TAJ
Hotels Resorts
and Palaces

The Indian Hotels Company Limited

Analyst Meet

Results for the Half Year ended September 30, 2012

November 6, 2012

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 & CEO**

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

Abhijit Mukerji - **Executive Director – Hotel Operations**

Deepa Harris - **Senior Vice President – Sales & Marketing**

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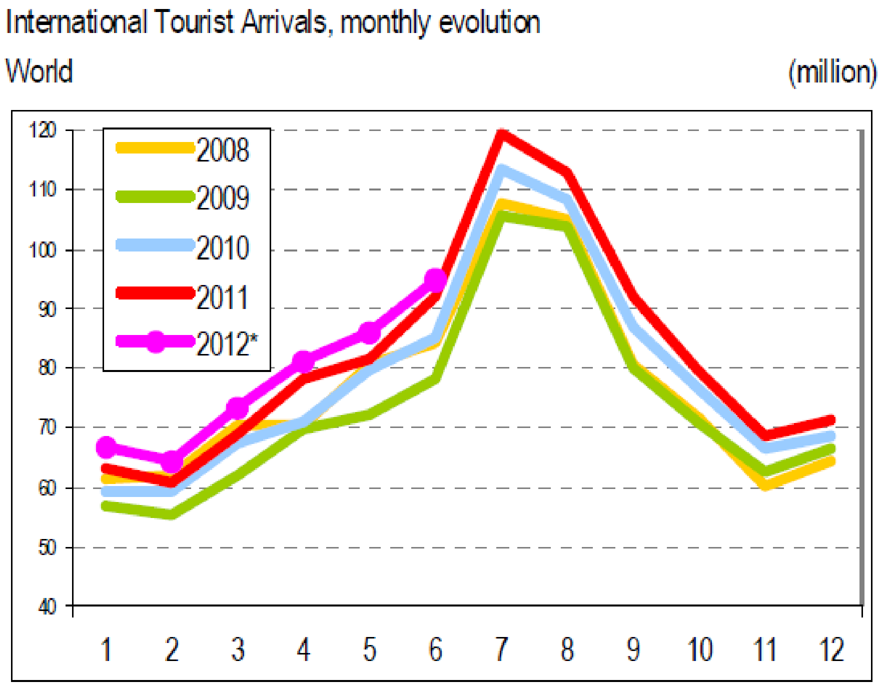
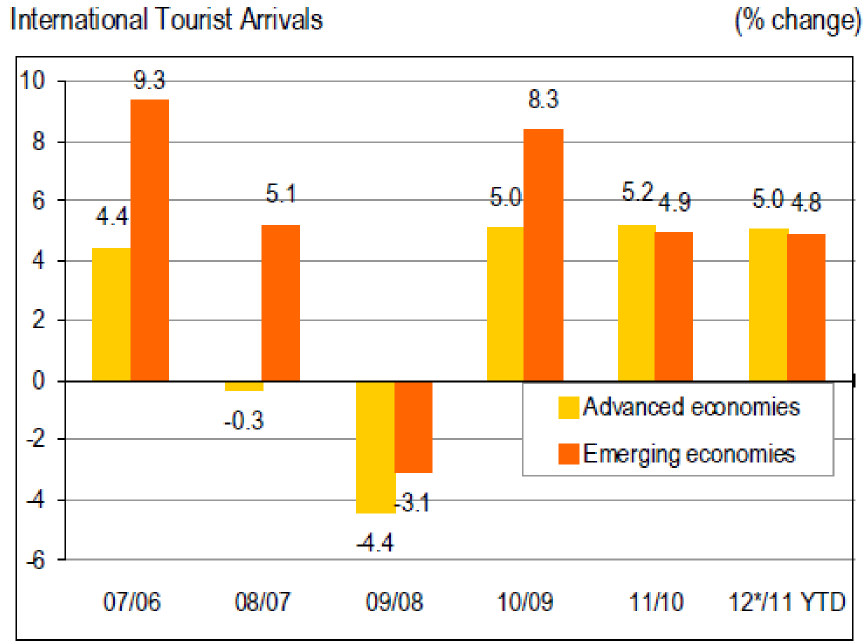
Outline of Presentation

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

Industry Trends

International Tourist Arrivals 2012



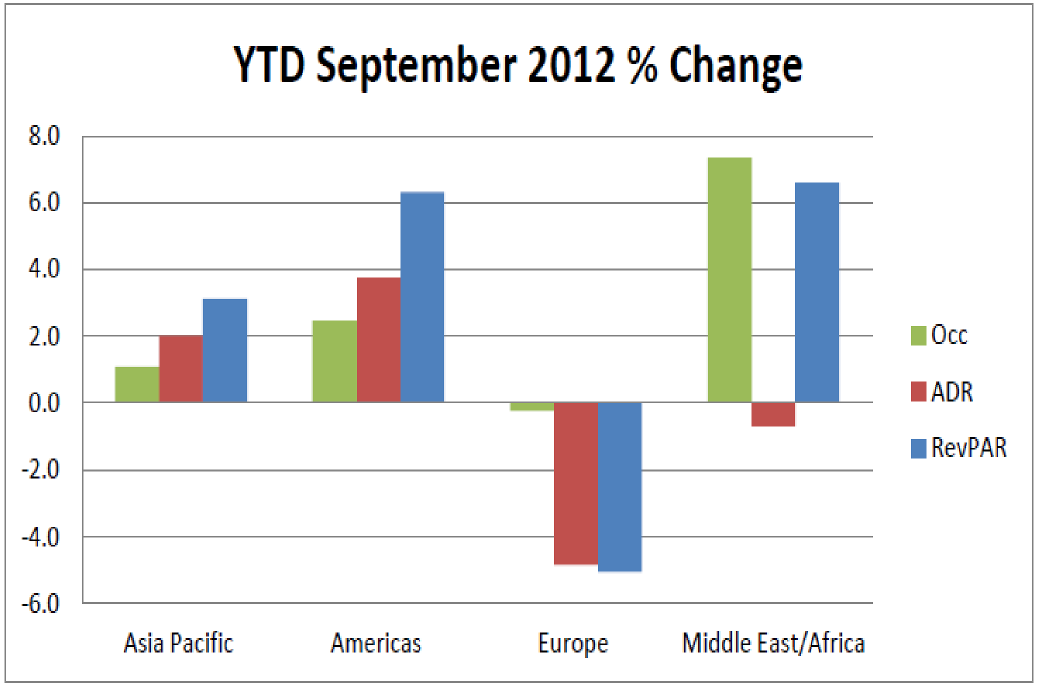


- International tourist arrivals worldwide grew by 5% in the first 6 months of 2012 to 467 million international travelers, consolidating the growth trend that started in 2010.
- International Tourist Arrivals were up in all regions of the world, with advances and emerging economy destinations growing at about the same pace.
- First 6 months of the year typically account for 45% of the tourist arrivals since most of the Northern Hemisphere performs much better in the second half which is its peak season.

