The Indian Hotels Company Limited

Analyst Meet

Results for the Year ended March 31, 2011

May 24, 2011

Disclaimer

These presentations contain forward-looking statements within the meaning of applicable securities laws. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties and other factors that may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. Future results, performance and achievements may be affected by general economic conditions, regulatory environment, business and financing conditions, foreign exchange fluctuations, cyclicality and operating risks associated with the hospitality industry and other circumstances and uncertainties.

Although we believe the expectations reflected in such forward looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise

Please visit our corporate website **www.tajhotels.com** for previous investor communications

Presenter Panel

Raymond Bickson - **Managing Director**

Anil P Goel - **Executive Director – Finance**

Ajoy Misra - **Senior Vice President, Sales & Marketing**

Outline of Presentation

- Industry Trends
- New Inventory
- Sales & Marketing Initiatives
- Financial Results
- Treasury Initiatives

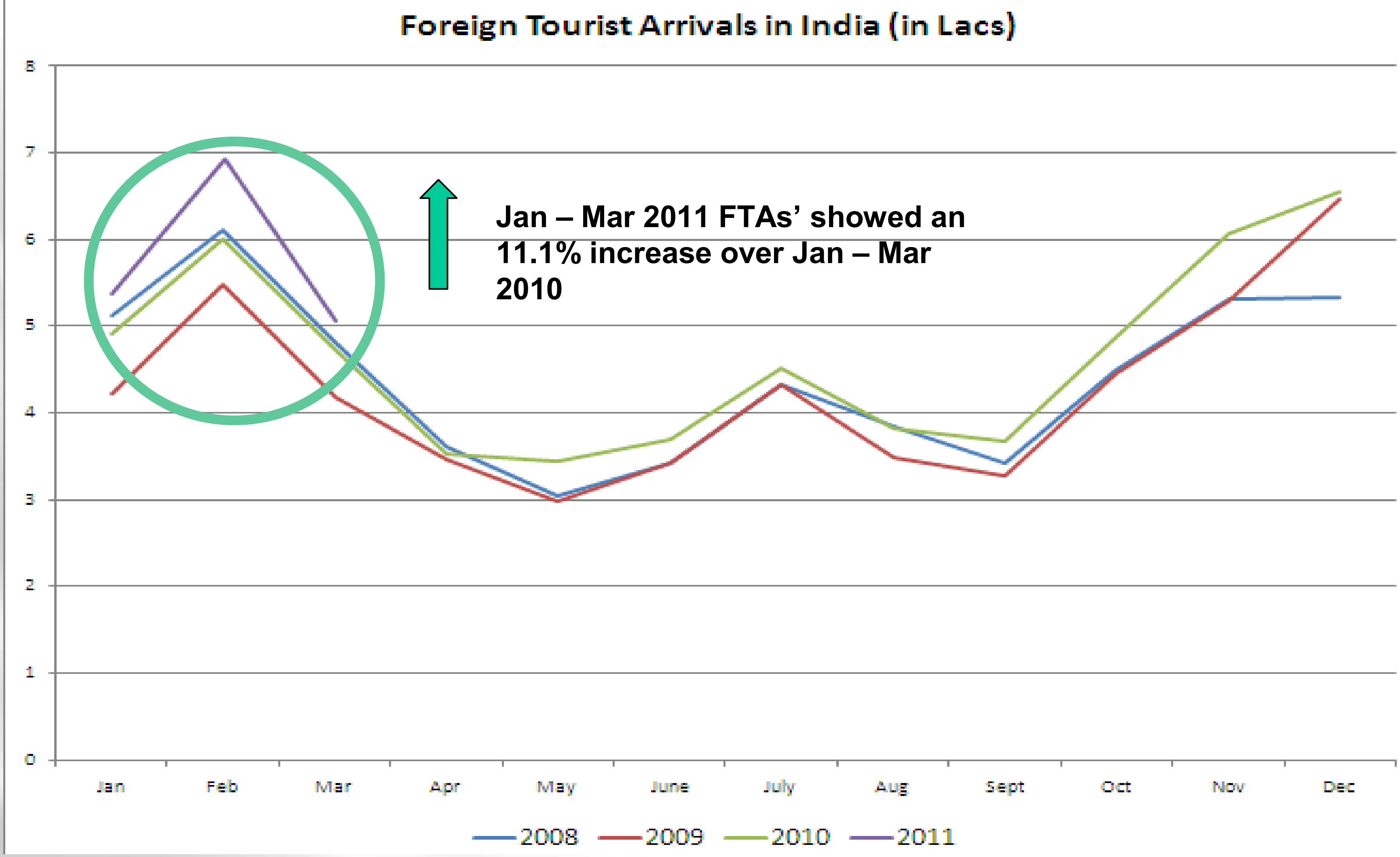
Industry Trends

Overview

- The international travel and tourism industry is currently on a **recovery** path and on their way to return to the pre-crisis peak levels.
- Companies are likely to **increase spends** on **corporate** travel.
- **Discretionary spending** is expected to increase further, especially on **leisure** travel.
- In 2010, Asia Pacific leads the pack in **RevPAR (Revenue per Available Room) growth** at **21.8 %** over 2009 and will continue to be the key growth market in the coming years.
- **Foreign tourist arrivals** to India are forecasted to grow at a rate of **9% - 10%** in the next few years.
- **Domestic traveler** now accounts for nearly **74% of the total demand** (across all segments) and **53% of the luxury segment**.

Source: STR Global, UNWTO Research, HVS, BNP Paribas

Foreign Tourist Arrivals in India



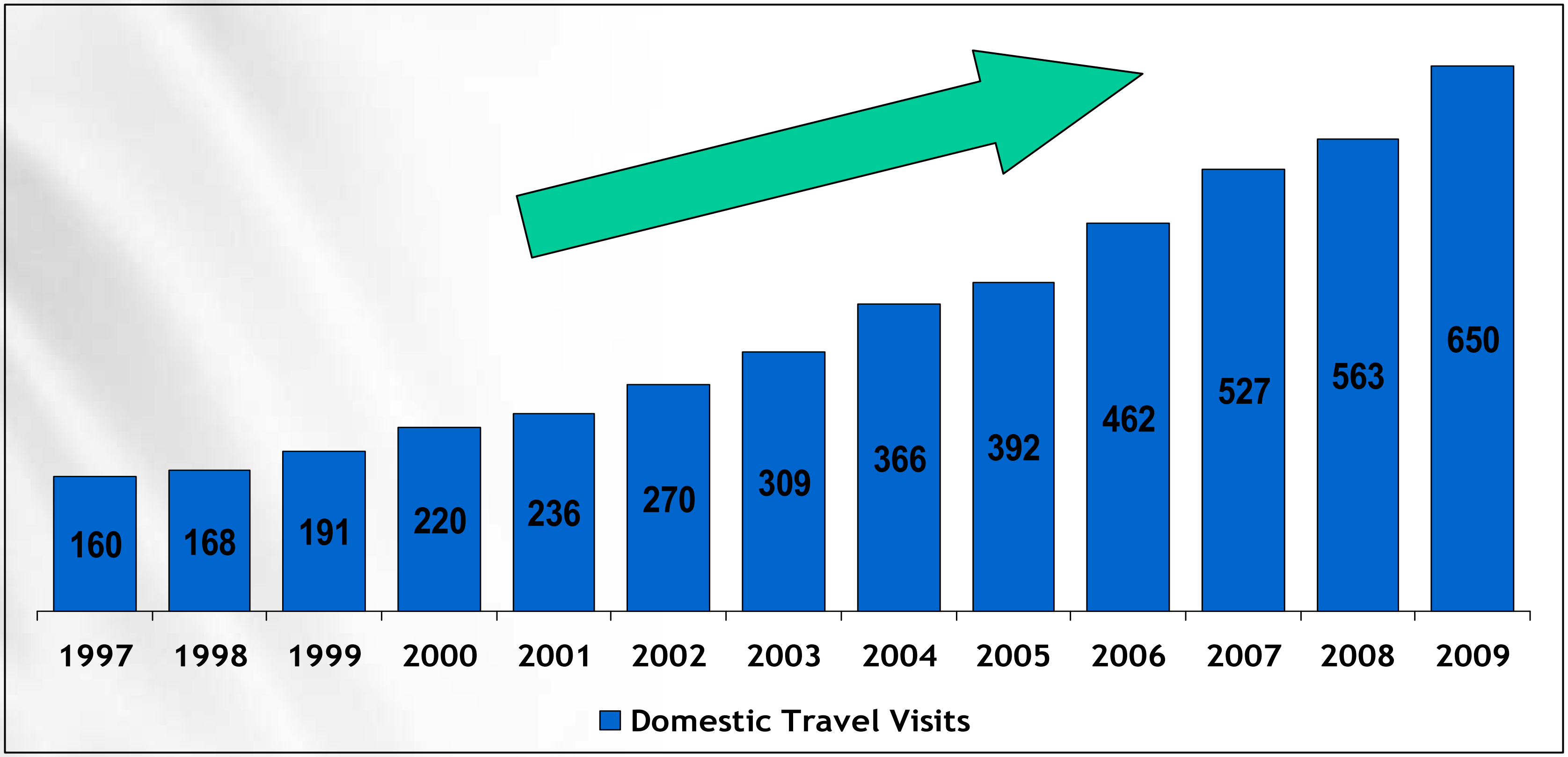
Jan – Mar 2011 FTAs' showed an 11.1% increase over Jan – Mar 2010

