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# The Indian Hotels Company Limited

## Analyst Meet

Results for the Period ended September 30, 2017

November 13, 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, cyclicalities 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](http://www.tajhotels.com) for previous investor communications

# Agenda

- **Industry Overview & Executive Summary – Mr. Puneet Chhatwal, MD & CEO**
- **Market Trends / Sales & Marketing Initiatives - Chinmai Sharma, Chief Revenue Officer**
- **Summary Financials & Treasury Update - Giridhar Sanjeevi, Chief Financial Officer**
- **Q&A**

## Industry Overview & Executive Summary

- At the end of 2016 - International travel and tourism arrivals grew by about 4% globally. The growth rates have been positive in most areas except Middle East where demand growth was uneven
  - Asia Pacific (+8%)
  - Europe (+2%)
  - America (+4%)
  - Africa (+8%)
  - Middle East (-4%)
  
- In India for H1 – the room demand growth rates continue to outpace new supply growth rate resulting in an all India occupancy level north of 60% for the last many quarters. Most cities saw a healthy increase in demand and there were no key markets lagging in RevPAR performance over LY.

## Q2 FY2018 Highlights

### Standalone

- ↓ Revenue marginally declined over the previous year.
- ↑ EBITDA grew on the back of lower expenses, EBITDA margins at 15.03% showed an increase of 1.63 pp.
- ↓ Loss reported at the PAT level due to write downs.

### Consolidated

- ↓ Revenue and EBITDA declined mainly due to renovations impact and currency depreciation of USD & GBP.
- ↓ Loss widened at PAT level due to one time gains in the previous year.

## H1 FY2018 Highlights

### Standalone

- ↑ Revenue increased by 3% over the previous year.
- ↑ EBITDA grew at a very healthy 14%, EBITDA margins at 15.23% showed an increase of 1.47 pp.
- ↓ Loss reported at the PAT level due to write downs.

### Consolidated

- ↓ Reported Revenue and EBITDA declined by 4% and 12% respectively.
- ↑ Like for Like basis Revenue grew by 1% and EBITDA increased by 10%.
- ↑ Loss reduced at PAT level due to higher write downs in the previous year.

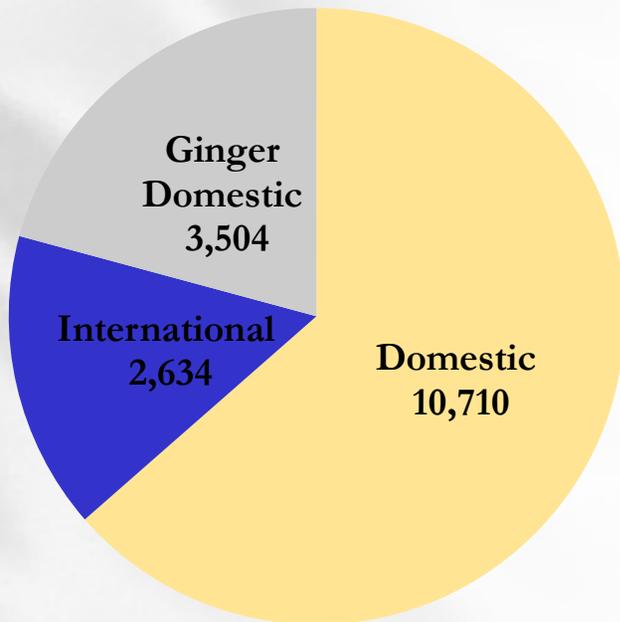


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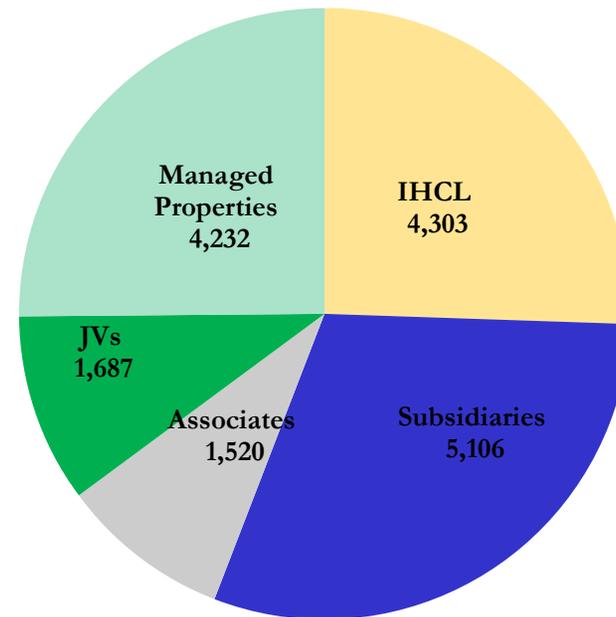
# Taj Group Inventory

# Existing Inventory

Geography wise



Legal Entity wise



- As at September 30, 2017, the Taj Group has **137 hotels** with **16,848 rooms**.

## Recently opened hotels and upcoming development Next 12 months

Hotel	Company	Rooms
Havelock, Andamans	IHCL	75
Udaipur	Management Contract	125
Rishikesh	Management Contract	79
Shimla (Theog)	Management Contract	95
<b><u>Ginger</u></b>		
Ahmedabad – Satellite ( <i>Opened in May 2017</i> )	Management Contract	36
Ahmedabad - SG Highway( <i>Opened in May 2017</i> )	Management Contract	44
Mumbai (Telli Gali) ( <i>Opened in July, 2017</i> )	Roots Corporation	142
Gurgaon ( <i>Opened in August, 2017</i> )	Management Contract	90
Lucknow	Roots Corporation	72
Aurangabad	Roots Corporation	64
Surat	Management Contract	94
	<b>11 Hotels</b>	<b>916</b>



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# Market Trends / Sales & Marketing Initiatives

