

# The Indian Hotels Company Limited

## Analyst Meet

Results for the Year ended March 31, 2009

June 12, 2009

# 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](http://www.tajhotels.com) for previous investor communications

# Presenter Panel

**Raymond Bickson - Managing Director**

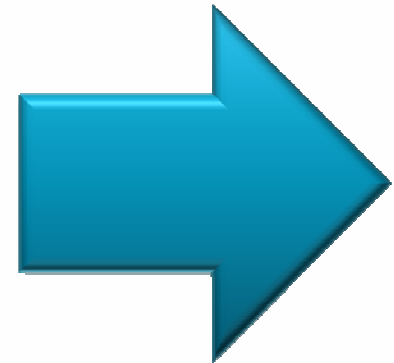
**Anil P Goel – Executive Director – Finance**

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

# Outline of Presentation

- Industry trends
- New Hotels in 2008/09
- Expansion Plans – 2009/10
- Controlling Stake in ELEL
- Overview of Taj Group
- Financial Performance – Standalone - 2008/09
- Consolidated Financial Performance (Unaudited) – 2008/09

# Industry Trends



## Concerns facing Global Tourism industry

- GDP growth for Travel industry to be negative 3.5% in 2009 (WTTC)
- RevPAR expected to be lower by 10-15 % over previous year
- Reduced new supply due to liquidity crunch and shortage of funds

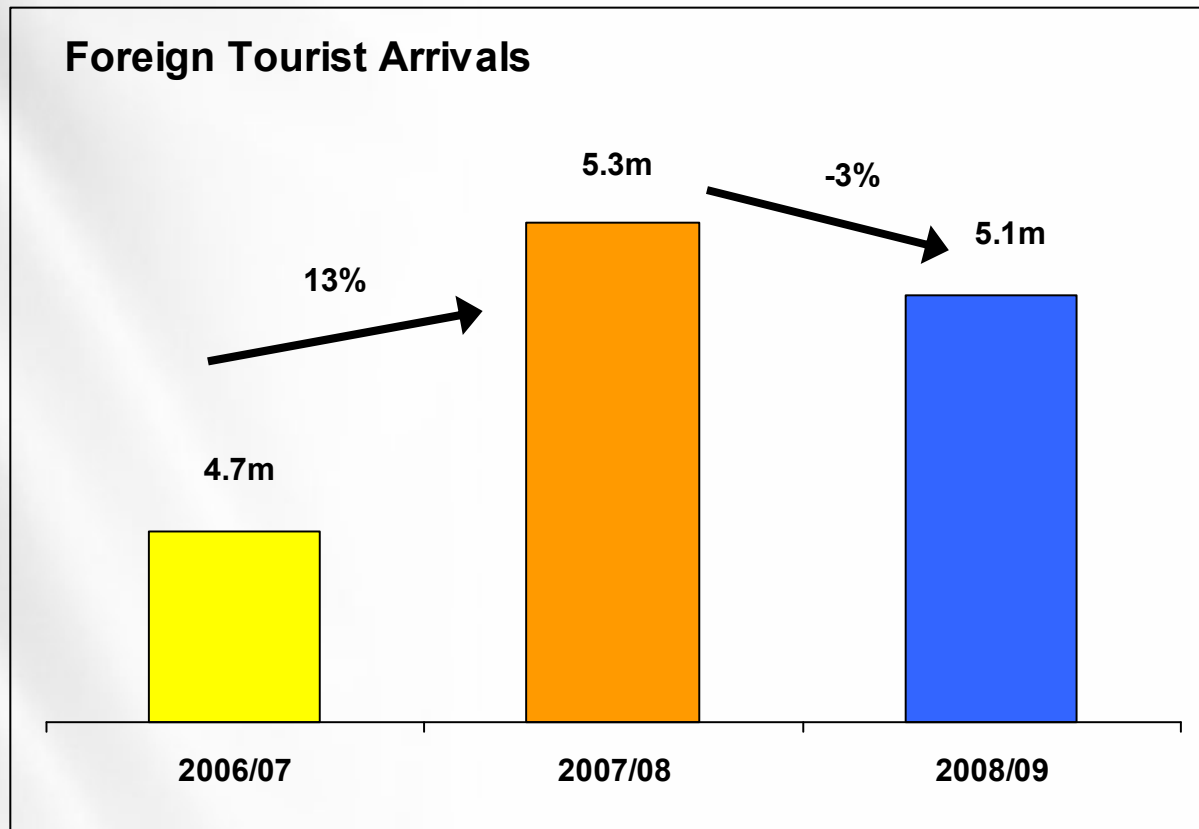
## Opportunities For Indian Tourism

- Despite global slowdown, emerging economies like India to grow at 5.1%
- Share of India in International Tourist arrivals to increase

## Opportunities For Taj

- Taj will contribute 15% of the anticipated new supply in key Indian cities in the next three years.
- Taj added 1,300 rooms to its portfolio in 2008/09
- 15 hotels to be commissioned / launched in 2009/10
- A specific campaign for Vivanta by Taj brand
- A fully renovated Pierre to be relaunched
- Palace wing of Taj Mahal Palace & Towers, Mumbai to be reopened in the year
- Rationalisation of routine CAPEX activity