- **The Foreign Tourist Arrivals (FTA) in India during 2010 were 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%.**

Source: Ministry of Tourism

Domestic Visits – Growing over the Years

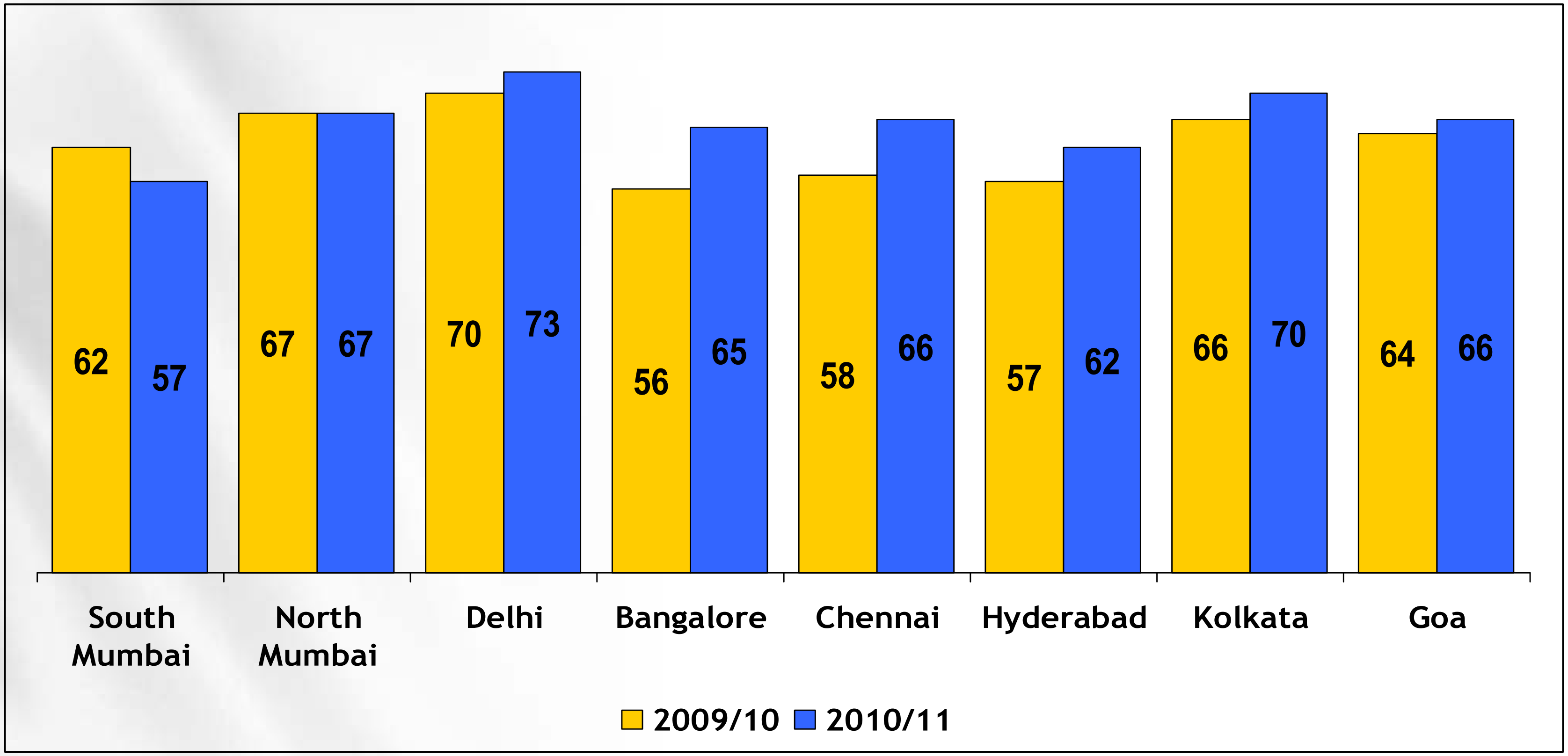
Figures in Millions



Source: Ministry of Tourism, BNP Paribas

Domestic travel visits have registered a minimum growth rate of 7% in the past 10 years and have almost tripled since 2000