## All India Hospitality Overview: H1 2017-18 v/s 2016-17

### Market Dynamics

- Supply Growth  
+3.0%
- Demand Growth  
+5.7%

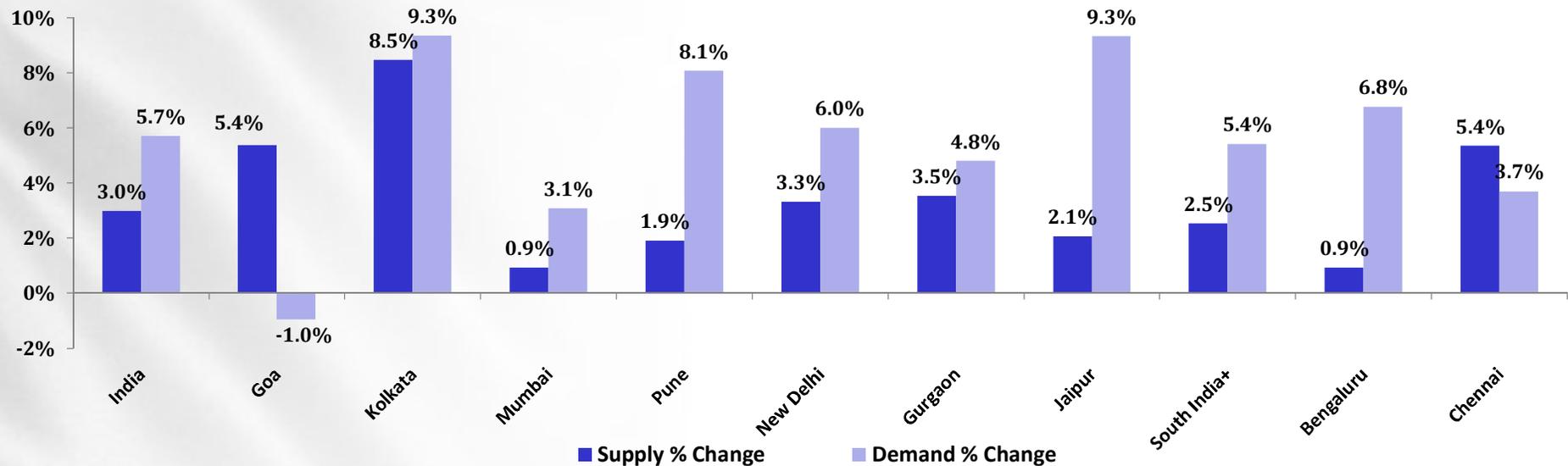
### All India Hotels' Performance

- Occupancy  
62% (+2.6%)
- Avg. Room Rate  
₹ 5,253 (+2.0%)
- RevPAR  
₹ 3,268 (+4.7%)

### Key Markets

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

## All India Hotel Performance – Key cities H1 (2017-18) v/s H1 (2016-17)

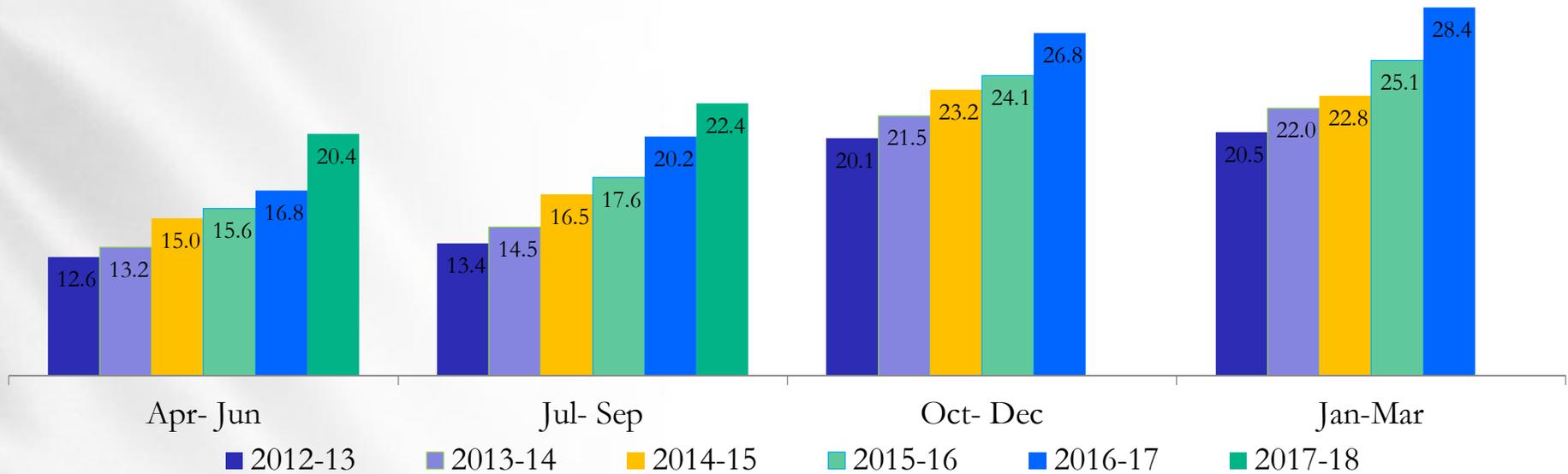


- There has been overall a **3 % increase in Supply** in H1 (2017-18) as compared to the same period last year.
- **Demand growth has been 5.7 %** for this period however the **supply – demand gap is still significant** in most cities which impacts hotel industry Occupancy and ARR.

