TAJ
Hotels Resorts and Palaces

The Indian Hotels Company Limited

Analyst Meet

Results for six months ended September 30, 2013

November 8, 2013

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**

Outline of Presentation

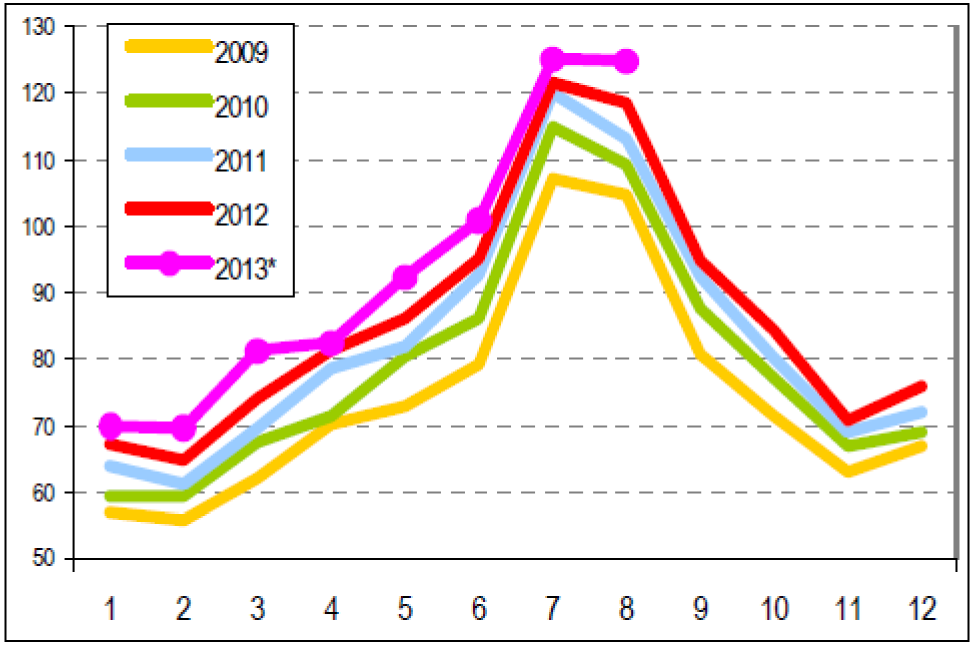
- Industry Trends
- New Inventory
- Sales & Marketing Initiatives
- Financial Results

Industry Trends

International Tourist Arrivals

International Tourist Arrivals, monthly evolution

World (million)



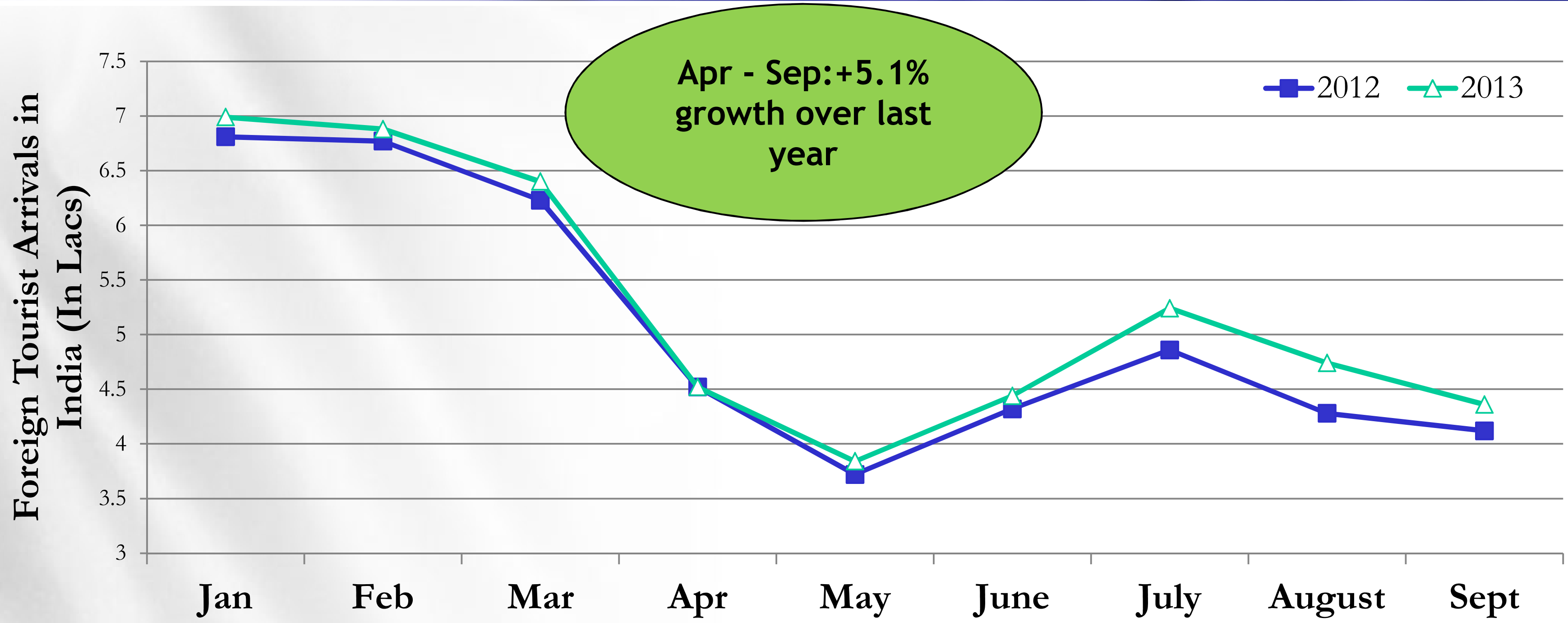
Source: World Tourism Organization (UNWTO) ©

- Destinations worldwide recorded **747 million international tourist arrivals between January – August 2013**, 38 million higher than 2012
- Worldwide growth of 5% growth is higher than forecasts set by UNWTO of 3% - 4% growth
- **Emerging Economies (+5.6%)** and Advanced Economies (+5.0%) are growing almost equally in International Tourism Arrivals
- In International Toursim spending - all BRIC countries except India reported double digit growths

- Tourist Arrivals Growth was positive in all regions with **Middle East (+7%),Asia Pacific (+6%) and leading the growth** and a consistent growth in Europe (+5%) , Africa (+5%) and the Americas (+3%)