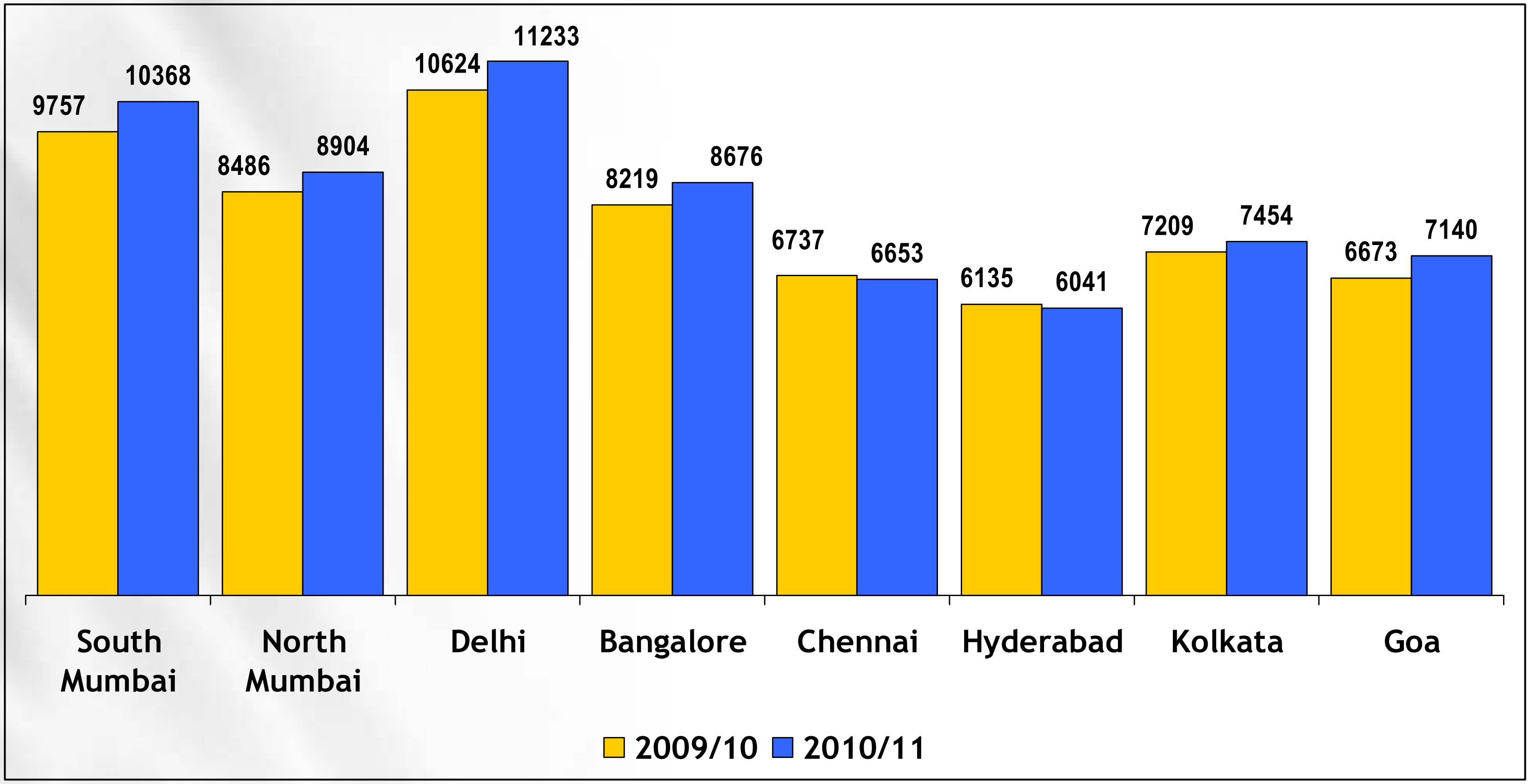
Occupancies – Year on Year Trend



Source: Internal Survey

- Increase in occupancies in all markets barring South Mumbai
- South Mumbai room inventory has increased over the previous year on account of reopening of the Heritage wing of Taj Mahal Palace, Mumbai and The Oberoi

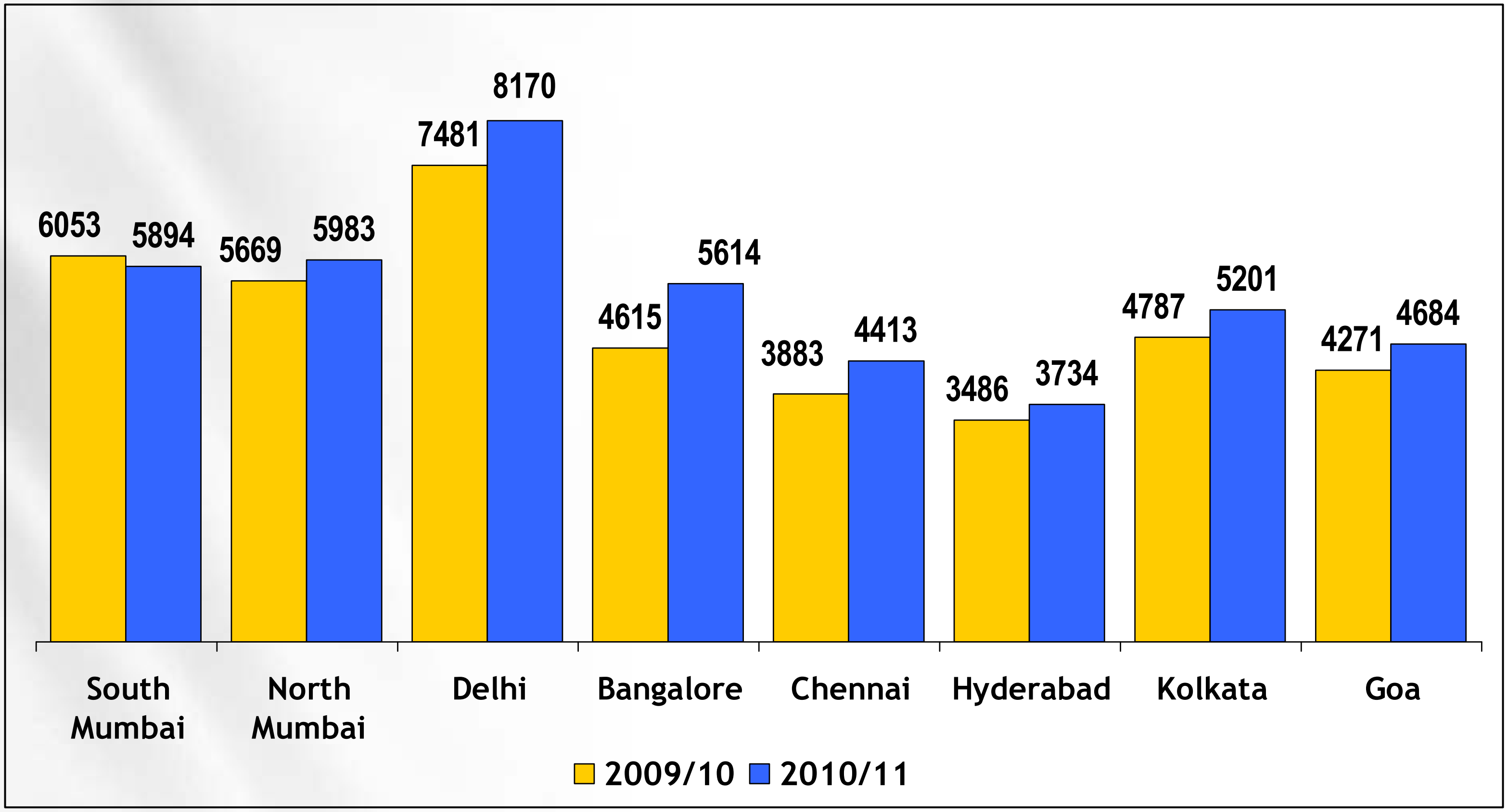
ARRs –Year on Year Trend



Source: Internal Survey

- Rates increase in most of the cities barring Chennai and Hyderabad

Rev PARs – Year on Year Trend



Source: Internal Survey

- **Increase in RevPAR in all markets barring South Mumbai, driven by higher occupancies as well as higher rates**

Supply and Demand Scenario

Table 2 – Demand Supply Comparison (2009/10 – 2010/11)

	Mid Market				Luxury/First Class			
	2010/11		2009/10		2010/11		2009/10	
	%Δ in Supply	%Δ in Demand	%Δ in Supply	%Δ in Demand	%Δ in Supply	%Δ in Demand	%Δ in Supply	%Δ in Demand
Agra	0.0%	6.2%	0.0%	-0.1%	6.0%	10.1%	0.0%	5.9%
Bengaluru	6.1%	16.5%	21.3%	26.8%	16.5%	33.9%	42.5%	29.9%
Chennai	9.9%	14.4%	3.6%	4.1%	2.0%	15.0%	13.8%	1.5%
Delhi NCR	20.7%	30.3%	34.0%	23.4%	7.1%	8.8%	15.0%	16.4%
Goa	4.3%	7.6%	0.0%	5.2%	11.9%	14.3%	1.2%	6.7%
Hyderabad	16.6%	30.1%	9.0%	4.0%	27.6%	29.0%	10.5%	0.7%
Jaipur	14.6%	11.8%	14.0%	33.1%	1.2%	6.0%	0.0%	2.0%
Mumbai	18.3%	16.7%	25.4%	22.1%	16.1%	14.8%	-4.2%	-2.9%
Ahmedabad*	23.7%	18.0%	30.6%	16.0%	23.7%	18.0%	30.6%	16.0%
Kolkata*	10.5%	14.5%	3.7%	2.0%	10.5%	14.5%	3.7%	2.0%
Pune*	30.8%	23.3%	39.2%	31.0%	30.8%	23.3%	39.2%	31.0%