Source : STR Global

# Foreign Tourist Arrivals in India

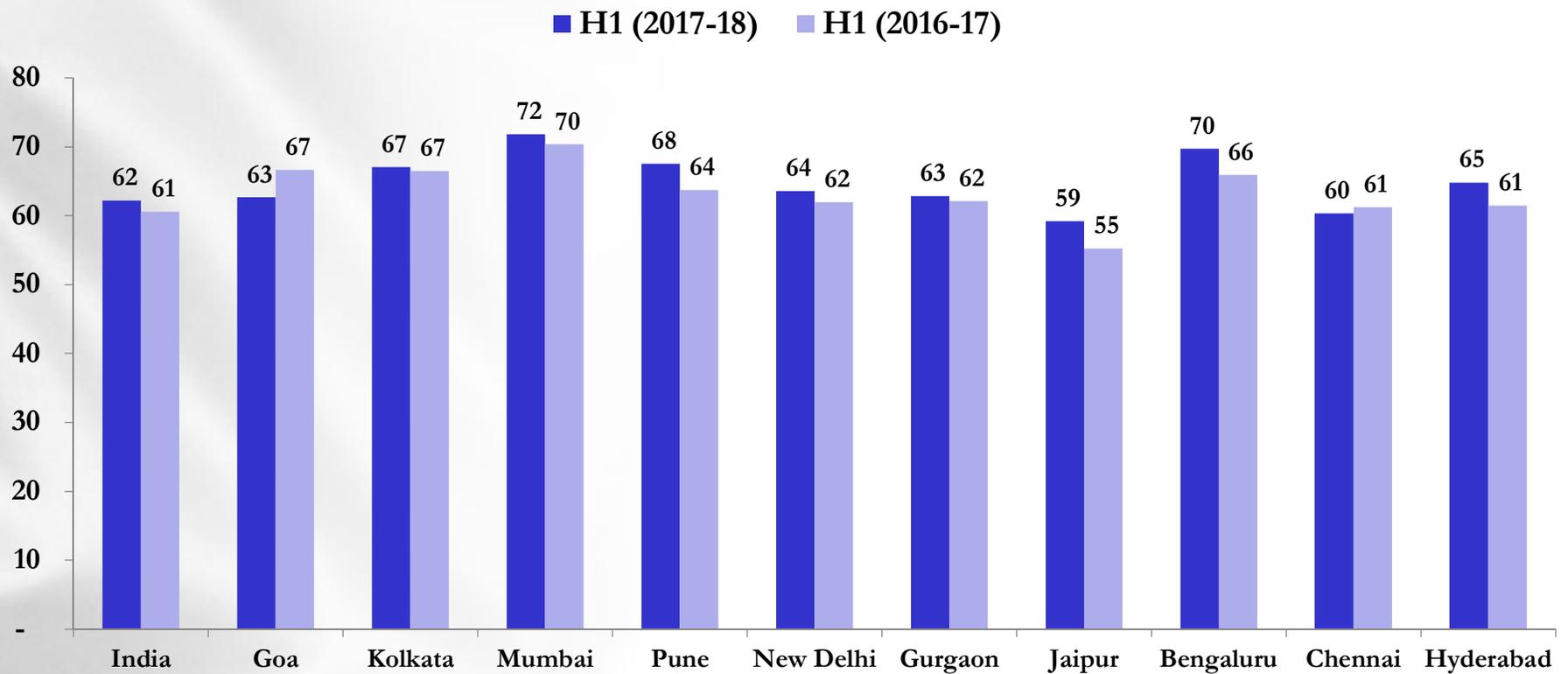
In Lakhs



- Foreign tourist arrivals in India have shown growth in each quarter for past 6 years .
- Foreign tourist arrivals during the period H1 (2017-18) were 42.75 lakh with a growth of 16%, as compared to the FTAs of H1 (2016-17) 36.99 lakh which had a growth of 11% compared to H1 (2015-16).