Source : UN WTO

Foreign Tourist Arrivals in India April – September 2013

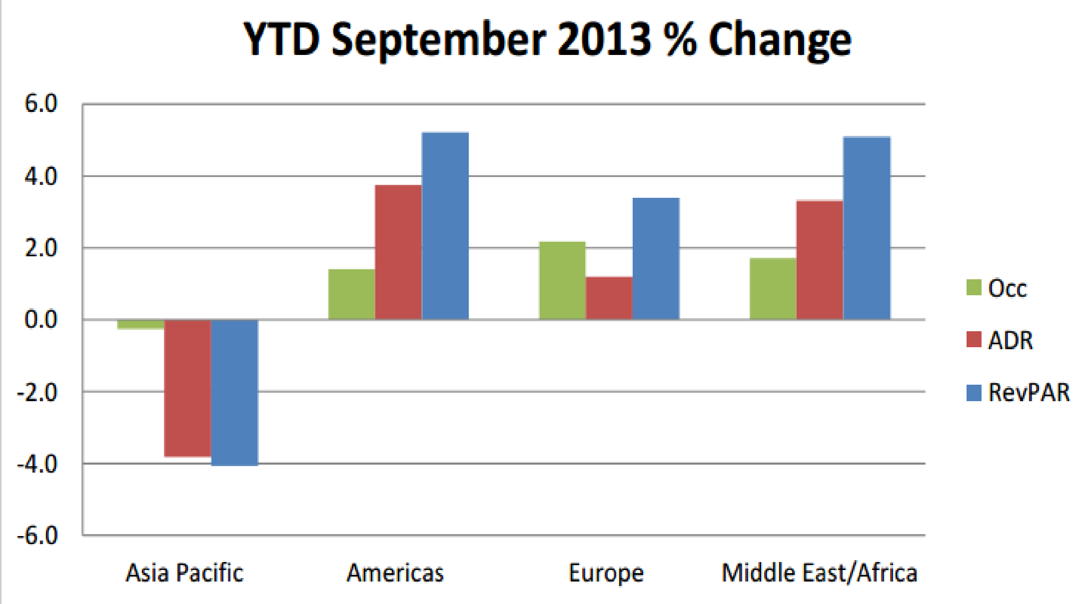


- In India, **Foreign Tourist Arrivals to India grew by 5.1% in Apr- Sep 2013 to 27.1 lakhs arrivals as compared to 25.8 lakhs last year**
- **Apr – Sep** is typically a low season for foreign arrivals in the country

Source : Ministry of Tourism, Government of India, UNWTO

Global Hotel Performance
January – September 2013

- Key Hotel Industry performance indicators for Jan – Sep 2013 indicate a **recovery for the US and ME/Africa** markets keeping in line with trends from the previous quarter
- For Jan – Sep 2013, the **RevPAR in Asia/Pacific declined by 4.1%** whereas all other regions showed a growth
- Supply-Demand mismatch in the Indian subcontinent and low growth are the primary reasons for this



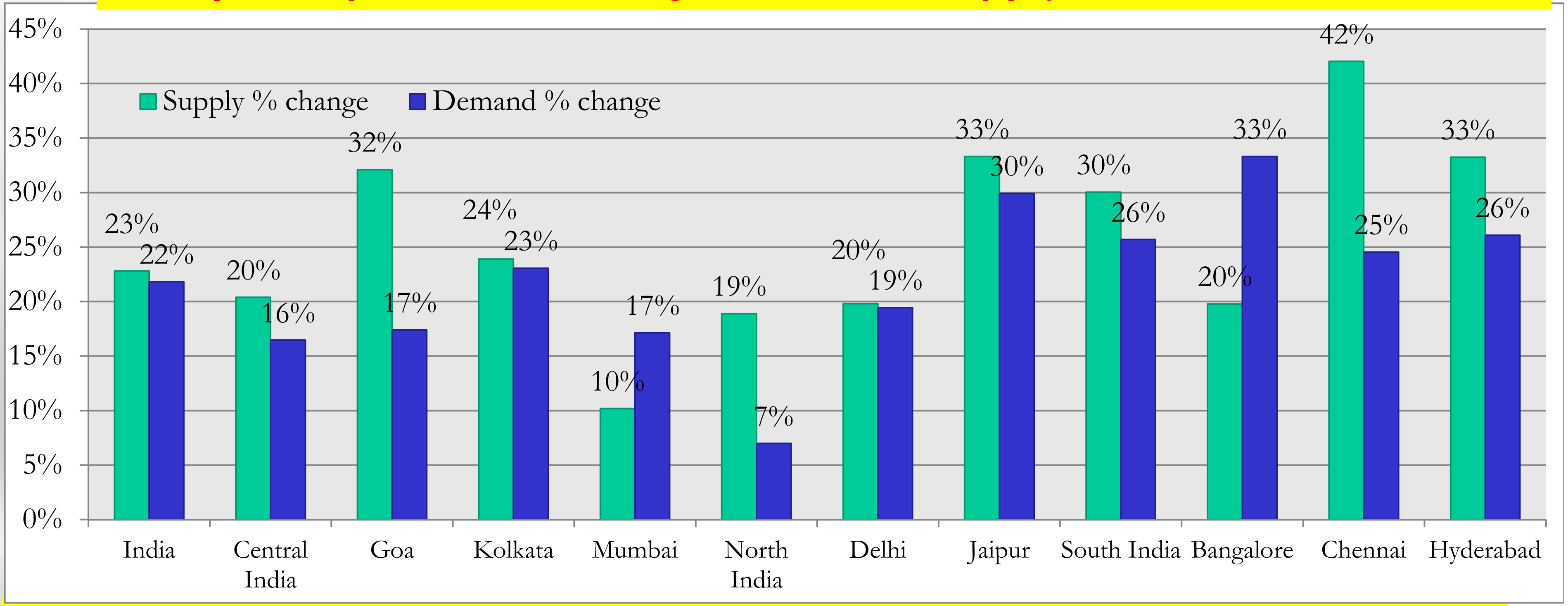
- **In the Indian subcontinent, rates (-6.9%) are lagging whereas occupancies (0.7%) are flat compared to last year,** leading to overall **RevPAR decline of 6.3% below last year**
- **US** has shown a recovery with **1.5% growth in Occupancies and 4.0% growth in rates**

Year to Date - September 2013 vs September 2012	Occ %		ADR		RevPAR		Percent Change from YTD 2012		
	2013	2012	2013	2012	2013	2012	Occ.	ADR	RevPAR
Asia Pacific	67.5	67.6	121.99	126.83	82.29	85.77	-0.3	-3.8	-4.1
Central & South Asia	57.6	57.3	128.67	138.22	74.18	79.16	0.7	-6.9	-6.3
Northeastern Asia	66.4	67.2	104.93	111.00	69.70	74.57	-1.1	-5.5	-6.5
Southeastern Asia	71.1	69.6	140.59	136.88	99.90	95.30	2.1	2.7	4.8
Australia & Oceania	73.0	72.3	168.35	174.37	122.90	126.14	0.9	-3.5	-2.6

