

The Indian Hotels Company Limited

Analyst Meet

Results for the Half Year ended September 30, 2015

November 10, 2015

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

Rakesh Sarna - Managing Director & CEO

Anil P. Goel - Executive Director & CFO

Chinmai Sharma – Chief Revenue Officer

Outline of Presentation

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

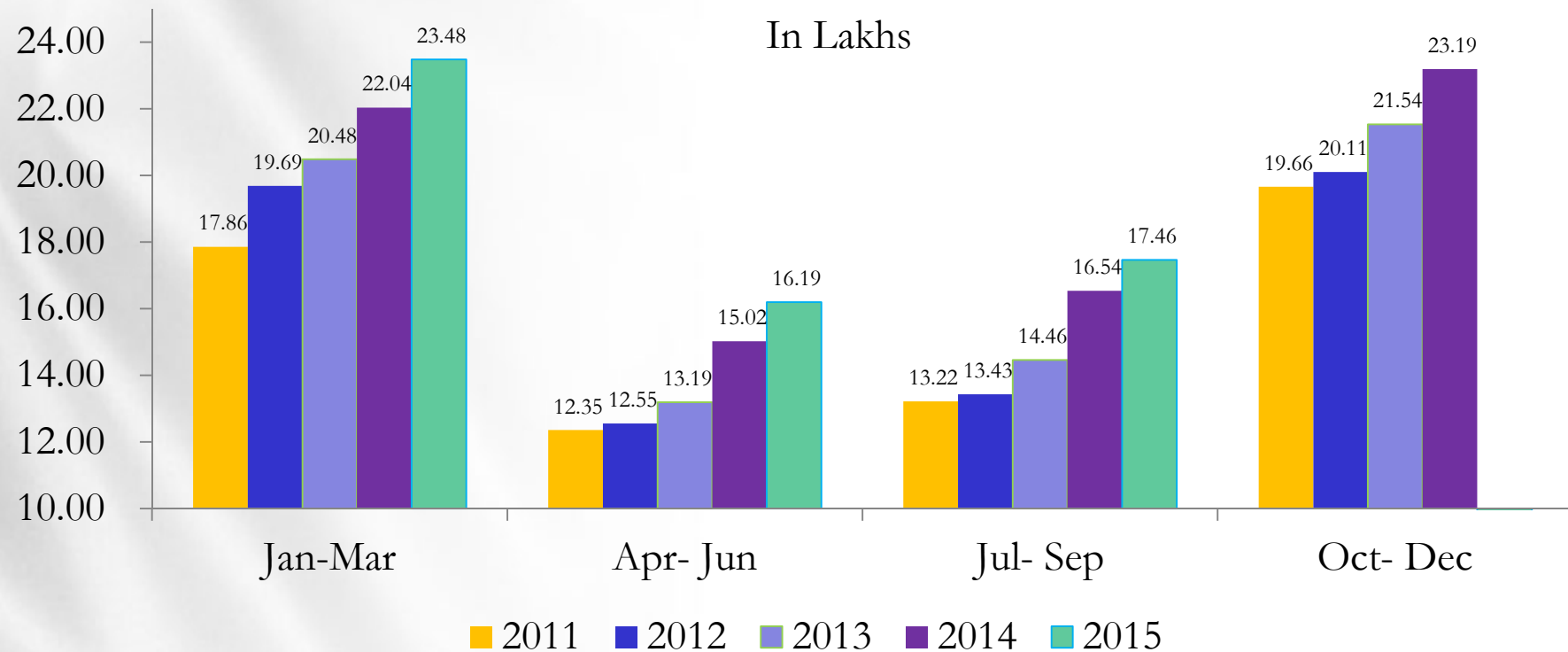
Global outlook

- International travel and tourism grew by 4% in the period (Jan to Sep) of 2015.
- Strong growth in Americas (+4%), Asia Pacific (+5%), Europe (+5%), the Middle East (+5%) and limited data available for Africa points to an estimated (-6%).
- For 2015, UNWTO forecasts international tourist arrivals to grow between 3% and 4%.
- In 2014, the total contribution of Travel and Tourism to the GDP was ₹ 7,642.5 billion (6.7% of total GDP). This is projected to grow by 7.5% in 2015, and eventually reach ₹ 16,587.2 billion (7.6% of total GDP) in a decade's time, according to World Travel & Tourism Council's (WTTC's) *Economic Impact 2015 – India* report

India Market Overview

- H1 2015-16 saw a supply growth of 4.1%, where demand increased by 11.1% over the previous year. (Source: STR Global)
- Most key cities witnessed an increase in supply in the range of 3% - 7%
- Healthy demand growth in Pune, Ahmedabad, New Delhi, Gurgaon, Bengaluru and Hyderabad .
- In Kolkata, Pune, Delhi-NCR, Bengaluru and Chennai, rates were under pressure
- E-Tourist Visa scheme for India is now available across 113 countries.

