

The Indian Hotels Company Limited

Analyst Meet

Results for half year ended September 30, 2010

October 27, 2010

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, cyclicalities 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

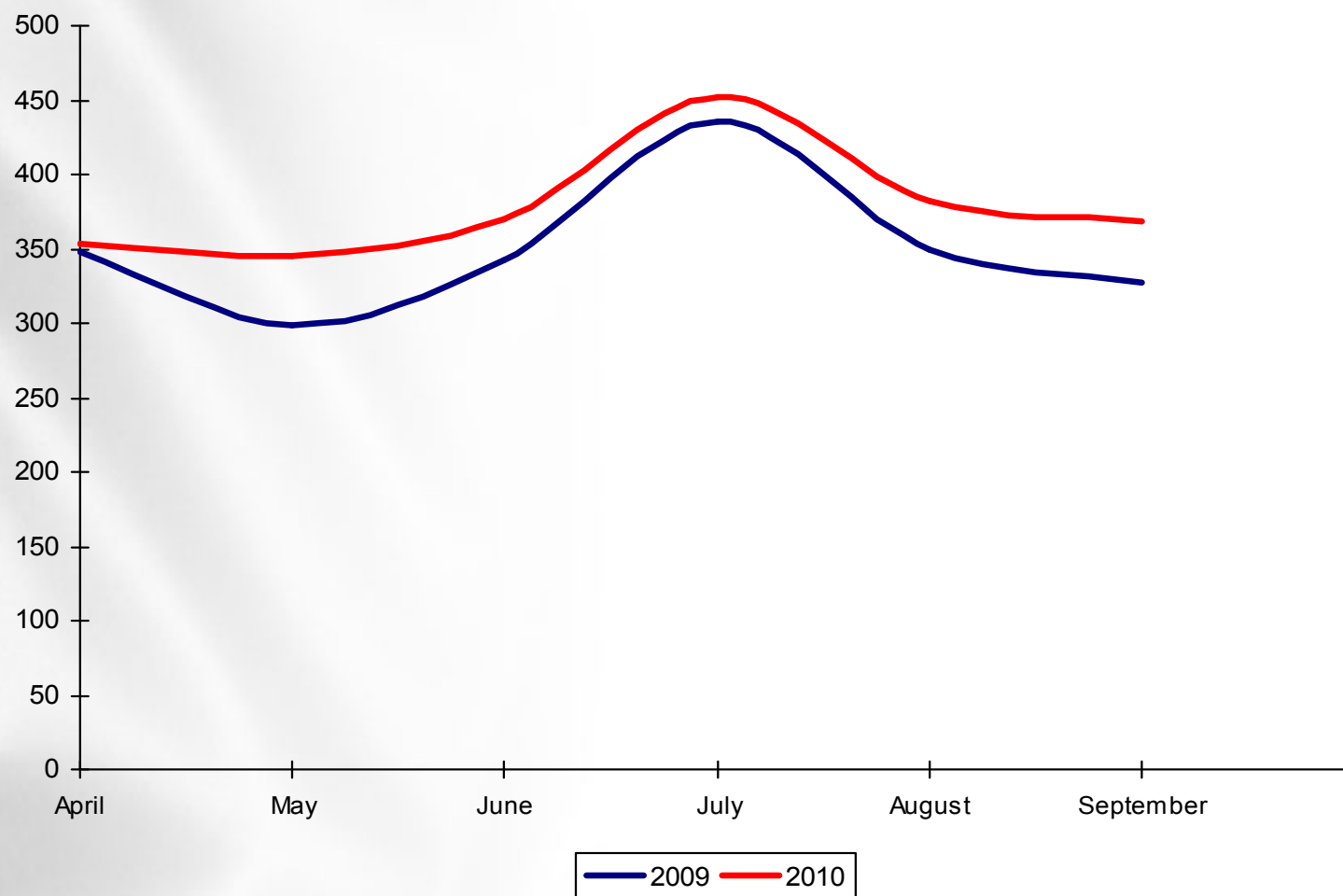
- Industry Trends
- New inventory
- Vivanta by Taj – Brand Launch
- Financial Results
- Treasury Initiatives

