TAJ
Hotels Resorts and Palaces

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, 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

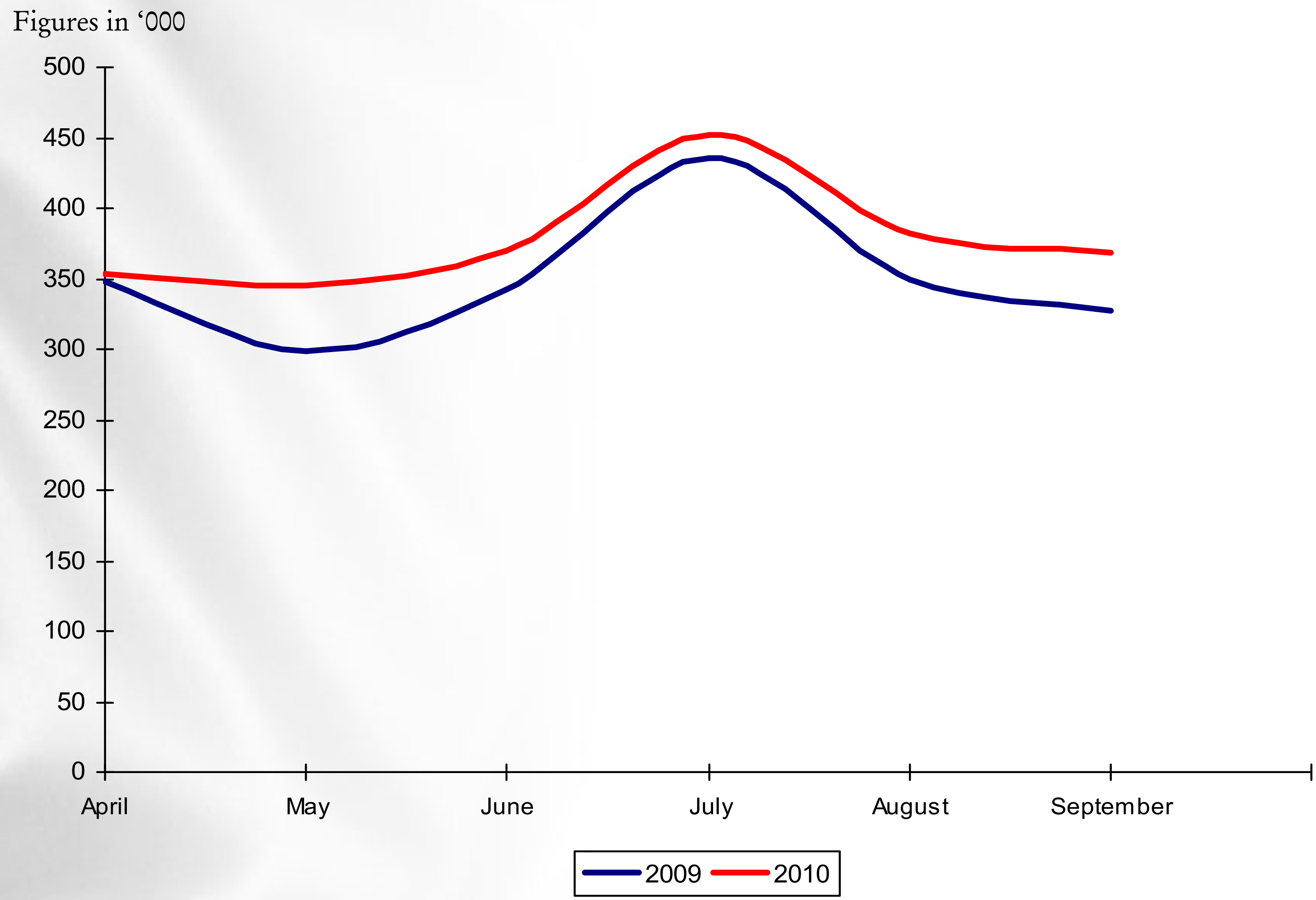
Ajoy Misra - Senior Vice President, Sales & Marketing