Foreign Tourist Arrivals in India

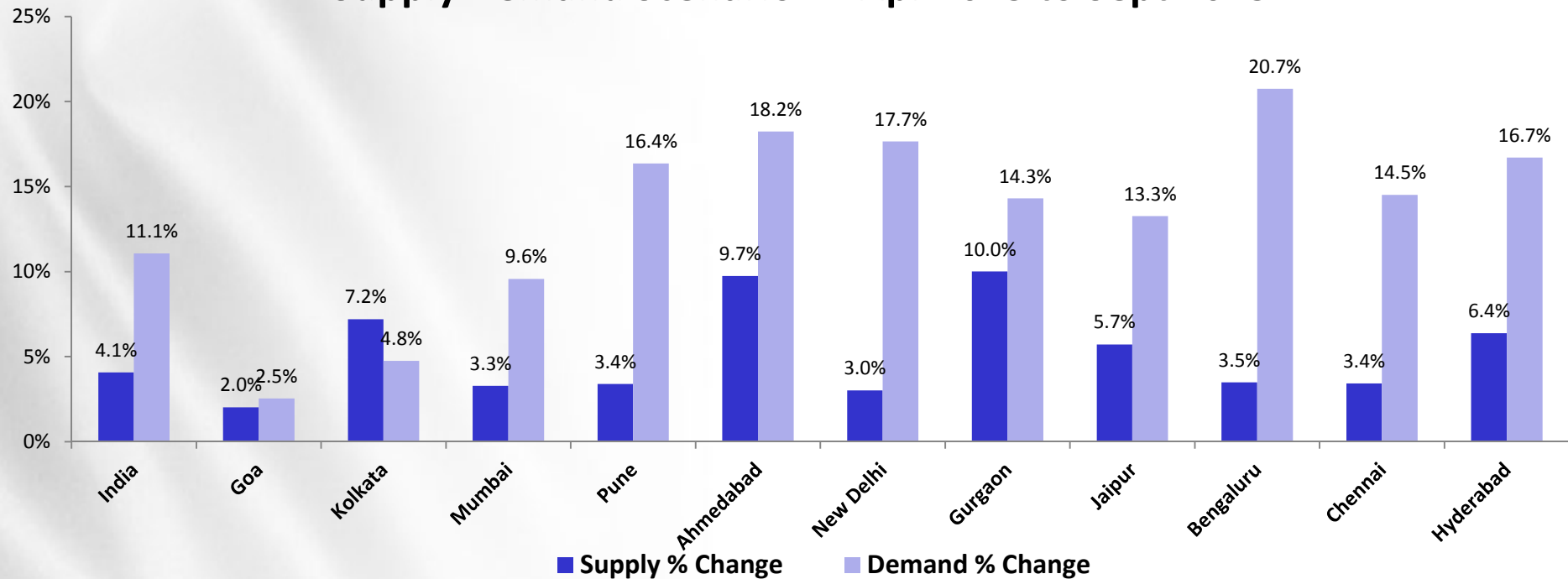


- Foreign tourist arrivals in India have shown growth in each quarter for past 5 years .
- For period 9 months ending in September , 2015 arrivals have increased by 5% over previous period

India Hotel Performance – Key cities

Apr – Sep 2015-16

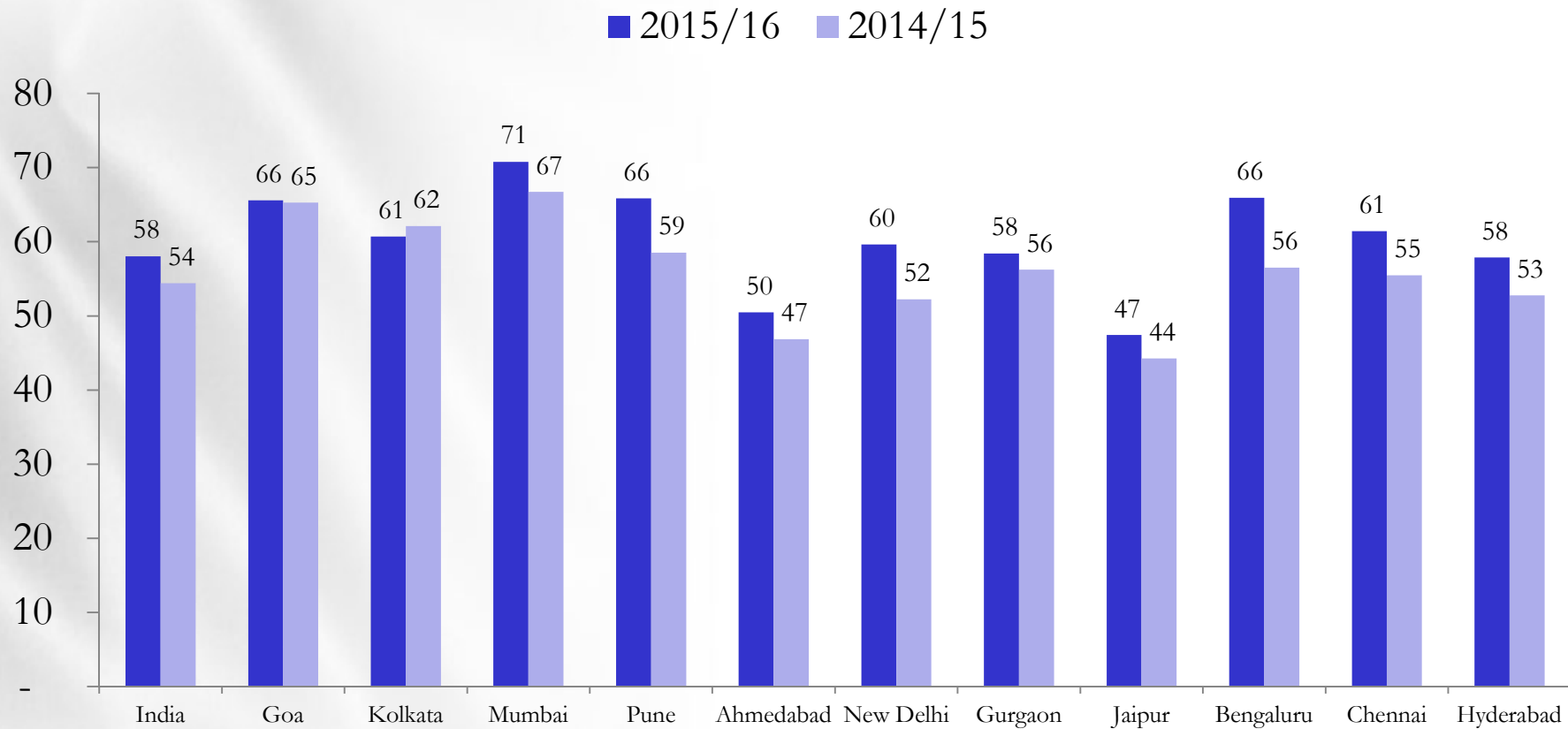
Supply Demand Scenario - Apr 2015 to Sept 2015