Source : STR Globa

India Hotel Performance – Key cities April – September, 2013

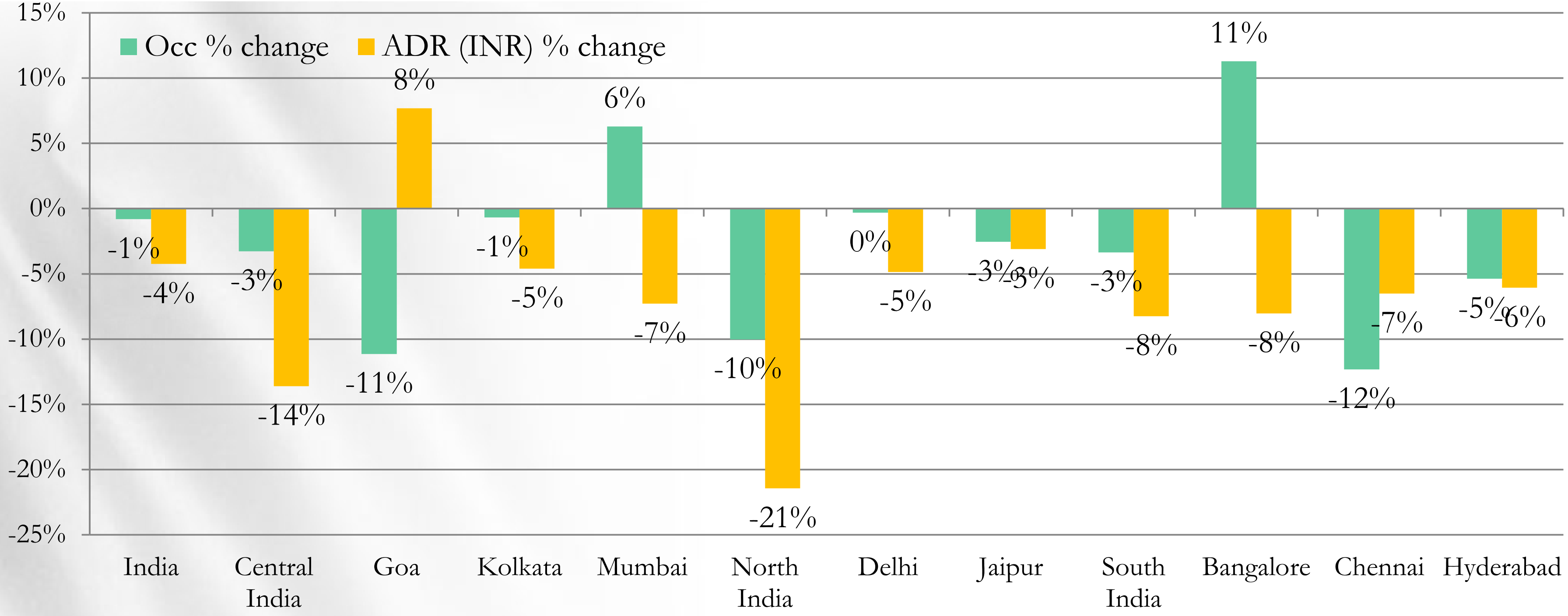
Apr - Sep 2013, % Change in Market Supply - Demand scenario



- There has been overall a **23% increase in Supply** in April – September 2013 as compared to the same period last year.
- Most of the Supply, about **66%, has come in the Luxury & Upper Upscale,** categories
- **Demand growth has been 22%** for this period however it is still **trailing supply growth** which has had an impact on the hotel industry Occupancy and ARRs

Source : STR Global

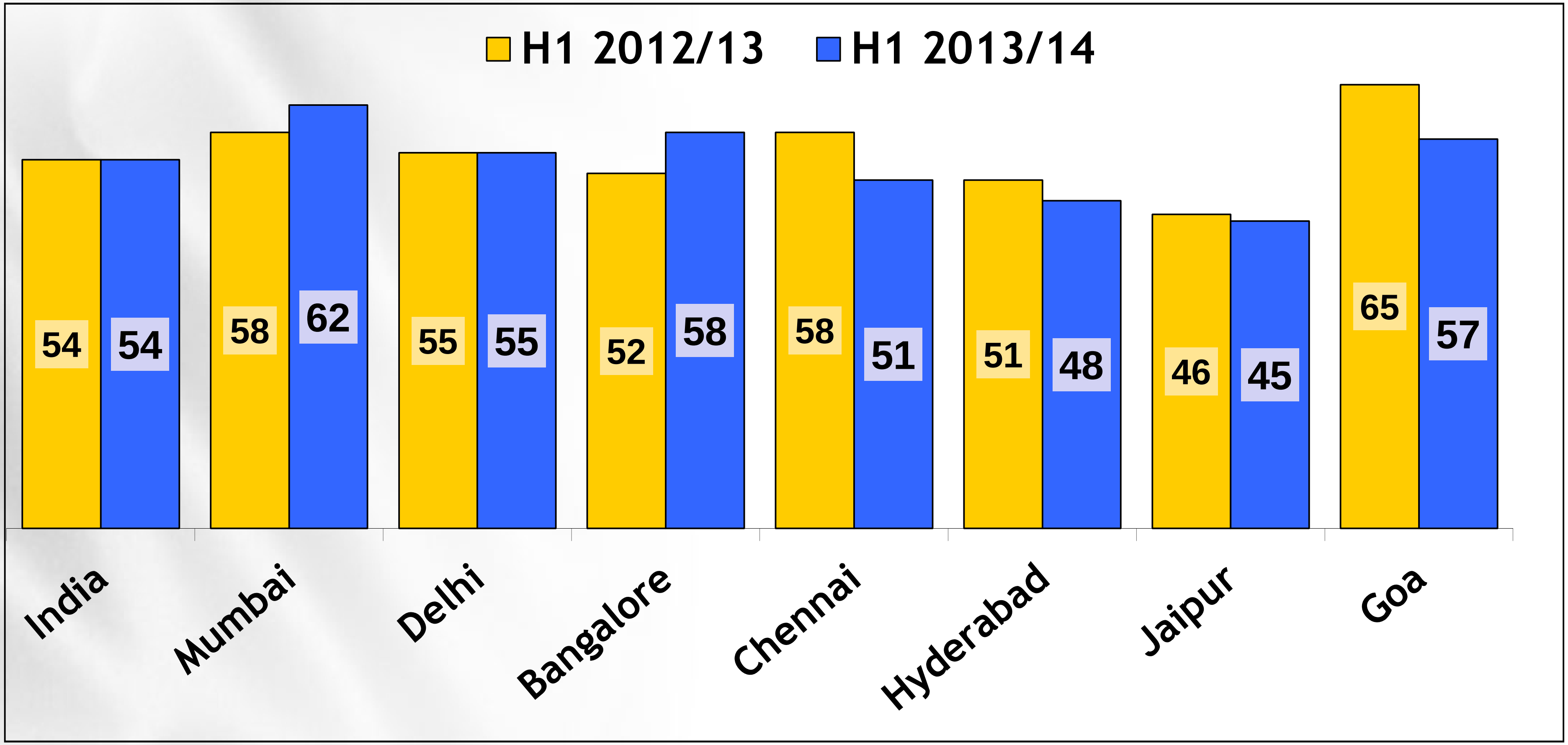
India Hotel Performance – Key cities April – September 2013



