

June 14, 2010

**CARE REAFFIRMS THE RATING ASSIGNED TO THE BANK FACILITIES,  
NCD ISSUE OF THE INDIAN HOTELS CO LTD. &  
ASSIGNS 'AA+' RATING TO PROPOSED NCD ISSUE**

<b>Facilities/Instruments</b>	<b>Amount (Rs. crore)</b>	<b>Ratings<sup>1</sup></b>	<b>Remarks</b>
Long-term Bank Facilities	300.00 (enhanced from Rs.285 cr)	<b>'CARE AA+' (Double A Plus)</b>	Reaffirmed
Short-term Bank Facilities	170.00 (enhanced from Rs.20 cr)	<b>'CARE PR1+' (PR One Plus)</b>	Reaffirmed
<b>Total Bank Facilities</b>	<b>470.00</b>		
Long Term NCD	602.85	<b>'CARE AA+' (Double A Plus)</b>	Reaffirmed
Proposed Long Term NCD*	700.00	<b>'CARE AA+' (Double A Plus)</b>	Assigned

### Rating Rationale

The ratings derive strength from IHCL's dominant position along with diversified presence in the Indian hospitality sector, strong brand image, proven track record of management, improving scenario of the hotel industry and low gearing levels. The ratings derive strength from presence of Tata Group as the promoters of IHCL.

The rating is constrained by risks arising from the company's significant acquisition, expansion and investment plans across geographies, slow growth in the overall hospitality industry and the inherent cyclical nature of the hotel industry.

### Company Profile

IHCL incorporated in 1902, is promoted by the Tata Group. It has long standing operations spanning over 100 years and operates the largest hotel chain in South Asia. It is headed by Mr. Ratan Tata, Chairman. Mr. Raymond Bickson, Managing Director takes care of the day-to-day affairs of the company. The management is assisted by a team of experienced professionals in charge of various functions. IHCL, its subsidiaries and associates are widely recognised under the umbrella brand name 'Taj Hotels Resorts and Palaces'. As on 31st March 2009, Taj hotel group had 97 hotels across segments and a room inventory of 11,546 rooms. 9 New hotels and room inventory of 1182 rooms were added in FY09. It also has presence in air catering, spas, wildlife lodges and service apartments.

The company is strengthening its presence and image by expanding both domestically and internationally. It opened 4 hotels in FY09 viz. "Vivanta by Taj" in Bangalore; TAJ Mount Road in Chennai, Nadesar Palace in Varanasi and TAJ Residency in Trivandrum. On the international front, Management Contracts are in place for hotels in Tangiers, Morocco and a breakthrough by signing a hotel in China in Beijing. All these new international hotels will come up over the next few years.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com)

In 6MFY10, the company has achieved net sales of Rs.548.28 crore with a PBILDT and PAT of Rs.85.56 crore and Rs.28.31 crore (before deferred tax) respectively. Total income was adversely impacted because of the closure of the 287 rooms in the palace wing of Taj Mahal Palace & Tower, Mumbai, which is undergoing renovation post the terrorist attacks.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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