• There has been overall a **4.1% increase in Supply** in April – Sep 2015-16 as compared to the same period last year.

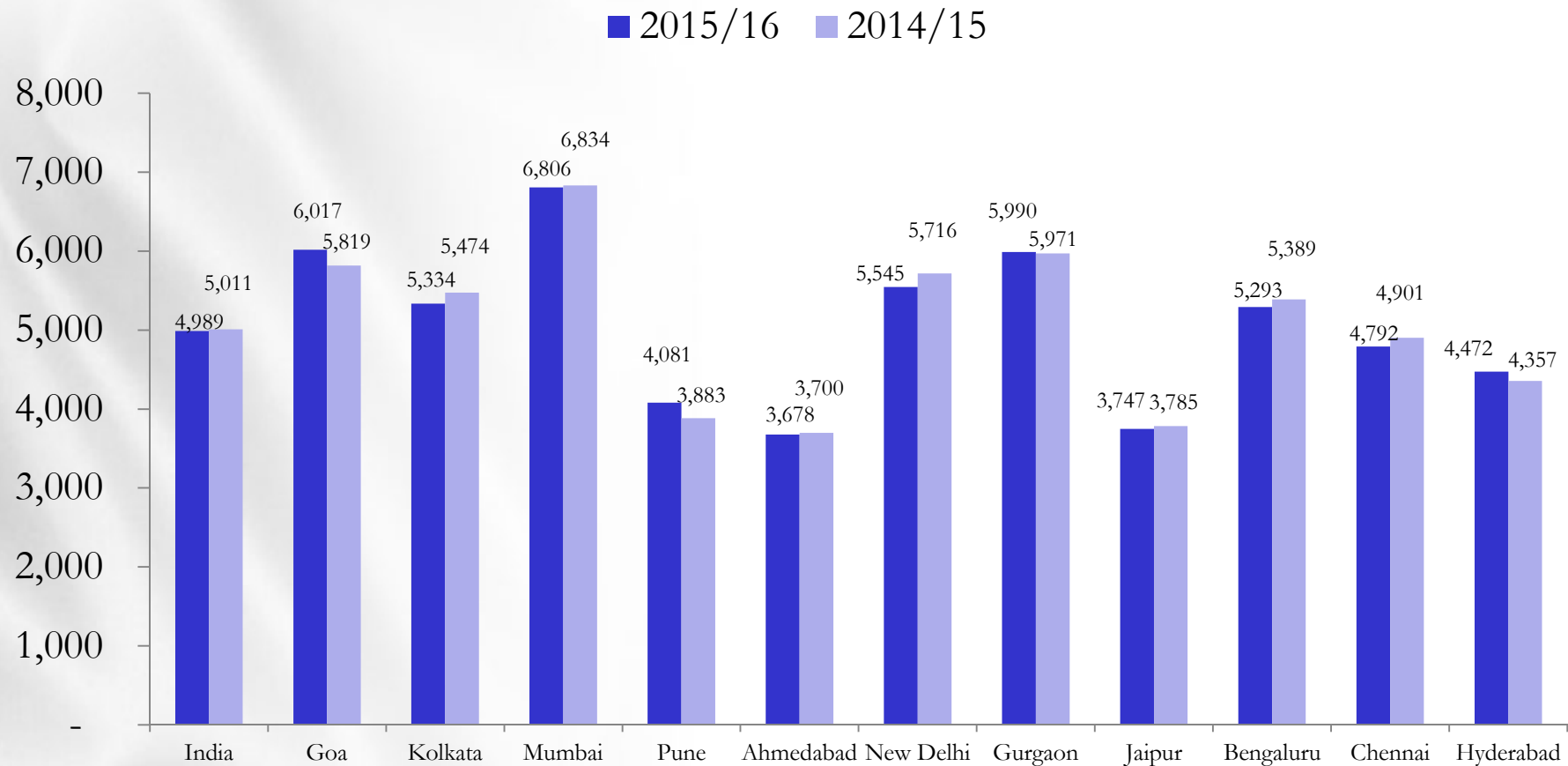
• **Demand growth has been 11.1%** for this period however the **supply – demand gap is still significant** in most cities which impacts hotel industry Occupancy and ARR's

