

The Indian Hotels Company Limited

Analyst Meet

Results for the Nine Months ended December 31, 2016

February 3, 2017

Disclaimer

These presentations may 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, cyclicity 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** for previous investor communications

Presenter Panel

Rakesh Sarna - Managing Director & CEO

Chinmai Sharma - Chief Revenue Officer

Rajeev Newar – Vice President Finance

Outline of Presentation

- Industry Trends
- New Inventory – Taj Group
- Sales & Marketing Initiatives
- Financial Results - Standalone & Consolidated
- Treasury
- Other Update

Industry Trends

Global outlook

- International travel and tourism arrivals grew by 3.9% to reach a total of 1,235 million in 2016 (Jan to Dec), 46 million more than 2015 in the same period.
- Growth accelerated in Asia Pacific by (+8%) Europe by (+2%), America (+4%), and limited data available for Africa points to a (8%) increase in international arrivals. where as Middle East recorded a decrease of (4%).
- The total contribution of Travel & Tourism to GDP was 10% in 2016, and is forecasted to rise by 3.6% in 2017, according to WTTC's analysis
- Travel & Tourism is forecast to grow, in terms of GDP contribution, by 4% on average per year over the next ten years and by 2026, Travel & Tourism is expected to support 370 million jobs in total globally, which will equate to 1 in 9 of all jobs in the world

India Market Overview

- 2016-17 (Apr to Dec) saw a supply growth of 3.0%, where demand increased by 7.1% over the previous year. (Source: STR Global)
- Most key cities witnessed an increase in supply in the range of 1% to 6%
- Healthy demand growth in Kochi, Chandigarh, Ahmedabad, Jaipur, Hyderabad, Gurgaon, Chennai, Kolkata, Pune.
- Pricing still under pressure in some markets like Chandigarh, New Delhi, Kolkata, Jaipur, Ahmedabad, Gurgaon, Chennai, Bengaluru.
- E-Tourist Visa scheme for India is now available across 161 countries arriving at 16 Airports in India.
- The total contribution of Travel & Tourism to GDP was 6.3% of GDP in 2015, and is forecast to be 7.3% in 2016, and to rise to ~7.5% of GDP in 2026.

All India Hospitality Overview: Apr to Dec 2016 v/s 2015

Market Dynamics

- Supply Growth
+3.0%
- Demand
Growth +7.1%

All India Hotels' Performance

- Occupancy
62% (+3.9%)
- Avg. Room Rate
₹ 5,452 (+2.0%)
- RevPAR
₹ 3,393 (+6.0%)

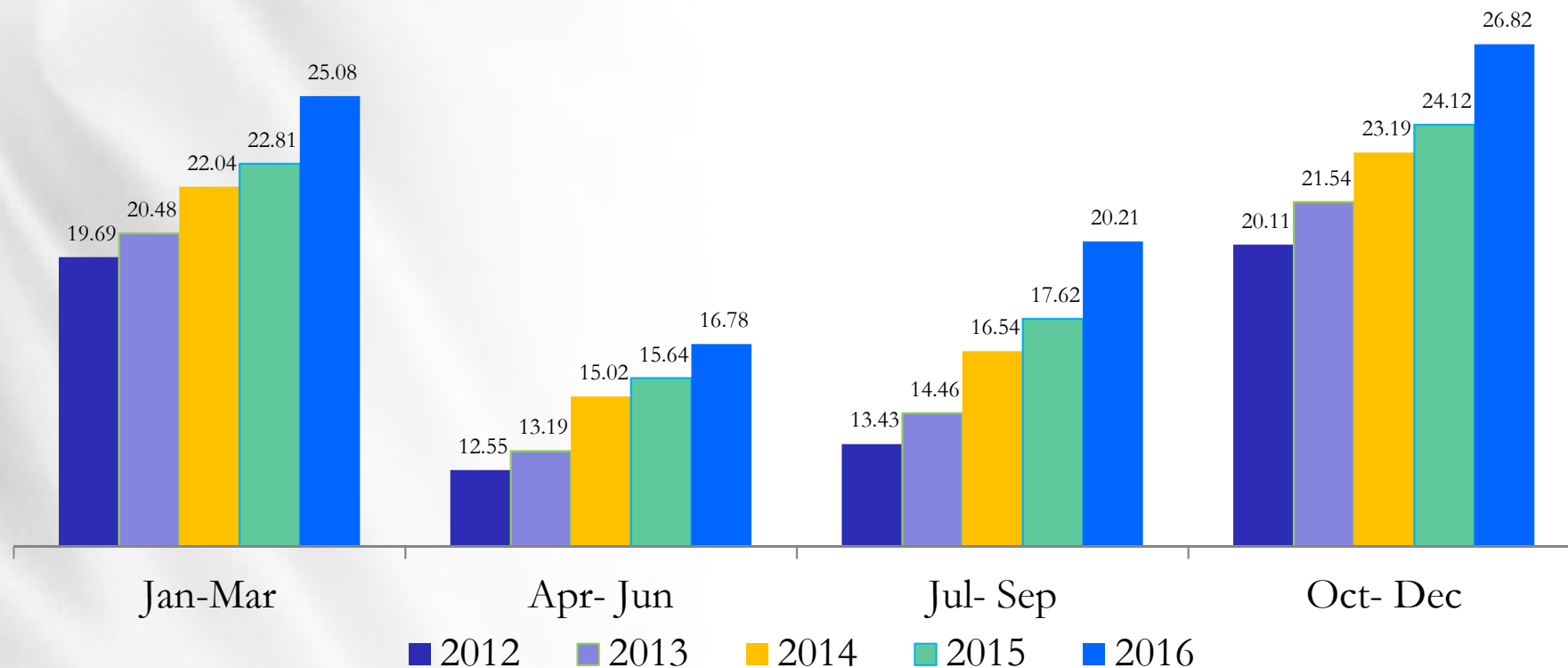
Key Markets

- Growing Markets:
Kochi, Ahmedabad,
Jaipur, Hyderabad,
Gurgaon,
Chandigarh, Goa,
Pune, Kolkata,
Mumbai, Chennai,
New Delhi,
Bengaluru