- The Demand – Supply mismatch has put a **pressure on Occupancies and Average rates** compared to last year across all key metros with the exception of Bangalore and Mumbai that have seen Occupancy growth and Goa which has seen Average Rates growth
- The highest pressure has been in Chennai and Hyderabad
- Overall this has led to a **5% decrease in RevPAR in the Indian Hospitality Industry** for the April – Sep 2013 as compared to April – Sep 2012

Source : STR Global

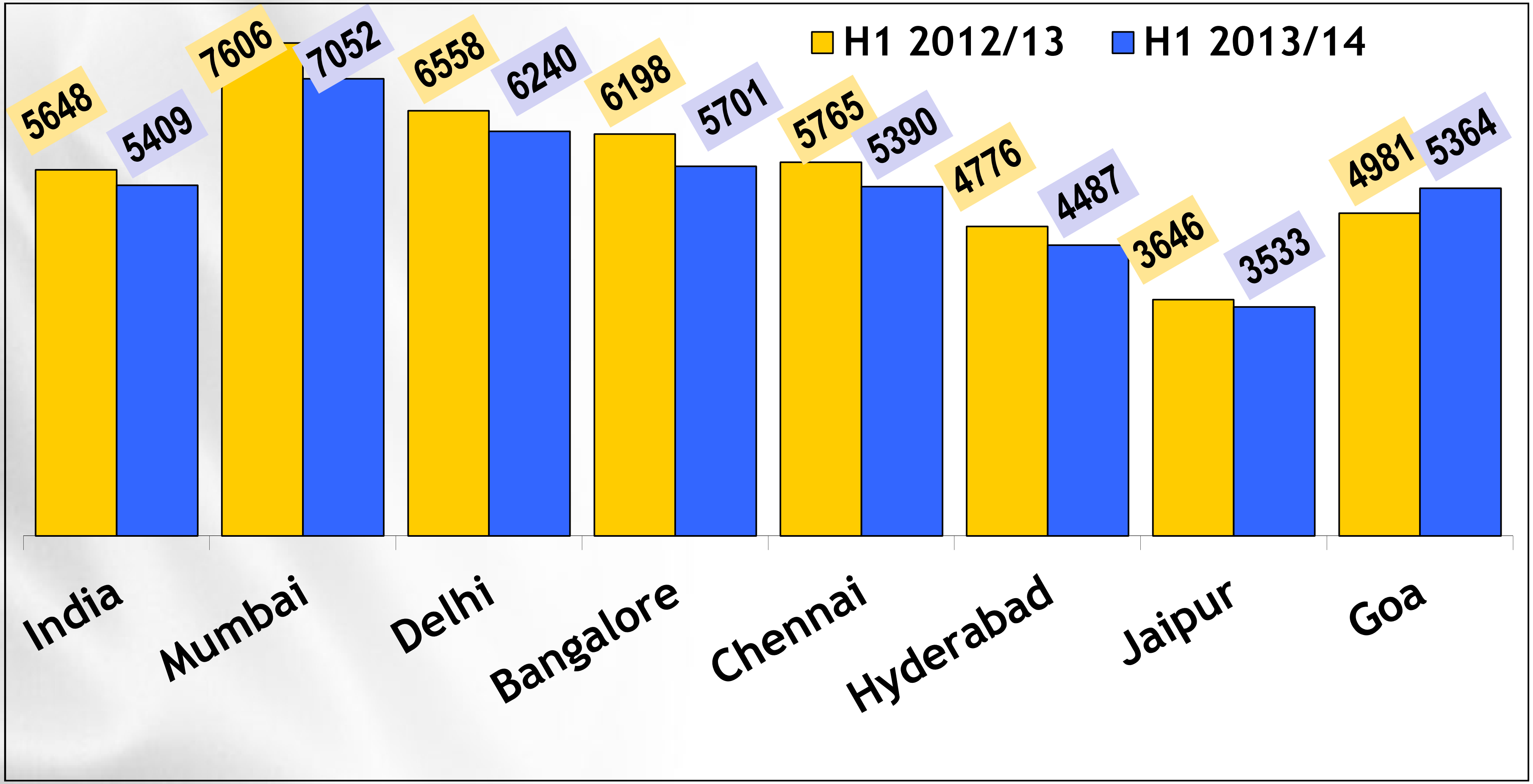
Occupancies % – Year on Year Trend



Source: STR Global Reports

- **Mumbai & Bangalore showed improved occupancies, while Chennai, Hyderabad, Jaipur, Goa occupancies were lower.**