Occupancies % – Year on Year Trend For half year ended September



- All Cities , except Kolkata, have witnessed improved occupancy levels over the previous year's corresponding period

ARR– Year on Year Trend For half year ended September



- Despite growth in domestic demand , ARR have continued to be flat , across India

Taj Group





New Inventory in the pipeline

Taj Group Inventory



Taj Group Inventory

Brand Distribution - October , 2015

Brands	Domestic		International		Total	
	No of Hotels	Inventory	No of Hotels	Inventory	No of Hotels	Inventory
	18	2,996	9	1,821	28	4,817
	34	4,778	5	575	39	5,363
	32	2,548	1	208	33	2,756
	34	3,121	-	-	34	3,121
Total	118	13,443	15	2,604	133	16,057

Hotels Opened/Opening In 2015/16

Hotel	Company	Rooms
<u>Opened</u>		
Taj Downtown, Dubai	Management Contract	296
Gateway Hotel, Nashik (Expansion)	Piem Hotels	78
Gateway Hotel, Hinjewadi, Pune	Management Contract	150
Ginger Udayee, Tirupati	Roots Corporation	119
	3 Hotels	643
<u>To be opened</u>		
Taj Santacruz Hotel, Mumbai	Taj GVK	283
Taj Devanhalli Hotel , Bangalore	Management Contract	154
Vivanta by Taj, Guwahati	IHCL	150
Vivanta by Taj, Amritsar	PIEM Hotels	157
Gateway Hotel ,Ajmer	Management Contract	81
Gateway Hotel, Corbett	Management Contract	52
Ginger, Vapi	Roots Corporation	87
Ginger, Bhubaneshwar (Expansion)	Roots Corporation	60
	7 Hotels	1024
Total	10 Hotels	1667

Upcoming Development In 2016/17

Hotel	Company	Rooms
<u>Vivanta by Taj</u>		
Vivanta by Taj, Rishikesh	Management Contract	70
Vivanta by Taj, Andamans	Kaveri Hotels (JV)	50
<u>Gateway</u>		
Gateway Hotel, Jallundar	Management Contract	132
Gateway Hotel , Shimla	Management Contract	70
Gateway Hotel , Tirupati	Management Contract	125
Gateway Hotel , Kochi	Management Contract	135
<u>Ginger</u>		
Telly Gally , Mumbai	Roots Corporation	142
Palarivotam, Cochin	Roots Corporation	78
Hebbal, Bangalore	Roots Corporation	118
Noida 2, UP	Roots Corporation	90
Total	10 Hotels	1010

Sales & Marketing Initiatives

A more complex environment that requires robust technology platforms and skilled resources

Market Dynamics

1 Advent of New reservation channels

- ✓ Migration to online channels
- ✓ New online models (OTAs)
- ✓ Metasearch & Ranking websites (Trivago, Trip Advisor)
- ✓ Multi Platform usage (Mobile / Tablet)

2 New customers

- ✓ More educated
- ✓ More enabled (easy access to infos)
- ✓ Less loyal (Price & services sensitive)

3 New competitors

- ✓ New business models like Air B&B
- ✓ Last minute dealers (Hotel Tonight)
- ✓ Brokers (Groupon, Voyage Privé)
- ✓ Bidding Platforms (eBay, Backbid.com)



**Critical need for Digital
Platforms and Skilled
professionals**

B2B and B2C Sales

Strategic Marketing & PR

Revenue Management

**Distribution Platforms and
onward connectiity**

Digital

Loyalty

Building a sustainable and scalable Revenue Platform:

Marketing / Sales / PR
Loyalty / Digital
Pricing / Distribution

**DEMAND
GENERATION**

Revenue
Management
and Analytics

OPTIMIZATION

Operational
Efficiency
GOP%

PROFITABILITY



Taj InnerCircle Relaunch

KEY ASPECTS OF THE NEW PROGRAM

The all-new Taj InnerCircle - REBORN

Unparalleled **SCALE**

- Largest hotel loyalty programme in India
- Valid across 80 hotels in India and 16 international hotels
- 150+ award winning restaurants

Simplified **WALLET**

- Among the top earning rates of a loyalty programme
- Points as currency
- Dynamic room rates for redemptions

Flexible **AS YOU WANT**

- No expiry of points for active members*
- No black outs across all room categories
- Increased earnings and redemption options

Surprises **IN EVERY NOOK**

- Keep checking-in to discover more...

