

India Hospitality Corp. Reports Preliminary Fiscal Year 2008 Results

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Revenues Improve 43% over Prior-Year Period, Kitchen Capacity Increased 55,000 Meals per Day in Fiscal 2008

India Hospitality Corp. today announced unaudited preliminary results for its operating businesses, Mars Restaurants and SkyGourmet Catering, for the fiscal year ended March 31, 2008.

Fiscal year 2008 highlights:

- Acquired Mars Restaurants Private Limited and SkyGourmet Catering Private Limited in July 2007 for \$110 million.
- Total revenues increased 42.8% on a year-over-year basis to \$35.2 million.
- Received \$75 million investment commitment in December 2007 from Navis Capital Partners and Hayground Cove Asset Management.
- Opened 25,000 meals per day Air Catering Unit in Delhi in June 2007, opened new SkyGourmet kitchen in January 2008 in Chennai with a capacity of 10,000 meals per day.
- Launched new SkyGourmet kitchen in March 2008 in Hyderabad in conjunction with the opening of the city's new Rajiv Gandhi International Airport, Hyderabad kitchen capacity is 20,000 meals per day.

Subsequent Events:

- On June 11, IHC's Board of Directors appointed Ravi Deol as Chairman and Chief Executive Officer of Mars Restaurants as part of a major initiative to rapidly grow its hotels and food services businesses.
- On June 11, IHC announced the formation of a \$200 million hospitality fund to be led by Mr. Deol. The fund will allow the company to make a significant investment into the development and/or acquisition of Indian hospitality properties and will be managed by Mars Restaurants, which also owns Gordon House Hotels. IHC will receive a management fee through an advisory agreement between the fund and Mars.
- On June 16, IHC announced that its SkyGourmet division signed an air catering contract with Lufthansa for its flights to Frankfurt from Pune. Meals will initially be catered out of the Gordon House Hotel, which is operated by Mars Restaurants. SkyGourmet has also started catering to Kingfisher out of Pune, and is in discussions with several international carriers.

"The Indian economy and hospitality industry has continued its rapid growth over the past year and a half, and with 35 new regional airports and four major metropolitan airports currently under construction in India, IHC is poised to capitalize on this changing environment in South Asia," said IHC Deputy Chairman Richard Foyston. "With the addition of our new \$200 million hospitality fund, we believe IHC is in a strong position to take advantage of the opportunities that this growth will provide over the next several years."

Fiscal Year 2008 Preliminary Results

For the fiscal year ended March 31, 2008, India Hospitality reported unaudited revenue of \$35.2 million from Mars and SkyGourmet - a 42.8% increase from the combined results for the prior-year period. Top line growth was boosted by an approximate 62.9% increase in revenue from IHC's SkyGourmet division, aided by increased demand for meals, as well as the opening of a new kitchen in Chennai in January 2008 and a significant increase in capacity at the company's Delhi Air Catering Unit. Total meals served for fiscal year 2008 increased 58%.

Revenue at Mars Restaurants increased to \$11.7 million, a 15.8% improvement over the prior-year period. The results at Mars were driven by a 29% increase in average room revenue (ARR) at the Gordon House Hotels. Same-store sales increased 6.5% at Birdy's cake shops, while other restaurant same-store sales increased 12%.

Total combined adjusted EBITDA for SkyGourmet and Mars for fiscal year 2008 was \$6.8 million compared to \$4.9 million in the prior-year period, a 37% improvement. Margin pressure occurred in the first half of the fiscal year due to higher fixed costs associated with capacity additions at SkyGourmet. Also associated with these higher fixed costs, SG&A increased from \$13.7 million in fiscal 2007 to \$18.6 million (adjusted) in fiscal 2008, primarily an investment in infrastructure to accommodate the anticipated growth at SkyGourmet over the next several years. Revenue growth in the second half of the year has now resulted in more normalized margins.

Included in one-time adjustments to EBITDA were a \$1.6 million loss on sale of assets - almost all from the sale of an obsolete kitchen at SkyGourmet, a \$0.9 million set-up costs charge at SkyGourmet (pre-opening expense) and a \$0.7 million charge at Mars for a one-time compensation expense in recognition of service. Including all of these one-time items, EBITDA for SkyGourmet and Mars for fiscal year 2008 was \$3.4 million. A detailed reconciliation table of these charges is included at the end of this announcement.

Liquidity and Balance Sheet

As of March 31, 2008, IHC has approximately \$38 million in long-term debt on its balance sheet and \$18 million of cash and cash equivalents - approximately \$12 million of which is held at the IHC corporate level. Key balance sheet metrics are included at the end of this announcement.

Long-Term Outlook

Looking at the long-term time horizon, SkyGourmet is projecting that with continued kitchen expansion, it will be able to increase its capacity of meals per day to over 150,000 by fiscal year 2012. In addition, Gordon House has identified several opportunities for hotel acquisitions in New Delhi, Noida, Pune and Mumbai - all in moving toward a goal of eventually reaching 2,000 hotel rooms through organic growth and acquisitions.

India Hospitality Corporation's mission is to acquire and successfully operate Indian businesses or assets in the hospitality, leisure, tourism, travel and related industries, including but not limited to hotels, resorts, timeshares, serviced apartments and restaurants.

IHC operates through two wholly owned subsidiaries, Mars Restaurants Private Limited - an emerging hotel and restaurant company - and SkyGourmet Catering Private Limited, a leading airline catering company. The companies are headquartered in Mumbai and have over 1,700 employees across their facilities in India.

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