Industry Trends



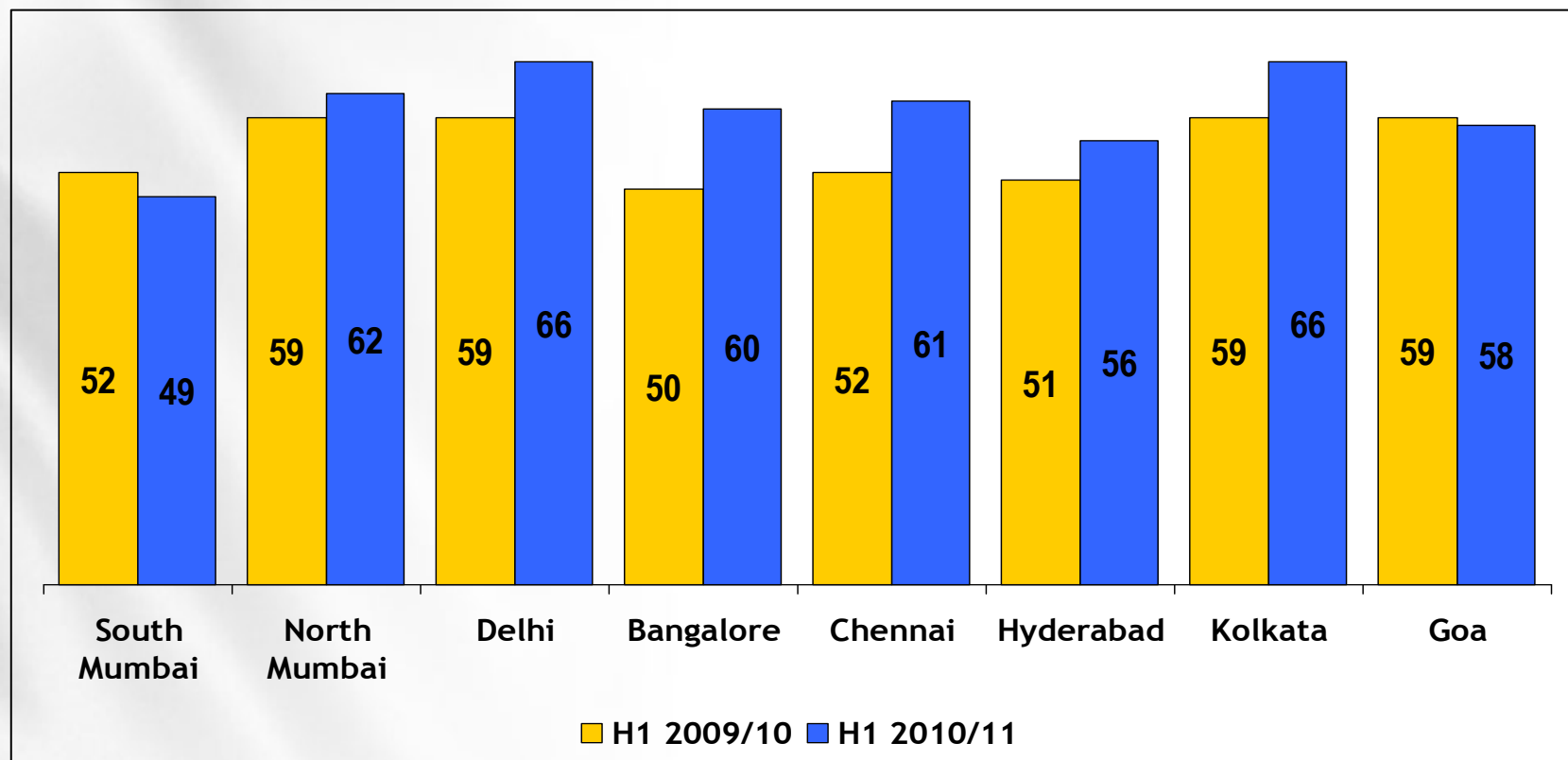
Foreign Tourist Arrivals April to September 2010