Experiences **DEFINE YOU**

- Events as redemption options
- Signature experiences for top tier members
- Access to special benefits and partners



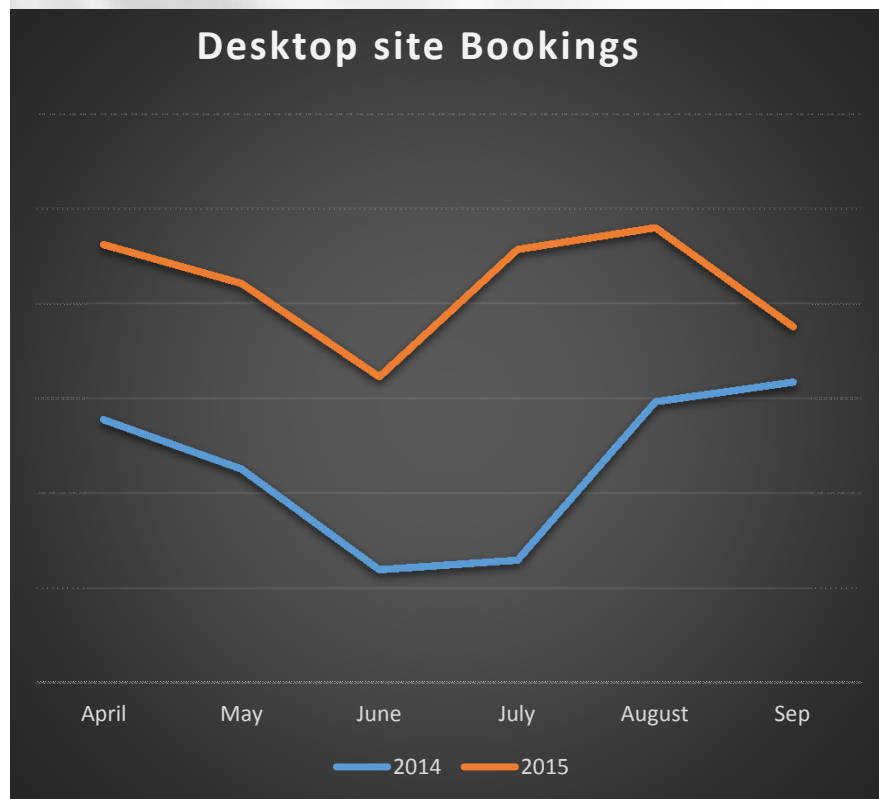
Digital Transformation

- Internet has become our fastest growing channel and more than 20% of our room revenue now coming from online channels
- Within internet - Mobile is the fastest growing channel
- Multiple enhancements made in the last 6 months to booking engine and mobile experience
- Significant investment being made in developing new age Digital Platforms which will be launched early next year