Lagging Markets:
NIL

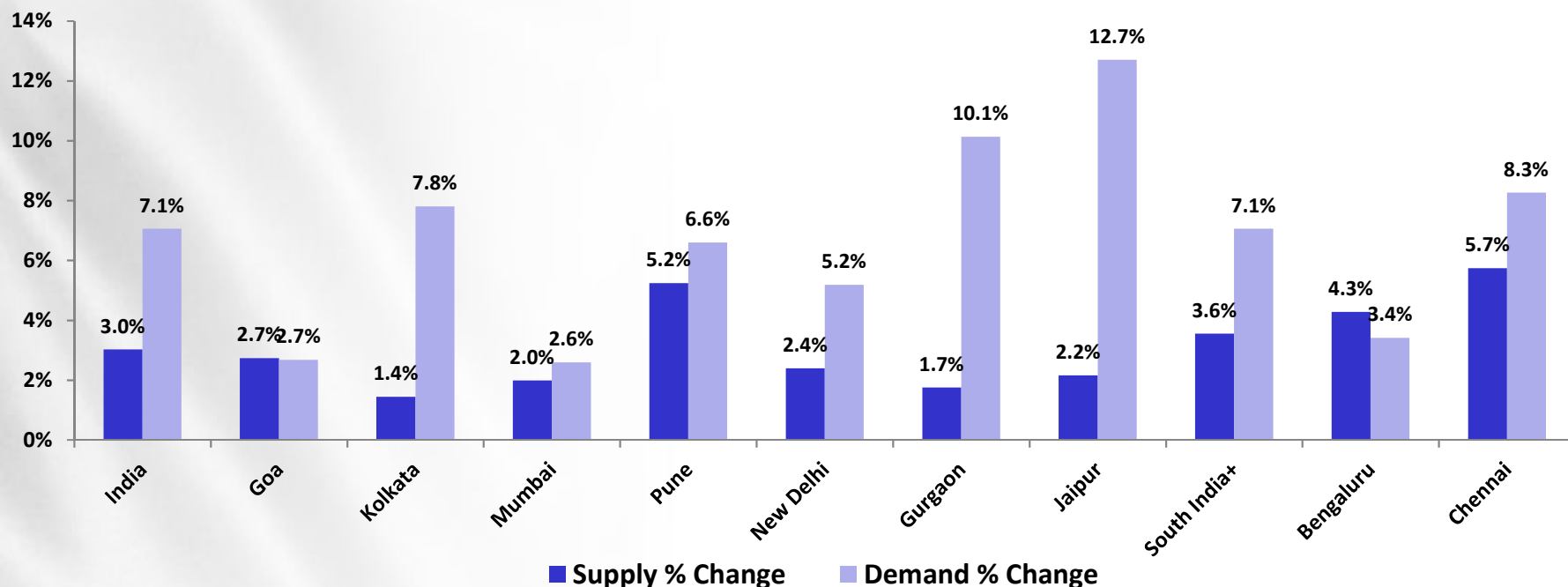
Foreign Tourist Arrivals in India

In Lakhs



- Foreign tourist arrivals in India have shown growth in each quarter for past 5 years .
- Foreign tourist arrivals during the period April - Dec (2016-17) were 63.81 lakh with a growth of 11.2%, as compared to the FTAs of Apr – Dec(2015-16) 57.38 lakh which had a growth of 4.8% compared to (2014-15).

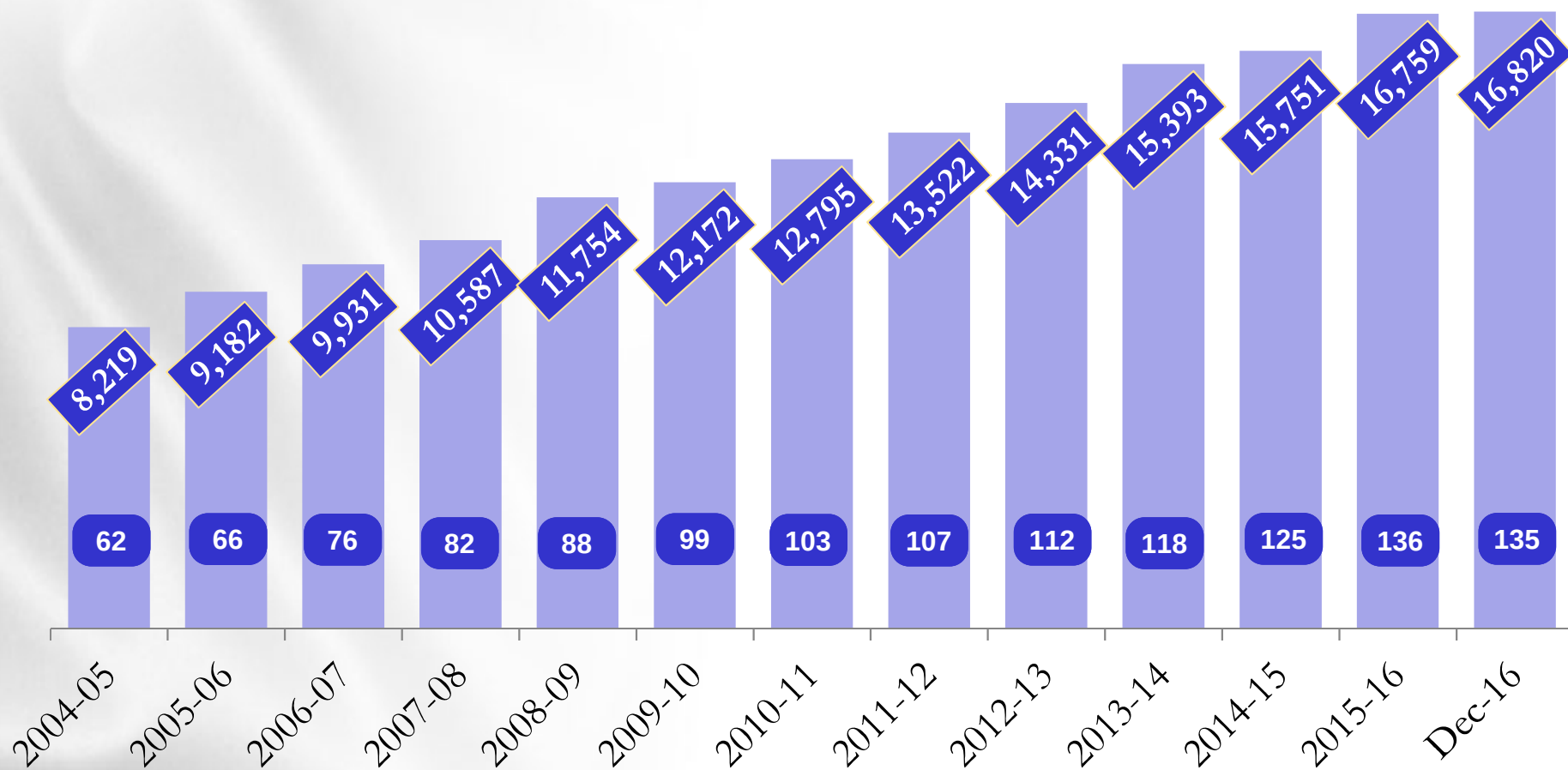
India Hotel Performance – Key cities Apr to Dec 2016-17 vs 2015-16