Source : UN WTO

Global Hotel Performance January – September 2012

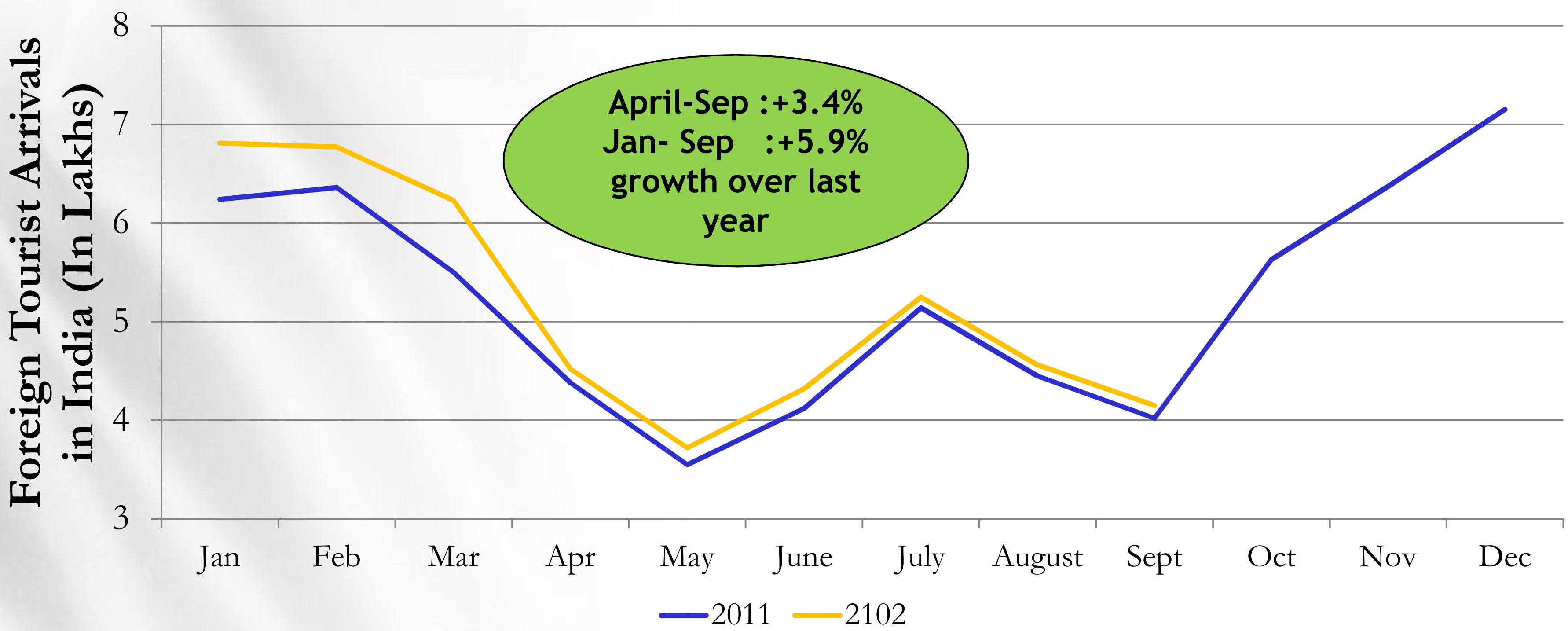
- Americas and Middle East showed a moderate growth in Key Performance Indicators over last year
- Asia Pacific market saw an overall moderate growth in occupancy and ADR for most of the first 9 months of 2012
- In the Indian subcontinent, both rates and occupancies lagged behind last year, owing mostly to increased supply and resulting in an overall RevPAR 13% below last year



Year to Date - September 2012 vs September 2011	Occ %		ADR		RevPAR		Percent Change from YTD 2011		
	2012	2011	2012	2011	2012	2011	Occ.	ADR	RevPAR
Asia Pacific	66.5	65.8	138.56	135.84	92.21	89.43	1.1	2.0	3.1
Central & South Asia	58.6	59.6	139.81	158.80	81.93	94.65	-1.7	-12.0	-13.4
Northeastern Asia	64.8	63.9	128.63	123.16	83.37	78.65	1.5	4.4	6.0
Southeastern Asia	69.8	68.7	135.00	132.55	94.23	91.01	1.7	1.8	3.5
Australia & Oceania	72.7	72.0	174.92	170.37	127.24	122.66	1.0	2.7	3.7

Source : STR Global

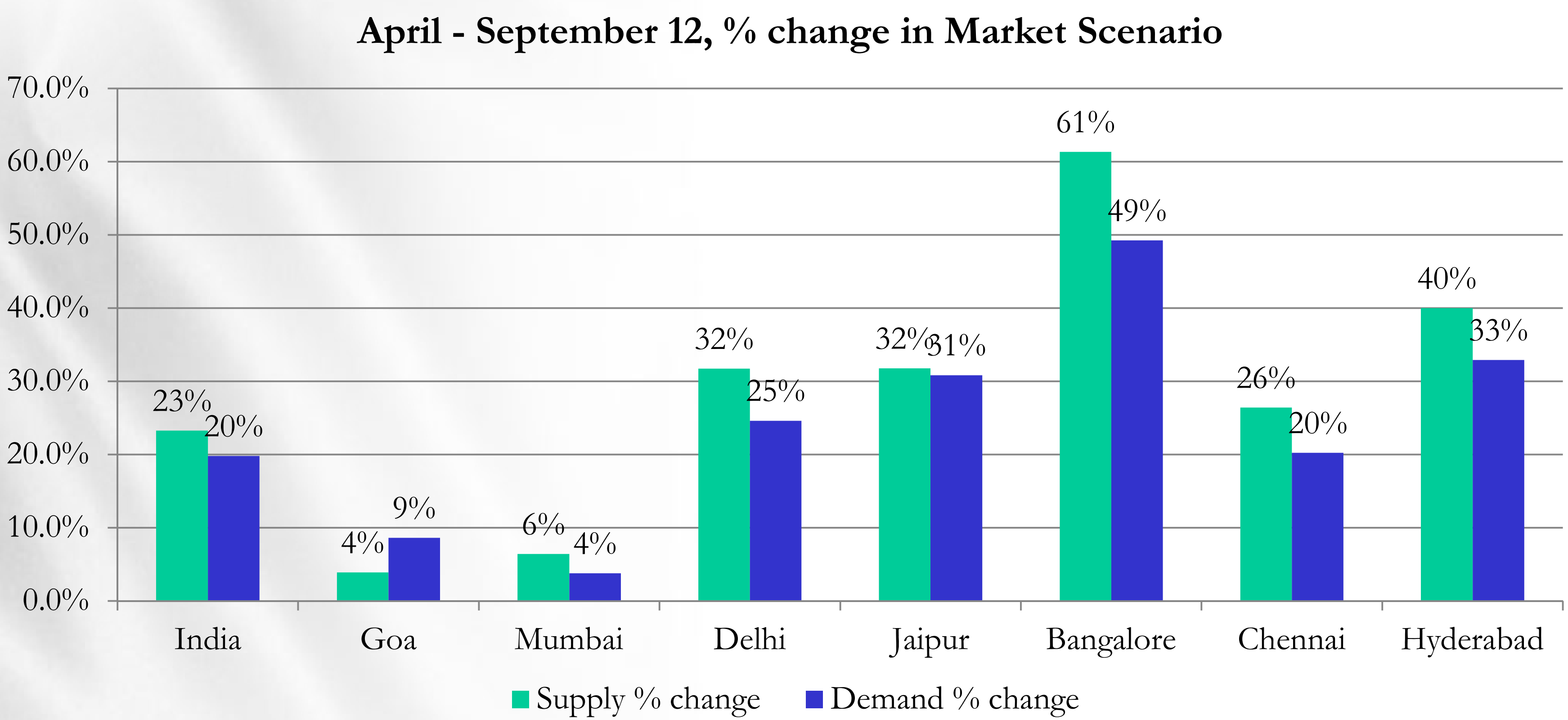
Foreign Tourist Arrivals in India 2012 vs 2011



- Growth in Tourist Arrivals in India has slowed down and increased to 2.6 mn travelers in April – Sep 2012 which was a 3.4% growth over 2011 vs 9.3% growth in April – Sep 2011 over 2010.
- Growth for Jan-Sep 2012 was 5.9% over 2011 against vs 9.9% in Jan-Sep 2011 over 2010.
- The traditional source markets of US , UK and Western Europe continue to be the majority contributors to arrivals in India