Digital Transformation

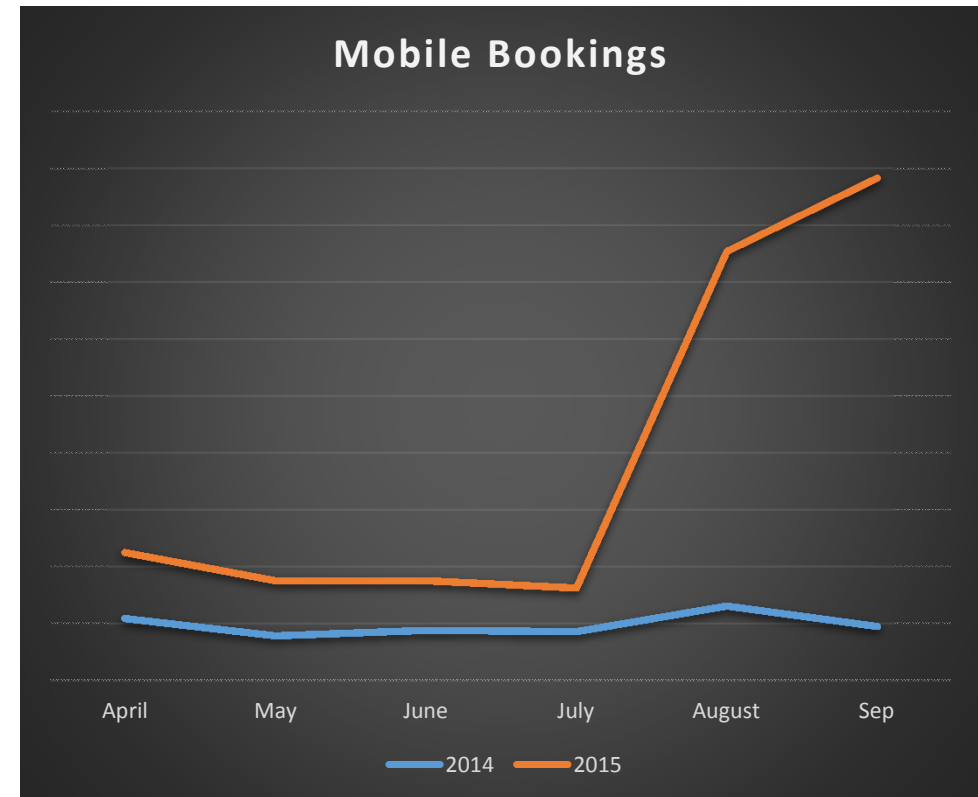
Taj Group Desktop Booked Revenues

Booking Engine Enhancements done in June

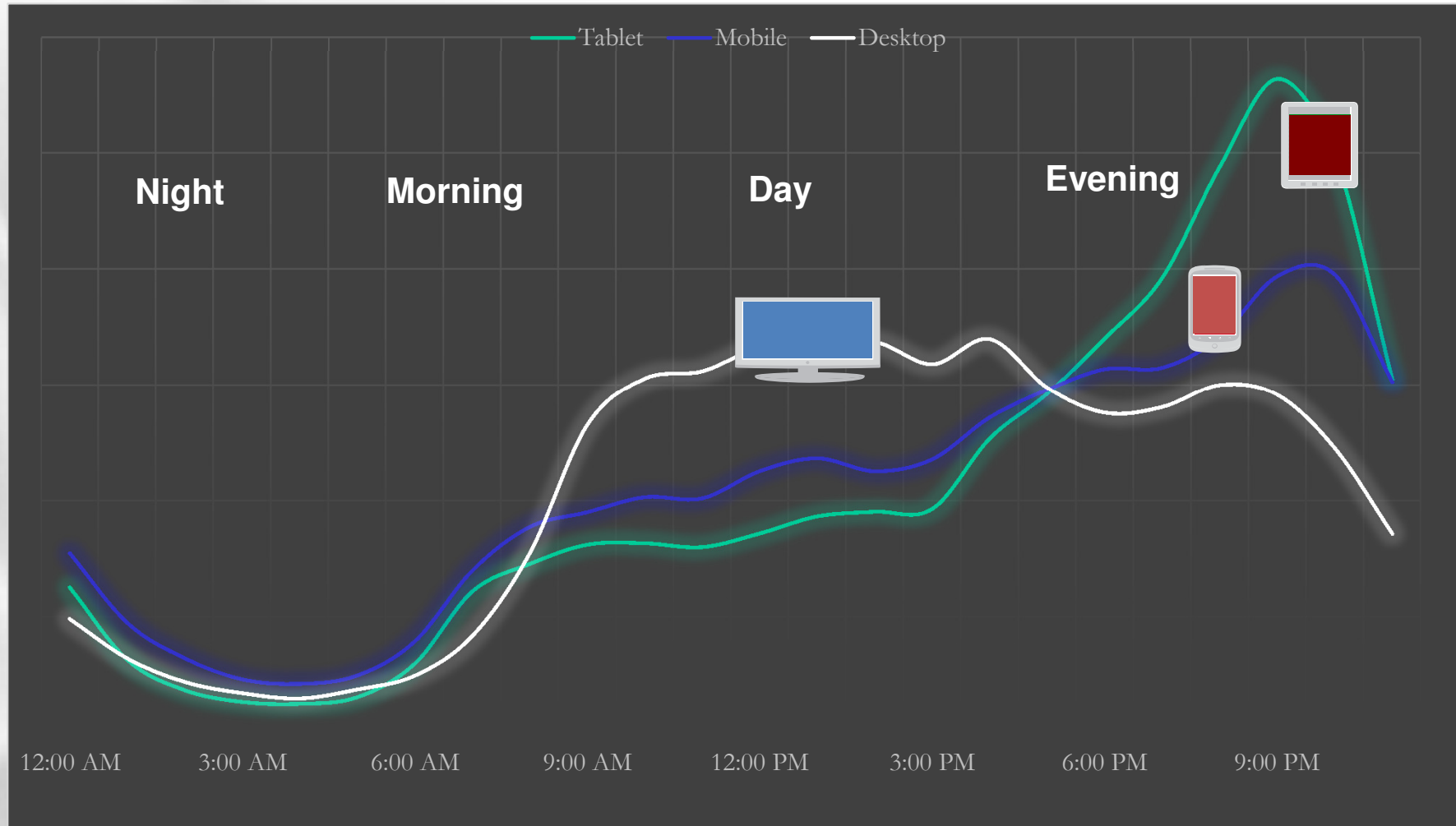


Taj Group Mobile Booked Revenues

Mobile Booking Engine Enhancements done in July





We plan to serve all platforms to enable seamless visibility for our Guests

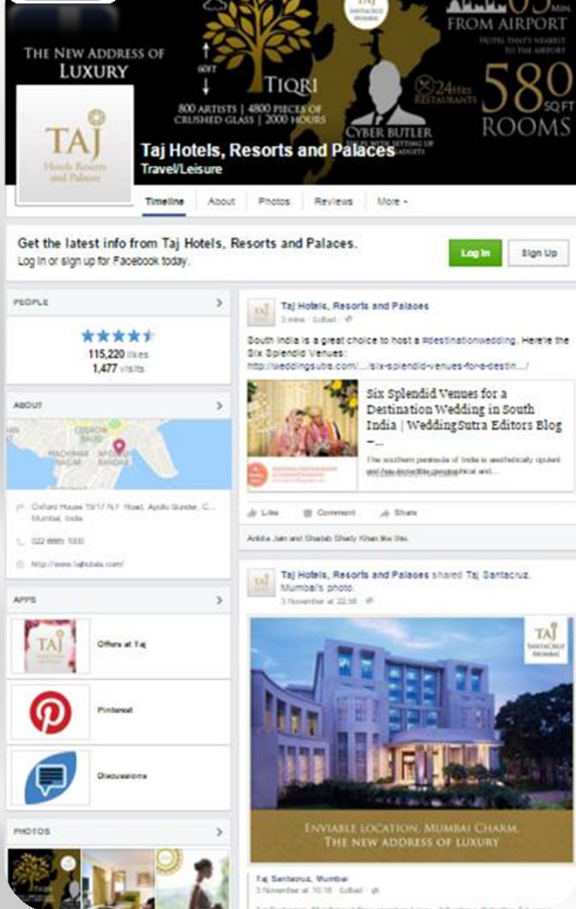




- 3 platform's enable an ongoing connection, especially during weekends.