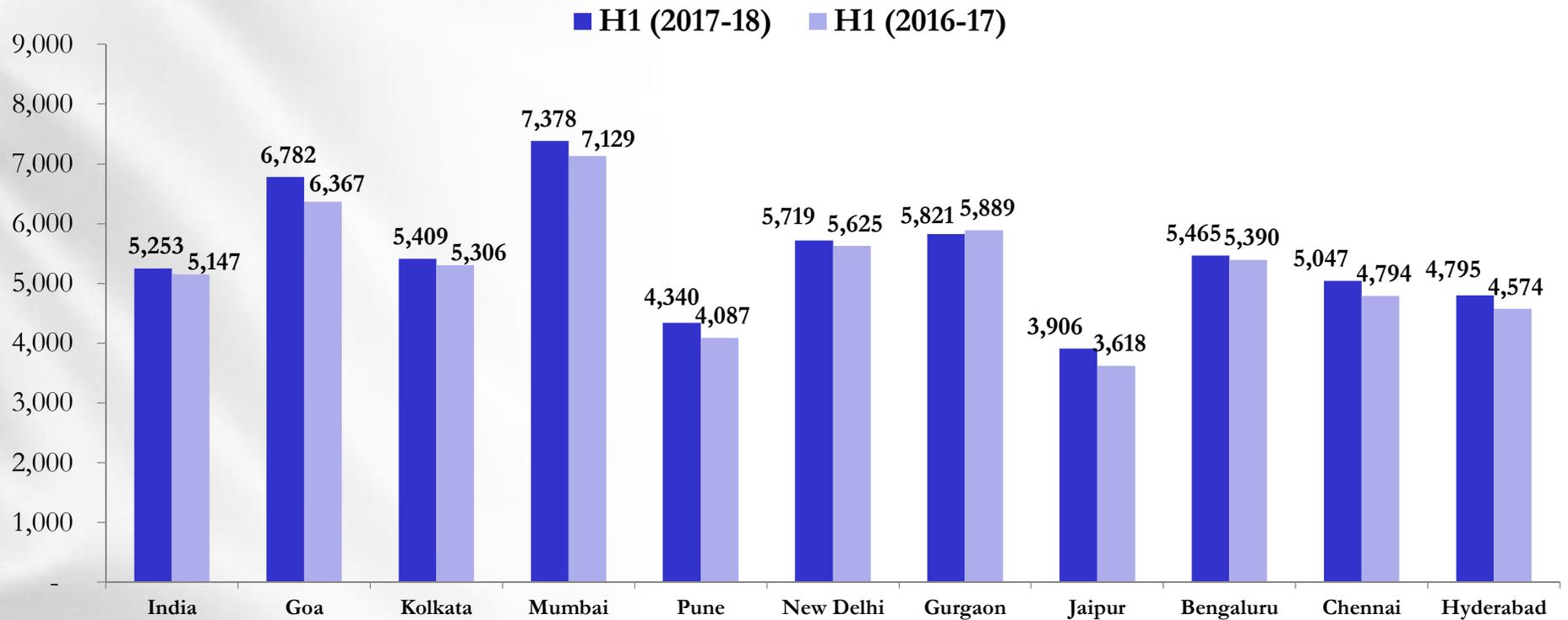
Source : Ministry of tourism India

## Industry Occupancies % – Year on Year Trend H1 (2017-18) v/s H1 (2016-17)



Source : STR Global

## Industry ARR– Year on Year Trend H1 (2017-18) v/s H1 (2016-17)



Source : STR Global



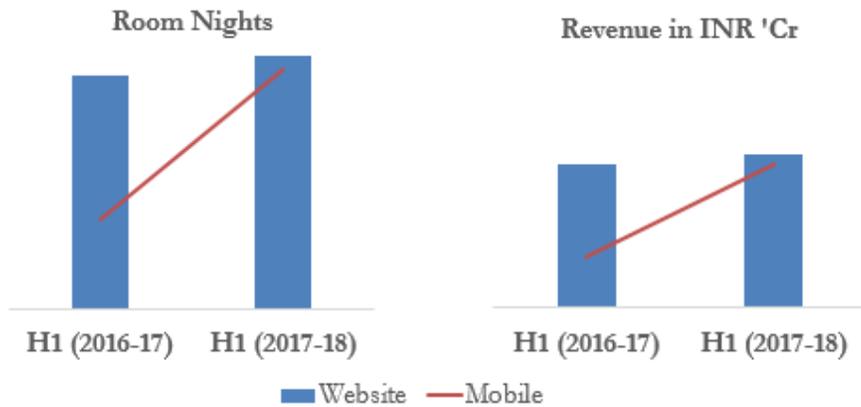
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# Sales & Marketing Initiatives

## Sales & Marketing Initiatives

- Digital-Performance
- Loyalty Update
- Tajness Roll Out
- PR Campaigns
- Awards & Accolades

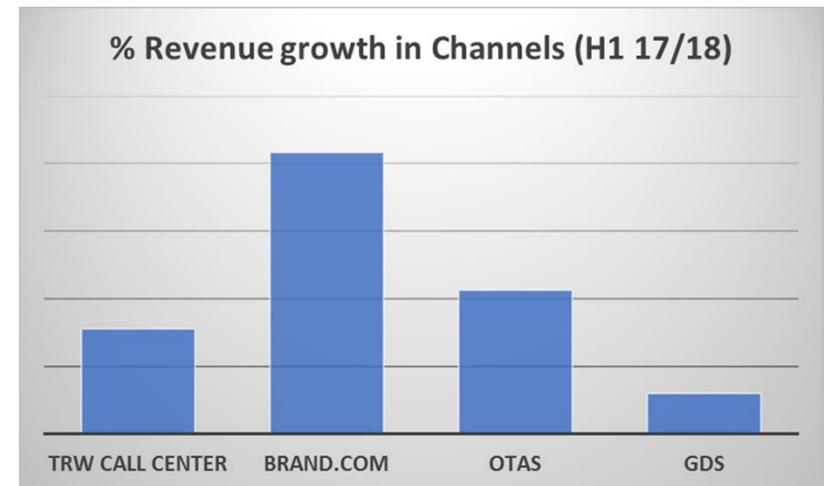
# Digital-Performance



Increase H1 (2017-18) vs H1 (2016-17)		
	Room Nights	Revenue
Website Performance	26%	22%

## Website/Mobile Booking Details

- Overall gross website Booking Revenue has increased by 22% for H1(2017-18) when compared H1(2016-17)
- Mobile Revenue alone up by over 184%
- Recently launched multi lingual websites in German, French, Spanish, Simplified Chinese



## Taj Hotels - Community Size



## Awards Won by Taj.Live (Social Media Command Center)

- National Award for Marketing Excellence by CMO Asia
- Tata Brand Excellence Award for Communication
- Tata Innovista 2017 Finalist



# Loyalty Update



Member base has increased 39% as on Sep'17 v/s Sep'16



Consumer loyalty revenue has grown by 18% H1 FY 17-18 v/s H1 FY 16-17



Active member % has increased by 10% H1FY17-18 v/s H1FY16-17 through various lifecycle campaigns



Loyalty contribution as % of revenue has increased to healthy double digit contribution

Shangri La-Warmer Welcomes enrollments have increased 4.3X since start in March'17