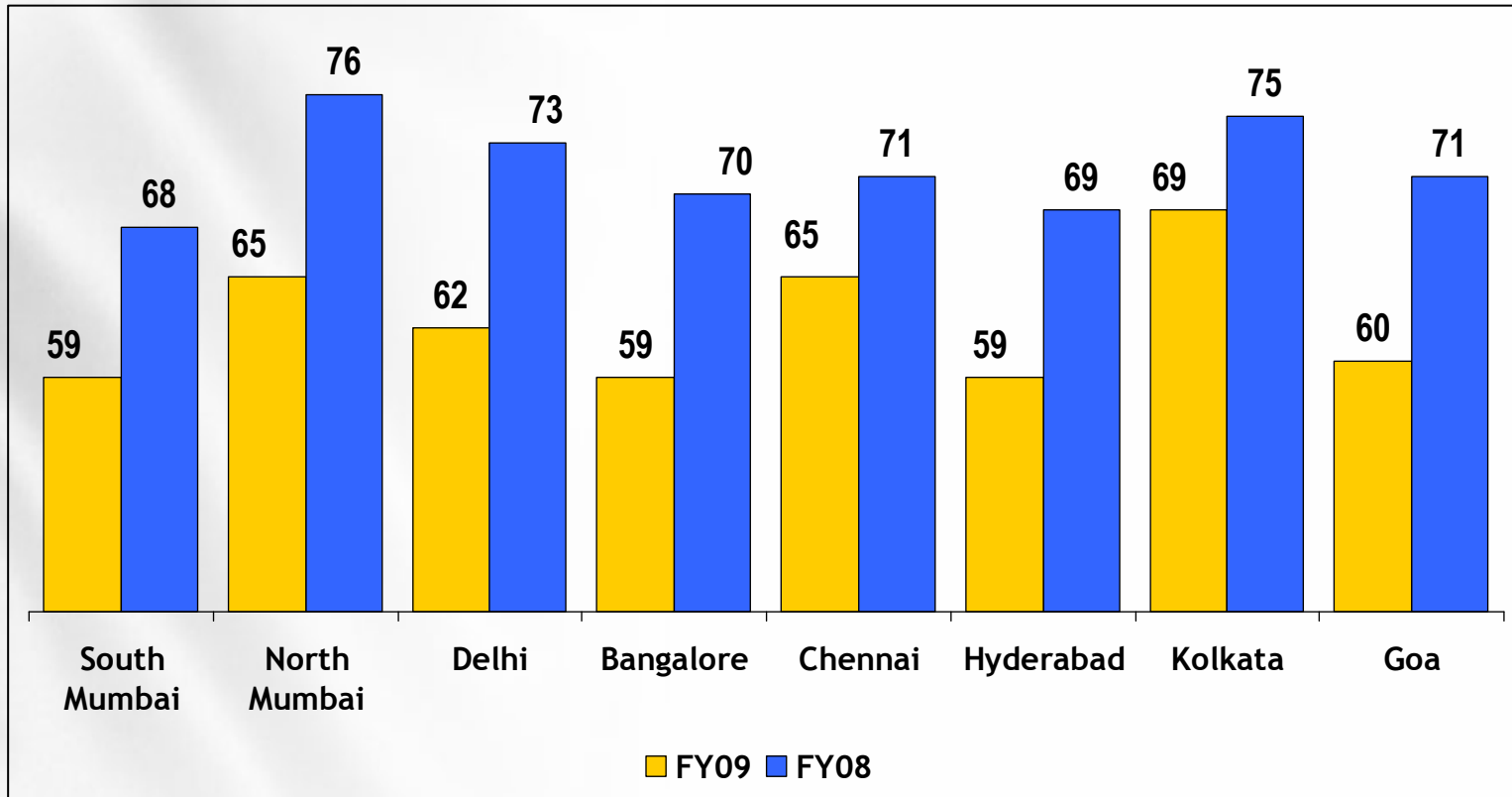
# Foreign Tourist Arrival – 2008/09



Period: April - March, Source: Ministry of Tourism

- Foreign Tourist arrivals at 5.13 million in 2008/09

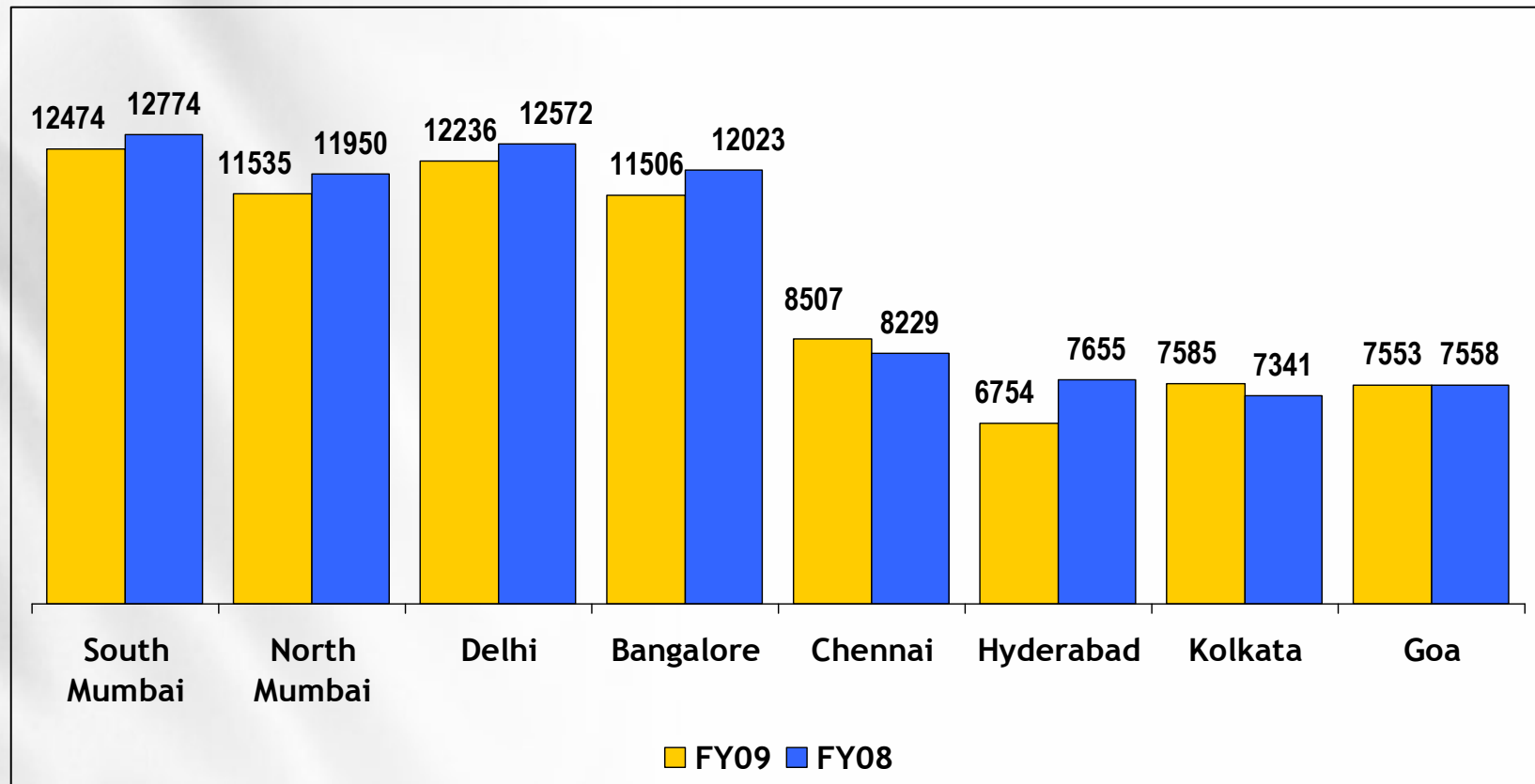
# Occupancies -2008/09



Source: Internal Survey

- Aggregate supply grew by 3% to 18,447 rooms per day
- Aggregate demand was lower by 12% at 11,352 rooms per day