- There has been overall a **3% increase in Supply** in April – Dec 2016-17 as compared to the same period last year.
- **Demand growth has been 7.1%** for this period however the **supply – demand gap is still significant** in most cities which impacts hotel industry Occupancy and ARR

Taj Group New Inventory in the pipeline

Taj Group Inventory



Taj Group Inventory Brand Distribution

Brands	Domestic		International		Total	
	No of Hotels	Inventory	No of Hotels	Inventory	No of Hotels	Inventory
	19	3,419	10	1850	29	5,269
	35	4,954	5	575	40	5,529
	30	2,499	1	208	31	2,707
	35	3315	-	-	35	3315
Total	119	14,187	16	2,633	135	16,820

Hotels Opened/Opening In 2016/17

Hotel	Company	Rooms
<u>Opened</u>		
Taj Swarna, Amritsar	PIEM Hotels	157
Gateway Hotel, Corbett	Management Contract	52
Ginger – Vapi	Roots Corporation	90
Ginger- Noida	Roots Corporation	96
	4 Hotels	395
<u>To be opened</u>		
Ginger – Ahmedabad- Whiteleaf	Management Contract	45
Ginger - Ahmedabad- Silverleaf	Management Contract	36
	2 Hotels	81
Total	6 Hotels	476

Upcoming Development in 2017/18

Hotel	Company	Rooms
Andamans	IHCL	75
Rishikesh	Management Contract	80
Shimla	Management Contract	95
Udaipur	Management Contract	125
Kakkanad, Kochi	Management Contract	126
Vashi	Management Contract	150
Wayanad	Management Contract	63
Tirupati	Management Contract	125
<u>Ginger</u>		
Mumbai (Telli Gali)	Roots Corporation	141
Aurangabad	Roots Corporation	64
Surat	Management Contract	94
	11 Hotels	1138

Sales & Marketing Initiatives

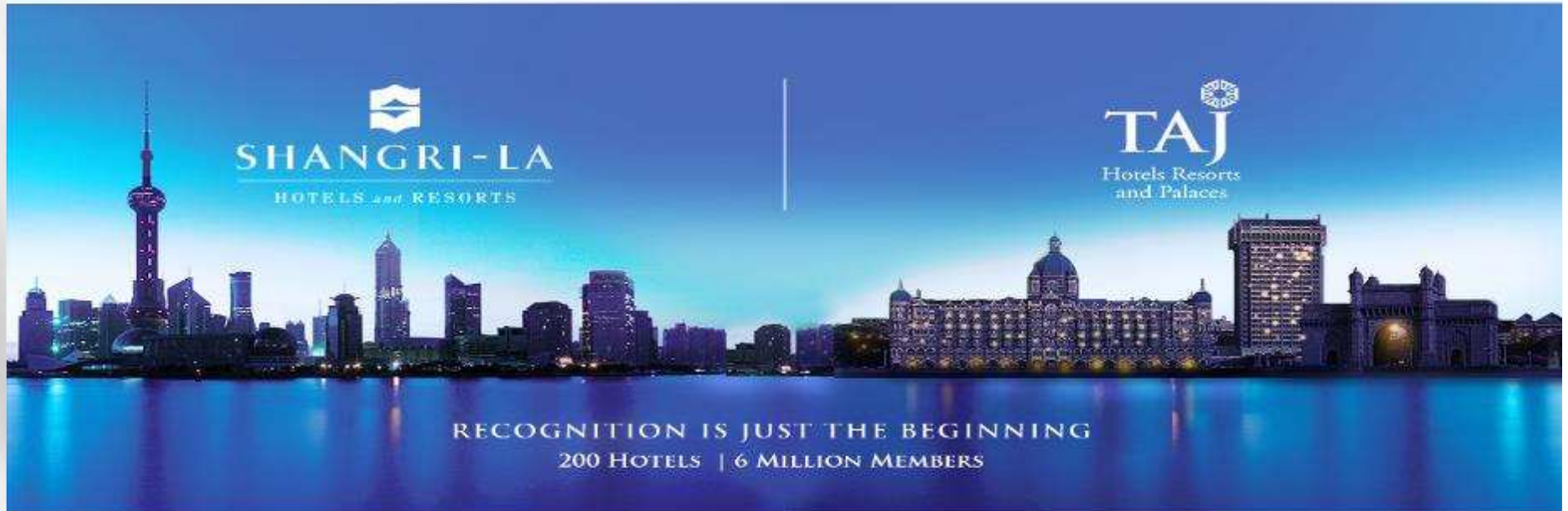
Sales & Marketing Initiatives

- Loyalty Update
- New property Launches
- Esteemed Guests
- PR Campaigns
- Awards & Accolades