Source : Ministry of Tourism, Government of India

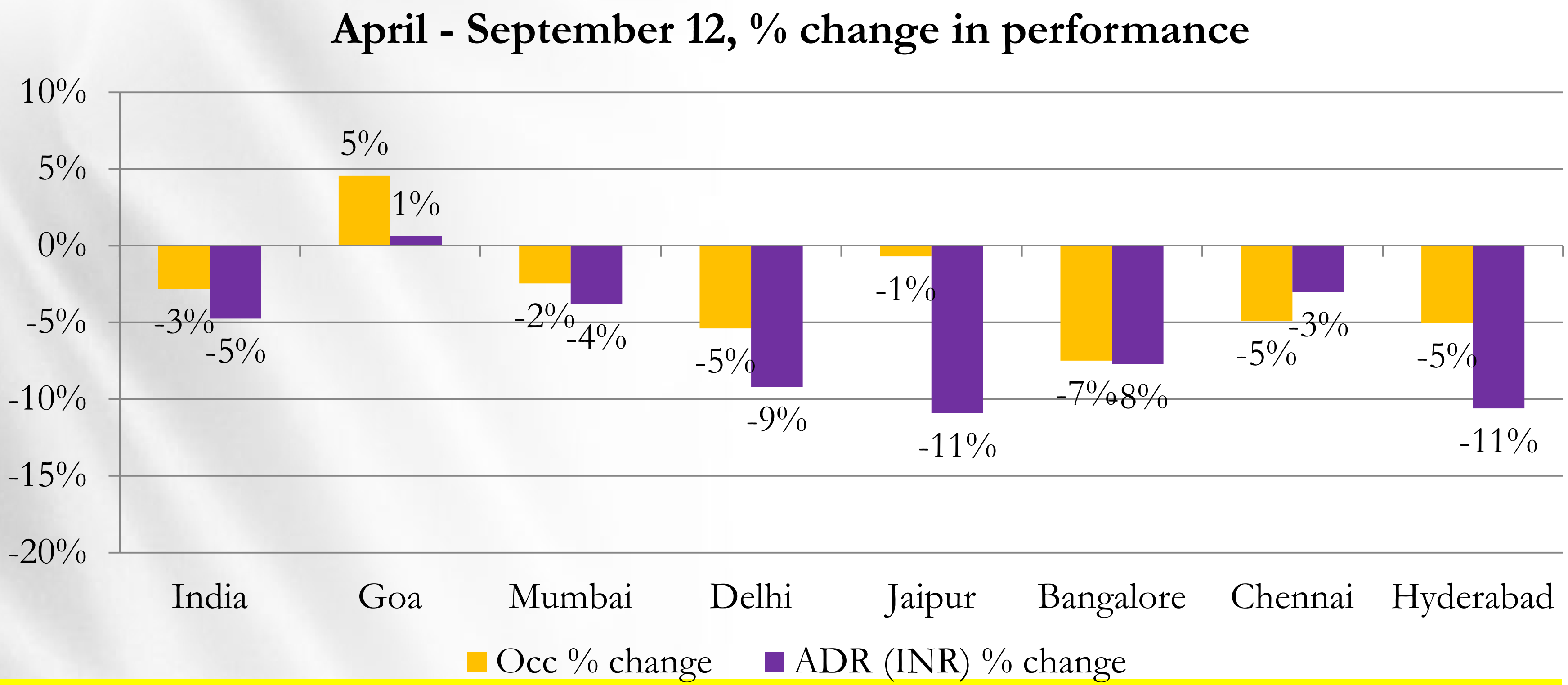
India Hotel Performance – Key cities
April to September 2012



- There has been overall a 23% increase in Supply in H1 compared to last year.
- Demand growth has been moderate at 20% in summers and expected to pick up in H2 and winters

Source : STR Global

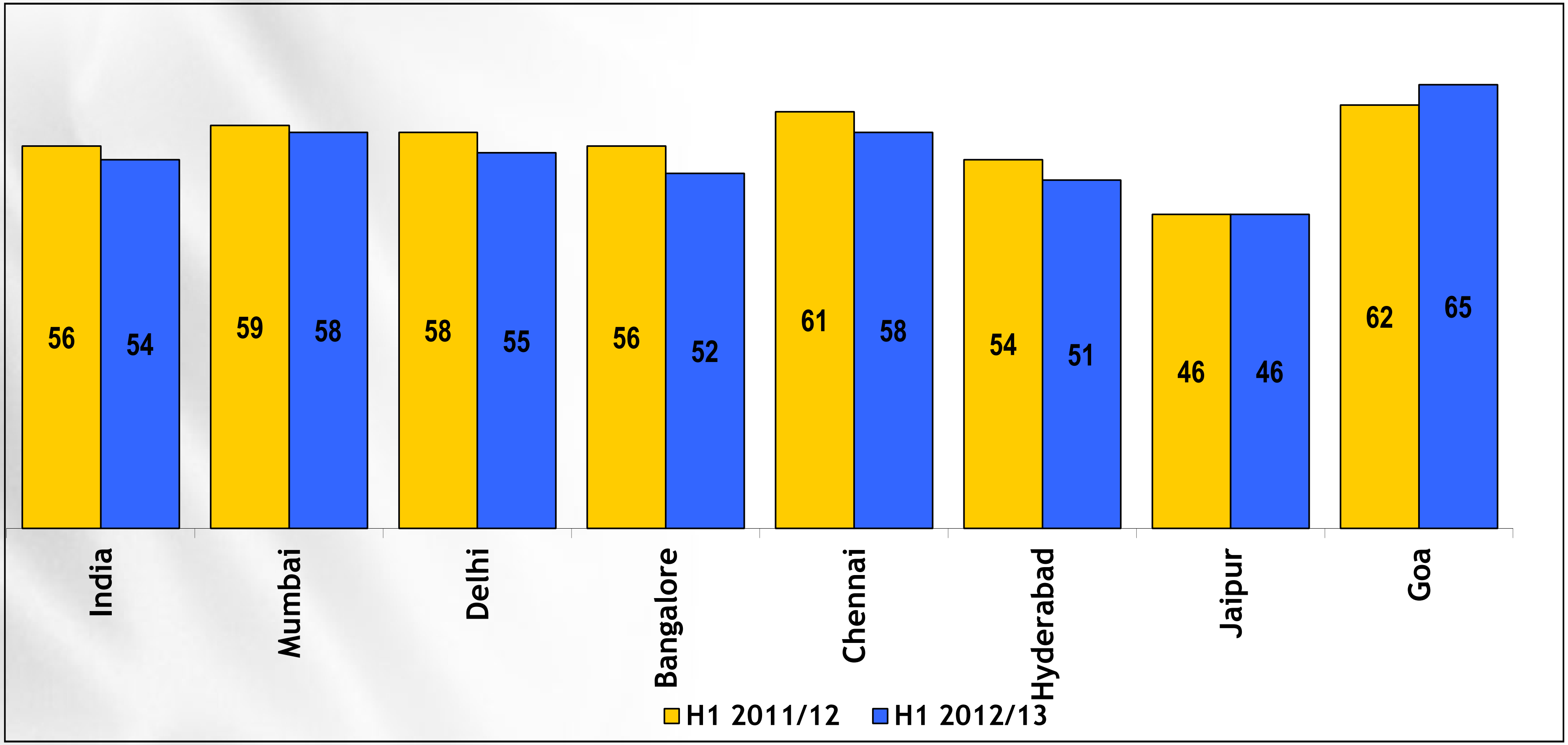
India Hotel Performance – Key cities
April to September 2012



- The Demand – Supply mismatch has put a pressure on occupancies and Average rates compared to last year across all key metros
- Overall this has led to a 7% decrease in RevPAR in the Indian Hospitality Industry in the first half of the Financial year