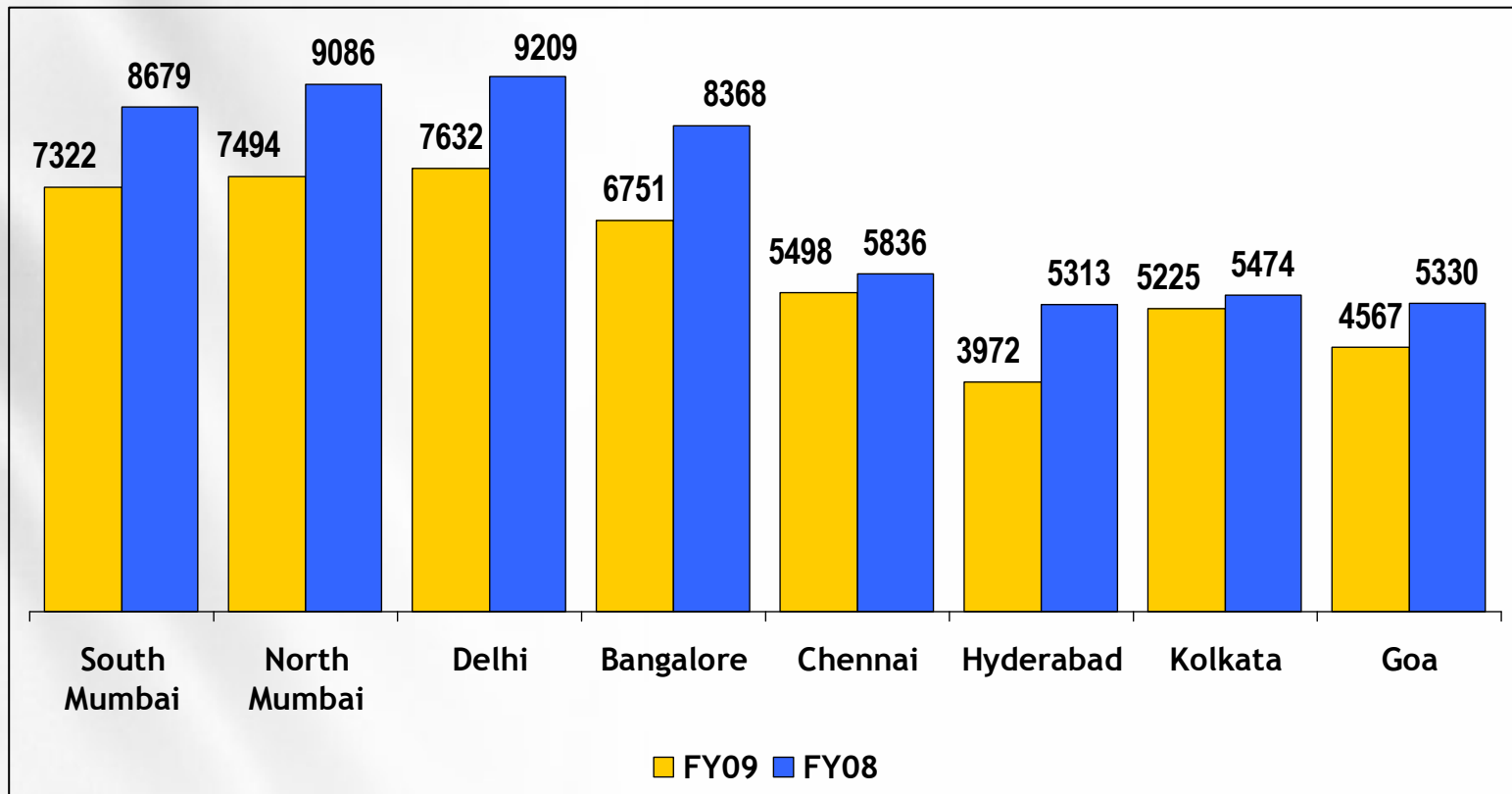
# ARRs – 2008/09



Source: Internal Survey

- ARR was lower in all metro cities, barring Chennai and Kolkata

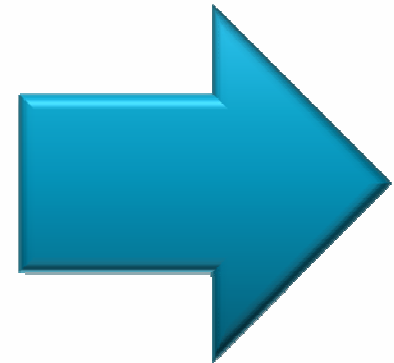
# Rev PARs – 2008/09



Source: Internal Survey

- Rev PARs were lower in all cities due to a combination of rates and occupancy decrease

# New Hotels in 2008/09



# Hotels Launched in 2008/09

## IHCL

VIVANTA by Taj , Bangalore

199 rooms (Dec 08)

## Taj Group

Taj Mount Road, Chennai

Taj GVK Ltd

220 rooms (Dec 08)

Pashan Garh, Panna

Taj Safaris Ltd

12 rooms (Dec 08)

Banjaar Tola, Kanha

Taj Safaris Ltd

18 rooms (Feb 08)

Nadesar Palace, Varanasi

Benaras Hotels Ltd.

10 rooms (Feb 09)

Ginger Hotels – 6 cities

Roots Corporation Ltd

580 rooms

## Management Contract

Taj Residency, Trivandrum

137 rooms (Sep 08)

**New room inventory launched in the year 2008/09**

**1176 rooms**

# VIVANTA by Taj, Bangalore



# Taj Mount Road, Chennai



# Pashan Garh - Panna



# Banjaar Tola - Kanha



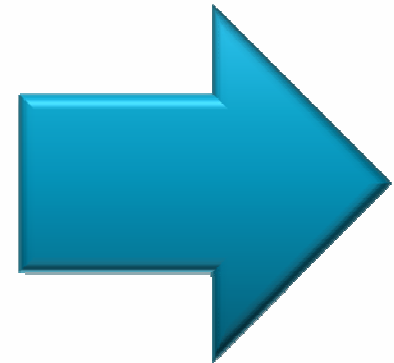
# Nadesar Palace, Varanasi



# Taj Residency, Trivandrum



# Expansion Plans - 2009/10



## New hotels in 2009/10

### IHCL

Taj Falaknuma Palace, Hyderabad	60 room (Dec 09)
Yeshwantpur	331 room (Feb 10)