## Tajness Roll Out – Bekal & Coorg

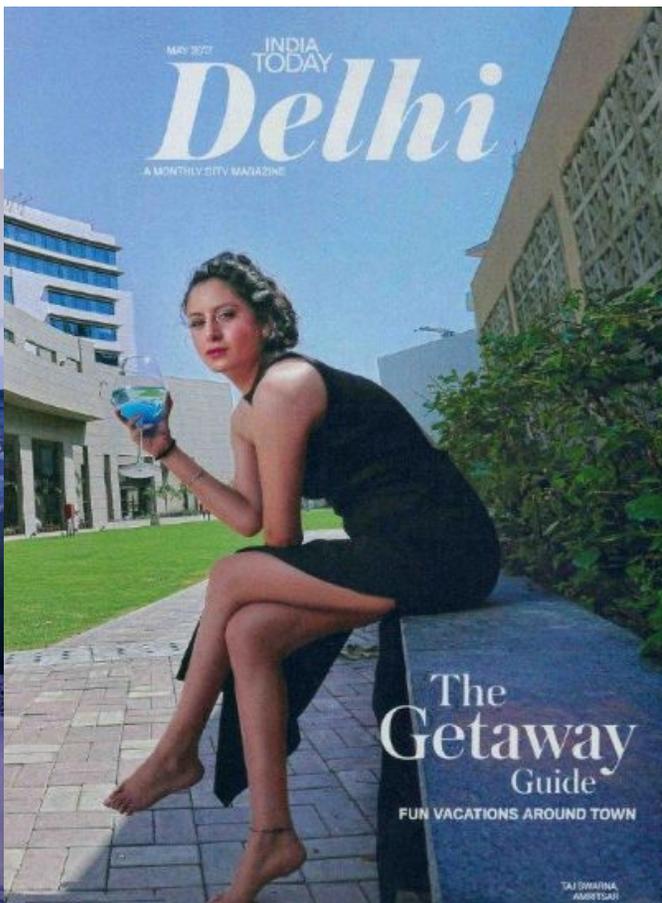


# Tajness Roll Out – Taj City Centre Gurugram & Taj Holiday Village Resort & Spa, Goa





# PR - Cover Stories



## Awards & Accolades

### **BUSINESS TRAVELLER UK AWARDS**

**Best Business Hotel Chain in India:** Taj Hotels Palaces Resorts Safaris



### **GALLUP GREAT WORKPLACE AWARD**

Taj Hotels Palaces Resorts Safaris received the prestigious GALLUP Great Workplace Award 2017. A six-time winner of the award – Taj is the only Indian Hospitality Company in the list - Taj has claimed a position at the top amongst some of the best organizations across industries. These organizations have set the global standard for what it means to be a great workplace.



### **DUN & BRADSTREET CORPORATE AWARDS**

IHCL awarded 'Best Hotel Company' at the Dun and Bradstreet Corporate awards

dun & bradstreet

### **ALL INDIA INVESTOR RELATIONS AWARD**

IHCL received the Best All India Investor Relations Award in the category of large-cap companies



business today in

### **BUSINESS TODAY BEST COMPANIES TO WORK FOR SURVEY**

Taj Hotels Palaces Resorts Safaris awarded Best Company to Work for in Hospitality



tripadvisor

### **TRIPADVISOR CERTIFICATES OF EXCELLENCE**

93 hotels of Taj Hotels Palaces Resorts Safaris have been awarded TripAdvisor® Certificates of Excellence over a period of seven years for excellence in hospitality and its commitment towards delivering unmatched, signature experiences.



### **CONDÉ NAST TRAVELER US READERS' CHOICE AWARDS**

**50 Best Hotels in the World** include:

Rambagh Palace, Jaipur I Umaid Bhawan Palace, Jodhpur I Taj Diplomatic Enclave, New Delhi

## Awards & Accolades

### **Top 20 Hotels in India** include:

Rambagh Palace, Jaipur I Umaid Bhawan Palace, Jodhpur I Taj Diplomatic Enclave, New Delhi I Taj Falaknuma Palace, Hyderabad I Taj Jai Mahal Palace, Jaipur I Taj Lake Palace, Udaipur I The Taj Mahal Palace, Mumbai

### **Top hotels across the UK, Africa, Asia, USA** and the **Middle East** include:

Taj 51 Buckingham Gate Suites & Residences, London I Taj Cape Town, South Africa I Taj Dubai I Taj Tashi, Thimphu, Bhutan I The Pierre, A Taj Hotel, New York

### **CONDE NAST TRAVELLER UK – READERS’ TRAVEL AWARDS**

#### **The World’s Top 100 Hotels** include:

Taj Lake Palace, Udaipur, I Rambagh Palace, Jaipur I The Taj Mahal Palace, Mumbai I Taj Falaknuma Palace, Hyderabad

**Best Overseas Business Hotels** include: The Taj Mahal Palace, Mumbai

#### **Best Hotels in Asia and the Indian Subcontinent** include:

Taj Lake Palace, Udaipur I Rambagh Palace, Jaipur I Taj Falaknuma Palace, Hyderabad

### **TRAVEL+LEISURE WORLD’S BEST AWARDS**

**The Top 100 Hotels in the World** include: Rambagh Palace, Jaipur

### **ROBB REPORT ‘BEST OF THE BEST’ AWARDS**

Meghauli Serai, A Taj Safari Lodge, Chitwan National Park, Nepal recognized as the ‘Best of the Best’ in the category for Luxury Lodges





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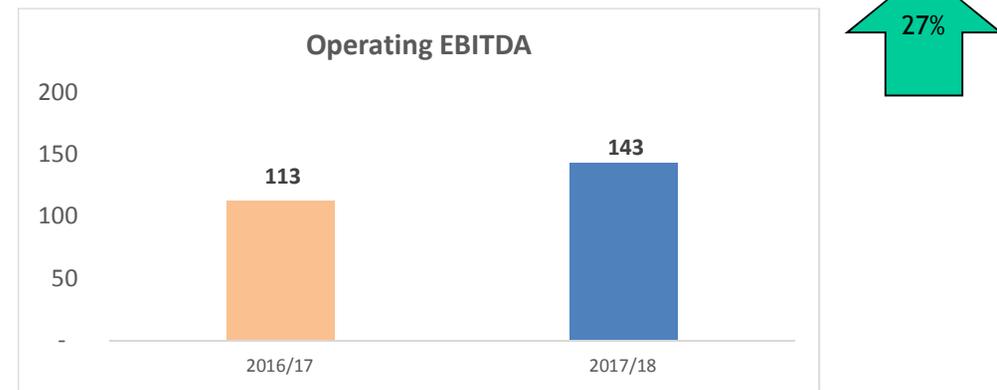
**Standalone Financial Performance  
for the  
Half Year ended September 30, 2017**