Source : STR Global

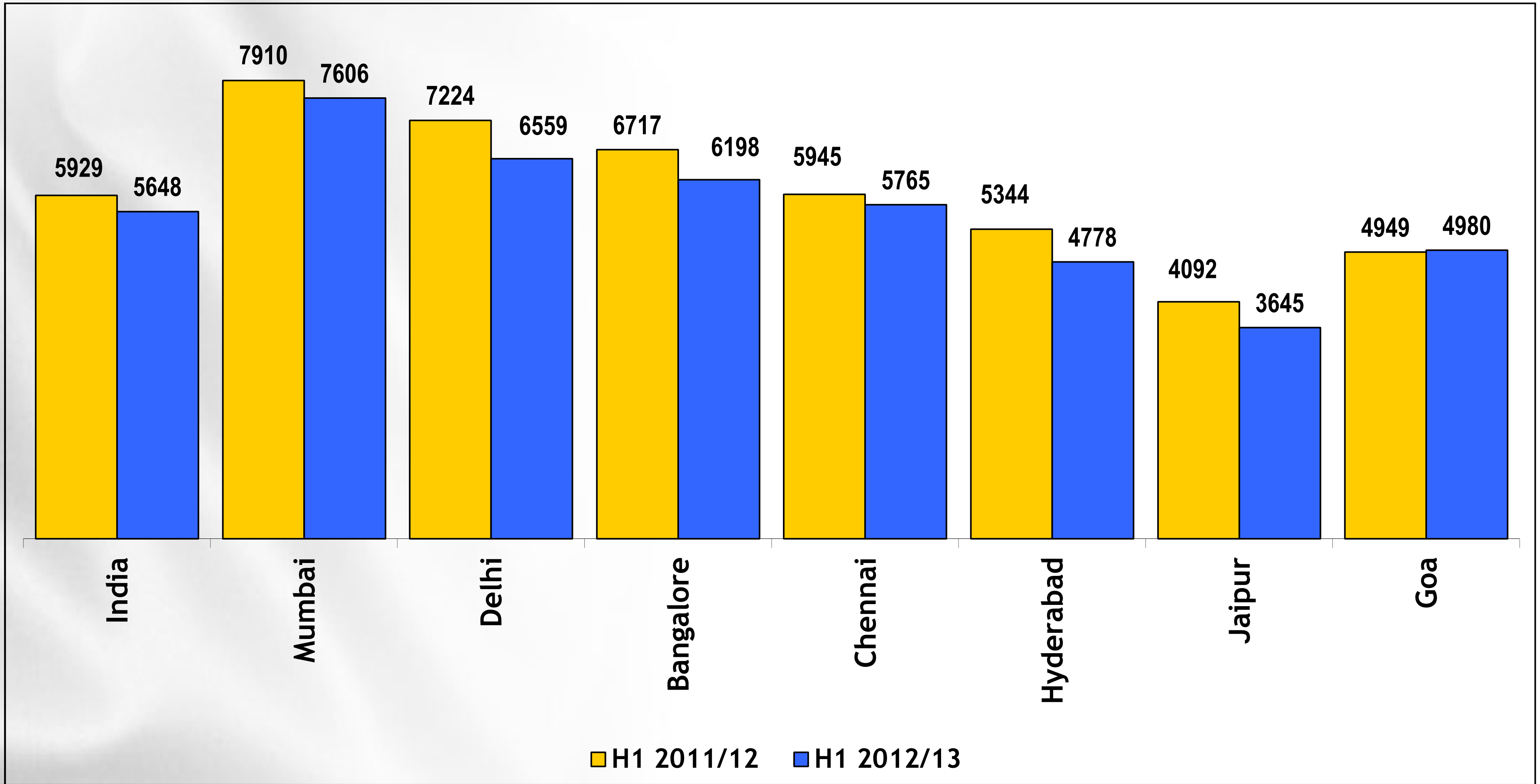
Occupancies – Year on Year Trend



Source: STR Global Reports

- **Lower occupancies across all cities except Goa**

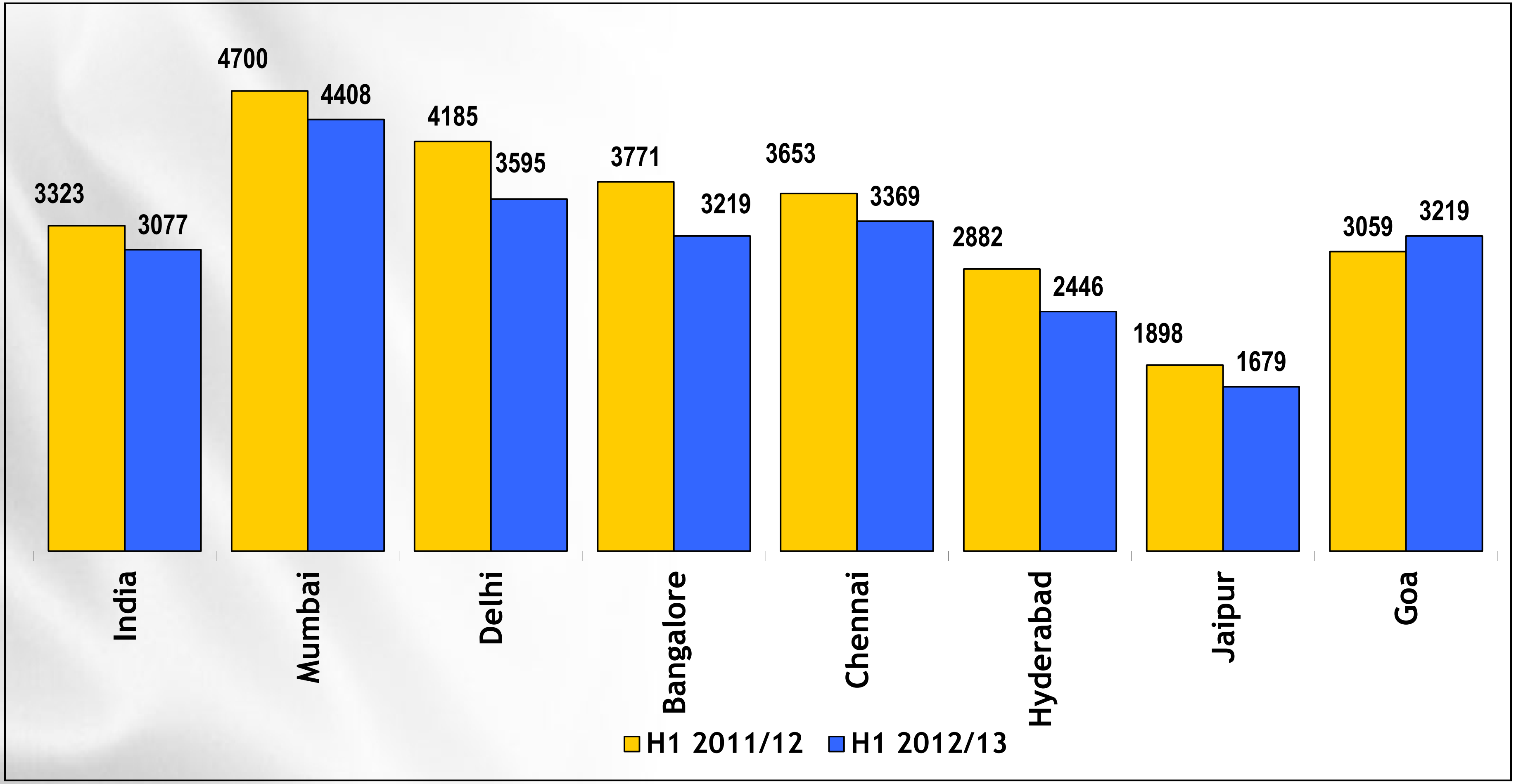
ARRs –Year on Year Trend



Source: STR Global Reports

- Rates lower across all cities barring Goa

Rev PARs – Year on Year Trend



Source: STR Global Reports

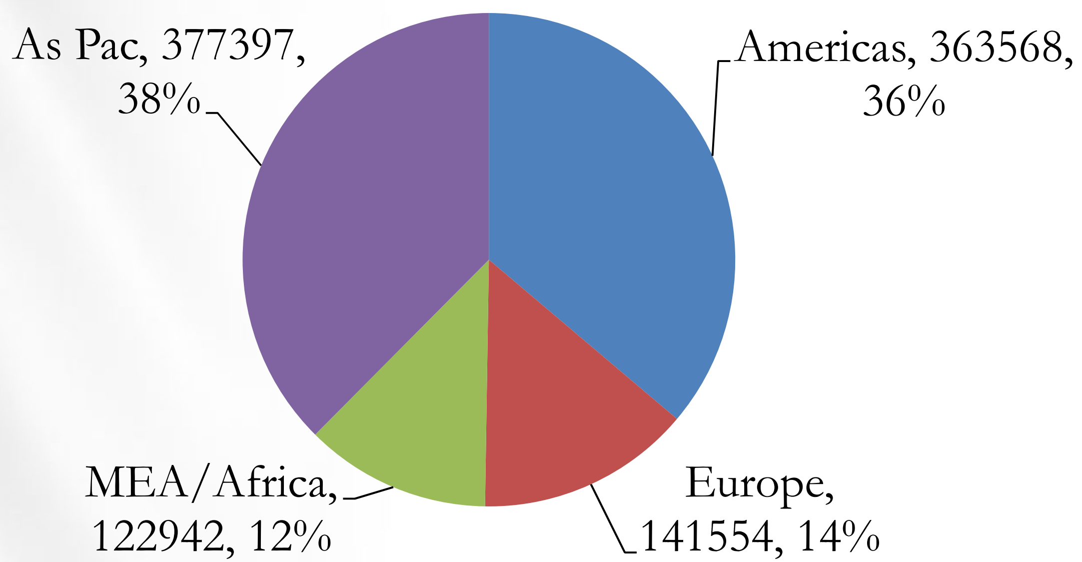
- **RevPAR lower across all cities barring Goa**

New Inventory

Supply Pipeline
As of September 2012

Asia Pacific the Growth Centre for Investments in the Industry

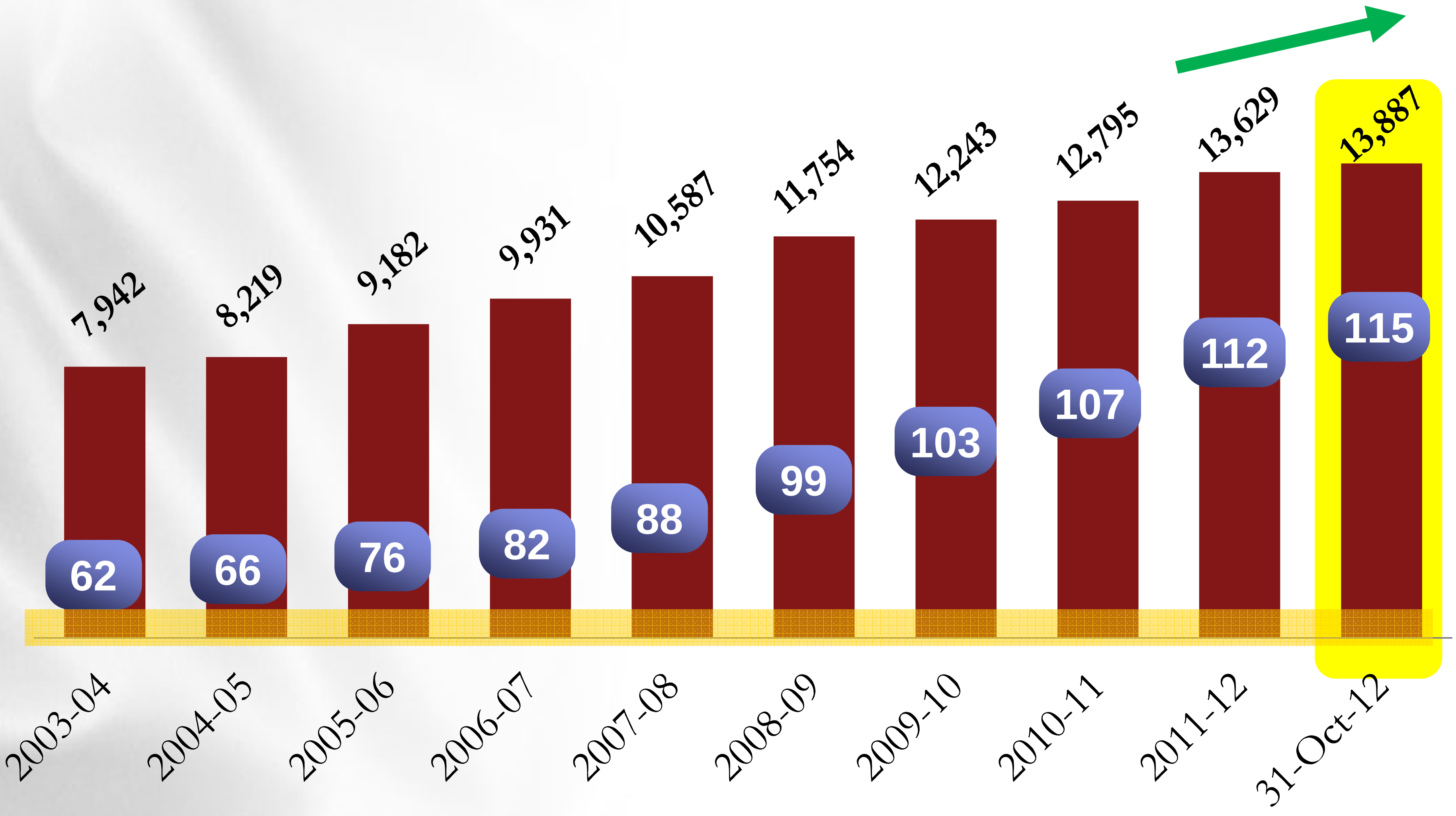
No of Rooms in Pipeline
September 2012



- The demand in Asia Pacific is supported by the growing supply coming into these countries from international brands and the largest pipeline worldwide
- The highest growth in As Pac region is in the Upscale segment
- The Americas continue to see a high active pipeline, here too mainly in the Upscale segment

Source : STR Global

Taj Group Inventory



Hotels Opened 2012/13

Hotel	Company	Rooms
Taj		