Taj Lands End Expansion, Mumbai	120 rooms (Sept 09)

### Taj Group

Pierre renovation	IHMS Inc.	184 rooms (Jun 09)
Taj Palace, Cape Town	Taj International SA	172 rooms (Dec 09)
Fishcove Expansion, Chennai	Oriental Hotels Ltd.	64 rooms (Oct 09)
Ginger hotels – 5 cities	Roots Corporation Ltd	468 rooms

### Management Contract

Panjim - <b>Launched</b>	164 rooms
Gateway, OMR, Chennai	159 rooms (Jan 10)
Vivanta by Taj, Bekal	72 Rooms (Mar 10)

**New rooms in 2009/10**

**1794 rooms**

# Falaknuma Palace, Hyderabad



# Vivanta by Taj, Yeshwantpur



# Taj Lands End



# The Pierre



# Taj Palace, Capetown



# Fishcove Expansion, Chennai



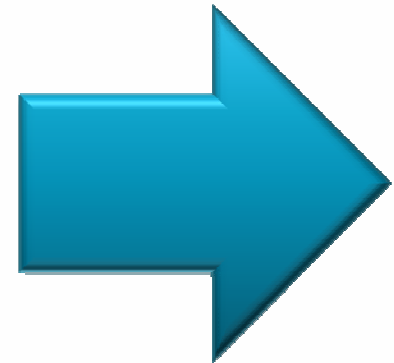
# Panjim



# Vivanta by Taj, Bekal



# Controlling Stake in ELEL



# The Transaction

- **IHCL has agreed to acquire from ELEL Hotels and Investments Ltd a Controlling Stake in the latter company for a value of Rs 680 crores.**
- **ELEL Hotels and Investments Ltd is the owner of the Sea Rock Hotel**
- **IHCL had in the past entered into a Technical & Management Arrangement with ELEL for the joint development of the property**
- **Proposal will be to demolish the existing hotel building and undertake a new Development fully integrating the new hotel and its infrastructure with Lands End hotel**