# IHCL Standalone Key Indicators for Half Year ended September 30, 2017

₹/crores



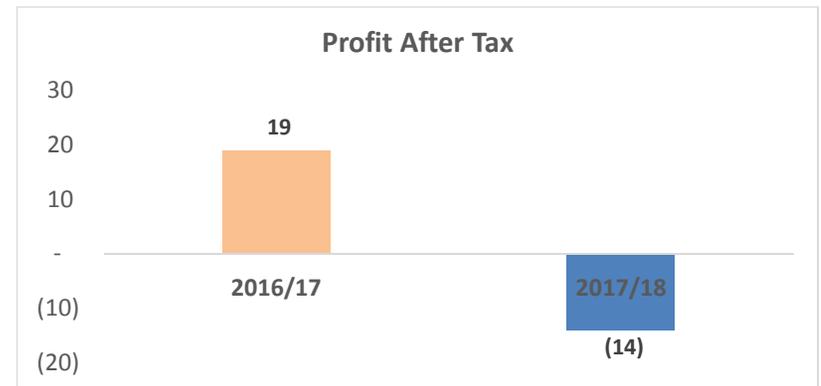
₹/crores



₹/crores



₹/crores



## Profit and Loss Account for the Period ended September 30, 2017

₹/ crores	Quarter II			H1		
	2017/18	2016/17	% Change	2017/18	2016/17	% Change
Revenue from Operations	510	516	(1)%	1,038	993	4%
Other Income	11	11	-	18	27	
<b>Total Income</b>	<b>521</b>	<b>527</b>	<b>(1)%</b>	<b>1,056</b>	<b>1,021</b>	<b>3%</b>
Food and Beverages consumed	51	49		101	95	
Employee Benefits Expense & Payment to Contractors	157	164		319	313	
Other Operating & General Expenses	235	243		475	472	
<b>Total Expenditure</b>	<b>443</b>	<b>456</b>	<b>3%</b>	<b>895</b>	<b>880</b>	<b>(2)%</b>
<b>EBITDA</b>	<b>78</b>	<b>71</b>	<b>11%</b>	<b>161</b>	<b>140</b>	<b>14%</b>
<b>Operating EBITDA</b>	<b>67</b>	<b>60</b>	<b>12%</b>	<b>143</b>	<b>113</b>	<b>27%</b>
Depreciation and Amortisation Expense	36	34	(6)%	72	68	(6)%
Finance Costs	51	48	(6)%	94	95	2%
<b>Profit Before exceptional Items &amp; Tax</b>	<b>(8)</b>	<b>(11)</b>		<b>(5)</b>	<b>(23)</b>	
Exceptional items	(31)	54		(20)	52	
<b>Profit/ (Loss) before tax</b>	<b>(40)</b>	<b>43</b>		<b>(26)</b>	<b>29</b>	
Provision for Taxes	19	(15)		12	(10)	
<b>Profit/ (Loss) After Tax</b>	<b>(20)</b>	<b>28</b>		<b>(14)</b>	<b>19</b>	
<b>EBITDA %</b>	<b>15%</b>	<b>13%</b>	<b>2% points</b>	<b>15%</b>	<b>14%</b>	<b>1% points</b>

- EBITDA Margin improved in Q2 & H1 vs previous period.

## Income Details

### For period ended September 30, 2017

₹ / Crores	2017/18	2016/17	% Change
Room Income	428	409	5
Food , Restaurants & Banquet Income	420	404	4
Management & Operating fees	78	66	19
Other Operating Income	111	115	(3)
<b>Income from Operations</b>	<b>1,038</b>	<b>993</b>	<b>4</b>
Non Operating Income	18	28	(36)
<b>Total Income</b>	<b>1,056</b>	<b>1,021</b>	<b>3</b>

- Room Income driven primarily by ARR Growth.
- F&B income showed sustained improvement after demonetization impact.

## Exceptional Items

### For period ending September 30, 2017

Particulars	Q2		H1	
	2017/18	2016/17	2017/18	2016/17
Exchange Gain/ (Loss) on Borrowings/Assets (Net)	(2)	(8)	(1)	4
Change in fair value of derivative contracts	4	32	20	18
Provision for impairment of investment in a subsidiary	(33)	-	(39)	-
Recovery of costs along with interest on a surrendered project	-	24	-	24
Refund of municipal tax	-	6	-	6
<b>Total</b>	<b>(31)</b>	<b>54</b>	<b>(20)</b>	<b>52</b>

- Provision for impairment relate to cash losses of The Pierre, which has been provided in line with the accounting policy.

# IHCL Standalone Financials

## Statement of Assets & Liabilities

₹ / Crores	September 30, 2017	March 31, 2017
<b>Non Current Assets</b>		
Fixed Assets	2,392	2,295
Other Non Current Assets	3,809	3,293
<b>Current Assets</b>	522	506
<b>Total Assets</b>	<b>6,723</b>	<b>6,094</b>
<b>Equity</b>		
Equity Share Capital	99	99
Other Equity	2,530	2,517
<b>Non Current Liabilities</b>		
Borrowings	1,813	1,495
Other Non Current Liabilities	585	591
<b>Current Liabilities</b>		
Borrowings	835	554
Other Current Liabilities	861	838
<b>Total Equity &amp; Liabilities</b>	<b>6,723</b>	<b>6,094</b>

- Increase in Non - Current Assets primarily on account of investment in Skydeck properties private limited, a wholly owned subsidiary.
- Corresponding increase in Borrowings.