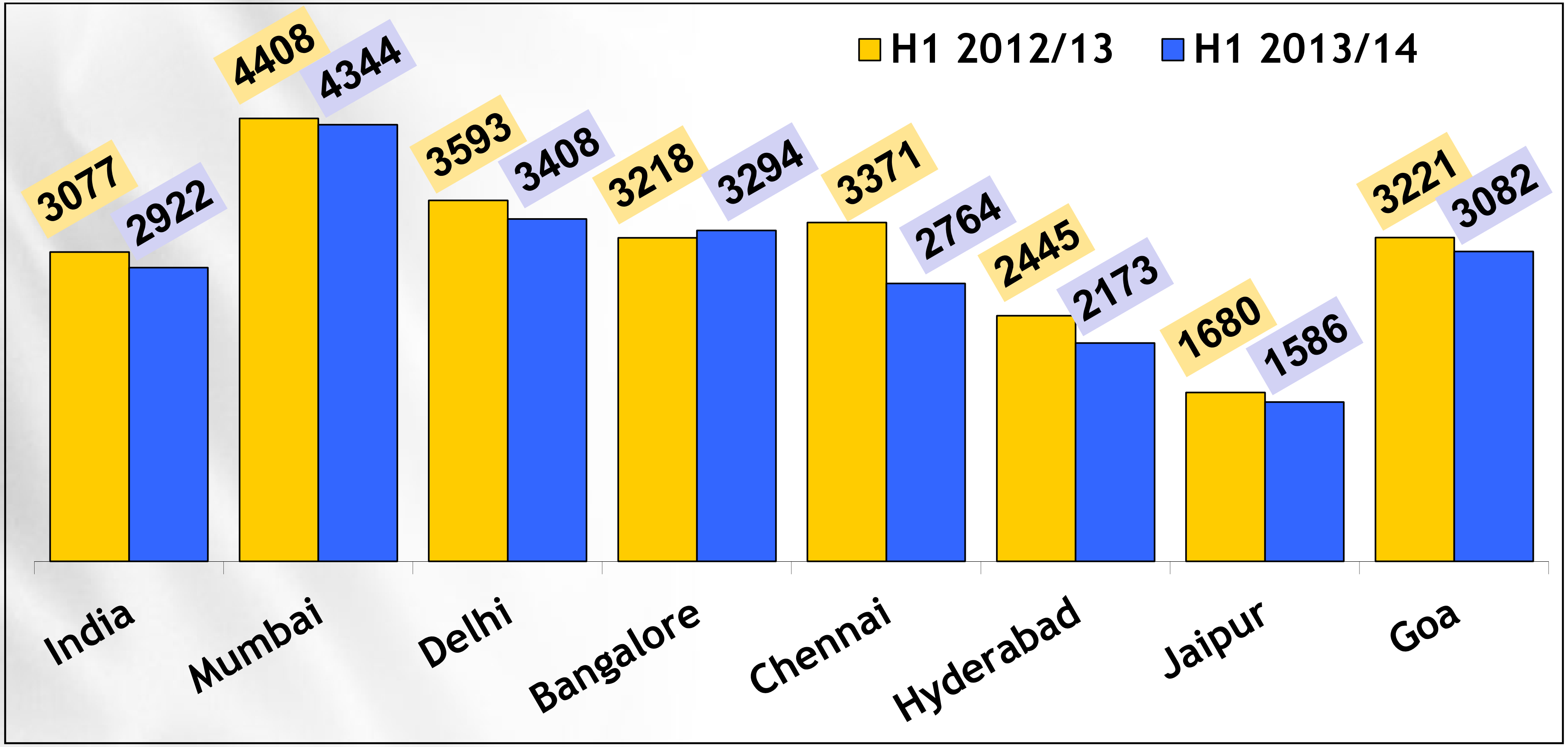
ARRs –Year on Year Trend



Source: STR Global Reports

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

Rev PARs – Year on Year Trend

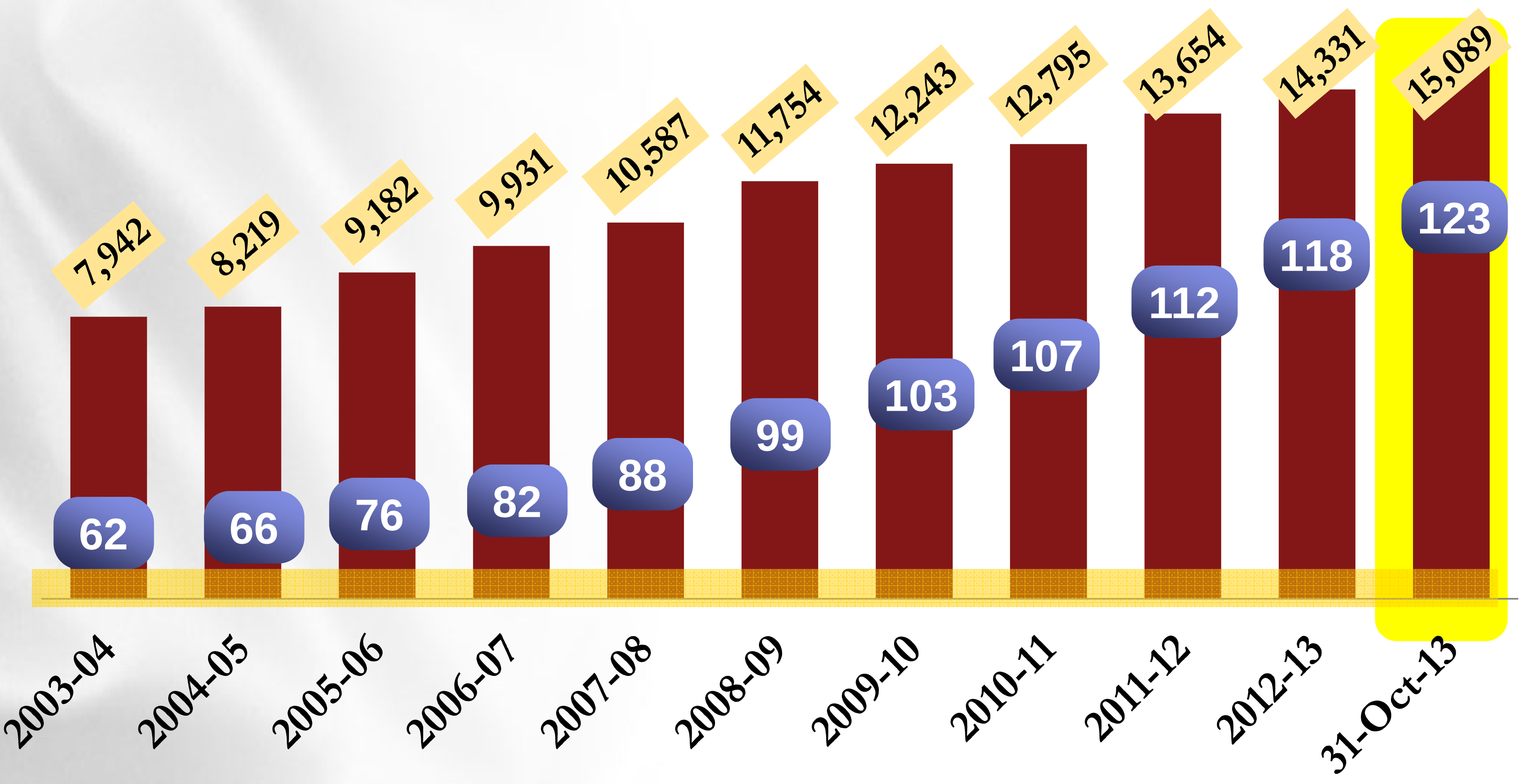


Source: STR Global Reports

- **RevPAR lower across all cities barring Bangalore, primarily due to demand not growing in proportion to supply**