Shangri-La Alliance

WARMER WELCOMES LAUNCHING MARCH 2017

www.warmerwelcomes.com



EARN

TIC and GC members earn loyalty points while staying at both brands



TIER BENEFITS MATCH

TIC Platinum members get GC Diamond
TIC Gold members get GC Jade



POINTS CONVERSION

Convert points from one program to the other

New Launch in 2016-17

The Gateway Resort Corbett



New Launch in Q3 2016-17

Taj Swarna Amritsar



THE THIRDS MARKET REVIVAL.
 As you stroll along the palm-lined promenade, you'll find a vibrant scene of local vendors and stalls, offering a taste of traditional Thai street food and crafts. The market is a lively hub of activity, with people of all ages enjoying the fresh air and the sights and sounds of the city.

THE BEACH BEACH BEACH.
 The golden sand of the beach is a beautiful sight, and the gentle waves of the sea are a soothing sound. The beach is a perfect spot for a picnic or a day of sunbathing. There are many cafes and restaurants along the beach, offering a variety of delicious Thai food and drinks.

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DNA




[View our top 100 franchises](#)
[View our top 500 franchises](#)
[View our top 1000 franchises](#)

[Franchise 500](#)
[Franchise 1000](#)

[Franchise 500](#)
[Franchise 1000](#)

The Future of Customer Service: Five Consumer Trends And Best Practices



Micah Solomon
 Entrepreneur

It is time to reset your customer service and customer experience approaches to better in line up with today's consumer trends. Consider the following five developments, each of which is important enough that I'd be surprised to hear of a company ignoring them, in an effort to refresh the dialogue.

• **Taj Fish and Rice** is steadily moving its global history from an exclusive work locale to a casual concept. It calls this concept "Taj-e-casual." When I've heard the name, I thought it meant emphasizing the Indian roots of this remarkable brand, but in fact it means a somewhat different, 25-year journey to Taj's CEO Rajesh

Five Consumer

Blackbook

A photograph showing a group of people, mostly women, dressed in traditional Japanese festival attire (festive kimonos and headpieces). They are holding long, thin poles or sticks, possibly part of a dance or parade. The background is dark, suggesting an evening event.

ANNOUNCEMENT OF WARMER WELCOMES – TAJ AND SHANGRI-LA HOTELS ALLIANCE

Taj ties up with Shangri-La in bid to expand global footprint

BY BIDYA SAPAM
bidya.s@livemint.com

MUMBAI

Taj Hotels and Resorts, a luxury hospitality chain run by Indian Hotels Company Ltd (IHCL), has formed a marketing alliance with Hong Kong-based hotel chain Shangri-La Hotels and Resorts in a bid to increase its footprint and global customer-base, while reducing opera-



Taj and Shangri-La will integrate the

Mint

Taj Hotels forges strategic alliance with Shangri-La Hotels for customer loyalty programme

By Krishna Kumar | New Delhi

Taj Hotels, Resorts & Palaces announced a strategic alliance with Hong Kong-based Shangri-La Hotels & Resorts to integrate and participate in the customer loyalty programme mutually under the 'Warmer Welcomes' programme. As per the alliance, Taj's InnerCircle members and Shangri-La's Golden Circle guests will be able to enjoy the perks of their elite status when they stay at any Shangri-La or Taj property worldwide.



Chinnai Shama, Chief Revenue Officer, Taj Hotels, Resorts & Palaces

Hospitality
Biz

destinations across the globe.

Chinnai Shama, Chief Revenue Officer, Taj Hotels, Resorts & Palaces, said that the "marriage made more sense" as there has been demand from their loyalty members for recognition for prizes at more places. He said that the partnership with Shangri-La was like coming together of two brands which share the same culture and service philosophy. "We both operate in a similar segment of upscale luxury and both are open to it, therefore decision making is lot easier." Declining to predict the incremental benefit the alliance would bring, he said that considering the growth in Swire's membership numbers

Analytics & digital are driving luxury alliance

Eye for
Travel



Wall Street
Journal

N for New hotel groups

It's hard to keep up with the endless mergers in the hotel world. The Hong Kong-based Shangri-La Hotels group has announced a new partnership with Indian luxury hotelier Taj Hotels, Resorts and Palaces. A new global leader in the hotel industry was born when Marriott recently completed its acquisition of Starwood Hotels. Last year, the Accor hotel group also snatched after buying Movenpick. It's said that this is likely to continue in 2017.

Asian Hoteliers Join Forces on Loyalty Programs

Joint rewards double options for members, keep single points-redemption mechanism

TAJ HOTELS RESORTS AND PALACE

AND RESORTS In March, these two luxury chains, based in Mumbai and Hong Kong, will introduce a rewards program alliance. Known as Warmer Welcomes, the program will link the Taj Inner Circle and Golden Circle loyalty programs. If you're a member of either, you will have many more places where you can earn and redeem points (across 200 hotels in 27 countries) for awards at both brands. And if you have top-tier elite status at one brand, you'll receive top-tier status at the other.

