

**DELOITTE HASKINS & SELLS**  
Chartered Accountants  
12 Dr Annie Besant Road  
Opposite Shiv Sagar Estate  
Worli  
Mumbai 400 018

**PKF SRIDHAR & SANTHANAM**  
Chartered Accountants  
KRD Gee Gee Crystal  
No. 91/92, 7<sup>th</sup> Floor  
Dr. Radhakrishnan Salai, Mylapore  
Chennai 600 004

**AUDITORS' REPORT  
TO THE BOARD OF DIRECTORS OF  
THE INDIAN HOTELS COMPANY LIMITED**

1. We have audited the accompanying Statement of Financial Results of **THE INDIAN HOTELS COMPANY LIMITED** ("the Company") for the quarter and the nine months ended December 31, 2011, ("the Statement") being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement, prepared on the basis of the related interim financial statement, is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the related interim financial statement, which has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our report, we invite attention to Note 6 of the Statement regarding the Company's exposure in the nature of long-term investments and advances (including through a wholly-owned subsidiary) to certain companies aggregating ₹ 151922 lakhs. On the basis of the book / market value of these companies, there is significant diminution in the value of these investments, which, in the opinion of the Management, is of a temporary nature.



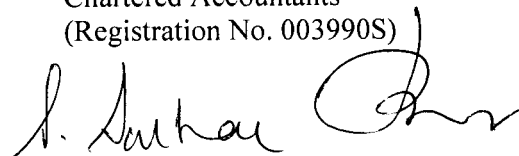
4. In our opinion and to the best of our information, read with our comment in paragraph 3 above, and according to the explanations given to us, the Statement:
- (i) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges and
  - (ii) gives a true and fair view of the net profit and other financial information of the Company for the quarter and the nine months ended December 31, 2011.
5. Further, we also report that we have traced from the details furnished by the Management, the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding, pledged / encumbered shares and non-encumbered shares of promoter and promoter group shareholders, in terms of Clause 35 of the Listing Agreements and the particulars relating to the undisputed investor complaints.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No.117366W)



NALIN M. SHAH  
(Partner)  
(Membership No.15860)

**For PKF SRIDHAR & SANTHANAM**  
Chartered Accountants  
(Registration No. 003990S)



S. SANTHANAKRISHNAN  
(Partner)  
(Membership No.19071)

MUMBAI, 25<sup>th</sup> January, 2012



**THE INDIAN HOTELS COMPANY LIMITED**  
**AUDITED STATEMENT OF FINANCIAL RESULTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011**

₹ / lakhs

Items	Quarter Ended			Nine Months Ended		Year Ended
	Dec 31, 2011	Sept 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Mar 31, 2011
Net Sales/Income from Operations	52148	35756	48534	124858	114258	167345
Other Operating Income	-	-	-	-	-	-
<b>Total Income</b>	<b>52148</b>	<b>35756</b>	<b>48534</b>	<b>124858</b>	<b>114258</b>	<b>167345</b>
Expenditure						
a. Consumption of Raw Materials	4425	3331	3816	10894	9752	13618
b. Staff Costs	12455	11667	11337	35146	30552	41239
c. Licence Fees	3197	2239	2665	7598	6739	10493
d. Fuel, Power and Light	3349	3325	2794	9892	8559	11333
e. Depreciation	2651	2792	2978	8201	8042	10840
f. Other Expenditure	14652	11324	13494	36579	35224	48668
<b>Total Expenditure</b>	<b>40729</b>	<b>34678</b>	<b>37084</b>	<b>108310</b>	<b>98868</b>	<b>136191</b>
<b>Profit from Operations before Other Income, Interest and Exceptional Items</b>	<b>11419</b>	<b>1078</b>	<b>11450</b>	<b>16548</b>	<b>15390</b>	<b>31154</b>
Other Income	859	1765	322	3982	2452	4007
<b>Profit before Interest and Exceptional Items</b>	<b>12278</b>	<b>2843</b>	<b>11772</b>	<b>20530</b>	<b>17842</b>	<b>35161</b>
Interest (Net)	3035	2472	3274	7619	9634	12287
<b>Profit after Interest but before Exceptional Items</b>	<b>9243</b>	<b>371</b>	<b>8498</b>	<b>12911</b>	<b>8208</b>	<b>22874</b>
Exceptional item - Notional Exchange Gain / (Loss) (Note 4)	(681)	(84)	250	(764)	576	1135
Exceptional item - Others (Note 3)	(800)	1064	(520)	264	(949)	(1714)
<b>Profit from Ordinary Activities before tax</b>	<b>7762</b>	<b>1351</b>	<b>8228</b>	<b>12411</b>	<b>7835</b>	<b>22295</b>
Provision for Taxes	2714	517	3199	4397	3103	7637
Tax Provision of earlier years (Net)	-	-	-	-	-	533
<b>Profit from Ordinary Activities after tax</b>	<b>5048</b>	<b>834</b>	<b>5029</b>	<b>8014</b>	<b>4732</b>	<b>14125</b>
Paid-up Equity Share Capital (Face value per share - ₹ 1 each)	7595	7595	7595	7595	7595	7595
Reserves (excluding Revaluation Reserves)						302859
Earnings Per Share (₹)						
Basic and Diluted (not annualised)	0.66	0.11	0.69	1.06	0.65	1.93