Taj Palace Marrakech, Morocco (Soft Open)	Management Contract	161
Vivanta by Taj		
Vivanta by Taj, Madikeri, Coorg	Management Contract	62
Ginger Hotels		
Ginger Hotel Faridabad	Roots Corporation Ltd	91
Ginger Hotel Vadapalani (Chennai)	Roots Corporation Ltd	79
Ginger Hotel Andheri (Mumbai)	Roots Corporation Ltd	116

Hotels Opened Till Date 2012/13 5 **Hotels** 509 **Rooms**

Taj Palace Marrakech, Morocco

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Vivanta by Taj, Coorg

VIVANTA
BY TAJ

Upcoming Development – Balance of 2012/13

Hotel	Company	Rooms
Vivanta by Taj		
Vivanta by Taj, Gurgaon	Management Contract	200
Gateway		
Gateway, Kolkata	Management Contract	200
Gateway, Hubli	Management Contract	92
Gateway OMR, Chennai	Management Contract	193
Ginger Hotels	Roots Corporation Ltd	
Ginger Hotel Jaipur		103
Ginger Hotel Kormangla (Bangalore)		67
Ginger Hotel Noida (NCR)		80
Ginger Hotel Amritsar		60
New Development in Pipeline 2012/13	8 Hotels	995 Rooms
+ New Hotels Opened Till Date 2012/13	5 Hotels	509 Rooms
= TOTAL DEVELOPEMNT FY 2012/13	13 Hotels	1,504 Rooms