Source: Google Internal Data % of each platform's traffic shown hourly for one day. Does not indicate absolute or relative traffic volumes.

Focus on Social Media

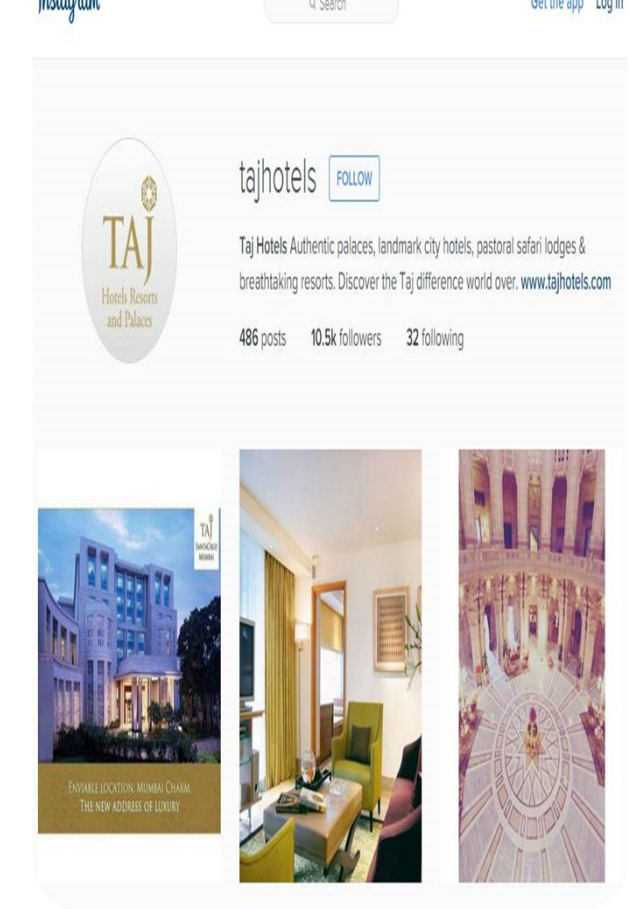
 17%  in followers



 22.3%  in followers



 133%  in followers



- Taj has one of the highest share of voice and a steady growth in positive sentiment
- Effective campaign and promotion of Taj Inner Circle on social media

Awards & Accolades

Taj Hotels Resorts and Palaces

Taj Hotels Resorts and Palaces featured on the list of 10 of the World's Best Luxury Hotel Brands by Forbes magazine

Named the best Hotel Group in India at the Travel + Leisure India and South Asia's Best Awards



The Taj Mahal Palace, Mumbai ranked second in the Best Overseas Business Hotel category in the Condé Nast Traveller UK Readers' also Travel Awards, Top 100 Hotels in Asia by Robb Report



CONDÉ NAST



The Taj Mahal Palace, Mumbai and The Taj Mahal Hotel, New Delhi were awarded Best Business Hotel in Mumbai and Delhi respectively at the Business Traveller Asia-Pacific Awards



Awards & Accolades Grand Palaces



Taj Lake Palace, Udaipur, Rambagh Palace, Jaipur and Taj Falaknuma Palace, Hyderabad ranked 6th, 9th and 15th respectively on the list of World's Best Hotels in Asia & the Indian Subcontinent in the Conde Nast Traveller UK Readers' Travel Awards . Umaid Bhawan Palace, Jodhpur has featured in the category of Best Classic Hotels in The Town & Country Travel 100: The Best Hotels in the World list



Awards & Accolades Grand Palaces



Taj Falaknuma Palace, Hyderabad was named the Best Heritage Hotel in India at the Travel + Leisure India & South Asia's Best Awards

Awards & Accolades

Taj Safaris



Taj Mahua Kothi, Bandhavgarh and Taj Banjar Tola, Kanha have featured in the category of Best Remote Hotels in The Town & Country Travel 100: The Best Hotels in the World list