New York
Times



Skift

Luxury Loyalty Merger: Taj and Shangri-La Hotels Partner on Loyalty Play

Forbes Magazine | January 11, 2017 10:00 am
@forbesmagazine

Taj Hotels and Shangri-La Hotels have agreed to a new alliance

The Telegraph UK



AWARDS AND ACCOLADES

- **Travel + Leisure India**
 - Taj named **Best Hotel Group** in India;
 - Taj Falaknuma Palace, Hyderabad Voted **Best Heritage Hotel**
- **Conde Nast Traveller Readers' Travel Awards UK**
 - **Taj Lake Palace, Udaipur** ranked 6th in the World's Top 20 and named Best Hotel in Asia / Indian Sub-Continent; **Rambagh Palace, Jaipur** ranked 13th followed by **Taj Falaknuma Palace, Hyderabad** at 16th place.
 - **The Taj Mahal Palace, Mumbai** listed among the top 20 Overseas Business Hotels
- **Conde Nast Traveler Readers' Travel Awards US**
 - **Umaid Bhawan Palace, Jodhpur** ranked 4th in the 50 Best Hotels in the World category; the only Indian hotel to feature on the list
 - **Taj Lake Palace, Udaipur, Rambagh Palace, Jaipur, The Taj Mahal Palace, Mumbai, Taj Falaknuma Palace, Hyderabad** featured on the list of Top 12 Hotels in India
- **Conde Nast Traveler Gold List**
 - **The Taj Mahal Palace, Mumbai**
- **ReviewPro 2016 Top Luxury Hotel & Brand Report**
 - Taj Hotels Resorts and Palaces ranked 10th in the top Performers of Large Luxury Brands category
- **Business Traveller Awards**
 - Taj Hotels Resorts and Palaces rated the Best Business Hotel Chain in India
- **CNBC – TV 18 Risk Management Awards**
 - IHCL won the Firm of the Year – Hospitality
- **Town & Country Magazine's Top 83 Hotels of the World**
 - **Taj Tashi, Bhutan**
 - **Nadesar Palace, Varanasi**



Standalone Financial Performance for the Nine Months ended December 31, 2016

IND-AS – Effective April 1, 2016

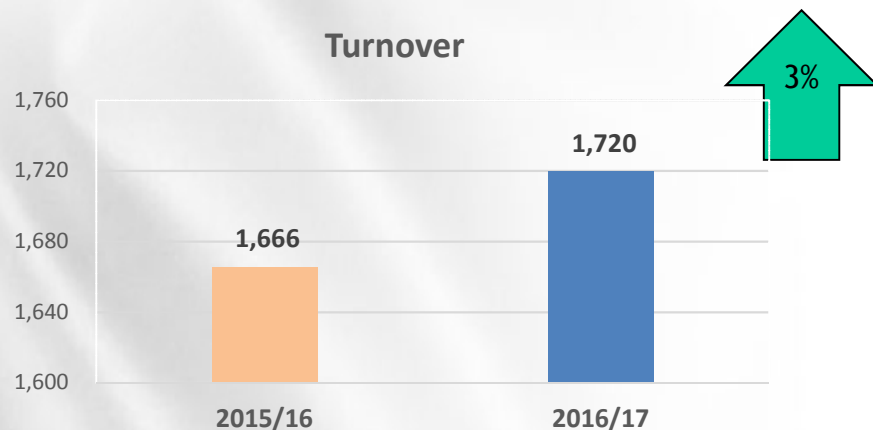
- Effective April 1, 2016, IHCL has migrated to the new Accounting Standards – IND-AS.
- Transition to IND-AS has resulted in key change in presentation of accounts, inter alia, in the following areas

Head	Impact Areas
Revenue recognition	Loyalty Income
Fair Value	Investments & Derivatives
Time value of Money	Lease deposits
Effective Interest rate	Low Coupon Debentures
Consolidation	Equity Accounting for JV