Figures in '000



Source: Ministry of Tourism

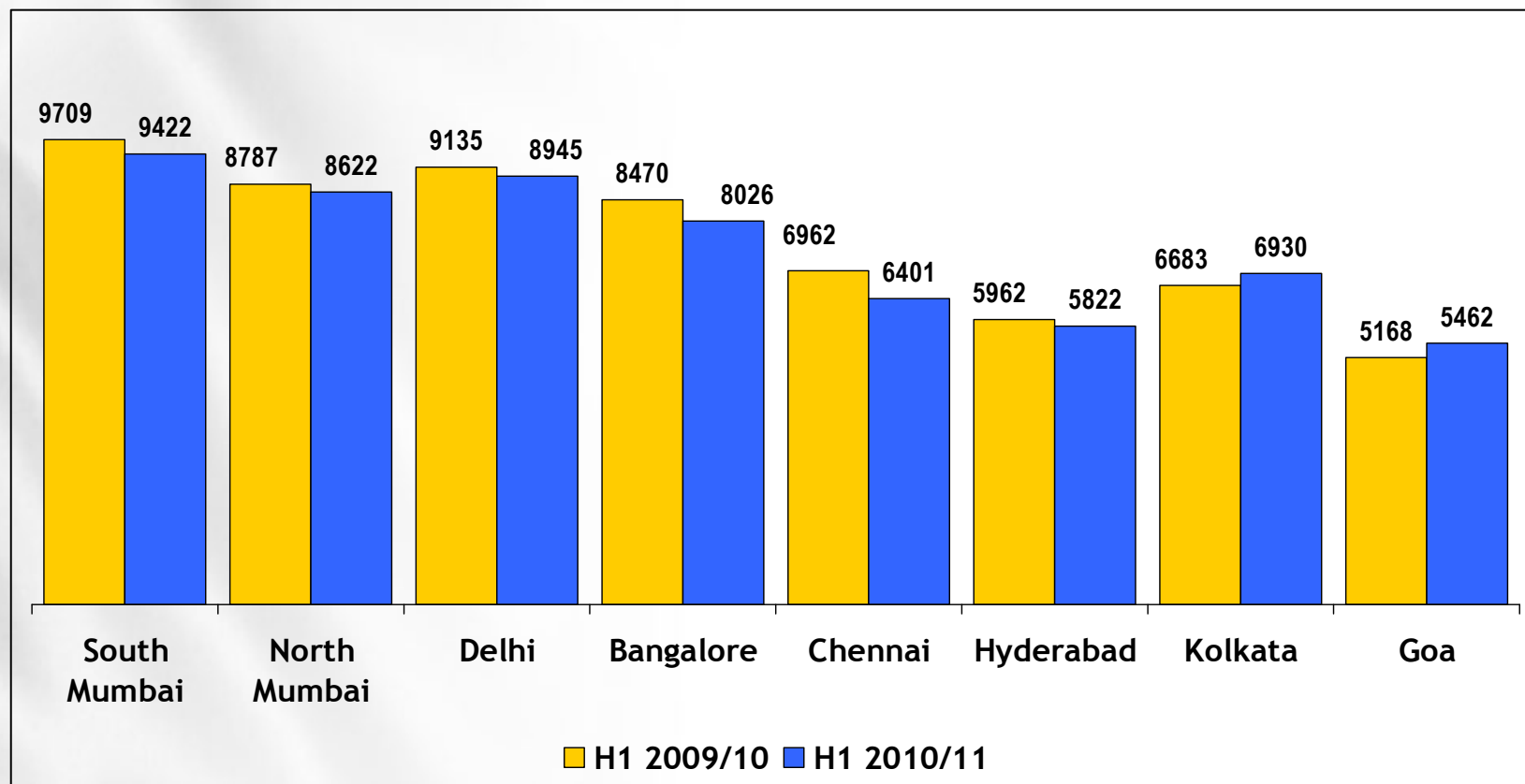
Occupancies – Year on Year Trend



Source: Internal Survey

- Aggregate supply grew by 1300 rooms in the past one year

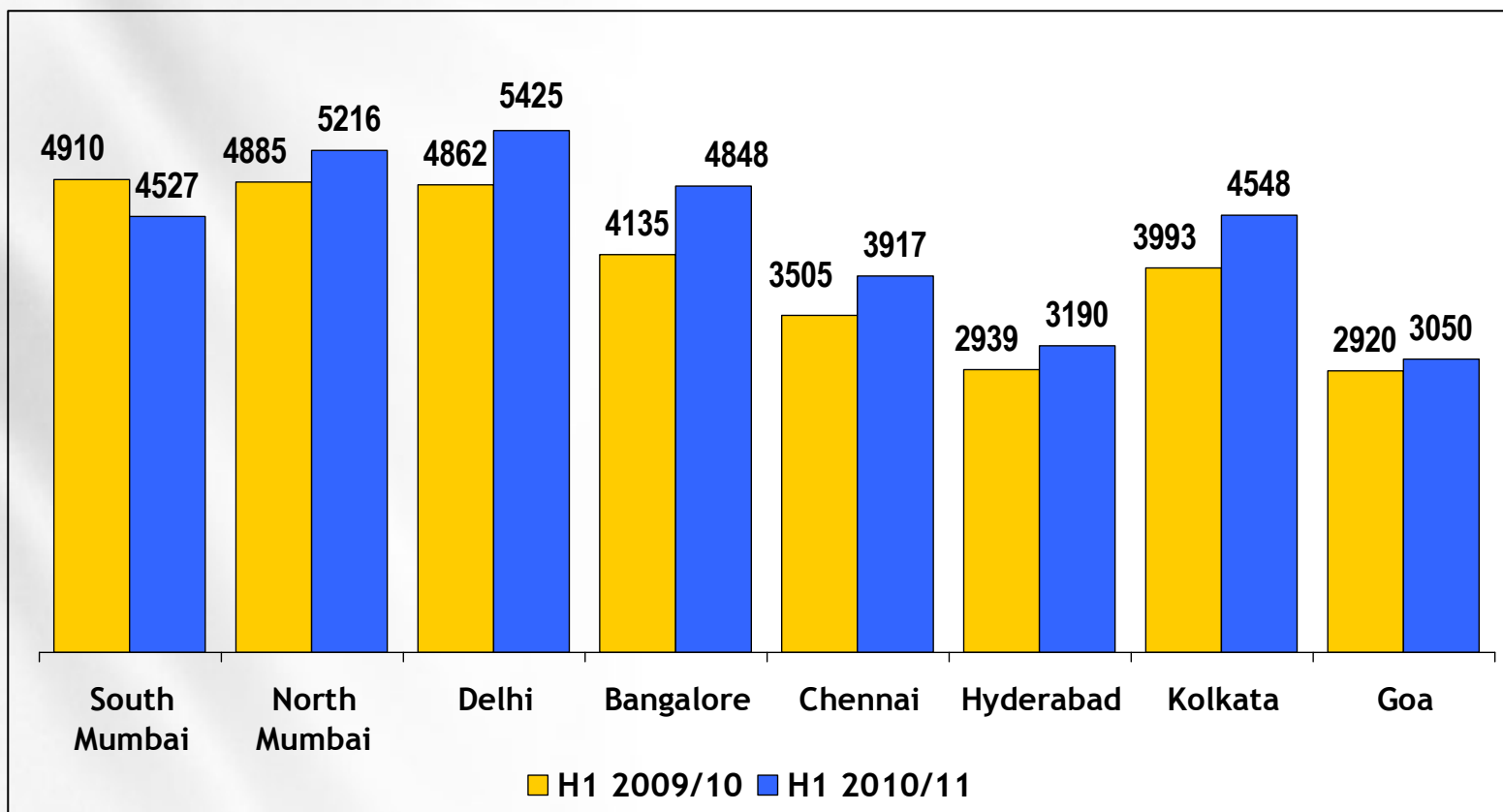
ARRs – Year on Year Trend



Source: Internal Survey

- Rates at the same levels of previous year on a higher occupancy base

Rev PARs – Year on Year Trend



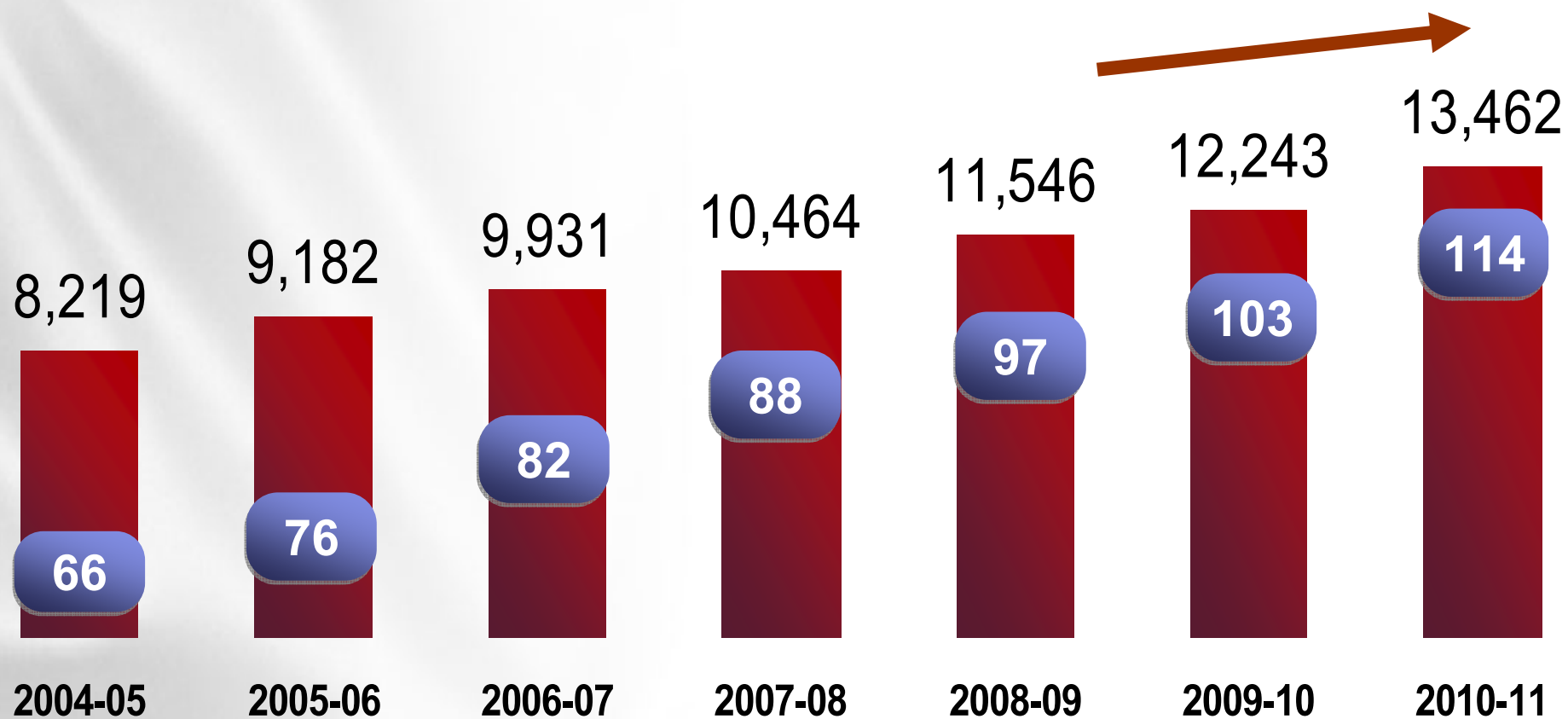
Source: Internal Survey

- Increase in RevPAR driven by higher occupancies

New Inventory



Taj Group Inventory



New hotels in 2010/11

		Rooms
<u>IHCL</u>		
Taj Falaknuma Palace, Hyderabad (November 10)		60
Vivanta by Taj, Yeshwantpur, Bangalore (January 11)		327
<u>Taj Group</u>		
Fishcove Expansion, Chennai – Launched	Oriental Hotels Ltd	50
Vivanta by Taj, Coorg (March 11)	Kaveri Resorts Pvt. Ltd	62
Ginger Hotels – 3 cities – Launched	Roots Corporation Ltd	271
Ginger hotels – 3 cities	Roots Corporation Ltd	285
<u>Management Contract</u>		
Vivanta by Taj, Bekal (January 11)		75
Vivanta by Taj, Srinagar (February 11)		89