New Inventory

Taj Group Inventory



Upcoming Development – 2013/14

Hotel	Company	Rooms
Vivanta by Taj		
Vivanta by Taj, Surajkund, NCR (Launched)	Management Contract	287
Vivanta by Taj, Dwarka	IHCL	250
Gateway		
Gateway, Hubli (Launched)	Management Contract	92
Gateway OMR, Chennai (Launched)	Management Contract	193
Gateway, Kolkata	Management Contract	200
Gateway, Raipur	Management Contract	119
Ginger Hotels (Four in Number)	Roots Corporation Ltd	347
Noida (Launched), Jaipur (Launched), Amritsar, Chandigarh		

Upcoming Development – 2013/14	10 Hotels	1,488 Rooms

Upcoming Development – 2014/15

Hotel	Company	Rooms
Taj		
Imperial Club by Taj, Tardeo, Mumbai	Management Contract	9
Taj Downtown, Dubai	Management Contract	300
Taj Airport Hotel, Terminal 1C, Mumbai	Taj GVK	283
Vivanta		
Vivanta by Taj, Guwahati	IHCL	150
Gateway		
Gateway Resort, Damdama, NCR	Management Contract	78
Gateway, Gondia	Benares Hotels Ltd	54
Gateway, Hinjewadi, Pune	Management Contract	150
Gateway, Nashik (Expansion)	Piem Hotels Ltd	78
Gateway, Kolhapur	Management Contract	120
Gateway, Corbett	Management Contract	52
Ginger Hotels (Three in Number)	Roots Corporation Ltd	361
Upcoming Development – 2014/15	**12 Hotels**	**1,635 Rooms**

Sales and Marketing Initiatives

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The Gateway Hotel IT Expressway Chennai Launch Event and Activation

- Brand debut in Chennai
- Customer launch with key influencers
- PR campaign and a formal launch event
- A 360 degree stakeholder outreach campaign
- A high-visibility marketing campaign
- Mobile and digital activations
- Key database outreach
- Press release dissemination

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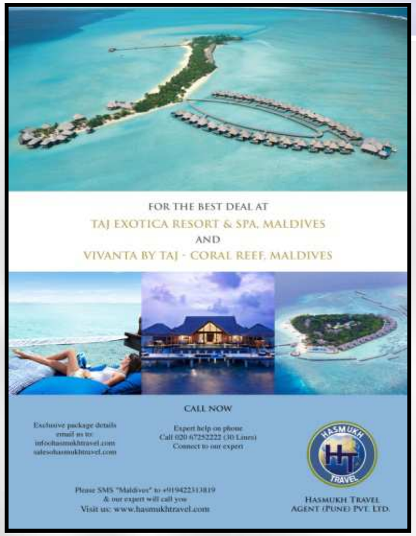
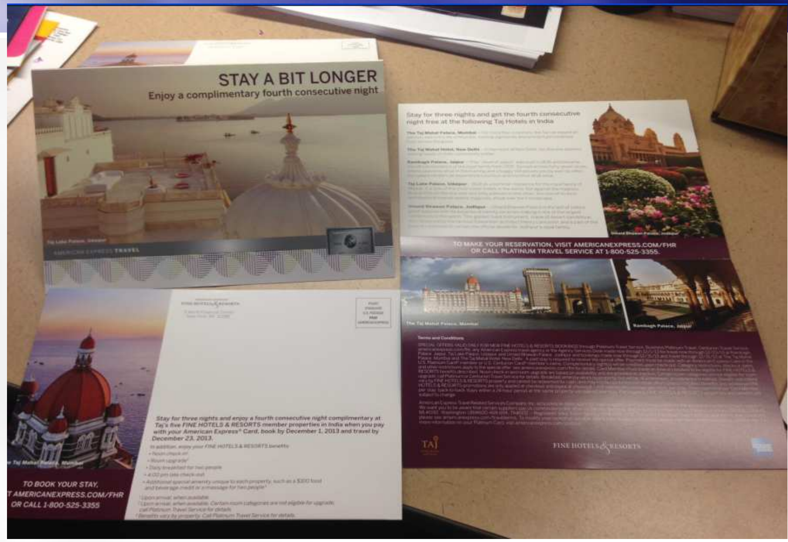
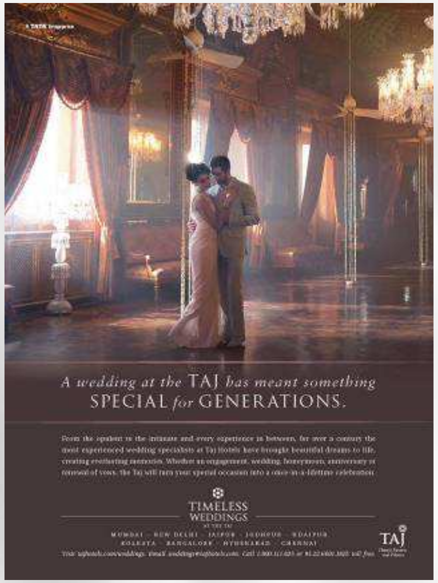
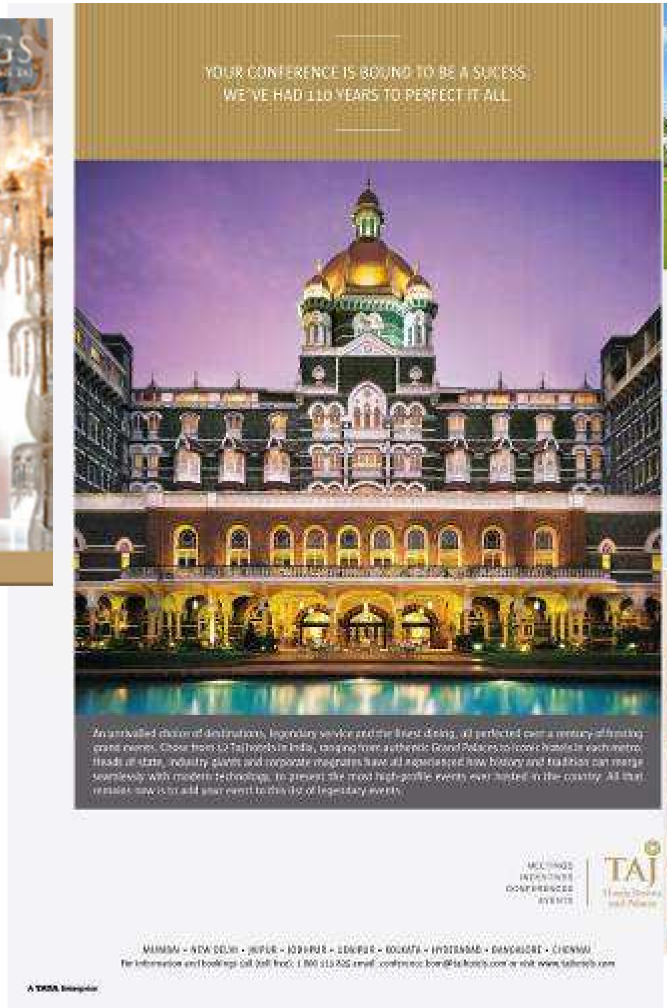
Brand Activation & Tactical Promotions