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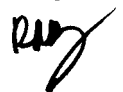


**THE INDIAN HOTELS COMPANY LIMITED**  
**AUDITED STATEMENT OF FINANCIAL RESULTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2011**

Items	Quarter Ended			Nine Months Ended		Year Ended
	Dec 31, 2011	Sept 30, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010	Mar 31, 2011
Aggregate of Public Shareholding:						
Number of Shares	50,44,06,671	50,44,06,671	50,44,06,671	50,44,06,671	50,44,06,671	50,44,06,671
Percentage of Shareholding	66.42	66.42	66.42	66.42	66.42	66.42
Promoters and Promoter Group Shareholding:						
a) Pledged/Encumbered						
Number of Shares	-	-	-	-	-	-
Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-
Percentage of Shares (as a % of the total share capital of the company)	-	-	-	-	-	-
b) Non-encumbered						
Number of Shares	25,50,66,116	25,50,66,116	25,50,66,116	25,50,66,116	25,50,66,116	25,50,66,116
Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
Percentage of Shares (as a % of the total share capital of the company)	33.58	33.58	33.58	33.58	33.58	33.58

## Notes

1. Net Sales/Income from Operations for the nine months ended December 31, 2011, improved by 9% over the corresponding period of the previous year. In view of the seasonality of the sector, the financial results for the quarter and the nine months ended December 31, 2011 are not indicative of the full years expected performance.
2. During the quarter, the Company has received a confirmation from its insurer of the minimum amount of net assessed insurance claim figure in respect of Taj Mahal Palace, Mumbai totaling to ₹ 23632 lakhs as against the Company's accrued claim of ₹ 23984 lakhs. (Against ₹ 15415 lakhs originally accrued as Business Interruption Claim under Other Operating Income, an amount of ₹ 14542 lakhs is the minimum assessed figure, resulting in a shortfall of ₹ 873 lakhs. Separately, against ₹ 8569 lakhs accounted as an estimate under the Property Damage Claim, a minimum amount of ₹ 9090 lakhs is the assessed figure). Consequent on receipt of the confirmation of the minimum assessed claim figure from the insurer in respect of the Material damage claim, the Company has ascertained the final cost of individual assets, amount of de-capitalisation, and finalised the eventual capitalisation. As on date, the Company has received ₹ 20000 lakhs from the Insurance Company and balance receivable is ₹ 3632 lakhs which is expected to be received shortly.
3. Exceptional item –“Others” for the nine months ended December 31, 2011 of ₹ 264 lakhs comprises of ₹ (873) lakhs shortfall of Business Interruption claim (Refer Note 2 above), ₹ (308) lakhs expenditure on a discontinued project charged off for commercial reasons and interest income received of ₹ 1445 lakhs (including ₹ 73 lakhs for the current quarter and ₹ 1372 lakhs accrued in the preceding quarter) on surrender of leasehold land in terms of a Supreme Court Order. The figures relating to the corresponding period of the previous year of ₹ (949) lakhs comprises of ₹ (520) lakhs being expenditure on a project abandoned for commercial reasons, ₹ 429 lakhs being profit on sale of a hotel property and ₹ (858) lakhs being provision for diminution in the value of an investment in a subsidiary.
4. The Company has exercised the option granted vide notification F.No.17/33/2008/CL-V dated March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.378(E) (F.No17/133/2008-CL.V) dated May 11, 2011 and amendment dated December 29, 2011 incorporating the new paragraph 46(A) relating to Accounting Standard (AS) 11 “The Effects of Changes in Foreign Exchange Rates” and accordingly, the exchange differences arising on revaluation of long term foreign currency monetary items for the nine months ended December 31, 2011 have been amortised over the balance period of such long term asset or liability, by recognition as income or expense in each of such periods.