New rooms in 2010/11

1219

Domestic Management Contracts in pipeline

	Indicative Timeline	Rooms
<u>Vivanta</u>		
Vivanta by Taj, Gurgaon	August 2011	208
Vivanta by Taj, Shahdharā, Delhi	September 2011	180
Vivanta by Taj, Nagpur	December 2013	255
Vivanta by Taj, Pondichery	April 2013	60
<u>Gateway</u>		
Gateway, Shahdharā, Delhi	September 2011	300
Gateway, Kolkata	September 2011	205
Gateway, Raipur	February 2012	119
Gateway, Shirdi	December 2012	125
Gateway, Kakkanad, Kochi	December 2011	135

Total Domestic Management Contracts Rooms in pipeline	1587
--	-------------

International Management Contracts in pipeline

	Country	Indicative Timeline	Rooms
<u>Taj</u>			
Taj Palace Temple of Heaven	China	March 2012	45 (Phase I)
Taj Palace, Hainan	China	December 2013	458
Exotica Resort & Spa, Palm Island	Dubai	December 2012	262
Taj Exotica Resort & Spa, Doha	Qatar	December 2012	150
Taj Tangiers	Morocco	December 2012	60

Total International Management Contracts Rooms in pipeline	975
---	------------

Vivanta by Taj Brand Launch



Brand Architecture

Segment	Brand
Luxury	
Premium (Upper Upscale)	VIVANTA HOTELS & RESORTS BY TAJ
Full Service (Upscale)	THE GATEWAY HOTELS & RESORTS
Economy	 A TATA Enterprise



The Brand Play

THE INDIAN HOTELS COMPANY LIMITED

Taj Hotels Resorts and Palaces

Roots Corporation

Luxury

Premium
(Upper Upscale)

Full Service
(Upscale)

Value
(Economy)



VIVANTA
HOTELS & RESORTS
BY TAJ

THE GATEWAY
HOTELS & RESORTS

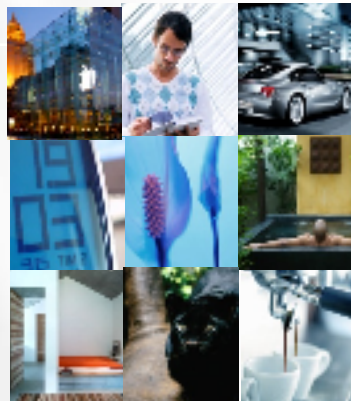
ginger
A TATA Enterprise

“Reinventing Tradition”



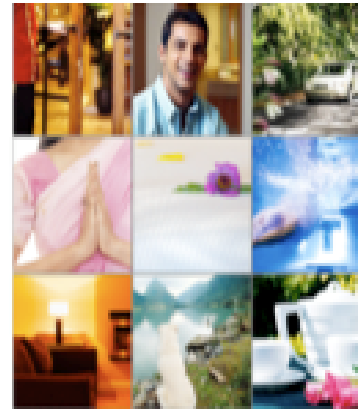
Charming, Passionate,
Progressive, Attentive,
Responsive

“Stylishly Spirited”



Contemporary, Radiant,
Agile, Creative

“Welcome Perfection”



Crisp, Courteous,
Consistent

“Smart Basics”



Smart, Informal,
Fresh

Global Vivanta by Taj Launch

- Press conference & Customer event at Vivanta by Taj - Whitefield, Bangalore on 14th Sep 2010 introducing a brand new signature in hospitality - Vivanta by Taj Hotels & Resorts
- 16 erstwhile Taj Hotels joined 3 existing Vivanta by Taj hotels to create a brand with an inventory of nearly 2500 rooms
- Press Conference & Customer Event at Colombo, Sri Lanka on 24th Sep. '10



PR Coverage – Print, Electronic, Online



Estimates value of national and international coverage generated: ~\$2m



RAYMOND BICKSON-LED TAJ GROUP BRINGS 19 PROPERTIES UNDER VIVANTA TAG | 28

Take On ITC, Oberoi
Vivanta tag on 19 Taj properties
TIMES NEWS NETWORK
Bangalore: In an attempt to protect its leadership position with a 25% share in the domestic market and compete with the 40-odd international chains that are entering India, the Taj Group of Hotels on Tuesday announced that 'Vivanta' would be its 5-star, upper upscale brand. Under this exercise, 16 existing properties including the Taj Residency at Bangalore, Lucknow and Trivandrum, Fort Augusta Beach Resort, Goa, Taj Connaught, Chennai, and others would now sport the Vivanta tag. These will be in addition to the three existing Vivanta properties at Bangalore, Goa and Maldives.
Vivanta will directly compete with ITC-Welcomgroup and Oberoi's Trident and the 19 properties under this brand will have an inventory of 2,500 rooms. With aggressive expansion plans, the brand will have inventory of 5,000 rooms over the next two years. The company