# The Site

## Existing Hotel Building



# The Site: Aerial view of proximity to Taj Lands End



# The Site in the context of the Sea Link

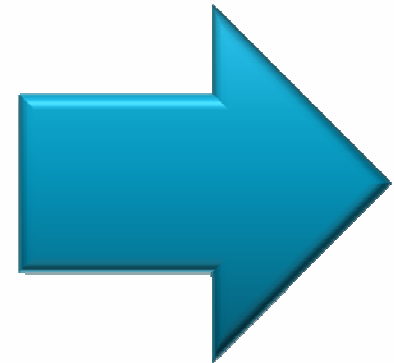


# Development Proposal

- **An Integrated Hospitality Development**
  - **High end Luxury Hotel, Convention Centre, Retail & Commercial Operations**
- **Site benefits from Commanding Location on Arabian Sea, proximity to Bandra-Worli Sea Link**
- **Designers and Architects are being commissioned**
- **Giving Mumbai a World-Class Hospitality & Convention Center development**



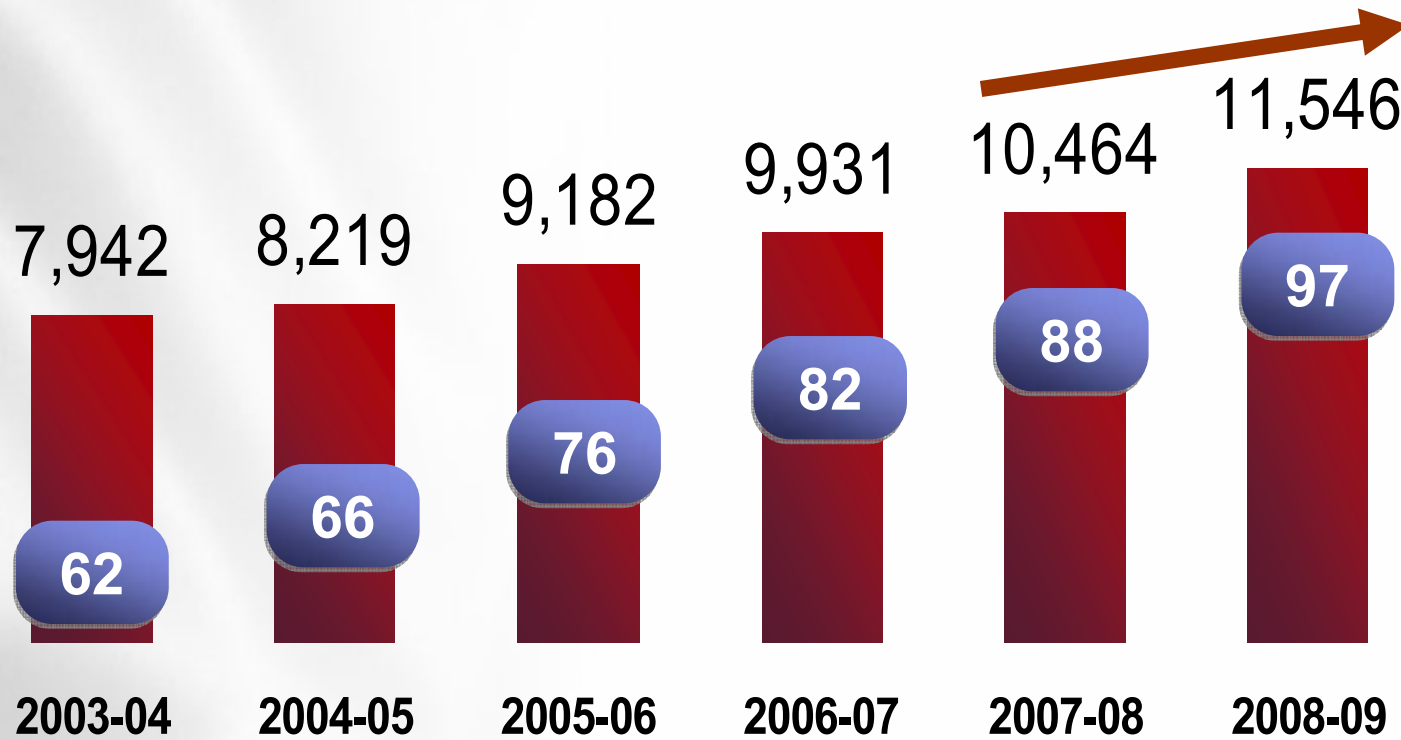
# Taj Group An Overview



# Taj Group – Inventory

Hotel (Room) Nos.	Luxury	Premium	Gateway	Luxury International	Ginger	Total
IHCL	9 (2,210)	8 (1,009)	8 (414)	-	-	25 (3,633)
Subsidiaries	-	2 (188)	-	5 (1,011)	17 (1,709)	24 (2,908)
Associate Companies	1 (213)	8 (1,315)	8 (585)	-	-	17 (2,113)
Joint Venture	1 (260)	6 (732)	7 (221)	1 (62)	-	15 (1,275)
Management Contracts	2 (143)	8 (705)	5 (520)	1 (249)	-	16 (1,617)
<b>Total</b>	<b>13 (2,826)</b>	<b>32 (3,949)</b>	<b>28 (1,740)</b>	<b>7 (1,322)</b>	<b>17 (1,709)</b>	<b>97 (11,546)</b>

# Taj Group Inventory

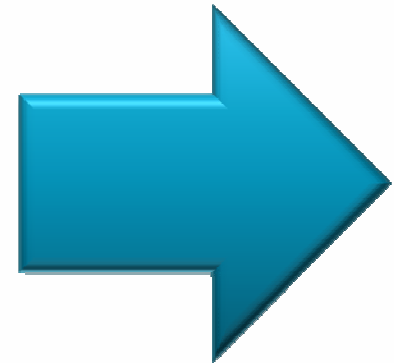


# Overview of Taj Group

Particulars	2008/09	2007/08	2006/07	2005/06
No. Of Hotels	97	88	82	76
Inventory	11,546	10,464	9,931	9,182
Total Income – Rs / crores	3918	4332	3836	3042