Outline of Presentation

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

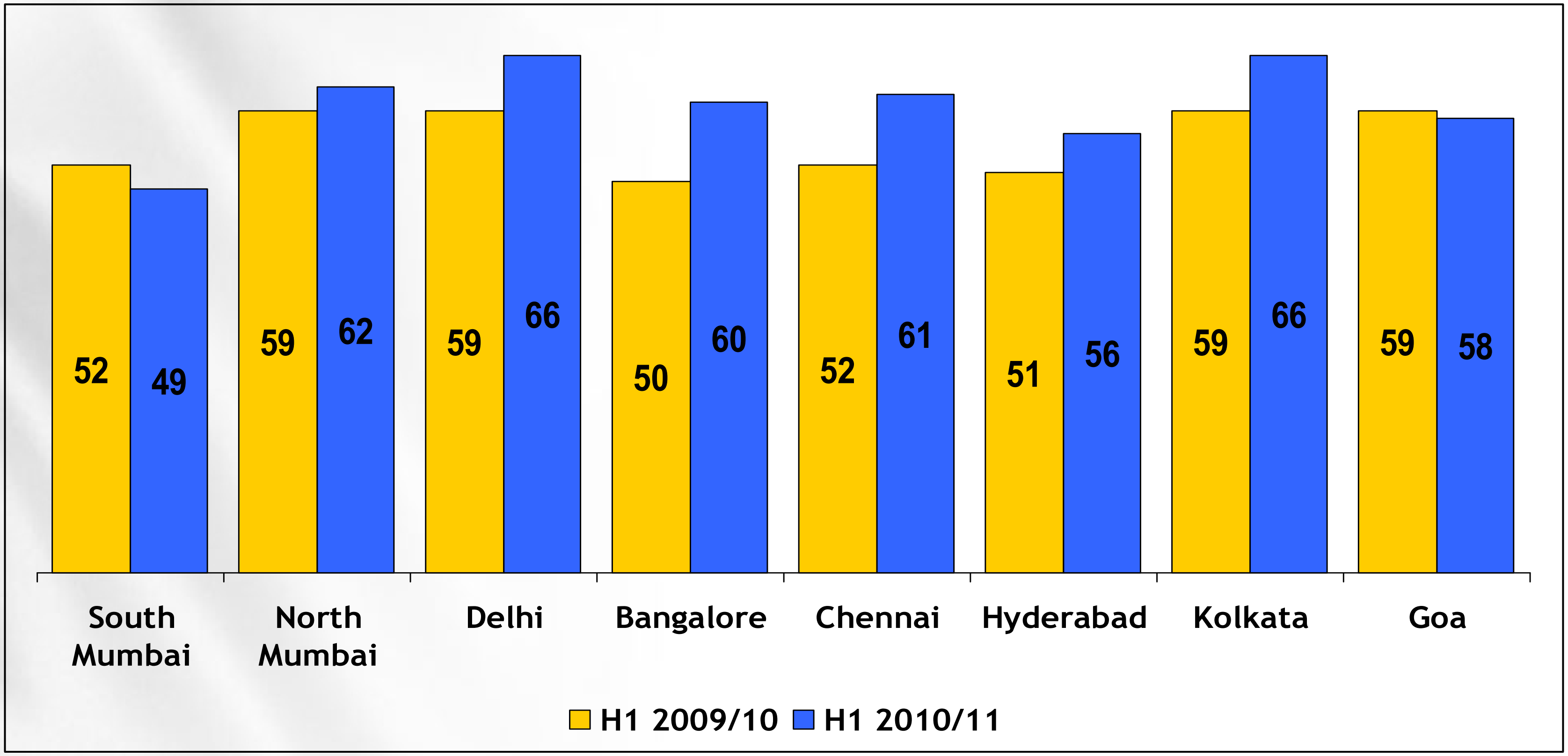
Industry Trends

Foreign Tourist Arrivals
April to September 2010



Source: Ministry of Tourism

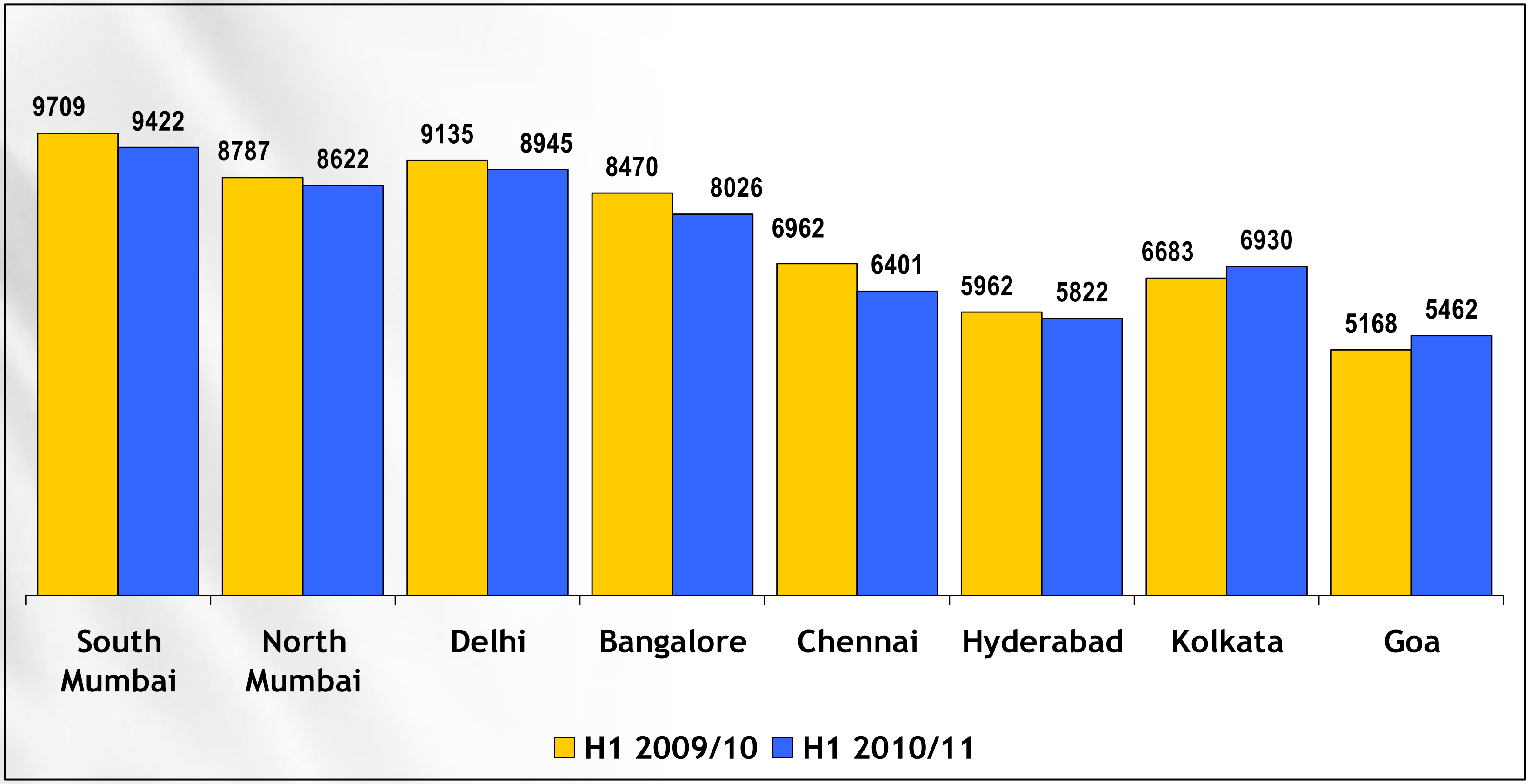
Occupancies – Year on Year Trend



Source: Internal Survey

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

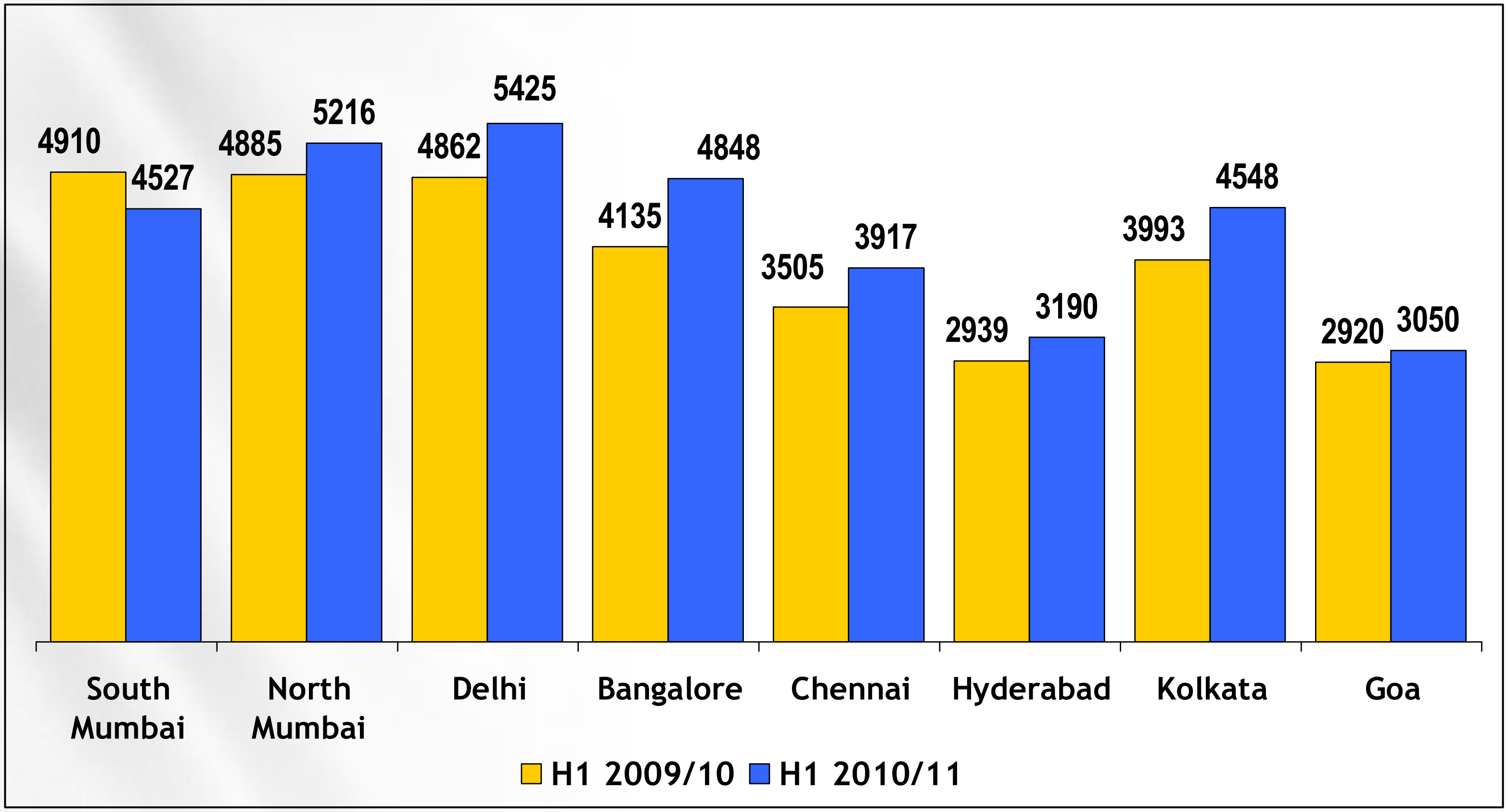
ARRs –Year on Year Trend



