



## IHC Settles Warranty Claims

**London - 6 May 2009** - India Hospitality Corp. (LSE: IHC) (the "Company") today announces the following:

In July 2007, the Company acquired Mars Restaurants Private Limited and SkyGourmet Private Limited ("Sky") from affiliates of Navis Capital Partners and certain private shareholders (the "Sellers") pursuant to a share purchase agreement (the "SPA") that contained certain representations, warranties and covenants given by the Sellers.

On 24 December 2008, the Company announced that it had initiated a claim for indemnification against the Sellers pursuant to the SPA. Since then the Company has been in discussions with the Sellers, who have made certain counter-claims regarding land owned by the Company in Chennai, India. The disputes have now been resolved and a settlement agreement executed by the Company, the Company's subsidiary IHC Mauritius Corp. ("IHC Mauritius") and the Sellers.

Since completion of the SPA, US\$10 million (plus accrued interest) has been held in an escrow account to provide funds to settle claims brought by the Company under the SPA (the "Escrow Account"). The parties have agreed the following settlement to their claims that result in the Company receiving approximately US\$6.6million comprised of a cash payment and a cash loan to IHC Mauritius:

- US\$4,577,590 of the amounts held in the Escrow Account will be paid to IHC Mauritius.
- Subject to the granting of the security described below, the Sellers shall loan IHC Mauritius US\$2,014,297. This loan will accrue interest at a rate of 10 per cent per annum and will become repayable 12 months after funding.
- An outstanding payable due to Gordon House Airport Hotels Private Limited ("Gordon House") (a company owned by the Sellers) from Sky of a principal amount of Indian Rupees 100,000,000 (approximately US\$2.02million) will be restated to accrue interest at a rate of 10 per cent per annum. In addition, IHC Mauritius and the Sellers have entered into an acquisition agreement pursuant to which IHC Mauritius has agreed to acquire Gordon House twelve months from the making of the loan described above for an amount equal to the principal amount of this payable plus interest accrued thereon.
- To secure the obligations of IHC Mauritius and Sky pursuant to the loans described above, Sky will grant two security charges over approximately 4.08 acres of land owned by it located in New Delhi, India.
- The balance of the funds held in the Escrow Account (including accrued interest) in the amount of US\$3,536,517 will be released to the Sellers.

The above is in full and final settlement of the matters in dispute and any claims between the parties relating to the SPA.

As affiliates of Navis Capital Partners are substantial shareholders of the Company, the settlement is a related party transaction as defined in Rule 13 of the AIM Rules for Companies. The Company's directors other than Richard Foyston, Nicholas Bloy and Bruno Seghin (who are not independent for these purposes due to their links with Navis Capital Partners) consider that the terms of the settlement agreement are fair and reasonable insofar as the Company's shareholders are concerned having consulted with Deutsche Bank, AG, the Company's nominated adviser at the time of the execution of the settlement agreement.

### For Further Information Contact:

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**About India Hospitality Corp.**

India Hospitality Corp. is a diversified pan-Indian hospitality and leisure company. In July 2007, IHC closed on the acquisition of India-based Mars Restaurants Private Limited, an emerging hotel and restaurant company, and SkyGourmet Catering Private Limited, an airline catering company with 2,800 employees across its facilities in India, from Navis Capital Partners and its affiliates.