IHCL Standalone Key Indicators for Nine Months ended December 31, 2016

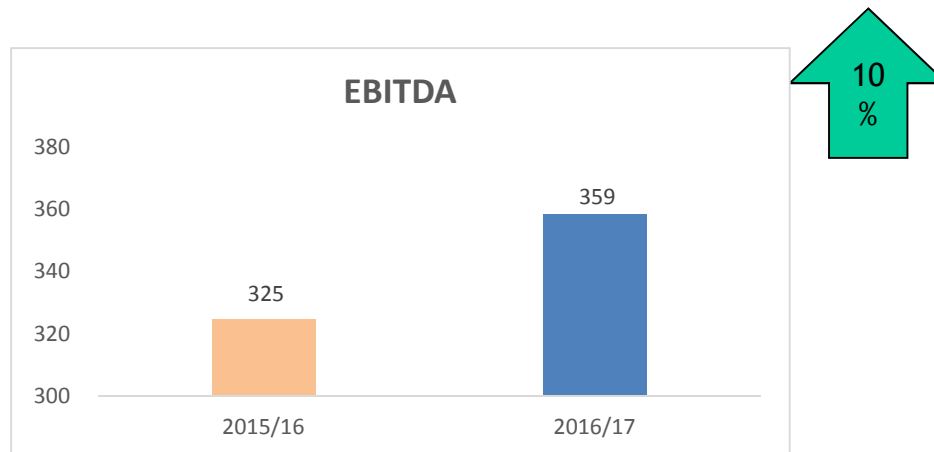
₹/crores

Turnover



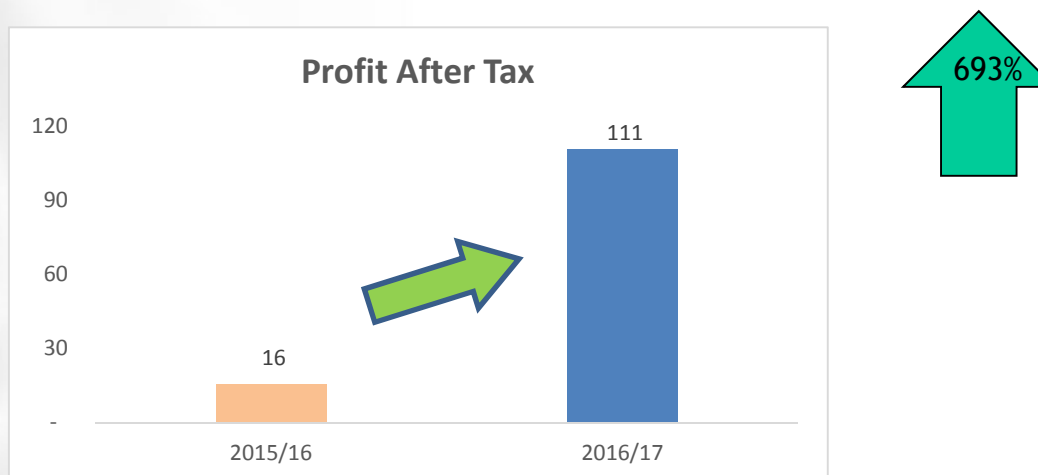
₹/crores

EBITDA



₹/crores

Profit After Tax



Profit and Loss Account for Period ended December 31, 2016

₹/ crores	Quarter III			Nine Months		
	2016/17	2015/16	% Change	2016/17	2015/16	% Change
Sales/Income from Operations	695.63	663.40	5%	1684.22	1581.97	6%
Other Income	8.18	19.05	(57%)	35.58	83.67	(57%)
Total Income	703.81	682.45	3%	1719.80	1665.64	3%
Cost of Materials Consumed	62.89	61.19		158.10	152.22	
Employee Benefits Expense	161.20	153.78		473.86	453.22	
Licence Fees	46.42	45.37		111.70	108.78	
Fuel Power & Light	39.68	43.76		128.43	139.50	
Other Expenditure	175.54	181.46		489.15	487.36	
Total Expenditure	485.73	485.56	-	1361.24	1341.08	2%
EBITDA	218.08	196.89	11%	358.56	324.56	10%
Depreciation and Amortisation Expense	37.10	30.94	20%	105.21	90.32	16%
Finance Costs	49.46	61.66	(20%)	144.59	186.47	(22%)
Profit Before exceptional Items & Tax	131.52	104.29	26%	108.76	47.77	128%
Exceptional items	8.83	(4.50)		60.74	(3.58)	
Profit/ (Loss) before tax	140.35	99.79	41%	169.50	44.19	284%
Provision for Taxes	48.24	41.57	16%	58.72	28.61	105%
Profit/ (Loss) After Tax	92.11	58.22	58%	110.78	15.58	611%
EBITDA %	31.0%	28.8%		20.9%	19.5%	
Profit Before exceptional Items & Tax %	18.7%	15.3%		6.3%	2.9%	

Income Details

For period ending December 31, 2016

₹ / Crores	2016/17	2015/16	% Change
Room Income	726.66	670.10	8
Food , Restaurants & Banquet Income	666.94	650.15	3
Management & Operating fees	111.26	106.10	5
Other Operating Income	179.36	155.62	15
Income from Operations	1684.22	1581.97	6
Non Operating Income	35.58	83.67	(58)
Total Income	1719.80	1665.64	3

- Increase in Room Income was driven by higher ARR
- Increase in Other Operating Income was primarily driven by Income from Spa & Health Club and Membership fees.
- Non Operating Income comprises of Income from Dividend and Interest.

Exceptional Items

For period ending December 31 , 2016

₹ / Crores

Particulars	2016/17	2015/16
Exchange Gain on restatement of Borrowings and Assets	13.12	31.53
MTM Gain/(Loss) on Cross Currency Swap Derivative Contracts	17.13	(25.28)
Expenditure on a project written off	-	(9.83)
Recovery of Cost on a surrendered project and Interest awarded by Arbitrator	24.33	-
Refund of Sewerage Tax previously paid under protest	6.16	-
Total	60.74	(3.58)

Consolidated Financial Performance for the Nine Months Ended December 31, 2016

Taj Group

Major Companies

Company Name	Effective Holding %	Company Name	Effective Holding %
<u>Subsidiaries</u>		<u>Joint Ventures</u>	
Piem Hotels Ltd	51.57	Taj SATS Air Catering Ltd	51.00
TIFCO Holdings Ltd [<i>Investment Company</i>]	100.00	Taj GVK Hotels & Resorts Ltd	25.52
Benares Hotels Ltd	51.68	Taj Madras Flight Kitchen Pvt Ltd	50.00
United Hotels Ltd	55.00	Taj Kerala Hotels & Resorts Ltd	28.30
Roots Corporation Ltd	63.25	Taj Karnataka Hotels & Resorts Ltd	44.27
Skydeck Properties Pvt Ltd	100.00	Taj Safaris Ltd	28.96
IHOCO BV [<i>Investment Company</i>]	100.00	Kaveri Retreat & Resorts Ltd	50.00
United Overseas Holdings, Inc.	100.00	IHMS (SA) Pty Ltd	50.00
St James Court Hotel Ltd	72.25	TAL Hotels & Resorts Ltd	27.49
		<u>Associates</u>	
		Oriental Hotels Ltd	35.67
		Lanka Island Resorts Ltd	24.66
		TAL Lanka Hotel PLC	24.62