Vivanta by Taj, Gurgaon

The Gateway Hotel, Kolkata

The Gateway Hotel, Hubli

THEGATEWAYHOTEL

Upcoming Development– 2013/14

Hotel	Company	Rooms
Taj		
Taj Airport Hotel, Terminal 1C, Mumbai	Taj GVK	275
Imperial Club by Taj, Tardeo, Mumbai	Management Contract	9
Vivanta by Taj		
Vivanta by Taj, Dwarka	IHCL	250
Gateway		
Gateway, Hinjewadi, Pune	Management Contract	150
Gateway, Raipur	Management Contract	119
Gateway, Gondia	Benares Hotels Ltd	34
Gateway, Faridabad	Management Contract	150
Ginger Hotels (Six in Number)	Roots Corporation Ltd	534

New Development in Pipeline 2013/14 13 Hotels 1,521 Rooms

Imperial Club by Taj, Tardeo, Mumbai

Vivanta by Taj, Dwarka

Sales and Marketing Initiatives

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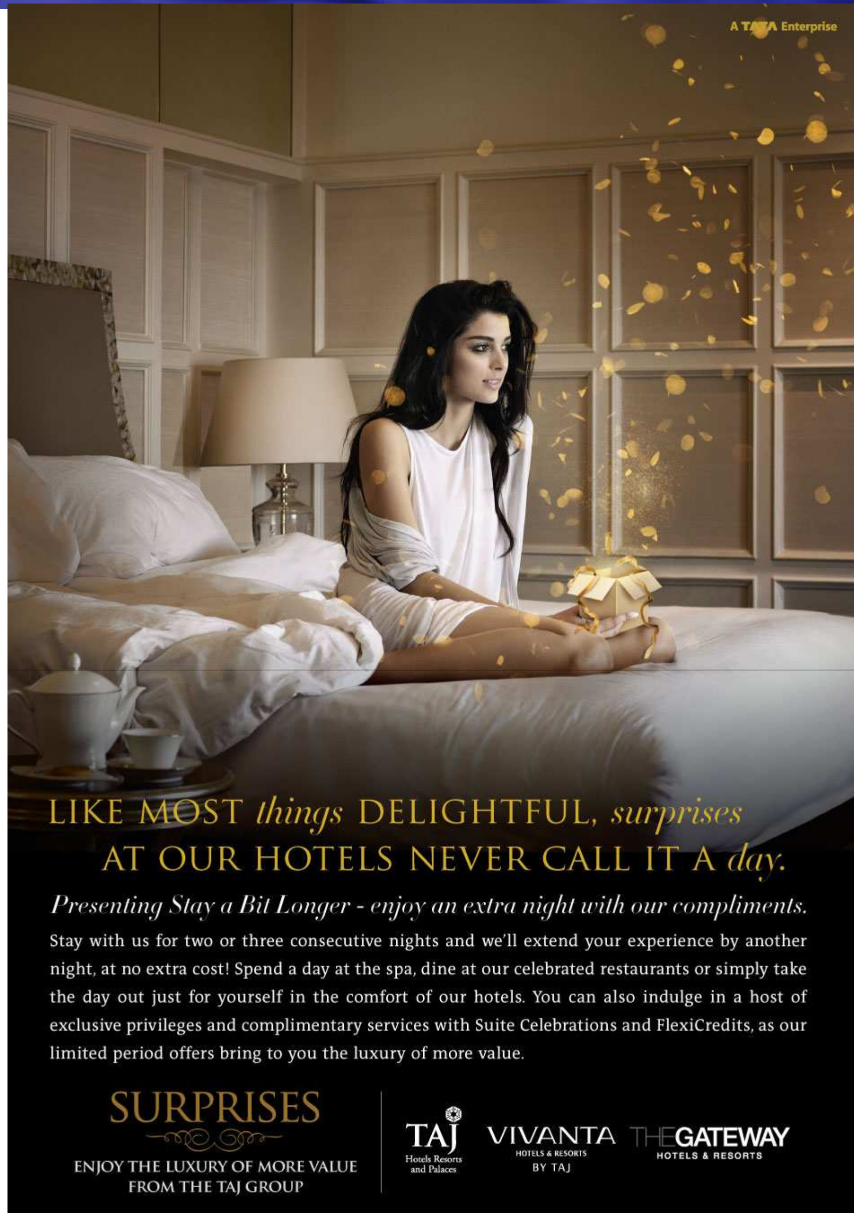
Strategy to Drive Incremental Revenues
Surprises Campaign (Apr – Oct 2012)

- Tactical promotions campaign that is now launched every summer to address the seasonal drop in demand. Relaunched on 26th March 2012 for Summer 2012

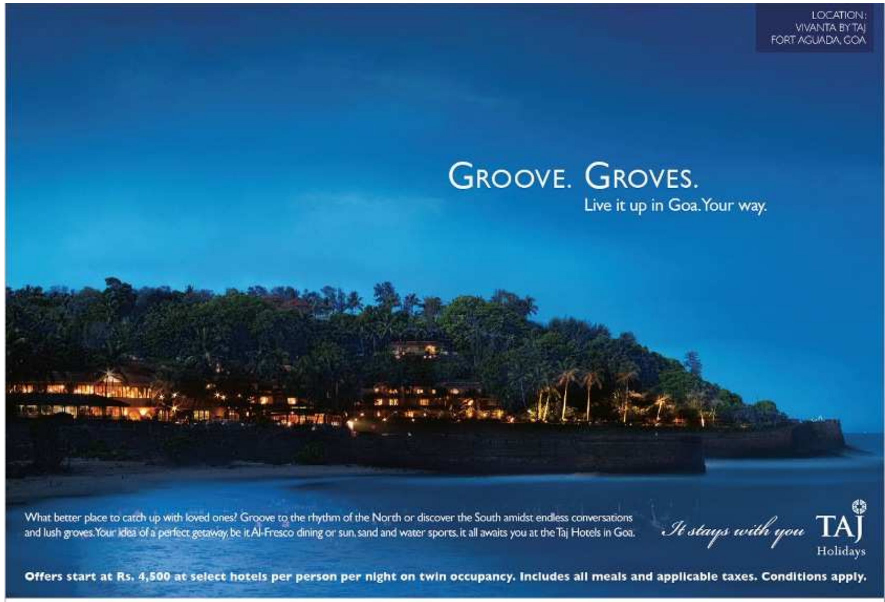
- Provides **unique value proposition** to customers with the following objectives
  - Drive **SpendPAR**
  - Drive **Loyalty**
  - Increase **Capacity Utilization** in lean months

- Campaign Programs
  - Flexi Credits
  - Suite Celebrations
  - Stay a Bit Longer



Leisure focus – Domestic Dominance
Taj Holidays – Summer, Monsoon, Winter

- Adopted a **Destination led approach** that we supported through an integrated marketing campaign. (Goa, Kerala, Indian Ocean, Small Palaces, Grand Palaces, Taj Safaris)
- Objective – **tap the growing domestic holiday market** in our lean season
- Advertising campaign was spread across pre-opening, summer and monsoon planks
- Interactive Roadshows in major feeder cities for travel trade and potential end users from the city



Leisure Focus – The High end Traveler
Taj Hotels Resorts and Palaces

Customer Outreach by Taj at Travel + Leisure Global Bazaar, New York , September 2012

- **Annual travel trade and consumer show** organized by Travel + Leisure attended by over 5000 media, travel trade and consumers over 3 days in New York
- The **innovative customer experience installation to** communicate the Taj luxury positioning and service experience at the suites of the Taj Grand Palaces.
- Supported by promotional activity and editorial coverage

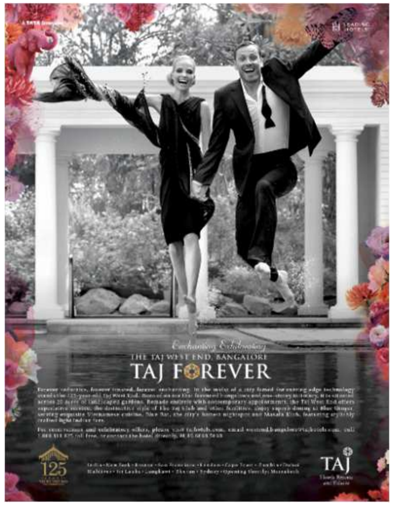
Channel Outreach through Taj Travel Awards at Taj Mahal Delhi , July 2012