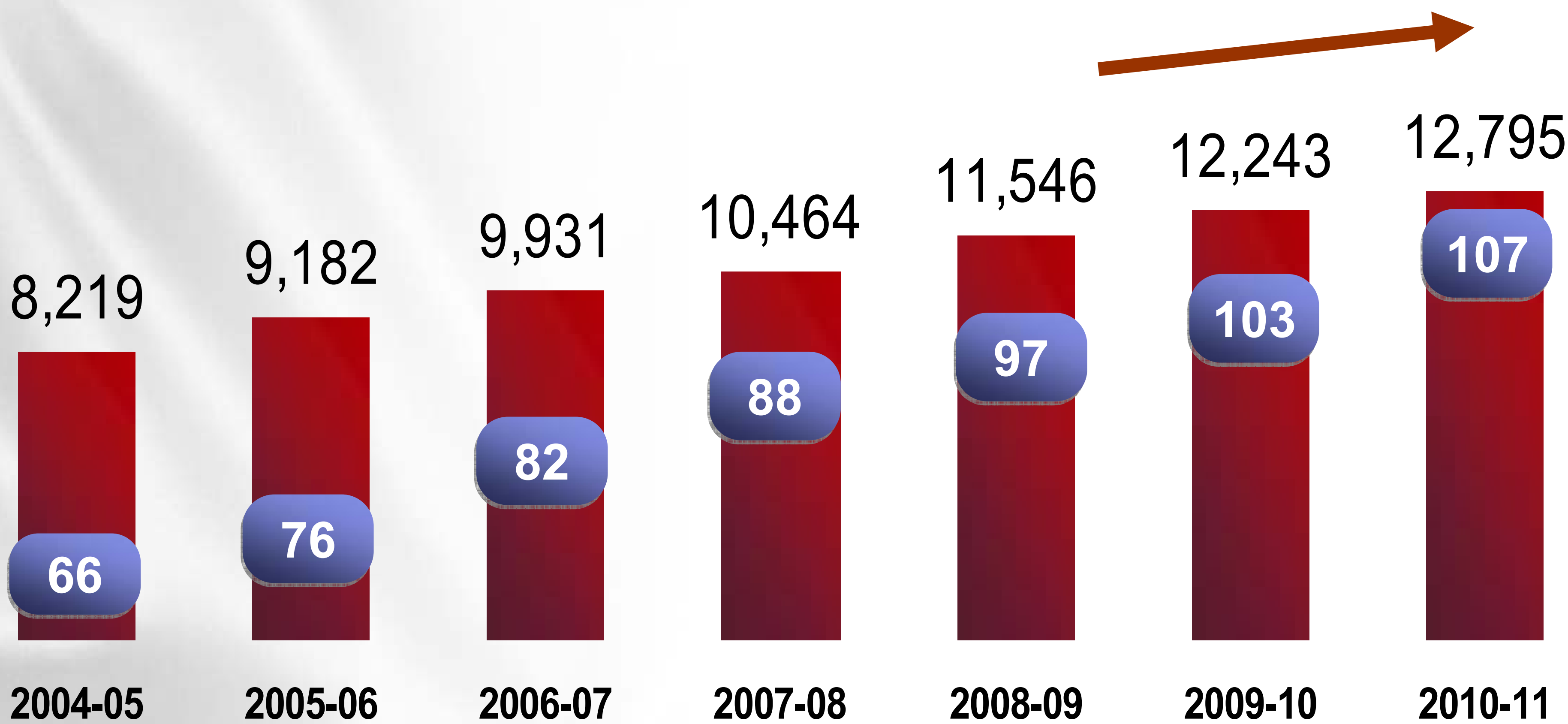
**Represents citywide scenario*

- **A healthy increase in demand across the country has been observed**
- **The industry will also see an infusion of supply over the next few years from domestic and international brands**

Source: HVS Research

New Inventory

Taj Group Inventory – March 2011



New Hotels Opening in 2011/12

Hotel	Indicative Timeline	Company	Rooms
<u>IHCL – Direct/ Management Contract</u>			
Vivanta by Taj, Yeshwantpur	September, 2011	IHCL	327
Vivanta by Taj, Srinagar	Launched	Management Contract	88
Vivanta by Taj, Bekal, Kerala	September, 2011	Management Contract	75
Taj Palace, Marrakech, Morocco	December, 2011	Management Contract	160
Vivanta by Taj, Gurgaon	January, 2012	Management Contract	200
Gateway, Kolkata	March, 2012	Management Contract	200
Sub Total			**1050**
<u>Subsidiaries/ JVs/ Associates</u>			
Vivanta by Taj, Begumpet	November, 2011	Taj GVK	175
Vivanta by Taj, Coimbatore	January, 2012	OHL	180
Vivanta by Taj, Coorg	January, 2012	Kaveri Resorts	62
Ginger Hotels – 7 cities	2011/12	Roots Corporation	676
Sub Total			**1093**
New Development in 2011/12	**16 Hotels**		**2143 Rooms**

Vivanta by Taj, Yeshwantpur, Bangalore

Vivanta by Taj, Srinagar

Vivanta by Taj, Bekal

Taj Palace, Marrakech, Morroco

Vivanta by Taj, Gurgaon

Vivanta by Taj, Begumpet, Hyderabad

Vivanta by Taj, Coimbatore

Vivanta by Taj, Coorg

Hotels in Pipeline

Hotel	Indicative Timeline	Company	Rooms
Vivanta by Taj			
Vivanta by Taj, Nagpur	2013	Management Contract	255
Vivanta by Taj, Pondicherry	2013	Management Contract	60
Vivanta by Taj, Dwarka	2013	IHCL	250
Vivanta by Taj, Guwahati	2013	IHCL	150
Gateway			
Gateway, Raipur	2012	Management Contract	119
Gateway, Shirdi	2012	Management Contract	119
Gateway, Banerghatta	2013	Management Contract	209
Gateway, Gondia	2012	Management Contract	54
Gateway, Vashi	2013	Management Contract	150
Gateway, Kolhapur	2013	Management Contract	120
International			
Taj Tangiers, Morroco	2013	Management Contract	60

New Development in Pipeline **11 Hotels** **1546 Rooms**

Sales and Marketing Initiatives

Taj Mahal Palace Reopening
August 2010

THE TAJ MAHAL PALACE
MUMBAI

Vivanta by Taj Launch
September 2010

VIVANTA
HOTELS & RESORTS
BY TAJ

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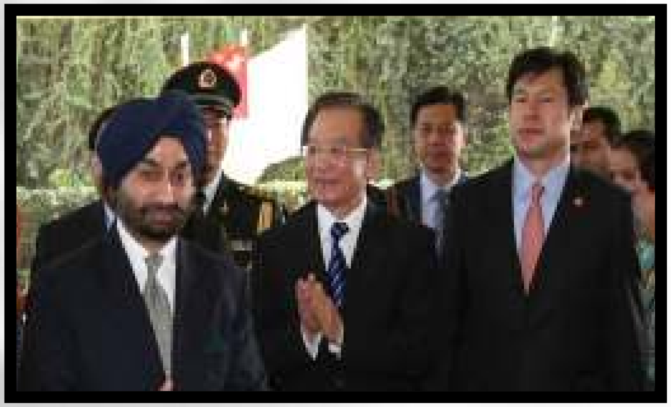
Taj Falaknuma Palace Launch
November 2010

