary or other officer or employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.”

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contract (not being contracts entered in to in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered in to by the Company. These Contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company Secretary situated at Mandlik House, Mandlik Road Mumbai 400 001, Maharashtra, India from 10.00 a.m. to 1.00 p.m., from the date of this Draft Letter of Offer until the date of closure of the Subscription List.

(A) MATERIAL CONTRACTS

1. Mandate Letter dated [●] received from the Company appointing JM Financial Consultants Private Limited, to act as Lead Manager to the Issue.
2. Memorandum of Understanding dated September 28, 2007 entered into with the Lead Manager to the Issue.
3. Letter dated September 13, 2007 received from Intime Spectrum Registry Limited offering their services to act as Registrars to the Issue.
4. Monitoring Agency letter dated [●], 2007 entered into between the Company and [●].
5. Agreement between the Company and the Debenture Trustee dated [●]

(B) DOCUMENTS

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation of the Company dated April 1, 1902.
3. Consents of the Directors, Company Secretary, Auditors, Lead Managers to the Issue, Bankers to the Issue, Registrars to the Issue Monitoring Agency and Debenture Trustee to include their names in the Draft Letter of Offer to act in their respective capacities.
4. Shareholders Resolution passed at the Annual General Meeting held on August 3, 2007 appointing S.B. Billimoria and Co. and N.M. Raiji and Co. as statutory auditors of the Company.
5. Copy of the Board Resolution dated August 13, 2007 and September 27, 2007 approving this Issue.
6. Letter dated September 27, 2007 from the Auditors of the Company confirming Tax Benefits as mentioned in this Draft Letter of Offer.
7. The Report of the Auditors, S.B. Billimoria and Co. and N.M. Raiji and Co. as set out herein dated September 28, 2007 in relation to the restated financials of the Company for the last five years.
8. Annual Report of the Company as also that of Subsidiaries (wherever applicable) for the last five financial years.
9. In-principle listing approval dated [●], 2007 and [●], 2007 from the BSE and NSE respectively.
10. Letter No. [●] dated [●] issued by the Securities and Exchange Board of India for the Issue.
11. Due Diligence Certificate dated September 28, 2007 from Lead Managers
12. Bipartite Agreement dated July 16, 2003 between the Company, & NSDL for offering

depository option to the investors.

13. Bipartite Agreement dated May 6, 2003 between the Company & CDSL for offering depository option to the investors.

DECLARATION

No statements made in this Draft Letter of Offer shall contravene any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other Competent Authority in this behalf have been duly complied with.

SIGNED BY ALL THE DIRECTORS OF THE COMPANY

Mr. Ratan N. Tata **Non Executive Chairman**

Mr. R.K. Krishna Kumar **Non Executive Vice Chairman**

Mr. N.A. Soonawala **Non-Executive Director**

Mr. S.K. Kandhari **Independent Director**

Mr. K.B. Dadiseth **Independent Director**

Mr. Deepak Parekh **Independent Director**

Mr. Jagdish Capoor **Independent Director**

Mr. Shapoor Mistry **Independent Director**

Mr. Raymond N. Bickson **Managing Director**

Mr. Anil P. Goel
Chief Financial Officer

Place: Mumbai
Date: [●]

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