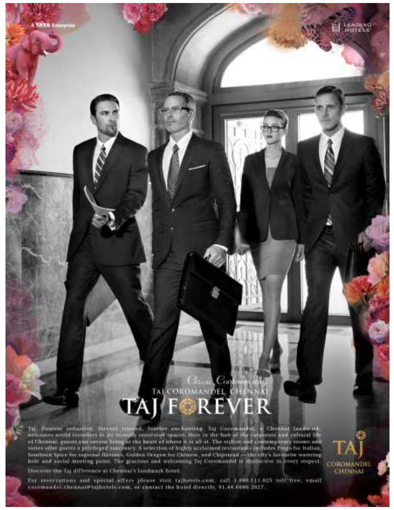
- Instituted two years ago it is the **only award ceremony initiated by a hotel group to acknowledge and felicitate the inbound DMCs** in India for their support and contribution.
- This year's event drew 200+ prominent DMCs and travel trade press from across the country for a splendid evening of Awards ceremony, sit-down silver service dinner and entertainment.

Driving Revenues
Taj Hotels Resorts and Palaces

Visibility

- Increased visibility through advertising campaign
- Enhanced focus on India
- Advertising in leading newspapers, general interest magazines, business magazines, lifestyle magazines and travel related magazines





Driving Incremental Revenues from Corporates

- Winning back lost customer campaign
- Long stayer program for targeted accounts
- Channel based campaigns for Hit accounts

Building the newest Brand
Vivanta by Taj – Hotels & Resorts

Launch of the signature Fuse 2.0 Cocktails in an exclusive partnership with Diageo and Canali, August 2012

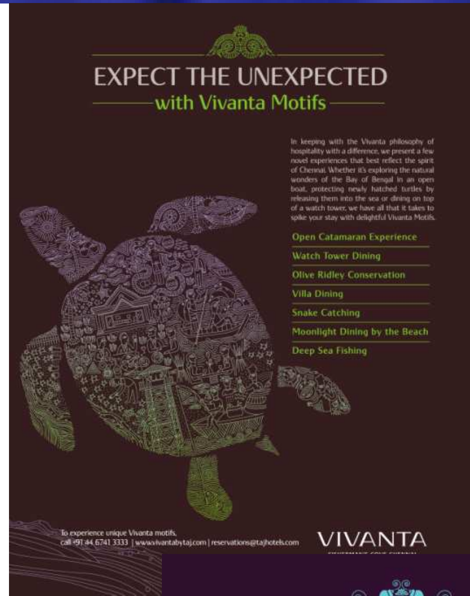
- A **Vivanta innovation** launched in 3 key cities via a roadshow
- **6 signature cocktails** each being a tribute to a Vivanta city
- Generated tremendous PR coverage and social media noise

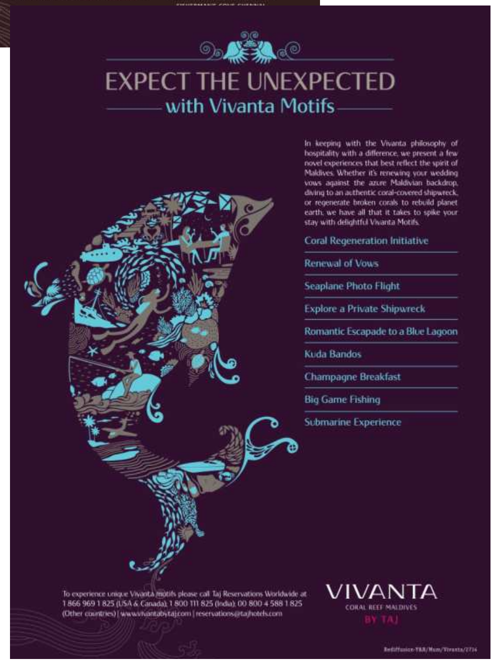
Brand Personification and Experiences

- Season 2 of both **Divas of Rock and Urban Folk** premiered at Vivanta Whitefield and Vivanta Begumpet Hyderabad.
- The **Vivanta Motifs campaign** went live across select media print, digital and social

Awards & Accolades

- **Vivanta by Taj is currently in the top 10 rank** amongst 147 of the global pages on SocialBakers Analytics
- **Vivanta Yeshwantpur Bangalore** was ranked amongst the **best 100 business hotels of 2012 by Wall paper UK**
- **Vivanta Whitefield** won the **Emirates Leaf Design awards** for the best commercial design world wide 2012
- **Vivanta Bekal** voted the **8th best new spa destinations by Conde Nast** India





Enhancing the Brand Experiences
The Gateway Hotels & Resorts

The Gateway Hotel Residency Road Bangalore Relaunch, September 2012

- Relaunched via a successful **Customer and Media event**
- **Great PR Thrust**, focus being revamped product post extensive renovations, the new lobby and spectacular F&B offerings
- **Integrated marketing campaign**

Active Foods Campaign

- Extensive campaign marketing Gateway's Active Food
- Conducted at all Coffee Shops with new menus, posters and tent cards across all hotels
- Supported by a media campaign (print, OOH, online and social)
- Contests in social media in the run up to the Olympics

Awards & Accolades

- Recognition in the Travel + Leisure **Global Vision Awards for Leadership in Corporate Social Responsibility activities**. The Awards recognize the outstanding efforts of individuals and organizations that are working to preserve the world's natural and man-made treasures and contributing to building and sustaining livelihoods.
- **Best Business Hotel Chain in India** at the Business Traveler UK Awards 2012.

UMAID BHAWAN PALACE JODHPUR · RAMBAGH PALACE JAIPUR · Taj Lake Palace Udaipur

Featured in Travel + Leisure World's Best Awards 2012 list of **Top 100 hotels in the world and Top Resorts in Asia.**

THE TAJ MAHAL PALACE MUMBAI · TAJ MAHAL NEW DELHI

Featured in the Travel + Leisure World's Best Awards 2012 list of **Top City Hotels in Asia**

TAJ LANDS END MUMBAI

Amongst the **Top 10 hotels in the world** by Expedia.com's Insiders' Select based on consistent delivery of values, competitive pricing and impeccable customer service.

MAHUA KOTHI BANDHAVGARH NATIONAL PARK

Honoured as '**Most Inspirational Eco Lodge of the Year**' at the 2012 Tour Operators for Tigers (TOFT) Wildlife Tourism Awards

TAJ FALAKNUMA PALACE HYDERABAD

Ranked #1 Overseas Leisure Hotels in Asia and the Indian Subcontinent, Conde Nast Traveller UK Readers' Travel Awards 2012

Standalone Financial Performance
Six Months ended September 30, 2012

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Hotels Resorts and Palaces

Profit and Loss Account
H1 2012/13

₹/Crores	2012/13	2011/12	% Change
Net Sales/Income from Operations	775.48	727.10	7
Other Operating Income	-	-	-
Total Income	**775.48**	**727.10**	**7**
a. Consumption of Raw Materials	73.05	64.69	(13)
b. Employee Benefits Expense	240.22	226.91	(6)
c. License Fees	51.97	44.01	(18)
d. Fuel, Power and Light	79.41	65.43	(21)
e. Depreciation and Amortisation Expense	63.08	55.50	(14)
f. Other Expenditure	244.62	219.77	(11)
Total Expenditure	**752.35**	**676.31**	**(11)**
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	23.13	50.79	(54)
Other Income	33.23	35.47	(6)
Profit/ (Loss) before Finance Costs and Exceptional Items	**56.36**	**86.26**	**(35)**
Finance Costs	53.23	50.08	(6)
Profit/ (Loss) after Finance Costs but before Exceptional Items	**3.13**	**36.18**	**(91)**
Exceptional items	(6.70)	9.81	-
Profit/ (Loss) before tax	**(3.57)**	**45.99**	**-**
Provision for Taxes	(1.24)	16.33	-
Profit/ (Loss) After Tax	**(2.33)**	**29.66**	**-**