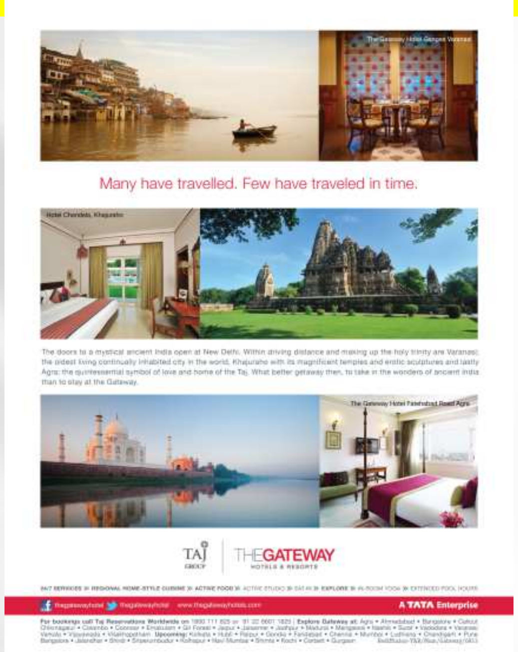
Brand Activations and Target Activities for two focus segments : Weddings & MICE

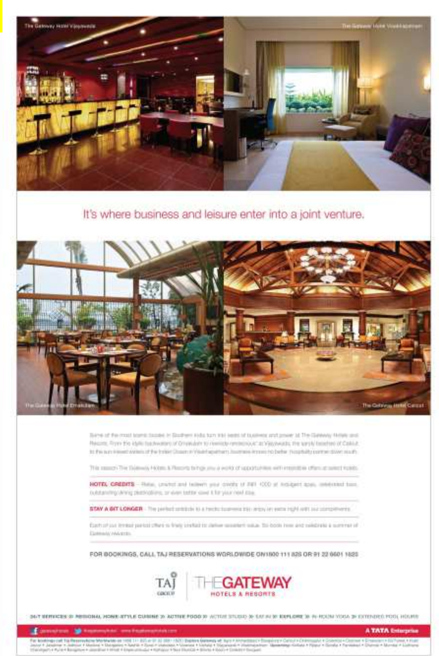




Building the Brand
The Gateway Hotels & Resorts

Marketing campaigns for Cluster Hotels in Key Source markets





Association with HT Mint for activation across airports

In Flight Branding with SpiceJet

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Awards and Accolades

Conde Nast Traveller UK Readers' Travel Awards 2013

TAJ FALAKNUMA PALACE
HYDERABAD

No. 2 in Holiday Hotels

THE TAJ MAHAL PALACE
MUMBAI

No. 3 in Business Hotels

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Awards and Accolades

TRAVEL+ LEISURE WORLD'S BEST AWARDS 2013

T+L World's Best Awards

UMAID BHAWAN PALACE
JODHPUR

No. 3 Top Resorts in Asia

Taj Lake Palace
Udaipur

No. 6 Top Resorts in Asia

RAMBAGH PALACE
JAIPUR

No. 11 Top Resorts in Asia

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Awards and Accolades

T+L World's Best Awards

TAJ
BOSTON

TRAVEL+ LEISURE
WORLD'S BEST AWARDS 2013

Top Large City Hotels in Continental US

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Awards and Accolades

Elite Traveler

Taj Lake Palace
Udaipur

TAJ
51 BUCKINGHAM GATE
SUITES AND RESIDENCES
LONDON

TAJ PALACE
MARRAKECH

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Awards and Accolades

Virtuoso

BANJAAR TOLA
KANHA NATIONAL PARK

Most Innovative Guest Experience

Standalone Financial Performance for the Six Months ended September 30, 2013

Standalone Financials

₹ /crores	2013/14		2012/13	
	Q2	H1	Q2	H1
Total Income	406.73	824.61	404.79	808.71
EBIDTA	**41.26**	**115.89**	**45.95**	**119.44**
EBIDTA %	**10.1%**	**14.1%**	**11.3%**	**14.8%**
Profit before Finance Cost & Exceptional Item	11.02	55.56	13.82	56.36
Profit /(Loss) after Finance Costs but before Exceptional Item	**(16.90)**	**4.84**	**(9.52)**	**3.13**
Exceptional Item – Exchange Loss	(6.83)	(11.39)	(0.28)	(6.70)
Exceptional Item – Diminution in Investment	(287.00)	(287.00)	-	-
Profit / (Loss) after Tax	**(300.32)**	**(290.54)**	**(6.36)**	**(2.33)**

Exceptional Item - Others

- The Company, in 2012/13, had recognized an impairment of ₹ 305 crores in its investment in Taj International Hotels (HK) Ltd (TIHK), a Wholly Owned Subsidiary, which inter alia, holds investment in Orient-Express Hotels Ltd (OEH).
- The Board of Directors of the Company, in its meeting today, has decided not to pursue the offer it made to the Board of OEH in October, 2012
- In view of the above, the Company has considered it prudent to recognize a further diminution in its investment in TIHK by an amount of ₹ 287 crores

Profit and Loss Account
H1 - 2013/14

₹/Crores	2013/14	2012/13	% Change
Net Sales/Income from Operations	787.55	775.48	2
Other Operating Income	-	-	-
Total Income from Operations	**787.55**	**775.48**	**2**
a. Consumption of Raw Materials	75.22	73.05	(3)
b. Employee Benefits Expense	228.38	240.22	5
c. License Fees	52.56	51.97	(1)
d. Fuel, Power and Light	83.19	79.41	(5)
e. Depreciation and Amortisation Expense	60.33	63.08	4
f. Other Expenditure	269.37	244.62	(10)
Total Expenditure	**769.05**	**752.35**	**(2)**
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	18.50	23.13	(20)
Other Income	37.06	33.23	12
Profit/ (Loss) before Finance Costs and Exceptional Items	**55.56**	**56.36**	**(1)**
Finance Costs	50.72	53.23	5
Profit/ (Loss) after Finance Costs but before Exceptional Items	**4.84**	**3.13**	**55**
Exceptional items	(298.39)	(6.70)	-
Profit/ (Loss) before tax	**(293.55)**	**(3.57)**	**-**
Provision for Taxes	(3.01)	(1.24)	143
Profit/ (Loss) After Tax	**(290.54)**	**(2.33)**	**-**

Turnover
H1 - 2013/14

₹ crores	2013/14	2012/13	% Change
Room sales	345.92	354.76	(2)
F&B sales	333.20	317.80	5
Other Operating Income	57.63	52.88	9
Management Fees & Reimbursable	50.80	50.04	2
Income from Operations	**787.55**	**775.48**	**2**
Non – Operating Income	37.06	33.23	12
Total Income	**824.61**	**808.71**	**2**

- Room revenue subdued by continued new supply in a recessionary market
- Increase in restaurant sales and banqueting business
- Other Operating Income higher mainly due to higher Epicure Membership Fees and Shop Rentals
- Management fee linked turnover and profitability of non IHCL hotels

Expenditure

- **Raw Materials Cost – ₹ 75.22 crores**

  Increase in line with higher F&B revenue for the period. Some cost push due to commodity input cost increase.