Source: Internal Survey

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

Rev PARs – Year on Year Trend

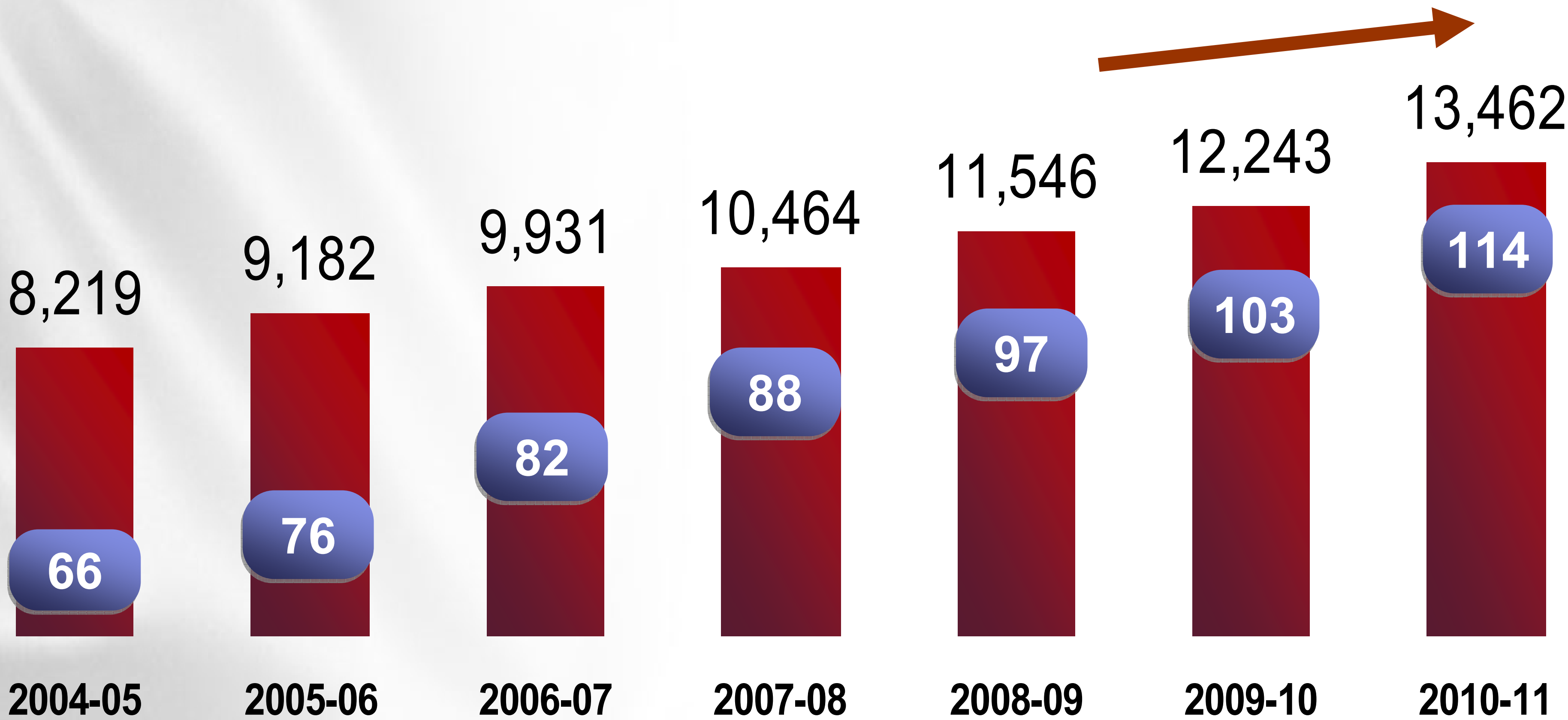


Source: Internal Survey

- Increase in RevPAR driven by higher occupancies

New Inventory

Taj Group Inventory



New hotels in 2010/11

		Rooms
IHCL		
Taj Falaknuma Palace, Hyderabad (November 10)		60
Vivanta by Taj, Yeshwantpur, Bangalore (January 11)		327
Taj Group		