- Total revenues in 2008/09 were lower by 9% vs. previous year

# Financial Performance Standalone 2008/09



# Highlights – 2008/09

**Turnover of Rs.1707 crores - lower by 6%**

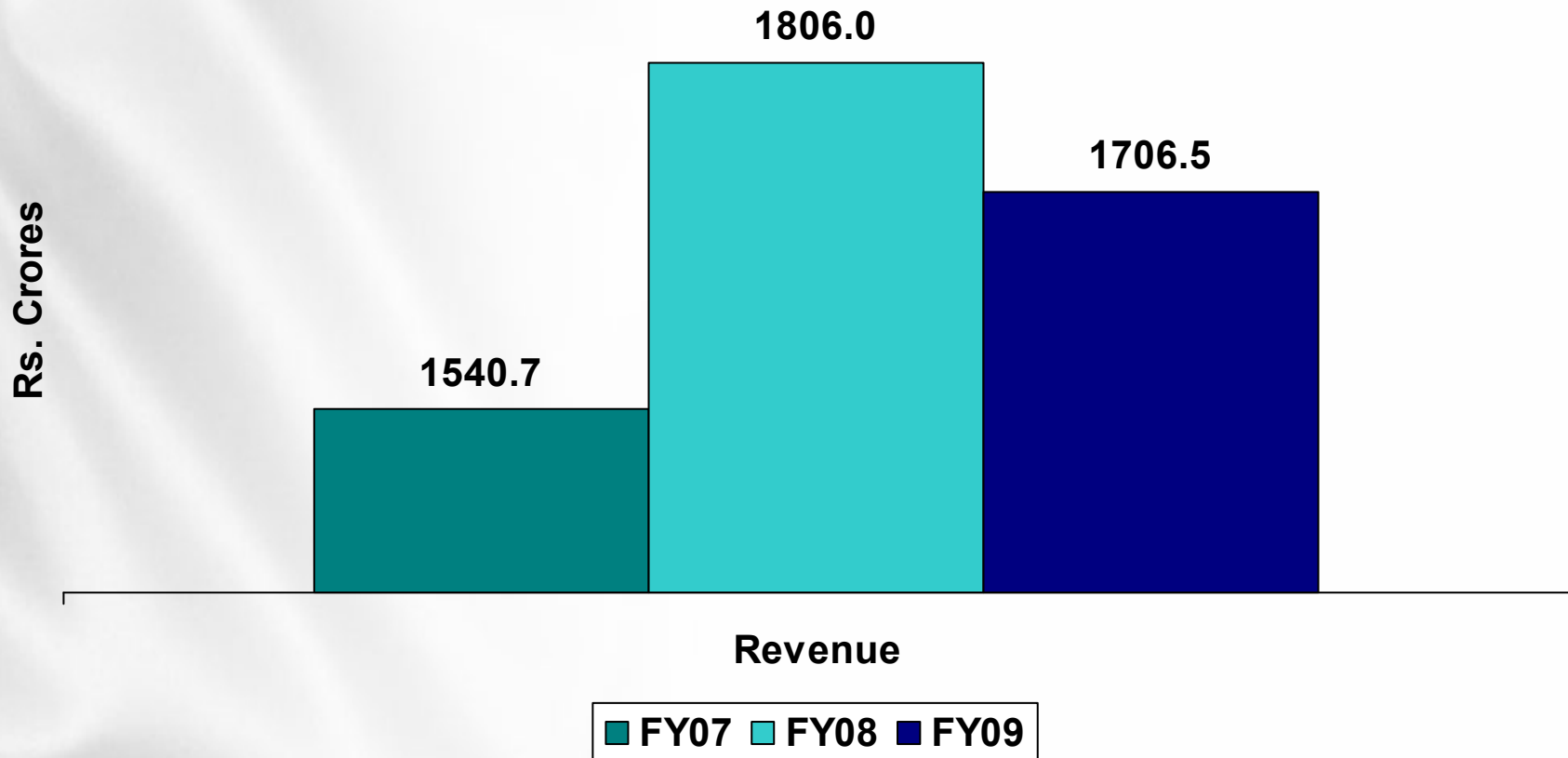
**PBIT of Rs.453 crores - lower by 33%**