Vivanta will compete with ITC and Oberoi and the 19 properties under it will have inventory of 2,500 rooms. The brand will have more than 30 hotels and an inventory of 5,000 rooms by 2012



THE BRAND VIVANTA
Taj on its ambitious rebranding plans P.3

Indian Hotels unveils 'Vivanta by Taj' brand

The rebranding exercise is aimed at rapid expansion of capacity in the key segment

By Anil K. Choudhary

BANGALORE: The Tata Group's flagship in the hospitality segment, The Indian Hotels Company Ltd (IHCL), announced on Tuesday the launch of its new brand, Vivanta by Taj, a portfolio of 19 properties across the country in the "upscale" segment.

Raymond N. Bickson, Managing Director and CEO, said that the new brand, Vivanta, will be the second phase of the company's rebranding and repositioning exercise, "aimed at rapid expansion of capacity in the key segment."

Mr. Bickson said the exercise of the brand follows a similar exercise followed by the company while creating The Taj Gateway portfolio of hotels in the "upscale" segment two years ago. "We have added a new hotel every six weeks in the last seven years and we plan to add 60,000-70,000 rooms in the next seven years," Mr. Bickson said.

Explaining the rationale for the rebranding exercise, Mr. Bickson said, "Our strategy of creating domestic demand could not have been with just the Taj brand." He said the segmented nature of the market meant that the company addressed demand in "every shade of the 'Taj' rose." The larger Hotels at

the lowest level, Gateway at the mid-level and the new Vivanta at the top level, will be the new face of the company's hospitality business.

Mr. Bickson said the company's objective of achieving "domestic dominance" was a key driver in the rebranding exercise. He said the company's objective of achieving "domestic dominance" was a key driver in the rebranding exercise.

- Plans to add 60,000-70,000 rooms in 7 yrs
- Gets Rs.180 crore for rebranding exercise

Taj unveils 19 Vivanta hotels

BANGALORE: Taj Group of Hotels on Tuesday rolled out 19 of its hotels under a new brand — Vivanta by Taj.

Slotted in the 5-star upscale segment, Vivanta shall have 19 hotels in the second phase. Currently, 16 worldwide Taj hotels joined the new Vivanta by Taj inventory of nearly 2,500 rooms. The brand aims at having more than 5,000 rooms over the next two years.

The new brand, which derives from Latin signifying life, freshness and vivacity, was inaugurated in Bangalore as its first hotel last year. But the plans to announce the rise of the hotels were put on hold due to global economic recession. This new brand, which is the first new venture of the hotel group since 2008, is a testament to the dynamism and innovation that the Taj is known for, said Raymond Bickson, MD & CEO, IHCL.



The launch of Vivanta brand is a testament to the dynamism and innovation that the Taj is known for... RAYMOND BICKSON, MD & CEO, IHCL.

With Vivanta, the IHCL, now has a brand mix of four hotel segments — Luxury, Vivanta, Gateway and economy brand. "As far as pricing is concerned, the Vivanta can be positioned in the same segment as the Grand Hyatt, Hilton, Sheraton and Marriott brands of hotels and it's about the positioning," said Ajay K. Mittal, senior vice president, IHCL.

Brand Campaign – Above-the-line

- Successful marketing campaign in leading dailies across the country - Kicked off with the front page lead in to the full page ad in All Editions of Times of India.
- Campaign being run across leading magazines such as Outlook, The Week, The Economist, Travel & Leisure, Cond Nast Traveller, People, Vogue, Forbes, etc.
- Generated a lot of buzz and great responses to the clutter-breaking and evocative creative which bring the brand alive



Brand Campaign – Above-the-line (Print)