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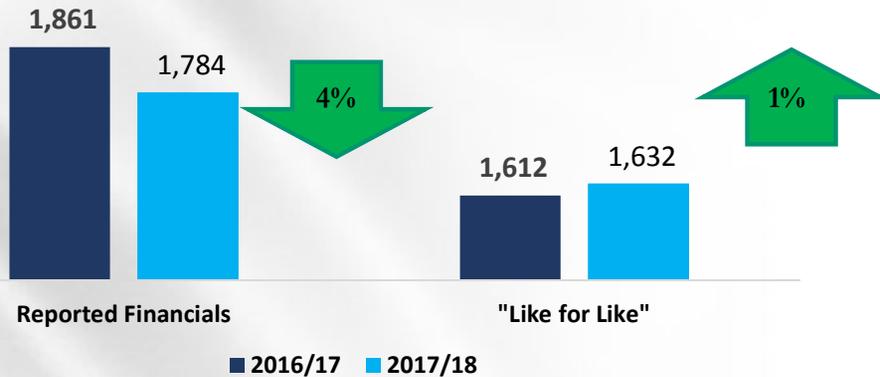
# Consolidated Financial Performance for the Period ended September 30, 2017

# Taj Group Major Companies

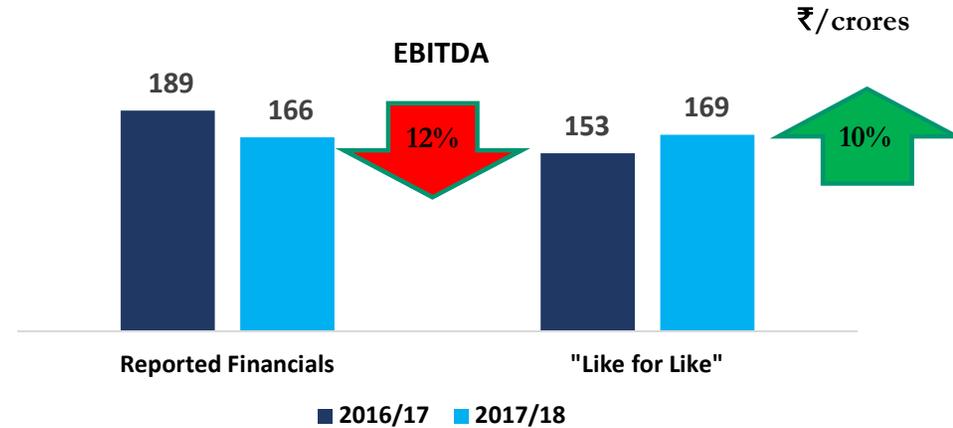
Company Name	Effective Holding %	Company Name	Effective Holding %
<b>Subsidiaries</b>		<b>Joint Ventures</b>	
Piem Hotels Ltd	51.57	Taj SATS Air Catering Ltd	51.00
TIFCO Holdings Ltd [ <i>Investment Company</i> ]	100.00	Taj GVK Hotels & Resorts Ltd	25.52
Benares Hotels Ltd	51.68	Taj Madras Flight Kitchen 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
		<b>Associates</b>	
		Oriental Hotels Ltd	35.67
		Lanka Island Resorts Ltd	24.66
		TAL Lanka Hotel PLC	24.62

# IHCL Consolidated Key Indicators for Period ended September 30, 2017 - “Like for Like”

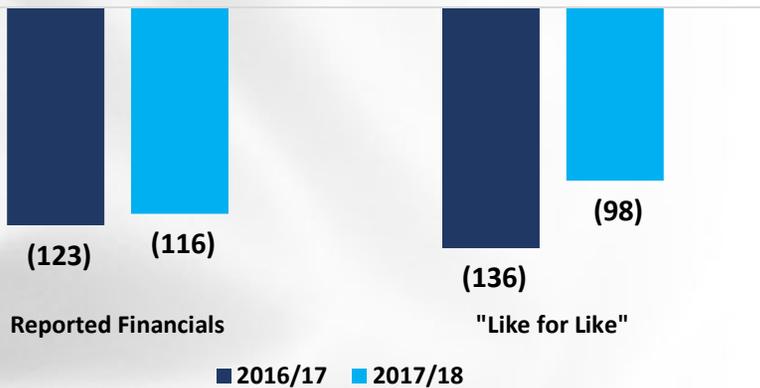
**Total Income**



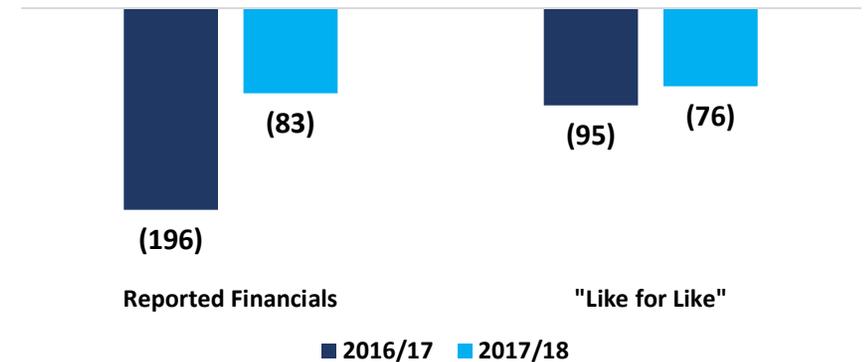
**EBITDA**



**Profit Before Exceptional Items & Tax**



**Profit after Tax**



▪ “Like for Like” - excludes Taj Boston ( sold during the previous period) & Piem Hotels (Renovations in select hotels during current year ).