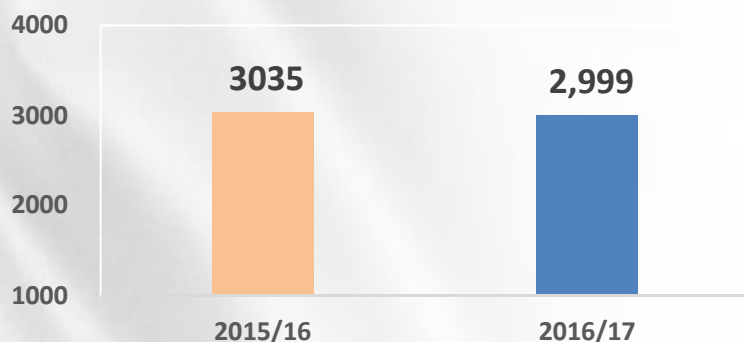
IHCL Consolidated -Profit and Loss Account for Period ended December 31, 2016

₹/ crores	Quarter III			Nine Months		
	2016/17	2015/16	% Change	2016/17	2015/16	% Change
Sales/Income from Operations	1129.29	1162.19	(3%)	2960.87	2952.94	-
Other Income	13.45	22.90	(41%)	37.93	81.70	(54%)
Total Income	1142.74	1185.09	(4%)	2998.80	3034.64	(1%)
Cost of Materials Consumed	101.29	106.46		269.52	273.42	
Employee Benefits Expense	339.92	365.51		1036.91	1056.79	
Licence Fees	69.63	67.91		179.95	172.95	
Fuel Power & Light	61.18	66.99		197.12	211.42	
Other Expenditure	290.23	303.90		845.44	839.81	
Total Expenditure	862.25	910.77	(5%)	2528.94	2554.39	(1%)
EBITDA	280.49	274.32	2%	469.86	480.25	(2%)
Depreciation and Amortisation Expense	69.14	72.21		209.82	209.89	
Finance Costs	74.01	97.72	(24%)	245.87	283.84	(13%)
Profit Before exceptional Items & Tax	137.34	104.39	32%	14.17	(13.48)	
Exceptional items	8.87	(12.09)		(49.62)	(72.99)	
Profit/ (Loss) before tax	146.21	92.30		(35.45)	(86.47)	
Add: Share of Profit/(Loss) in Associates & JV	10.66	(12.01)		22.98	(46.11)	
Less: Minority Interest in Subsidiaries	(7.52)	(7.68)		(11.10)	(24.20)	
Provision for Taxes	(56.37)	(59.30)		(79.66)	(54.26)	
Profit/ (Loss) After Tax	92.98	13.31	599%	(103.23)	(211.04)	
EBITDA %	24.5%	23.1%		15.7%	15.8%	
Profit Before exceptional Items & Tax %	12.0%	8.8%		0.5%	(0.4%)	

IHCL Consolidated Key Indicators for Period ended December 31, 2016

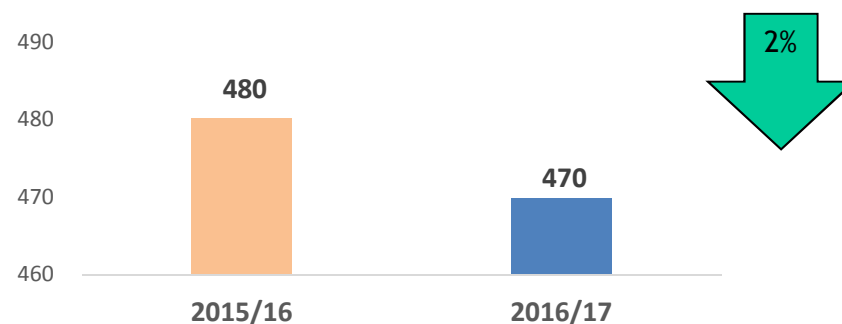
₹/crores

Total Income



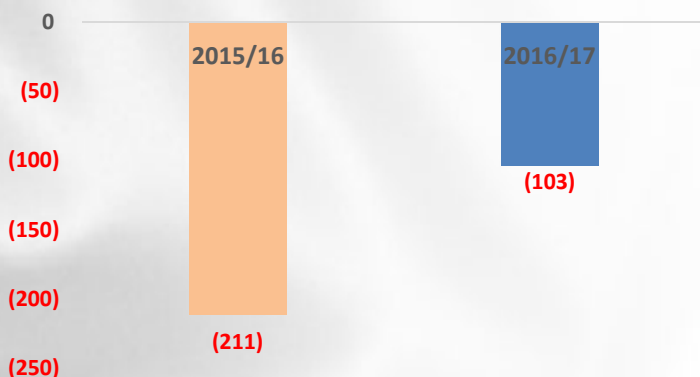
₹/crores

EBITDA



₹/crores

Profit After Tax



- Total Income for Current period includes ₹ 76 crores for Boston and ₹ 38 Crores of Non Operating Income.
- Total Income for the Previous period includes ₹ 185 crores for Boston and ₹ 82 Crores of Non Operating Income.
- **Excluding Boston and Other Income the Revenue has increased by ₹ 117 Crores(4%) and the EBITDA has improved by ₹ 37 Crores(10%)**

Exceptional Items

For period ending December 31 , 2016

₹ / Crores

Particulars	2016/17	2015/16
Exchange Gain/(Loss) on restatement of Borrowings and Assets	10.11	(28.78)
MTM Gain/(loss)on Cross Currency Swap Derivative Contracts	17.13	(25.28)
Recovery of Cost on a surrendered project and Interest awarded by Arbitrator	24.33	-
Refund of Sewerage Tax previously paid under protest	6.16	-
Loss on divestment of IHMS Boston (LLC)	(103.29)	-
Amount written off by an International Subsidiary	(5.03)	-
Gain on account of settlement of a claim in a subsidiary	0.97	
Projects Written off for Commercial Reasons	-	(18.93)
Total	(49.62)	(72.99)

Overview of Taj Group

For the Nine Months ended December 31, 2016

Particulars	2016/17	2015/16	2014/15	2013/14
Number of Hotels	135	136	130	125
Rooms Inventory	16,820	16,459	15,708	15,391
Total Revenue (₹/crores)	5,178	4,851	4,383	4,087