TAJ FALAKNUMA PALACE
HYDERABAD

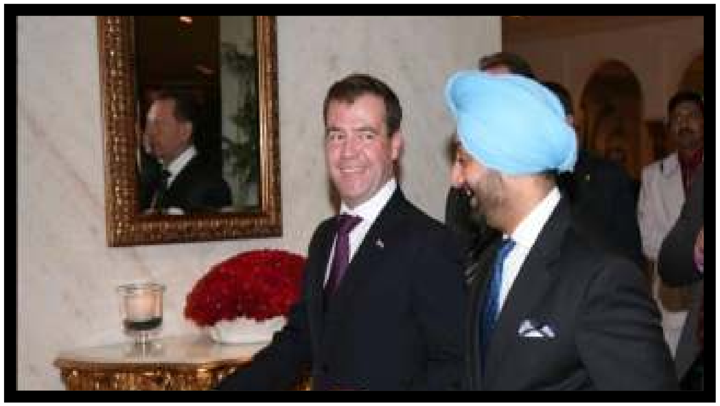
Focus – Heads of States

The President of The United States of America
Barack Obama and First Lady Michelle Obama
The Taj Mahal Palace, Mumbai
November 2010

French President Nicholas Sarkozy
and First lady Carla Bruni
The Taj Palace, New Delhi & The Taj Mahal Palace, Mumbai
December 2010

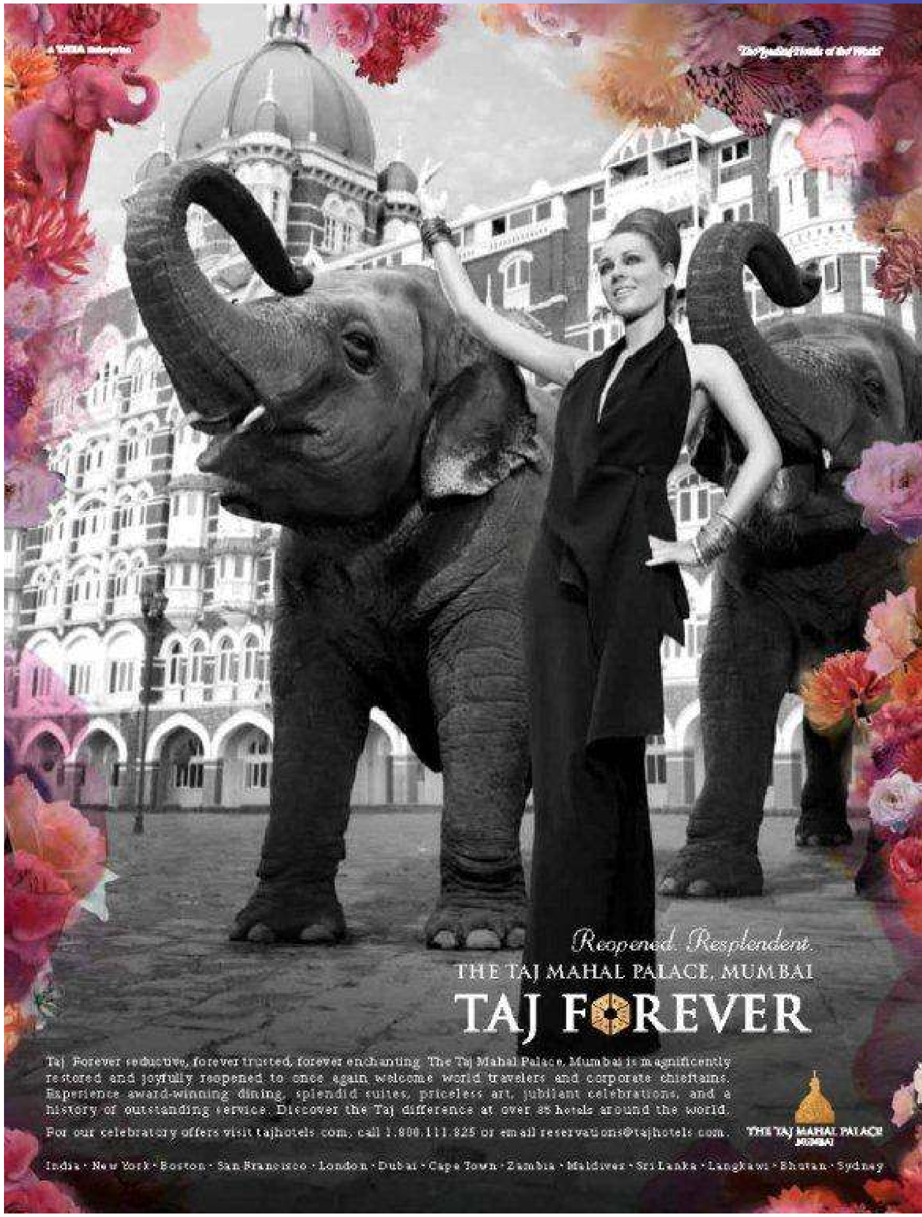


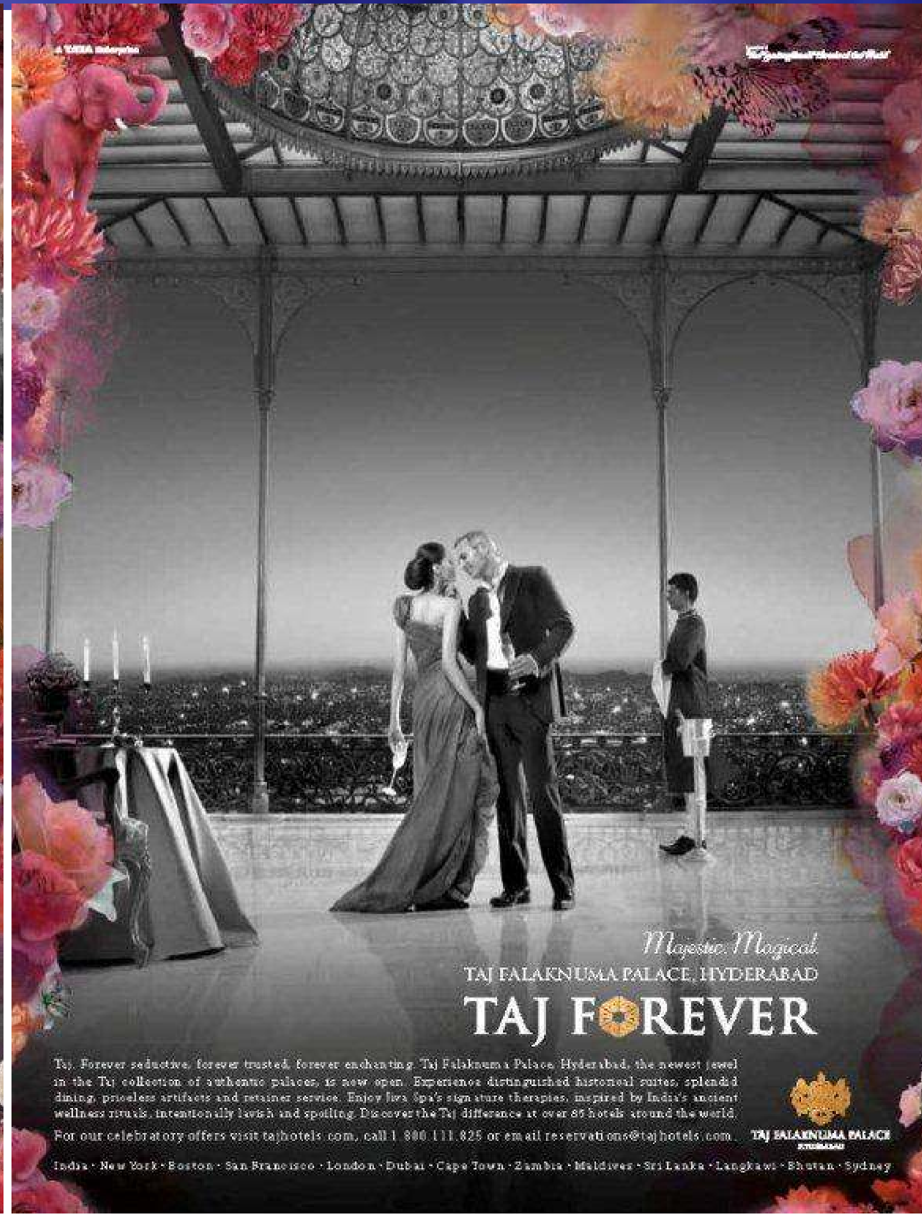
His Excellency Wen Jiabao
Premier - People's Republic of China
The Taj Palace, New Delhi
December 2010