**PBT of Rs.362 crores - lower by 38%**

**PAT of Rs.234 crores**

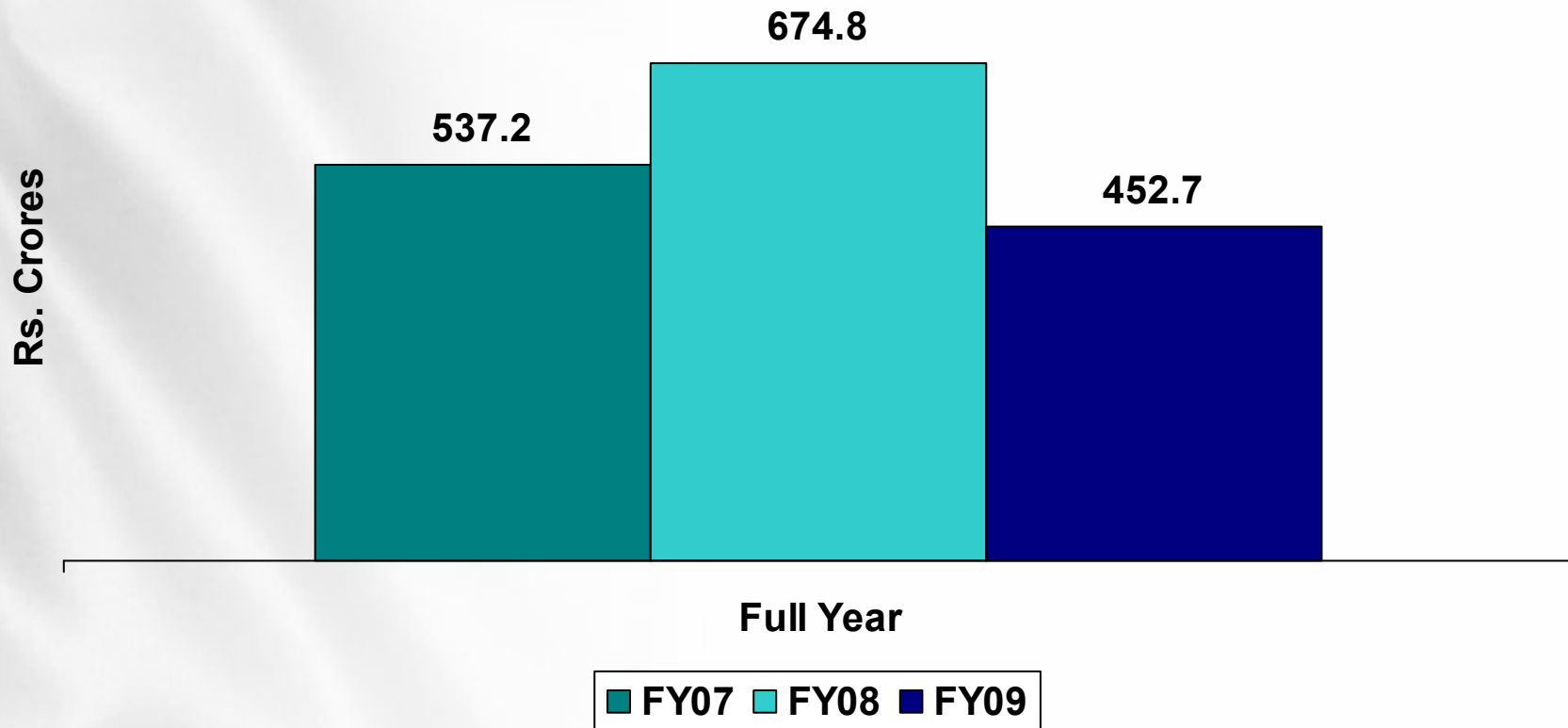
**EPS at Rs. 3.28 CY vs Rs. 5.77 PY**

# Turnover Trend



2008/09 Turnover lower by 6% vs. last year

# PBIT Trend



2008/09 PBIT lower by 33% vs. last year

## Profit and Loss–2008/09

Rs. Crores	2008/09	2007/08	% Change
Net Sales/Income from Operations	1352.18	1564.03	(14)
Other Operating Income	267.39	200.48	33
<b>Total Income</b>	<b>1619.57</b>	<b>1764.51</b>	<b>(8)</b>
a. Consumption of Raw Materials	114.54	128.24	(11)
b. Staff Costs	386.78	309.84	25
c. License Fees	94.76	103.73	(9)
d. Fuel, Power and Light	97.28	92.31	5
e. Depreciation	94.39	85.44	10
f. Other Expenditure	437.60	428.82	2
<b>Total</b>	<b>1225.35</b>	<b>1148.38</b>	<b>7</b>
Profit from operations before Interest and Tax	394.22	616.13	(36)
Other Income	86.95	41.53	109
<b>Profit before Interest and Tax</b>	<b>481.87</b>	<b>657.66</b>	<b>(27)</b>
Interest (Net)	90.43	94.28	(4)
Exceptional item	28.44	(17.09)	-
<b>Profit before tax</b>	<b>362.30</b>	<b>580.47</b>	<b>(38)</b>
Tax Provision	128.27	203.01	(37)
<b>Profit After Tax</b>	<b>234.03</b>	<b>377.46</b>	<b>(38)</b>

# Financial Results – 2008/09

Rs. Crores	2008/09	2007/08	% Change
Room sales	843.19	978.71	(14)
F&B Sales	508.99	585.32	(13)
Other operating income	267.39	200.48	34
Non Operating Income	86.95	41.53	109
<b>Sales &amp; Other Operating Income</b>	<b>1706.52</b>	<b>1806.04</b>	<b>(6)</b>

Operating Income includes “Loss of Profit” claim for Taj Mahal Palace & Towers, Mumbai

Non Operating Income Includes dividends received on investment of surplus cash in Mutual Funds

# ARR & Occupancy

	Occupancy (%)		ARR (Rs)		RevPAR (Rs)		
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	% Change
Q1	66	69	10049	8505	6634	5882	13
Q2	64	66	9657	8641	6179	5744	8
Q3	69	76	11898	12279	8185	9325	(12)
Q4	64	82	10374	12660	6662	10430	(36)
Full Year	66	73	10504	10674	6905	7842	(12)

# Expenditure

- **Staff Cost – Rs 386.8 Crores**

Includes incremental provisioning of Rs 22 crores towards the retirement funds liability on account of decline in GSec yields.

- **Exchange Gain / (Loss) – Rs (22.2) Crores**

Impact of mark to market of Liabilities on account of depreciation of Rupee in the current year.

Rs.11.6 Crores is carried forward to be amortized in future in lieu of amendments in Accounting Standard 11.