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
Management Contract		
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
Vivanta		
Vivanta by Taj, Gurgaon	August 2011	208
Vivanta by Taj, Shahdhara, Delhi	September 2011	180
Vivanta by Taj, Nagpur	December 2013	255
Vivanta by Taj, Pondichery	April 2013	60
Gateway		
Gateway, Shahdhara, 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
Taj			
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

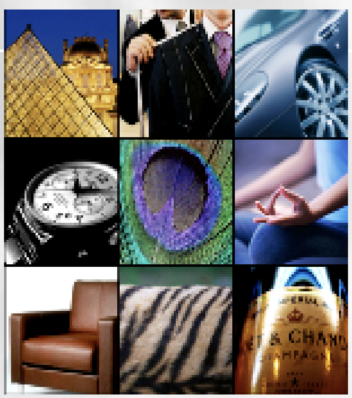
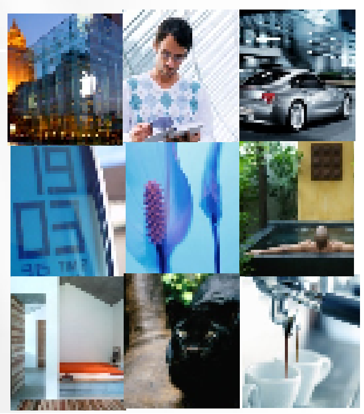
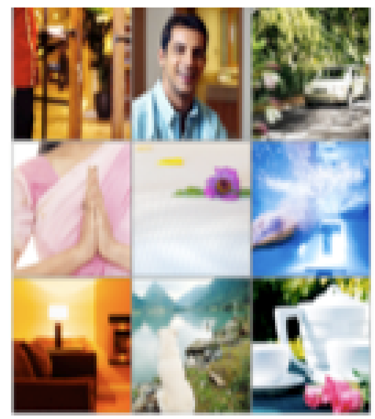
Brand Launch

Brand Architecture

Segment	Brand
Luxury	TAJ
Premium (Upper Upscale)	VIVANTA HOTELS & RESORTS BY TAJ
Full Service (Upscale)	THE GATEWAY HOTELS & RESORTS
Economy	ginger 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)
TAJ	VIVANTA HOTELS & RESORTS BY TAJ	THE GATEWAY HOTELS & RESORTS	Ginger A TATA Enterprise
“Reinventing Tradition”	“Stylishly Spirited”	“Welcome Perfection”	“Smart Basics”
			
Charming, Passionate, Progressive, Attentive, Responsive	Contemporary, Radiant, Agile, Creative	Crisp, Courteous, Consistent	Smart, Informal, Fresh

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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

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, Condenast 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