Russian President
His Excellency Dmitry A Medvedev
The Taj Palace, New Delhi
December 2010

TAJ FOREVER
PATA Gold Award winning campaign





International Recognition

Harvard Business School Case Studies on Taj – Two ***case studies*** on Taj Hotels Resorts and Palaces written by Harvard Business School emerging from our business practices.

Crisis Management during and post 26/11 which focuses on the ***work culture, employee engagement and bravery, HR initiatives and crisis management communication***.

Brand Architecture initiative at Taj resulting in 4 distinct brands catering to different consumer segments ***and the launch of Vivanta by Taj brand***.

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Hotels Resorts and Palaces

Awards and Accolades

•Business Traveller Awards 2010, UK - **Best Business Hotel Chain in India** - Taj Hotels Resorts and Palaces

• The Taj Hotels Resorts and Palaces has been voted as **India's Favourite Hotel Chain, in the Conde Nast Readers Travel Awards India Special**

The Indian Hotels Company Ltd, has won the **Gallup Great Work Place Global Award** announced by the GALLUP headquarters, Omaha, US as one of the world's most productive and engaging workplaces for 2010

The Taj InnerCircle was voted the 'Hotel Program of the Year' for Asia, Oceania and the Middle East in the Frequent Traveler Awards of 2010.

Awards and Accolades

The Taj Mahal Palace Mumbai featured in the **Conde Nast Traveller, UK Hotlist 2011** - The World's Best New Hotels

•**Taj Falaknuma Palace** is featured in the sixth annual list of **Travel+Leisure,USA It List**
•**Conde Nast Traveller, UK Hotlist 2011 - The World's Best New Hotels**
•**Conde Nast Traveler, USA - The Hot List 2011** - 124 Best New Hotels in the World

•**Taj Exotica Resort & Spa** is the Tripadvisor "**2011 Traveller's Choice Award**" under the Top 10 Luxury Hotels in Asia based on traveller's reviews
•**Taj Cape Town** is the second favourite hotel in the category Business Hotel Africa & Middle East in the **Centurion Magazine Readers' Choice 2010.**

Standalone Financial Performance 2010/11

Highlights – 2010/11

Total Turnover of ₹ 1,713 crores higher by ₹ 196 crores

PBIET of ₹ 351 crores higher by ₹ 31 crores

PBT of ₹ 223 crores higher by ₹ 5 crores

PAT of ₹ 141 crores lower by ₹ (12) crores

EPS at ₹ 1.93 vs ₹ 2.12

Highlights – Q4 2010/11

Total Turnover of ₹ 546 crores higher by ₹ 94 crores

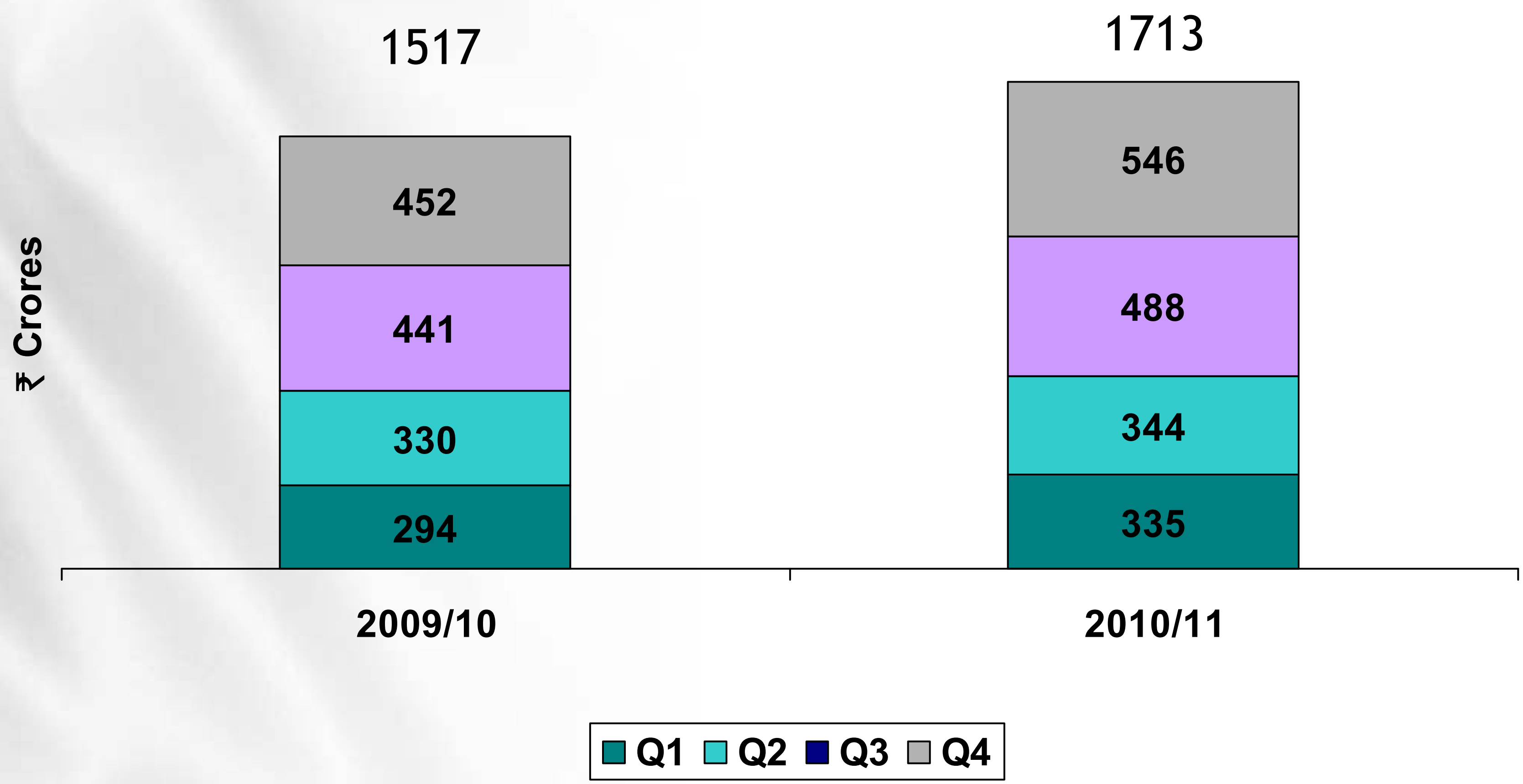
PBIET of ₹ 173 crores higher by ₹ 49 crores