## IHCL Consolidated - Profit and Loss Account for period ended September 30, 2017

₹/ crores	Quarter II			H1			
	2017/18	2016/17	% Change	2017/18	2016/17	% Change	Like for Like % Changes
Revenue from Operations	852	887		1763	1836		1%
Other Income	13	11		21	24		
<b>Total Income</b>	<b>864</b>	<b>898</b>	<b>(4%)</b>	<b>1784</b>	<b>1861</b>	<b>(4%)</b>	<b>1%</b>
Food and Beverages Consumed	83	82		167	168		
Employee Benefits Expense & Payment to Contractors	326	334		666	697		
Other Operating & General Expenses	388	400		785	806		
<b>Total Expenditure</b>	<b>797</b>	<b>816</b>	<b>2%</b>	<b>1618</b>	<b>1671</b>	<b>3%</b>	-
<b>EBITDA</b>	<b>67</b>	<b>82</b>	<b>(18%)</b>	<b>166</b>	<b>189</b>	<b>(12%)</b>	<b>10%</b>
Depreciation and Amortisation Expense	70	67	(4)%	142	141	(1)%	(3)%
Finance Costs	72	82	12%	141	172	18%	15%
<b>Profit Before exceptional Items &amp; Tax</b>	<b>(75)</b>	<b>(67)</b>		<b>(116)</b>	<b>(123)</b>		
Exceptional items	2	54		18	(58)		
<b>Profit/ (Loss) before tax</b>	<b>(73)</b>	<b>(13)</b>		<b>(98)</b>	<b>(182)</b>		
Tax Expense	21	(25)		18	(23)		
<b>Profit/ (Loss) after tax before share of associates/ JVs</b>	<b>(51)</b>	<b>(38)</b>		<b>(81)</b>	<b>(205)</b>		
Add: Share of Profit/(Loss) in Associates & JV	(9)	14		(8)	12		
Less : Non-controlling interest	2	(2)		6	(4)		
<b>Profit/ (Loss) After Tax</b>	<b>(58)</b>	<b>(27)</b>		<b>(83)</b>	<b>(196)</b>		
<b>EBITDA%</b>	<b>8%</b>	<b>9%</b>		<b>9%</b>	<b>10%</b>		

- Reduced losses for the current period vis-à-vis previous period. Previous period included loss on sale of Taj Boston.
- Lower finance cost in the current period, primarily on account of refinancing at lower rate.

## Exceptional Items

### For period ending September 30, 2017

Particulars	Q2		H1	
	2017/18	2016/17	2017/18	2016/17
Exchange Gain/ (Loss) on Borrowings/Assets (Net)	(2)	(7)	(1)	1
Change in fair value of derivative contracts	4	32	20	18
Provision of financial exposure in an associate	-	-	(1)	(5)
Recovery of costs along with interest on a surrendered project	-	24	-	24
Refund of municipal tax	-	6	-	6
Loss on disposal of IHMS (Boston) LLC	-	(1)	-	(103)
<b>Total</b>	<b>2</b>	<b>54</b>	<b>18</b>	<b>(58)</b>

# IHCL Consolidated Financials

## Statement of Assets & Liabilities

₹ / Crores	September 30, 2017	March 31, 2017
<b>Non Current Assets</b>		
Fixed Assets	6,202	6,038
Other Non Current Assets	1,763	1,670
<b>Current Assets</b>	974	926
<b>Total Assets</b>	<b>8,939</b>	<b>8,634</b>
<b>Equity</b>		
Equity Share Capital	99	99
Other Equity	2,417	2,419
Non-controlling interests	755	738
<b>Non Current Liabilities</b>		
Borrowings	2,766	2,790
Other Non Current Liabilities	714	750
<b>Current Liabilities</b>		
Borrowings	892	593
Other Current Liabilities	1,296	1,245
<b>Total Equity &amp; Liabilities</b>	<b>8,939</b>	<b>8,634</b>

# Debt Position

₹/crores

Particulars	Standalone		Consolidated	
	September 30, 2017	March 31, 2017	September 30, 2017	March 31, 2017
Gross Debt	2,649	2,049	3,658	3,383
Liquidity	(15)	(67)	(224)	(232)
<b>Net Debt</b>	<b>2,634</b>	<b>1,982</b>	<b>3,434</b>	<b>3,151</b>
<b>Finance Cost</b>	<b>94</b>	<b>198</b>	<b>141</b>	<b>324</b>
Net Debt/ Equity #	1.00	0.76	1.36	1.25
Weighted cost of Debt	8.3%	8.8%	7.8%	8.4%

# Equity for consolidated ratios considers Net worth attributable to the owner

- During the period, IHCL has invested in Skydeck Properties Private Limited, its WOS, for part repayment of its debt.
- The Cost of debt has reduced as certain loans have been refinanced by raising debt at lower cost.
- Credit rating on the borrowings - AA+ by CARE and AA by ICRA.

## Rights Issue Update

Issue Opened	October 13, 2017
Issue Closed	October 27, 2017
Allotment of Shares	November 7, 2017
Receipt of Funds by the Company	November 7 & 8, 2017

- The Issue was oversubscribed by 1.23 times.
- Post approval of Basis of Allotment, IHCL has allotted 20 crore shares (1999.84 Lakh Shares).
- Aggregate Rights Issue Proceeds of ₹ 1,499.88 crores.
- Promoters Shareholding has increased from 38.65% to 39.09%, post conclusion of the Rights Issue.

## Rights Issue Funds - Proposed Utilisation

Particulars	Proposed Timeline	₹/Crores
<b>Repayment of Debt in IHCL</b>		
HDFC Bank Term Loan	Immediate	145
Kotak Mahindra Bank Loan	Immediate	50
External Commercial Borrowings	November, 2017	194
Commercial Paper	December, 2017	400
		<b>789</b>
Investment in Sky Deck for Repayment of Loan	January, 2018	484
General Corporate Purpose & Issue Expenses	Flexible	227
<b>Total</b>		<b>1,500</b>

- Of the Total Proceeds, ₹ 1,273 crores proposed to be used for Repayment of current Consolidated Debt.



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## Key Focus Areas

- Optimise H2
- Continue to drive development focus, primarily through managed properties
- Commissioning of Taj Exotica Resorts & Spa, Andaman
- Brand Architecture transition
- Taj Mansingh Bid



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## Q & A



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**Thank You**