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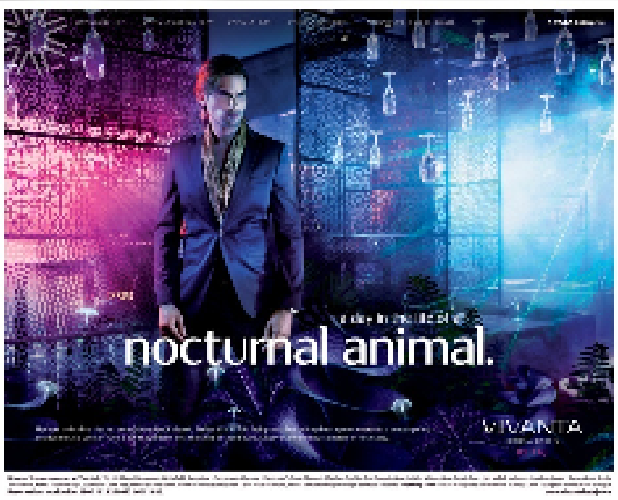
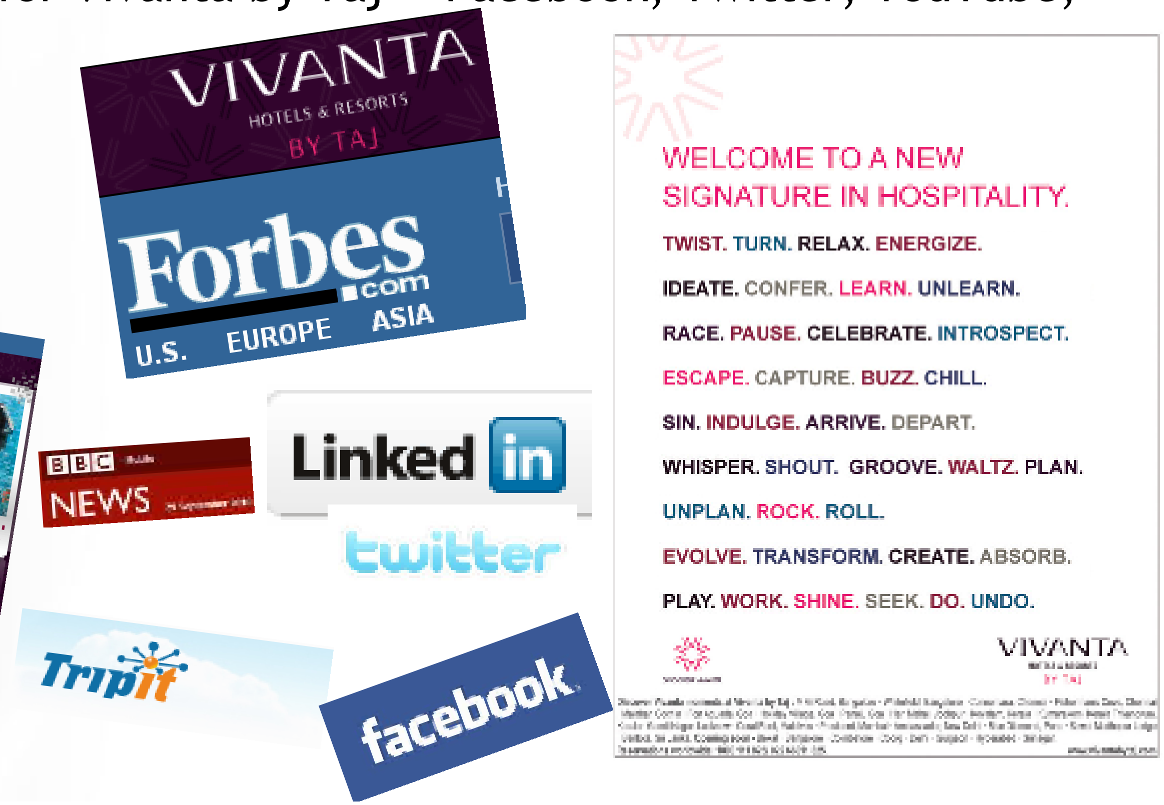
Brand Campaign – Above-the-line (Print)