PBT of ₹ 145 crores higher by ₹ 53 crores

PAT of ₹ 94 crores higher by ₹ 34 crores

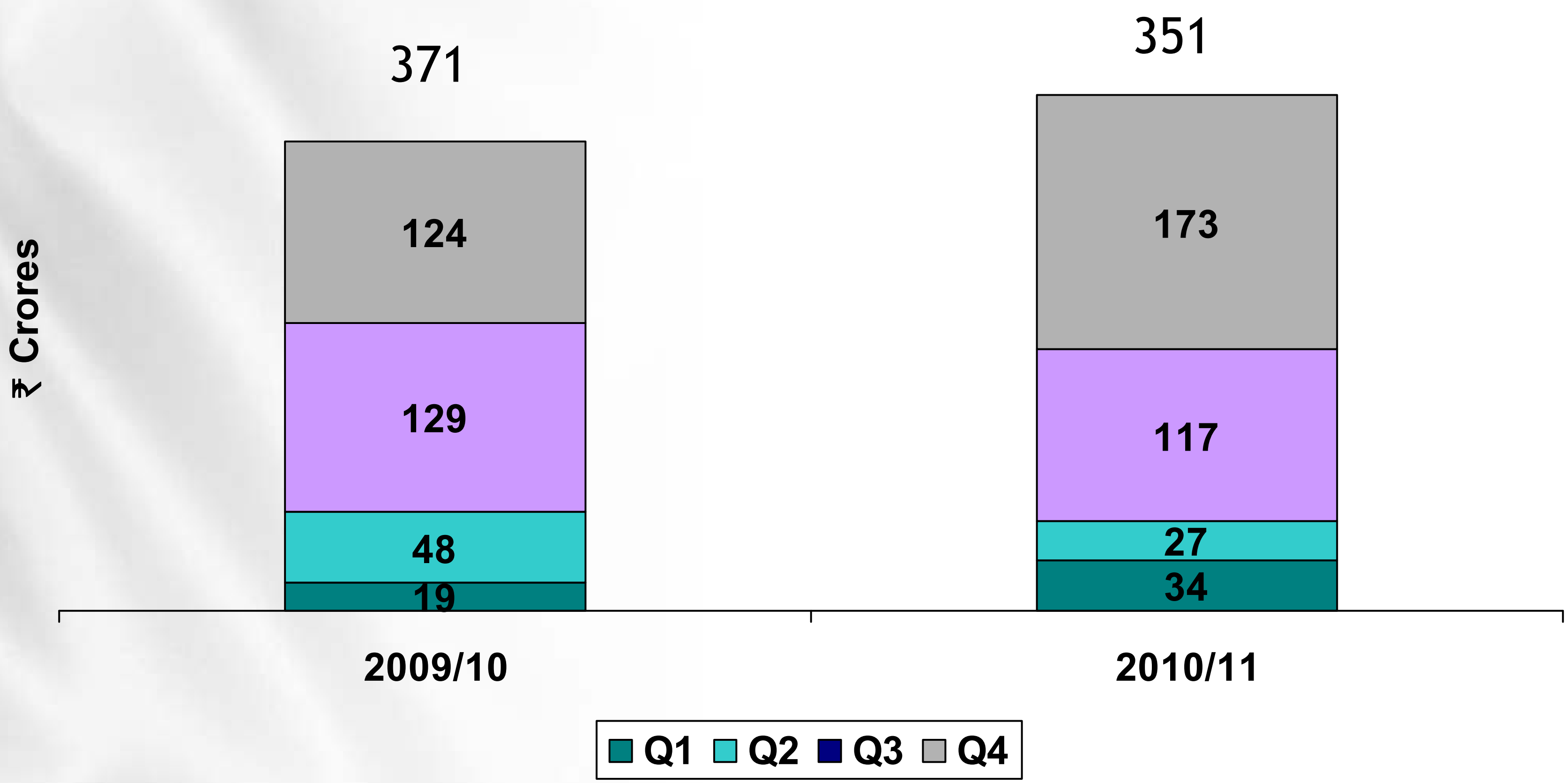
EPS at ₹ 1.28 vs ₹ 0.83

Turnover Trend



Significant pickup in Q4 of 2010/11

PBIET Trend



Q4 2010/11 PBIET higher than Q4 2009/10 by 40%

Profit and Loss - 2010/11

₹/ crores	2010/11	2009/10	% Change
Net Sales/Income from Operations	1673.45	1408.94	19
Other Operating Income	-	64.35	-
Total Income	**1673.45**	**1473.29**	**14**
a. Consumption of Raw Materials	136.18	112.58	21
b. Staff Costs	412.39	356.11	16
c. License Fees	104.93	89.34	17
d. Fuel, Power and Light	113.33	99.96	13
e. Depreciation	108.40	104.10	4
f. Other Expenditure	486.68	435.03	12
Total	**1361.91**	**1197.12**	**14**
Profit from operations before Interest and Tax	311.54	276.17	13
Other Income	39.74	43.74	(9)
Profit Before Interest, Exceptional Item and Tax	**351.28**	**319.91**	**10**
Interest (Net)	122.87	152.90	(20)
Exceptional items	(5.46)	51.24	-
Profit Before Tax	**222.95**	**218.25**	**2**
Tax Provision	81.70	65.15	25
Profit After Tax	**141.25**	**153.10**	**(8)**

Financial Results – 2010/11

₹ crores	2010/11	2009/10	% Change
Room sales	834.52	699.63	19
F&B sales	636.70	536.34	19
LOP Income	-	64.35	-
Other Income	132.10	113.00	17
Management Fees	70.13	59.97	17
Total Income	**1673.45**	**1473.29**	**14**
Non – Operating Income	39.74	43.74	(9)
Total Income including Other Income	**1713.19**	**1517.03**	**13**

Total Income higher than previous year despite there being no LOP Income in the Current Year

Expenditure

- **Staff Cost – ₹ 412.39 Crores**

  Includes incremental provisioning towards the retirement funds liability on account of change in GSEC rates in the current year.

- **Raw Materials Cost – ₹ 136.18 crores**

  Increase in line with higher F&B revenue.

- **License Fees – ₹ 104.93 crores**

  Higher by ₹ 16 crores on account of higher turnover of licensed properties.

- **Fuel, Power & Light – ₹ 113.33 crores**

  Higher by ₹ 13 crores on account of higher consumption linked to occupancies, increase in rates and capacities.

- **Other Expenditure – ₹ 486.68 crores**

  Higher by ₹ 52 crores primarily due to increase in variable costs linked to revenues , advertisement costs related to Vivanta brand launch, pre operating expenses incurred for the launch of Taj Falaknuma Palace as also the heritage wing at Taj Mahal Palace, Mumbai.

Exceptional items

Expense of ₹ (5.5) crores in the current year against an income of ₹ 51.2 crores in the previous year

Particulars	2010/11	2009/10
Profit on sale of hotel/project	4.3	6.8
Profit/(loss) on divestment	(16.3)	39.2
Project write off	(5.2)	-
Exchange gain/(loss)	11.7	3.3
Others	-	1.9
Total	**(5.5)**	**51.2**

Balance Sheet as at March 31, 2011

₹ / Crores	As at March 31, 2011	As at March 31, 2010
Shareholders' Funds	3228.91	2689.22
Loan Funds		
Secured Loans	1464.01	1752.77
Unsecured Loans	874.66	897.78
Long Term Trade Deposits	12.76	21.69
Deferred Tax Liability	27.78	-
Foreign Currency Translation Account	-	4.10
SOURCES OF FUNDS	**5608.12**	**5365.56**
Fixed Assets	2062.89	1931.38
Investments	3026.78	2445.63
Long Term Deposits	1094.92	1012.81
Deferred Tax Asset	-	30.79
Net Current Assets/(Liabilities)	(576.72)	(55.52)
Miscellaneous Expenditure	0.25	0.47
APPLICATION OF FUNDS	**5608.12**	**5365.56**

Dividend

The Board of Directors have recommended a final dividend of 100% for 2010/11. (PY 100%)

