



SINGAPORE AIRPORT TERMINAL SERVICES LTD (SATS)

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FOR IMMEDIATE RELEASE

ANNOUNCEMENT

Singapore Airport Terminal Services Limited and The Indian Hotels Company Limited set up Indian joint venture company for airline catering business

Singapore, September 25, 2001 -- Singapore Airport Terminal Services Limited (SATS) today signed Business Transfer and Shareholder Agreements with The Indian Hotels Company Limited (IHCL), a subsidiary of the TATA Group of companies, to form a joint venture company to acquire the airline catering services of the Taj Group (IHCL and its affiliates) at major airports in India. SATS and IHCL will hold 49% and 51% respectively in the newly incorporated joint venture company in India, to be called "TAJ SATS Air Catering" after completion of the transaction. The joint venture will offer opportunities for a cross fertilisation of expertise and experience between the two companies.

The joint venture company will be an associated company of SATS. Deutsche Bank AG advised SATS on this transaction.

Completion of the transaction will be subject to the fulfilment of various conditions and obtaining of necessary regulatory and other approvals. SATS will acquire its 49% equity stake in TAJ SATS Air Catering by paying an aggregate cash subscription price of US\$17.7 million (such amount being net of a bank loan to be taken out by TAJ SATS Air Catering upon completion of the transaction), which will be funded entirely from its internal resources. SATS' contribution will be injected into the joint venture company upon receipt of the necessary regulatory approval.



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The US\$50 million value of the airline catering business of the Taj Group was negotiated and arrived at by mutual agreement on a willing-buyer, willing-seller basis taking into consideration, among other things, the business model, market share, customer base, earnings prospects and strategic fit of the Taj Group/IHCL and SATS. SATS believes that the new venture offers a valuable strategic opportunity to develop its operations in India and strengthen its position in the airline catering industry internationally.

TAJ SATS Air Catering will take over the existing airline catering business of the Taj Group at Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad and Goa. The average actual production of the business is currently about 40,000 airline meals a day. In the financial year ended March 2001, the business achieved EBITDA of US\$8.1 million on revenues of US\$26.8 million.

TAJ SATS Air Catering will have an estimated 55% market share in India. The joint venture company will be jointly managed by IHCL and SATS. The existing employees of the Taj air catering business will continue with the joint venture company.

None of the Directors of SATS has any interest, direct or indirect, in the transaction or in IHCL or the Taj Group, and to the best of the Company's knowledge, none of its substantial shareholders has any such interest.

About the Singapore Airport Terminal Services (SATS) Group

The Singapore Airport Terminal Services (SATS) Group is the leading provider of integrated ground handling and airline catering services at Singapore Changi Airport. With the addition of the TAJ SATS Air Catering venture, SATS' network of ground handling and airline catering operations spans 16 airports in the Asia Pacific region. SATS' services include airfreight handling, airline catering, passenger services, baggage handling, ramp handling, aviation security and airline linen laundry. SATS is listed on the Singapore Exchange.

More information about SATS is available on <http://www.sats.com.sg>



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About the Taj Group

The Taj Group comprises The Indian Hotels Company Limited (IHCL) and its affiliates. It is part of the TATA Group which has a dominant presence in the telecommunications, information technology, hotel, steel, auto and utility sectors in India. Taj Air Caterers, the Group's airline catering business, is a strategic business unit of IHCL. It operates airline catering units and airport lounge businesses in major metro cities throughout India.

More information about the Taj Group is available on <http://www.tajhotels.com>

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