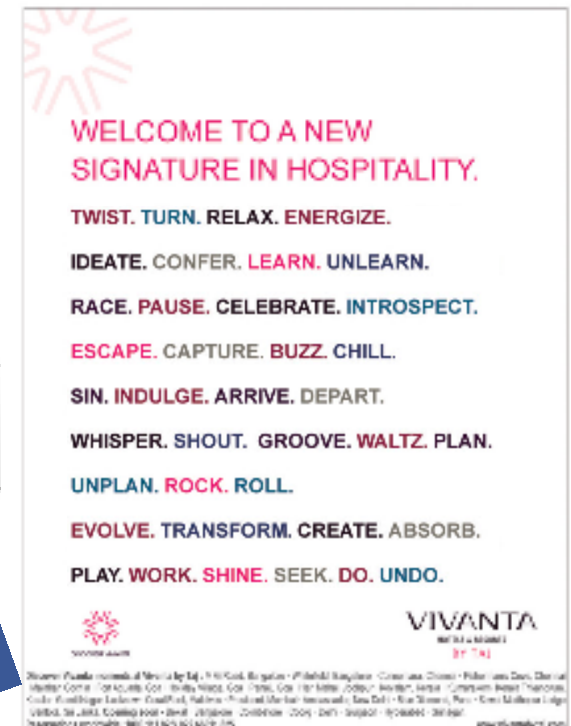
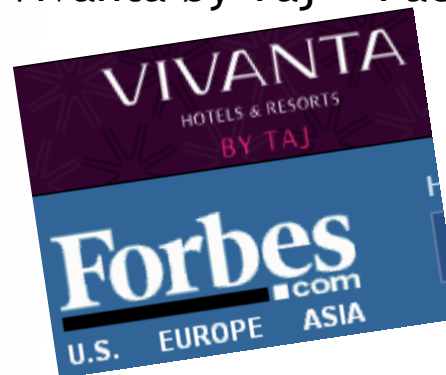
TWIST. TURN. RELAX. ENERGIZE.
IDEATE. CONFER. LEARN. UNLEARN.
RACE. PAUSE. CELEBRATE. INTROSPECT.
ESCAPE. CAPTURE. BUZZ. CHILL.
SIN. INDULGE. ARRIVE. DEPART.
WHISPER. SHOUT. GROOVE. WALTZ.
PLAY. UNPLAN. ROCK. ROLL.
EVOLVE. TRANSFORM. CREATE. ABSORB.
PLAY. WORK. SHINE. SHEK. DO. UNDO.

Experience it all. Vivanta is a place where
the world's most discerning travellers find the perfect balance of luxury and discovery.

VIVANTA
by TAJ

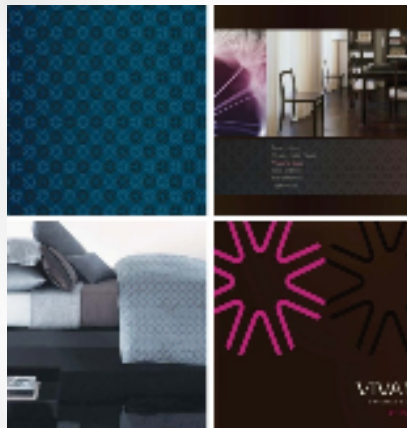
Brand Campaign – Website and Online

- Launch of www.vivantabytaj.com
- Online Advertising - BBC.com, FT.com, Conde Nast, LinkedIn (US), Forbes (US), Facebook
- E-mail campaign and WAP site
- Social Networking Channels for Vivanta by Taj - Facebook, Twitter, YouTube, flickr



Brand Standards & Experiences

- Guest speak - *“very impressed with the new look”, “smart uniforms”, “excellent service and personal touch”, “Loved the turn down amenities, the neroli scent in the lobby, the surprise amenity during the clearance of IRD orders”, “over all “wow” experience”, “stylish & trendy”*



Brand Footprint



Existing Vivanta by Taj Hotels & Resorts

Vivanta by Taj - M G Road, Bangalore
 Vivanta by Taj - Whitefield, Bangalore
 Vivanta by Taj - Connemara, Chennai
 Vivanta by Taj - Fisherman's Cove, Chennai
 Vivanta by Taj - Malabar, Cochin
 Vivanta by Taj - Fort Aguada, Goa
 Vivanta by Taj - Holiday Village, Goa
 Vivanta by Taj - Panaji, Goa
 Vivanta by Taj - Hari Mahal, Jodhpur
 Vivanta by Taj - Kovalam, Kerala
 Vivanta by Taj - Kumarakom, Kerala
 Vivanta by Taj - Trivandrum, Kerala
 Vivanta by Taj - Gomti Nagar, Lucknow
 Vivanta by Taj - Coral Reef, Maldives
 Vivanta by Taj - President, Mumbai
 Vivanta by Taj - Ambassador, New Delhi
 Vivanta by Taj - Blue Diamond, Pune
 Vivanta by Taj - Sawai Madhopur Lodge
 Vivanta by Taj - Bentota, Sri Lanka

New Openings

Vivanta by Taj - Bekal, Kerala
 Vivanta by Taj - Madikeri, Coorg
 Vivanta by Taj - Srinagar, Kashmir
 Vivanta by Taj - Yeshwantpur, Bangalore
 Vivanta by Taj - Race Course Road, Coimbatore
 Vivanta by Taj - Dwarka, Delhi
 Vivanta by Taj - Shahdara, Delhi
 Vivanta by Taj - Gurgaon, Delhi
 Vivanta by Taj - Begumpet, Hyderabad

Financial result H1 2010/11



Highlights – Half year ended 2010/11

Turnover of ₹ 678 crores

PBIT of ₹ 61 crores

PBT of ₹ (4) crores

PAT of ₹ (3) crores

EPS at ₹ (0.04)