Consolidated Financial Performance 2010/11

Major Taj Group companies forming part of Consolidated accounts

Subsidiaries

- Taj SATS Air Catering Ltd
- Tifco Holdings Ltd
- United Hotels Ltd
- Roots Corporation Ltd
- International Hotel Management Services, Inc.
- St James Court Hotel Ltd
- Taj International Hotels Ltd
- IHMS (Australia) Pty Ltd
- Taj International Hotels (HK) Ltd
- Samsara Properties Ltd
- Others

Associates

- Piem Hotels Ltd
- Oriental Hotels Ltd
- Benares Hotels Ltd
- Inditravel Pvt Ltd
- Lanka Island Resorts Ltd
- TAL Lanka Hotels Ltd
- Others

Joint Ventures

- Taj GVK Hotels & Resorts Ltd
- Taj Madras Flight Kitchen Pvt Ltd
- Taj Kerala Hotels & Resorts Ltd
- Taj Karnataka Hotels & Resorts Ltd
- Taj Safaris Ltd
- TAL Hotels & Resorts Ltd
- Others

Consolidated Financial Highlights – 2010/11

Turnover of ₹ 2,927 crores

PBIET of ₹ 289 crores

PBT of ₹ 54 crores

PAT of ₹ (87) crores

EPS at ₹ (1.19) CY vs ₹ (1.99) PY

Consolidated Financial Results 2010/11

Consolidated profits, though still in negative, improved by ₹ 50 crores over previous year. Key factors influencing the consolidated profitability are listed below:

- **Domestic Portfolio**
  - Gradual improvement in market conditions helped the turnover, margins and profitability of IHCL standalone
  - Better performance of Piem and OHL – our associate companies as also Taj GVK, which contribute significantly through fee, dividends and share of profits
  - Declined profits in Taj SATS as a consequence of sluggishness in aviation sector

- **International Portfolio**
  - Interest cost of Samsara Properties, which holds our strategic investment in OEH.
  - The three US hotels have shown an improvement in RevPAR, though much more needs to be done.

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Hotels Resorts and Palaces

Consolidated Financials 2010/11

₹ / Crores	2010/11	2009/10	% Change
Net Sales/Income from Operations	2862.47	2456.67	17
Other Operating Income	-	64.35	-
Share of Profit in Associates	29.24	(4.57)	-
Total Income	**2891.71**	**2516.45**	**15**
a. Consumption of Raw Materials	296.52	254.69	16
b. Staff Costs	962.98	844.21	14
c. License Fees	109.84	97.34	13
d. Fuel, Power and Light	194.30	172.25	13
e. Depreciation	227.89	218.50	4
f. Other Expenditure	846.45	754.42	12
Total	**2637.98**	**2341.41**	**13**
Profit from operations before Interest and Tax	253.73	175.04	44
Other Income	35.73	32.27	11
Profit before Interest, Exceptional Items and Tax	**289.46**	**207.31**	**40**
Interest (Net)	251.17	306.14	(18)
Exceptional item	15.74	60.57	(74)
Profit/Loss from Ordinary Activities before tax	**54.03**	**(38.26)**	**-**
Tax Provisions (Net)	93.66	84.71	11
Share of Loss of an Associate for Prior Period	35.97	-	-
Minority Interest In Subsidiaries	11.66	13.91	(16)
Profit After Tax	**(87.26)**	**(136.88)**	**-**

Consolidated Snapshot

₹/Crores	Revenue		Profit after tax	
	2010/11	2009/10	2010/11	2009/10
IHCL Standalone	1,713	1,517	141	153
Subsidiaries	1,091	970	(245)	(261)
Joint Ventures	156	126	11	15
Associates	(7)	(5)	(7)	(5)
Total	2,953	2,608	(100)	(97)
Less/(Add): Inter Company Eliminations	61	92	(13)	40
Consolidated Performance	2,892	2,549	(87)	(137)

TAJ Hotels Resorts and Palaces

Consolidated Balance Sheet

₹ / Crores	March 31, 2011	March 31, 2010
SOURCES OF FUNDS		
Share Capital	75.95	72.35
Share Warrants	124.37	-
Reserves and Surplus	2,658.40	2,352.80
Preference shares issued by a subsidiary	140.00	120.00
Minority Interest	296.72	272.74
Loan Funds	4,245.18	4,460.69
Long Term Trade Deposits	13.26	21.91
Foreign Currency Monetary Item Translation Difference Account	-	4.10
Deferred Tax Liabilities	44.77	16.93
Total	**7,598.65**	**7,321.52**
APPLICATION OF FUNDS		
Fixed Assets	4,941.23	4,803.48
Goodwill on consolidation	325.72	330.38
Investments	2,505.81	1,905.42
Long Term Deposits	126.62	173.59
Deferred Tax Assets	0.71	31.29
Net Current Assets	(311.40)	54.77
Miscellaneous Expenditure (to the extent not adjusted or written off)	9.96	22.59
Total	**7,598.65**	**7,321.52**

Overview of Taj Group

Particulars	2010/11	2009/10	2008/09	2007/08
Number of hotels	107	103	97	88
Rooms Inventory	12,795	12,243	11,546	10,464
Total Revenue – ₹ / crores	4,288	3,739	3,918	4,332

- Total Revenue in 2010/11 were higher by 15% over previous year
- Total Revenue denote arithmetic aggregate of turnover of all hotels/units irrespective of ownership, including Management Contracts

International Hotels

Hotel Name	Occupancy (%)		ARR ($)		RevPAR ($)	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
The Pierre, New York *	55	38	618	632	337	240
Taj Boston	59	52	259	256	153	133
Campton Place, San Francisco	72	64	259	250	186	158
St. James Court, London	82	84	256	231	209	193
Blue, Sydney	78	74	240	228	188	168

* Previous year figures of The Pierre are not comparable as the hotel was reopened after renovation in July 2009.

Treasury Update

Treasury Update

Liquidity raised/ committed

- Preferential allotment of shares and warrants - ₹ 497 crores raised and expected to receive ₹ 373 crores by June 2012.
- Selective one off divestments

Funds Utilized

- Repayment of 9.86% NCD in 2010/11 - ₹ 300 crores
- Repayment of 6% NCD in May, 2011 - ₹ 603 crores
- Balance cash is being utilized for funding on-going green field expansion projects

Treasury Update

₹/Crores

Particulars	March 31, 2011	March 31, 2010
Gross Debt	4,245	4,461
Available Liquidity	996	759
Net Debt	3,249	3,702
EBITDA	504	483
Net Debt : Equity	1.08	1.45
Net Debt : EBITDA	6.36	7.66

- Initiatives undertaken to improve liquidity along with better operational profits has helped improve Net Debt : EBITDA ratio of the Company.
- Liquidity raised will be used for reducing the existing debt.

New Investment

- At its meeting held on May 24, 2011, the Board of Directors has approved for IHCL to invest up to ₹ 51 crores to acquire additional stake in Piem Hotels Ltd (PHL), directly or through its investment subsidiary, in which IHCL already controls 46.20% of shareholding.
- With the aforementioned investment, IHCL will be holding a majority stake in PHL.
- The transaction is scheduled to be completed within May, 2011.
- PHL has four Vivanta by Taj hotels in Mumbai, Bangalore, Lucknow and Pune besides two Gateway Hotels in Agra & Nasik, respectively.

Focus Areas – Going Forward

Focus Areas – Going Forward

Key Focus areas:

- Continued thrust on US operations to make the portfolio cash neutral in the near term
- Manage the leverage at the consolidated level efficiently.
- Speedy completion of new projects in India.
- Facilitate speed to market of new properties coming up under management contracts.
- Talent retention, attraction and reward.

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and Palaces

Thank you