Turnover
H1 2012/13

₹ crores	2012/13	2011/12	% Change
Room sales	354.76	343.89	3
F&B sales	317.80	287.65	10
Other Income	52.88	49.55	7
Management Fees	50.04	46.01	9
Total Income	**775.48**	**727.10**	**7**
Non – Operating Income	33.23	35.47	(6)
Total Income including Other Income	**808.71**	**762.57**	**6**

- Room revenue growth driven by 3% increase in average daily rooms sold including capacity increase
- Higher F&B sales due to increase in restaurant sales and banqueting business
- Management fee linked to higher turnover and profitability of non IHCL hotels

Expenditure

- **Raw Materials Cost – ₹ 73.05 crores**

  Increase in line with 10% higher F&B revenue and commodity input cost increase

- **Staff Cost – ₹ 240.22 Crores**

  Increase due to launch of new hotel in Bangalore, wage settlements, annual increments etc.

- **License Fees – ₹ 51.97 crores**

  Increase on account of higher turnover of licensed properties

- **Fuel, Power & Light – ₹ 79.41 crores**

  Higher on account of increase in rates and new capacity

Expenditure

- **<u>Depreciation & Amortisation – ₹ 63.08 crores</u>**

  Higher due to opening of new hotel in Bangalore and renovations in select hotels

- **<u>Other Expenditure – ₹ 244.62 crores</u>**

  Increase in variable costs linked to business, full period cost of new hotel in Bangalore & higher A&P spends

- **<u>Finance Costs – ₹ 53.23 crores</u>**

  Increase due to ECBs taken to retire debt in Company's offshore subsidiary

Exceptional Items

Expense of ₹ (6.7) crores in the current year against an income of ₹ 9.8 crores in the previous year

₹/ Crores

Particulars	2012/13	2011/12
Income/(Expense) on surrender of a project (Net off accumulated capital expenditure)	-	10.6
Exchange gain/(loss)	(6.7)	(0.8)
Total	**(6.7)**	**9.8**

Statement of Assets & Liabilities
September 30, 2012

₹ / Crores	September 30, 2012	March 31, 2012
Shareholders' Funds	3668.56	3367.81
Non- Current Liabilities		
Long-term borrowings	2287.24	2039.94
Long Term Provisions	78.20	95.93
Other Long Term Liabilities/ Deferred Tax Liabilities	757.17	668.07
Current Liabilities		
Short Term borrowings	247.52	122.57
Other Current Liabilities	406.77	789.58
Trade Payables/Short-term provisions	168.88	280.08
Equity and Liabilities	**7614.34**	**7363.98**
Non-current Assets		
Fixed Assets	2066.91	2068.36
Non-current investments	3622.19	3622.19
Long Term loans and advances	1495.19	1346.93
Other non-current assets	16.76	27.58
Current Assets		
Current Investments	71.28	-
Short term loans and advances	112.50	71.87
Other currents assets/ cash & bank/ inventories/ trade receivables	229.51	227.05
Assets	**7614.34**	**7363.98**

Consolidated Financial Performance
Six Months ended September 30, 2012

Major Taj Group companies

Subsidiaries

Indian

- Piem Hotels Ltd
- Taj SATS Air Catering Ltd
- Tifco Holdings Ltd [Investment Company]
- Benares Hotels Ltd
- Inditravel Pvt Ltd
- United Hotels Ltd
- Roots Corporation Ltd

Overseas

- International Hotel Management Services, Inc.
- St James Court Hotel Ltd
- IHMS (Australia) Pty Ltd
- Taj International Hotels (HK) Ltd [Investment Company]
- Samsara Properties Ltd [Investment Company]
- Others

Associates

- Oriental Hotels Ltd
- Lanka Island Resorts Ltd
- TAL Lanka Hotel PLC
- 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 [Investment Company]
- Others

Consolidated Financial Results H1 2012/13

Consolidated results show a loss of ₹ (91) crores against a loss of ₹ (70) crores. Key factors influencing the consolidated results are listed below:

- **Domestic Portfolio**
  - Lower profit from operations, lower dividend income & foreign exchange translation loss on borrowings
  - Previous period had an exceptional gain on account of interest income on surrender of a project
- **International Portfolio**
  - Samsara Properties Limited debt fully retired through equity funding from IHCL
  - Despite growth in turnover, US hotels continue to face challenges

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Consolidated Financials H1 2012/13

₹/ Crores	2012/13	2011/12	% Change
Net Sales/Income from Operations	1666.37	1455.50	14
Other Operating Income			
Total Income	1666.37	1455.50	14
a. Consumption of Raw Materials	177.56	160.72	(10)
b. Employee Benefits Expense	629.05	540.84	(16)
c. License Fees	84.04	66.73	(26)
d. Fuel, Power and Light	143.30	117.27	(22)
e. Depreciation and Amortisation Expense	145.12	129.29	(12)
f. Other Expenditure	492.55	417.68	(18)
Total Expenditure	1671.62	1432.53	(17)
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	(5.25)	22.97	(123)
Other Income	35.03	39.81	(12)
Profit/ (Loss) before Finance Costs and Exceptional Items	29.78	62.78	(53)
Finance Costs	81.76	110.45	26
Profit/ (Loss) after Finance Costs but before Exceptional Items	(51.98)	(47.67)	(9)
Exceptional item	1.28	4.26	(70)
Profit/ (Loss) before tax	(50.70)	(43.41)	(17)
Less: Provision for Taxes	8.71	27.05	68
Less: Minority Interest in Subsidiaries	(24.67)	(10.56)	(134)
Add:Share of Profit(Loss) in Associates	(6.77)	10.69	(163)
Profit(Loss) after Tax	(90.85)	(70.33)	(29)

TAJ Hotels Resorts and Palaces

Consolidation Snapshot

₹/Crores	Revenue		Profit after tax & Minority Interest	
	2012/13	2011/12	2012/13	2011/12
IHCL Standalone	775.5	727.1	(2.3)	29.7
Subsidiaries	862.1	701.1	(43.7)	(80.0)
Joint Ventures	79.1	70.3	(8.6)	(4.2)
Associates			(6.8)	10.7
Total	1716.7	1498.5	(61.4)	(43.8)
Less/(Add): Inter Company Eliminations	50.3	43.0	29.5	26.5
Consolidated Performance	1666.4	1455.5	(90.9)	(70.3)

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Treasury

Liquidity raised/ committed

- Received ₹ 373 crores in June, 2012 on conversion of warrants by Tata Sons Ltd
- Raised ₹ 200 crores by issuing low coupon unsecured NCDs

Funds Utilized

- Repayment of ECB in April, 2012 - $ 30 million
- Repayment of Fixed Deposits between April to October, 2012 – ₹ 285 crores

International Hotels

Hotel Name	Occupancy (%)		ARR ($)		RevPAR ($)	
	H1 2012/13	H1 2011/12	H1 2012/13	H1 2011/12	H1 2012/13	H1 2011/12
The Pierre, New York	63	67	620	571	391	382
Taj Boston	74	71	296	287	218	202
Campton Place, San Francisco	79	75	290	287	229	216
St. James Court, London	88	85	318	299	278	253
Blue, Sydney	75	76	221	230	165	176

Overview of Taj Group – H1

Particulars	2012/13	2011/12	2010/11	2009/10
Number of hotels	115	110	107	103
Rooms Inventory	13,887	13,237	12,795	12,243
Total Revenue – ₹ / crores	2,288	2,069	1,822	1,603

Total Revenue denote arithmetic aggregate of turnover of all hotels/units irrespective of ownership, including Management Contracts

Thank you