Financial Results

Half year ended 2010/11

₹ Crores	2010/11	2009/10	% Change
Net Sales/Income from Operations	657.24	548.28	(20)
Other Operating Income	-	43.79	-
Total Income	657.24	592.07	(11)
a. Consumption of Raw Materials	59.36	46.13	(29)
b. Staff Costs	192.15	172.89	(11)
c. License Fees	40.74	35.94	(13)
d. Fuel, Power and Light	57.65	49.96	(15)
e. Depreciation	50.64	50.26	-
f. Other Expenditure	217.30	201.59	(8)
Total	617.84	556.77	(11)
Profit from operations before Interest and Tax	39.40	35.30	12
Other Income	21.23	31.61	(33)
Profit Before Interest and Tax	60.63	66.91	(9)
Interest (Net)	63.60	75.43	16
Exceptional item	(0.96)	51.52	-
Profit Before Tax	(3.93)	43.00	-
Tax Provision	(0.96)	14.69	-
Profit After Tax	(2.97)	28.31	-

EBIDTA - Current year Vs Previous year

₹ Crores	2010/11	2009/10
Revenues	678.48	623.68
Expenses	567.20	506.51
EBIDTA	111.28	117.17
LOP Income in previous year	-	43.79
EBIDTA without considering LOP Income	111.28	73.38
Occupancies (%)	62	56
Average Room Rates (₹)	7,968	7,684

↓ (5%)

↑ 53%



PBT - Current year Vs Previous year

₹ Crores	2010/11	2009/10
PBT	(3.93)	43.00
<i>Exclusions</i>		
LOP Income in previous year		43.79
Exceptional Items	(0.96)	51.53
PBT without considering LOP Income & Exceptional Items	(2.97)	(52.32)

↓ **(109%)**

↑ **94%**

Financial Results

Half year ended 2010/11

₹ Crores	2009/10	2008/09	% Change
Room sales	311.16	262.07	19
F&B sales	260.77	211.07	24
LOP Income	-	43.79	-
Other operating income	57.99	51.97	12
Management Fees	27.32	23.18	18
Sales & Other Operating Income	657.24	592.07	11

Expenditure

- **Raw Materials Cost – ₹ 59.4 crores**

Raw Materials cost as a % of F&B revenues were at 21.9% (PY 21.2%).

- **Staff Cost – ₹ 192.2 crores**

Higher by ₹ 19 crores on account of restoration of increments and Performance Bonus to normal levels.

- **License Fees– ₹ 40.7 crores**

Higher by ₹ 5 crores on account of higher turnover.

- **Fuel, Power & Light – ₹ 57.7 crores**

Higher by ₹ 8 crores on account of higher consumption linked to occupancies and increase in rates.

- **Other Expenditure – ₹ 217.3 crores**

Higher by ₹ 16 crores primarily due to advertisement costs related to Vivanta Brand Launch. Variable expenses increase is linked to higher revenues.

Exceptional item

- Sale of Assets / Investments – ₹ 4.3 crores

Profit on sale of a hotel – ₹ 4.3 crores

- Provision for dimution – ₹ (8.6) Crores

Provision for dimution in the value of an investment in a subsidiary.

- Exchange Gain / (Loss) – ₹ 3.3 Crores

Gain on revaluation of foreign currency liabilities

International Hotels

Hotel Name	Occupancy (%)		ARR (\$)		RevPAR (\$)	
	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10	H1 2010/11	H1 2009/10
The Pierre, New York *	62	24	571	712	354	171
Taj Boston	73	58	263	266	192	154
Campton Place, San Francisco	72	68	252	237	181	161
St. James Court, London	84	86	268	244	224	211
Blue, Sydney	83	76	170	165	141	126

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

Balance Sheet

as at September 30, 2010

₹ Crores	As at September 30, 2010	As at September 30, 2009
Shareholders' Funds	2681.60	3047.72
Loan Funds	2362.76	2034.89
Long Term Trade Deposits	22.67	21.72
Deferred Tax Liability	-	146.94
Foreign Currency Translation Account	4.18	-
SOURCES OF FUNDS	5071.21	5251.27
Fixed Assets	2011.14	1828.58
Investments	2428.11	2394.53
Long Term Deposits	1038.04	831.51
Foreign Currency Translation Account	-	2.51
Deferred Tax Asset	18.76	-
Net Current Assets	(425.20)	193.76
Miscellaneous Expenditure	0.36	0.38
APPLICATION OF FUNDS	5071.21	5251.27

Treasury Initiatives



Treasury Initiatives

- Steps taken to address the Company's current consolidated leverage :
 - Raised Low Coupon Bonds on IHCL Balance Sheet.
 - Retired selective overseas \$ Debt to take advantage of Tax breaks on interest cost in IHCL.
 - Switched short term debt into long term debt
 - Effectively, facilitated overall reduction in interest cost.

Preferential Allotment of Shares

- Board approves preferential allotment of Equity Shares to Tata Sons such that the Promoter's stake does not increase by more than 5% in 2010/11.
- Board also approves preferential allotment of warrants in favour of Tata Sons which will entitle the Promoter to subscribe to Equity in IHCL, increasing the stake not exceeding 5 % in 2011/12.
- Relevant date for the preferential allotment will be November 13, 2010.
- IHCL expected to raise approximately ₹ 850 crores through the Preferential Issue.
- Paid up Equity Capital will go up from 72.35 crore shares to 80.75 crore shares progressively over a period of 18 months.

Thank you