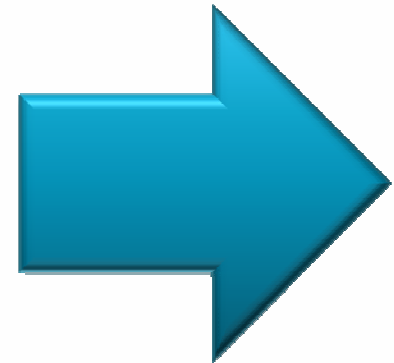
# Balance Sheet

Rs. Crores	As on March 31, 2009	As on March 31, 2008
<b>Sources of Funds</b>		
Capital	72.34	60.29
Reserves and Surplus	3076.85	1976.26
Loan Funds	1766.47	1134.18
Trade Deposits	23.53	23.63
Deferred Tax Liability	146.94	137.86
<b>Total</b>	<b>5086.13</b>	<b>3332.22</b>
<b>Application of Funds</b>		
Fixed Assets	1800.50	1637.05
Investments	2026.88	977.58
Long Term Deposits	677.78	585.55
Foreign Currency Translation a/c	11.63	
Net Current Assets	568.61	130.59
Miscellaneous Expenditure	0.73	1.45
<b>Total</b>	<b>5086.13</b>	<b>3332.22</b>

# Dividends

The Board of Directors have recommended a final dividend of 120% for 2008/09. (PY 190%)

**Consolidated Financial  
Performance (Unaudited)  
2008/09**





# Major Taj Group companies forming part of Consolidated accounts

## Subsidiaries

- Taj SATS Air Catering Ltd
- Tifco Holdings Ltd
- United Hotels Ltd
- Roots Corporation Ltd
- Innovative Foods 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
- Taj Air Ltd
- Bjets Pte Ltd
- Taj Lanka Resorts
- Taj Lanka Hotels
- 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
- Taj Asia Ltd
- Others

# Consolidated Financial (Unaudited) Highlights – 2008/09

**Turnover of Rs. 2712 crores - lower by 9%**

**PBIT of Rs.414 crores - lower by 50%**

**PBT of Rs.184 crores - lower by 71%**

**PAT of Rs.12 crores**

**EPS at Rs.0.17 CY vs Rs.5.43 PY**

# Consolidated Financials (Unaudited)-2008/09

Rs. Crores	2008/09	2007/08	% Change
Net Sales/Income from Operations	2686.36	2920.03	(8)
Share of Profit in Associates	25.49	64.18	(60)
<b>Total Income</b>	<b>2711.85</b>	<b>2984.21</b>	<b>(9)</b>
a. Consumption of Raw Materials	276.84	266.07	4
b. Staff Costs	849.2	781.18	9
c. License Fees	103.67	112.64	(8)
d. Fuel, Power and Light	166.52	152.95	9
e. Depreciation	188.31	167.58	12
f. Other Expenditure	731.8	715.17	2
<b>Total</b>	<b>2316.34</b>	<b>2195.59</b>	<b>6</b>
Profit from operations before Interest and Tax	395.51	788.62	(50)
Other Income	70.52	75.47	(7)
<b>Profit before Interest and Tax</b>	<b>466.03</b>	<b>864.09</b>	<b>(46)</b>
Interest (Net)	230.46	202.32	14
Exceptional item	(51.57)	(37.07)	39
<b>Profit before tax</b>	<b>184.00</b>	<b>624.70</b>	<b>(71)</b>
Tax Provision	171.54	269.72	(36)
<b>Profit After Tax</b>	<b>12.46</b>	<b>354.98</b>	<b>(96)</b>

## Consolidated (Unaudited) Snapshot

Rs/Crores	Revenue		Profit after tax	
	2008/09	2007/08	2008/09	2007/08
IHCL Standalone	1,707	1,823	234	378
Subsidiaries	997	1,104	(210)	(102)
Joint Ventures	128	146	19	34
Associates	25	62	25	62
<b>Total</b>	<b>2,857</b>	<b>3,135</b>	<b>68</b>	<b>373</b>
Less: Inter Company Eliminations	75	58	56	17
<b>Consolidated Performance</b>	<b>2,782</b>	<b>3,077</b>	<b>12</b>	<b>355</b>

# Consolidated Balance Sheet

Rs. Crores	As on March 31, 2009	As on March 31, 2008
<b>Sources of Funds</b>		
Capital	72.34	60.29
Preference shares issued by subsidiary	120	
Reserves and Surplus	3207.1	2208.8
Minority Interest	274.11	282.01
Loan Funds	4646.88	3466.83
Trade Deposits	23.8	23.63
Deferred Tax Liability	160.52	148.88
<b>Total</b>	<b>8504.75</b>	<b>6190.44</b>
<b>Application of Funds</b>		
Fixed Assets	4815.4	3949.54
Goodwill	361.15	297.03
Investments	2407.68	1541.94
Long Term Deposits	157.59	165.71
Foreign Currency Translation Difference Account	11.63	
Net Current Assets	743.3	226.72
Deferred Tax Assets	0.37	0.35
Miscellaneous Expenditure	7.64	9.15
<b>Total</b>	<b>8504.75</b>	<b>6190.44</b>

## International Operations

- The Pierre soft launched on June 1, 2009 and full formal reopening by end August,2009.
- Taj Coral Reef, Maldives to reopen in July, 2009
- Investment in OEH
  - An additional equity of 2.25 million shares in April , 2009 at \$ 5.75 per share.
  - Taj Group's holding maintained at 9.3%.
  - The investment continues to be funded by Off-shore Debt.

**Thank you**