Total Revenue denotes the arithmetical aggregate of the turnover of all hotels/units irrespective of ownership, including Management Contracts

Debt Position

₹/crores

Particulars	Standalone		Consolidated	
	December 31, 2016	March 31, 2016	December 31, 2016	March 31, 2016
Gross Debt	2,204	2,158	3,594	4,526
Less : Liquidity	(265)	(165)	(527)	(353)
Net Debt	1,939	1,993	3,067	4,173
Net Debt/ Equity	0.83	0.88	1.37	1.71
Weighted cost of Debt	9.0%	8.8%	8.4%	7.4%

Scheme(s) of Arrangement – Closure Update

Amalgamation – Closure

- The Board of Directors at its meeting held on October 19, 2015 have approved the amalgamation of International Hotel Management Services LLC (IHMS LLC) and Lands End Properties Private Limited (LEPPL), two wholly owned subsidiaries into the Company, by way of two separate Schemes of Arrangements between the Company
- The schemes have been approved by the Shareholders at the meetings convened on May 4, 2016.
- Consequent to the Order of The High Court of Judicature at Bombay and subsequent approval of Stock Exchange of India and other regulatory filings the IHMS Scheme had become effective on September 29, 2016 with effect from the appointed date of January 1, 2016 and LEPPL Scheme had become effective on December 19, 2016 with effect from the appointed date of March 31, 2016.

Amalgamation – Impact

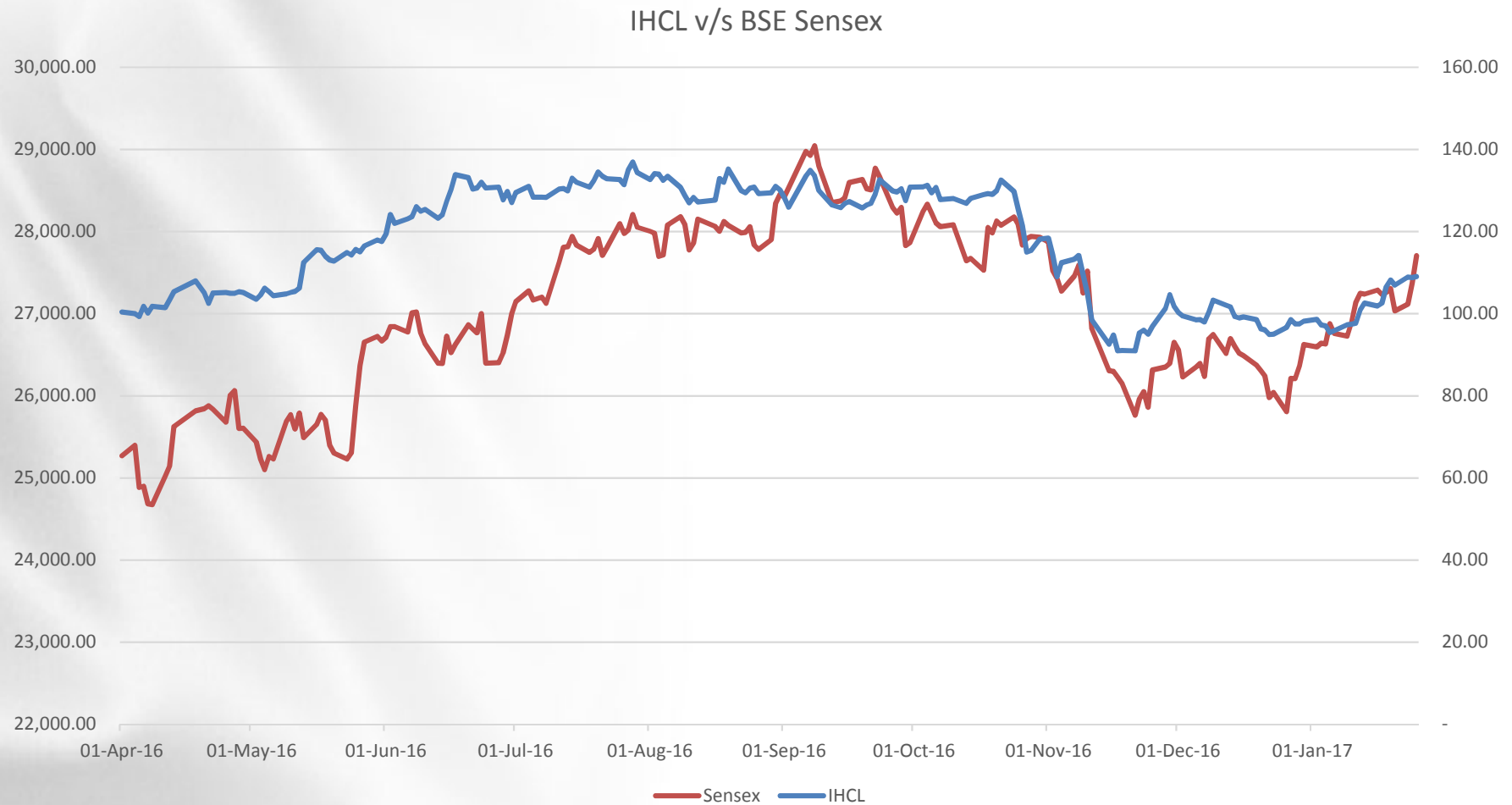
- The net amount adjusted in the Securities Premium Account of the Company as per Court approved Schemes of Arrangement is summarised below:

₹/crores

Particulars	Amount
LEPPL- Scheme of Arrangement	324
IHMS- Scheme of Arrangement *	1,697
Total Amount adjusted in Securities Premium Account	2021

* Includes the Debit balance of ₹ 359 crores of IHCL's Profit and loss Account

Stock Price Movement April 2016 – January 2017



IHCL Stock raised around 9 % and BSE Sensex rise 10 %

Thank you