5. With effect from April 1, 2011, the Company has adopted hedge accounting principles to account for hedging of loans extended to subsidiaries forming a part of the Company's net investment in non-integral foreign operations. Effectively, the Company had partially converted its rupee borrowings into foreign currency borrowings, using cross-currency swap derivative instruments, so as to progressively balance on its books its net investments in overseas subsidiaries with foreign currency borrowings.

On application of the hedge accounting policy, the foreign currency translation differences of both, the hedging instrument (i.e. the borrowings) and the hedged item (i.e. the net investment in non-integral foreign operations), are recognised under Reserves and Surplus having due consideration to hedge effectiveness. Accordingly, the translation difference on the borrowings amounting to ₹ 10643 lakhs (net of tax) for the nine months ended December 31, 2011 (including ₹ 5466 lakhs (net of tax) for the current quarter) forming the effective portion of the hedge has been recognised in the Hedge Reserve Account in the Balance Sheet, whilst the corresponding translation differences of the net investment in non-integral foreign operations of ₹ 29290 lakhs for the nine months ended December 31, 2011 (including ₹ 15257 lakhs for the current quarter) has been recognised under Foreign Currency Translation Reserve Account in the Balance Sheet.

Under the previous accounting policy, the translation differences in respect of the borrowings were being amortised by way of a charge to the Profit and Loss Account. If the Company had continued with the previous accounting policy, an amount of ₹ 932 lakhs for the nine months ended December 31, 2011 (including ₹ 643 lakhs for the current quarter) would have been reflected as Notional Exchange Loss in the Profit and Loss Account and an amount of ₹ 14822 lakhs would have been deferred and recognised as an asset under "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA).

6. The auditors in their report have invited attention to the Company's exposures in long-term investments and advances (including through wholly-owned subsidiaries) given to certain companies aggregating ₹ 151922 lakhs, wherein the carrying costs of these investments as at December 31, 2011, significantly exceed their book/market values as on that date. In view of the strategic nature of the investments and the Company's long term commitment and strategies, in the opinion of the Management there is no diminution, other than temporary, in the value of the afore said investments.
7. Disclosure of segment-wise information is not applicable, as hoteliering is the Company's only business segment.
8. Disclosure on Investors' complaints:

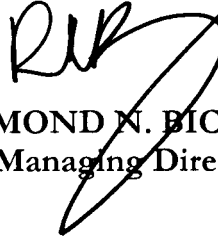
Complaints outstanding at the beginning of the quarter	Received during the quarter	Disposed off during the quarter	Unresolved as on 31.12.2011
-	4	4	-

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*any*

9. Figures for the previous year and periods have been regrouped, wherever necessary, to conform to the current period's presentation.
10. The aforementioned results were reviewed by the Audit Committee of the Board and subsequently approved by the Board of Directors at its meetings held on January 25, 2012 and have been audited by the Statutory Auditors of the Company.

For **THE INDIAN HOTELS COMPANY LIMITED**



**RAYMOND N. BICKSON**  
(Managing Director)

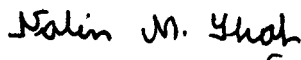
January 25, 2012

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

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In terms of our report attached.

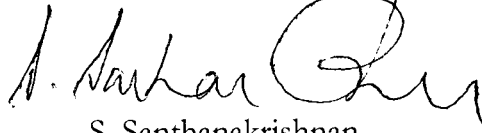
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants



Nalin M. Shah  
(Partner)

Mumbai, January 25, 2012

For **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants



S. Santhanakrishnan  
(Partner)