- **Employee Benefit Expenses – ₹ 228.38 Crores**

  Costs controlled on account of various interventions adopted by the Company.

- **License Fees – ₹ 52.56 crores**

  Linked to the turnover of licensed properties

- **Fuel, Power & Light – ₹ 83.19 crores**

  Higher on account of sporadic increase in rates across metropolitan cities

Expenditure

- **<u>Depreciation & Amortisation – ₹ 60.33 crores</u>**

  Lower depreciation in select hotels

- **<u>Other Expenditure – ₹ 269.37 crores</u>**

  Increase in variable costs linked to business, higher marketing & advertisement, repairs & maintenance and other administration spends

- **<u>Finance Costs – ₹ 50.72 crores</u>**

  Decrease due to deleveraging measures of the Company resulting in reduced cost of Debt.

Balance Sheet as at September 30, 2013

₹ / Crores	Sep 30, 2013	March 31, 2013
Shareholders' Funds	2964.72	3307.65
Non- Current Liabilities		
Long-term borrowings	2601.77	2268.13
Long Term Provisions	669.66	674.42
Other Long Term Liabilities/ Deferred Tax Liabilities	181.03	170.25
Current Liabilities		
Short Term borrowings	256.64	193.54
Other Current Liabilities	360.61	343.01
Trade Payables/Short-term provisions	190.64	269.22
Equity and Liabilities	**7225.07**	**7226.22**
Non-current Assets		
Fixed Assets	2087.72	2065.69
Non-current investments	3096.75	3369.14
Long Term loans and advances	1705.32	1441.02
Other non-current assets	11.48	12.36
Current Assets		
Short term loans and advances	102.65	92.69
Other currents assets/ cash & bank/ inventories/ trade receivables	221.15	245.32
Assets	**7225.07**	**7226.22**

Consolidated Financial Performance for the Six Months ended September 30, 2013

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
- Kaveri Retreat & Resorts Ltd
- IHMS (SA) Pty Ltd
- TAL Hotels & Resorts Ltd [Investment Company]
- Others

Consolidated Financials
H1 – 2013/14

₹ crores	2013/14	2012/13	% Change
Total Income	1852.00	1701.41	9
EBIDTA	**192.02**	**174.90**	10
EBIDTA%	**10.4%**	**10.3%**	
Profit before Finance Cost & Exceptional Item	38.42	29.78	29
Profit/ (Loss) after Finance Costs but before Exceptional Item	**(47.01)**	**(51.98)**	10
Exceptional Item – Exchange Loss	(13.93)	(12.67)	
Exceptional Item – Others	(3.27)	13.95	
Exceptional Item – Diminution in Investment	(365.00)	-	
Profit/(Loss) after Tax, Minority Interest & share of profit/(loss) of associates	**(452.57)**	**(90.85)**	-

Consolidated Financials
H1 - 2013/14

₹/ Crores	2013/14	2012/13	% Change
Net Sales/Income from Operations	1804.62	1666.37	8
Other Operating Income			
Total Income from Operations	1804.62	1666.37	8
a. Consumption of Raw Materials	193.12	174.57	(11)
b. Employee Benefits Expense	665.10	629.05	(6)
c. License Fees	93.19	88.26	(6)
d. Fuel, Power and Light	153.28	143.29	(7)
e. Depreciation and Amortisation Expense	153.60	145.12	(6)
f. Other Expenditure	555.29	491.34	(13)
Total Expenditure	1813.58	1671.63	(8)
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	(8.96)	(5.26)	(70)
Other Income	47.38	35.04	35
Profit before Finance Costs and Exceptional Items	38.42	29.78	29
Finance Costs	85.43	81.76	(4)
Profit/ (Loss) after Finance Costs but before Exceptional Items	(47.01)	(51.98)	10
Exceptional item	(382.20)	1.28	
Profit/ (Loss) before tax	(429.21)	(50.70)	
Less: Provision for Taxes	2.63	8.71	70
Less: Minority Interest in Subsidiaries	(9.09)	(6.77)	(34)
Add:Share of Profit(Loss) in Associates	(11.64)	(24.67)	53
Profit(Loss) after Tax	(452.57)	(90.85)	-

Consolidated Financial Results
H1 - 2013/14

Key factors influencing the consolidated results are listed below:

- **Domestic Portfolio**
  - Influx of new supply during off season impacts occupancies and rates thereby resulting in lower profit from operations. Impact also due to lower dividend income & higher foreign exchange translation loss on borrowings
- **International Portfolio**
  - Continued improvement in US hotels performance over last year.
- **Exceptional Items**
  - Diminution in value of investments in Orient – Express Hotels Limited - ₹ 365 crores, including expenses relating to the bid made in October, 2012

International Hotels

Hotel Name	Occupancy (%)		ARR ($)		RevPAR ($)	
	H1 2013/14	H1 2012/13	H1 2013/14	H1 2012/13	H1 2013/14	H1 2012/13
The Pierre, New York	**77**	63	**627**	620	**484**	391
Taj Boston	**81**	74	**292**	296	**238**	218
Campton Place, San Francisco	**80**	79	**316**	290	**253**	230
St. James Court, London (£)	**86**	87	**208**	212	**179**	184
Blue, Sydney	**73**	75	**225**	226	**165**	169

Overview of Taj Group – H1

Particulars	2013/14	2012/13	2011/12	2010/11
Number of hotels	123	115	110	107
Rooms Inventory	15,089	13,887	13,237	12,795
Total Revenue ₹ / crores	2,464	2,288	2,069	1,822

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

Outlook

- Recent growth in domestic market supply is a result of decisions taken prior to 2009
- At that time cash flows were strong & fund raising was possible at efficient costs
- Going forward, the future supply growth is expected to come down as cost of funds is unusually high in the current economic environment
- In H1 2013/14, the demand growth of 22% is only marginally behind the supply growth of 23%, pan India (STR Global Reports)
- Thus, an improvement in economic environment coupled with current demand growth tends should help in improvement in RevPAR for the sector

Thank you