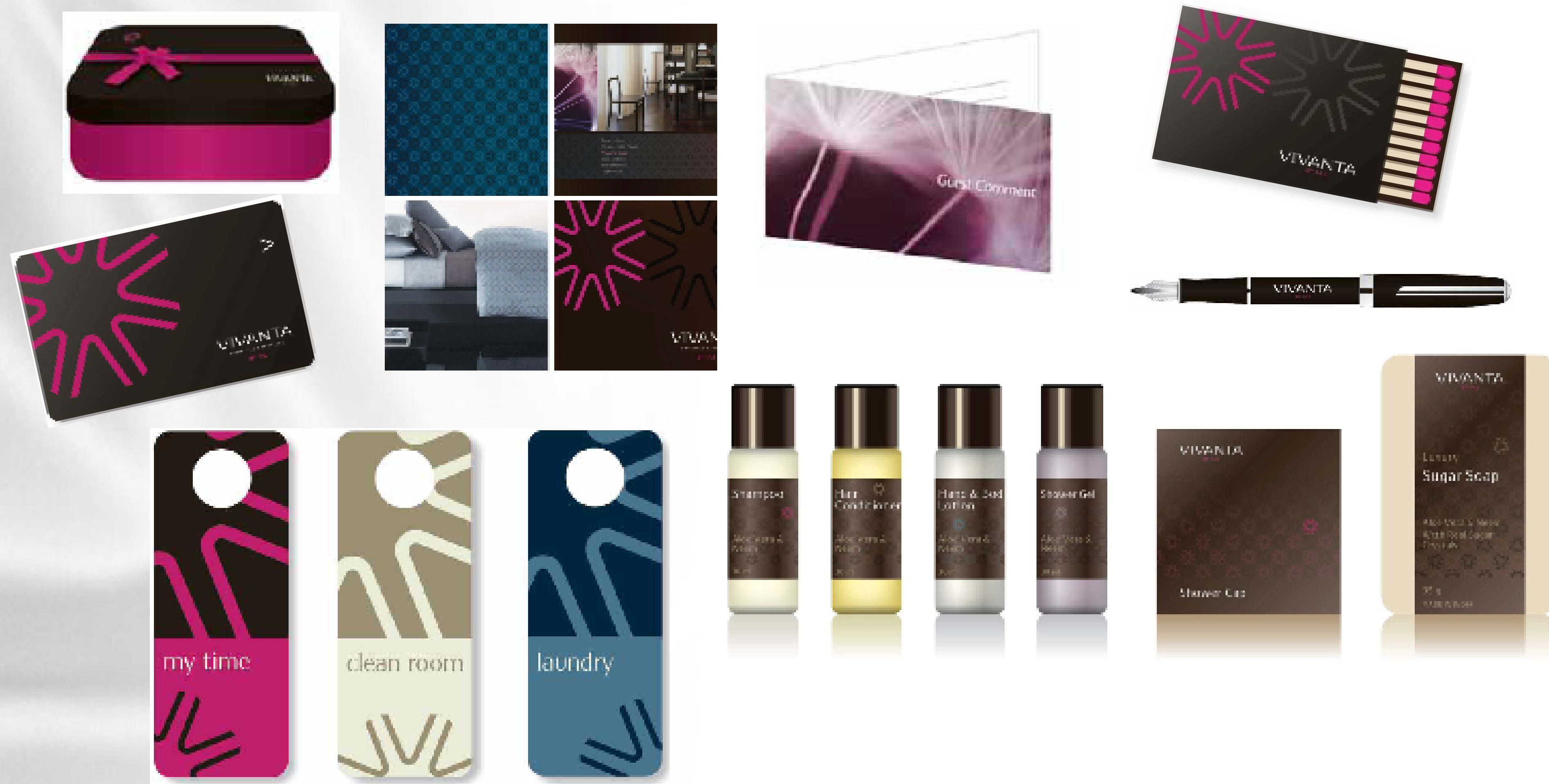
Brand Campaign – Website and Online

- 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
Exclusions		
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 dimunition – ₹ (8.6) Crores**

  Provision for dimunition 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