Standalone Financial Performance for the Half Year ended September 30, 2015

Profit and Loss Account

Period ended September 30, 2015

₹/ crores	Quarter II			Half Year		
	2015/16	2014/15	% Change	2015/16	2014/15	% Change
Net Sales/Income from Operations	470.35	415.66	13	923.83	813.46	14
Other Operating Income				-	-	-
Total Income from Operations	470.35	415.66	13	923.83	813.46	14
Cost of Materials Consumed	46.56	40.79	14	91.03	79.45	15
Employee Benefits Expense	159.53	126.97	26	297.68	247.11	20
License Fees	30.51	27.49	11	59.69	51.49	16
Fuel, Power and Light	47.96	46.82	2	95.74	91.67	4
Depreciation and Amortisation Expense	30.14	29.50	2	59.64	59.24	1
Other Expenditure	158.15	153.11	3	310.78	287.53	8
Total Expenditure	472.85	424.68	11	914.56	816.49	12
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	(2.50)	(9.02)		9.27	(3.03)	
Other Income	35.03	25.44	38	61.95	36.61	69
Profit/ (Loss) before Finance Costs and Exceptional Items	32.53	16.42	98	71.22	33.58	112
Finance Costs	21.91	24.95	(12)	43.17	49.60	(13)
Profit/ (Loss) after Finance Costs but before Exceptional Items	10.62	(8.53)		28.05	(16.02)	
Exceptional items	(10.30)	(4.71)		39.02	(9.32)	-
Profit/ (Loss) before tax	0.32	(13.24)		67.07	(25.34)	
Provision for Taxes	(0.20)	5.66		(15.87)	10.61	
Profit/ (Loss) After Tax	0.12	(7.58)		51.20	(14.73)	-

Financials Summary

Period ended September 30, 2015

₹/crores

Particulars	Quarter II		Half Year	
	2015/16	2014/15	2015/16	2014/15
Total Income	505.38	441.10	985.78	850.07
EBITDA	62.67	45.92	130.86	92.82
EBITDA %	12%	10%	13%	11%
Profit before Finance Cost & Exceptional Item	32.53	16.42	71.22	33.58
Profit/(Loss) after Finance Costs but before Exceptional Item	10.62	(8.53)	28.05	(16.02)
Exceptional Item – Exchange Gain/(Loss)	(10.30)	(4.71)	(17.51)	(9.32)
Exceptional Item – Others			56.53	-
Tax Expense	(0.20)	5.66	(15.87)	10.61
Profit / (Loss) after Tax	0.12	(7.58)	51.20	(14.73)

IHCL Standalone Balance Sheet Summary

₹ / crores	September 30, 2015	March 31, 2015
Shareholders' Funds	2664.90	2615.15
Non- Current Liabilities		
Long Term Borrowings	2960.93	2898.10
Other Long Term Liabilities	587.91	585.47
Long-term Provisions/ Deferred Tax Liabilities (net)	245.77	218.37
Current Liabilities		
Short Term Borrowings	11.54	0.99
Other Current Liabilities	934.87	633.79
Trade Payables/Short Term Provisions	260.74	246.51
Equity and Liabilities	7666.66	7198.38
Non-Current Assets		
Fixed Assets(including CWIP)	2187.38	2153.66
Non-Current Investments	2798.73	2546.14
Long Term Loans and Advances /Other Non-Current Assets	1283.76	1442.83
Current Assets		
Current Investments/ Cash and Cash Equivalents	699.00	787.65
Short Term loans and advances /Inventories/ Trade Receivables/Other Currents Assets	697.79	268.10
Assets	7666.66	7198.38

Consolidated Financial Performance for the Half Year Ended September 30, 2015

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 GVK Hotels & Resorts Ltd	25.52
Taj SATS Air Catering Ltd	51.00	Taj Madras Flight Kitchen Pvt Ltd	50.00
TIFCO Holdings Ltd [<i>Investment Company</i>]	100.00	Taj Kerala Hotels & Resorts Ltd	28.30
Benares Hotels Ltd	51.68	Taj Karnataka Hotels & Resorts Ltd	44.27
United Hotels Ltd	55.00	Taj Safaris Ltd	28.96
Roots Corporation Ltd	63.25	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
IHOCO BV [<i>Investment Company</i>]	100.00		
Samsara Properties Ltd [<i>Investment Company</i>]	100.00		
		<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

Period ended September 30, 2015

₹/ crores	Quarter II			Half Year		
	2015/16	2014/15	% Change	2015/16	2014/15	% Change
Net Sales/Income from Operations	1020.58	937.00	9	2053.50	1874.46	10
Other Operating Income	-	-	-	-	-	-
Total Income from Operations	1020.58	937.00	9	2053.50	1874.46	10
Cost of Materials Consumed	115.90	100.87	15	233.09	202.06	15
Employee Benefits Expense	399.49	358.04	12	780.97	710.01	10
License Fees	52.16	47.76	9	102.49	92.01	11
Fuel, Power and Light	85.61	84.03	2	169.55	165.68	2
Depreciation and Amortisation Expense	76.07	74.86	2	150.02	144.62	4
Other Expenditure	305.73	331.51	(8)	599.19	609.68	(2)
Total Expenditure	1034.96	997.07	4	2035.31	1924.06	6
Profit/ (Loss) from operations before Other Income, Finance Costs and Exceptional Items	(14.38)	(60.07)		18.19	(49.60)	
Other Income	37.24	21.30	75	66.50	38.22	74
Profit/(Loss) before Finance Costs and Exceptional Items	22.86	(38.77)		84.69	(11.38)	
Finance Costs	46.60	45.99	1	90.90	90.53	-
Profit/ (Loss) after Finance Costs but before Exceptional Items	(23.74)	(84.76)		(6.21)	(101.91)	
Exceptional item	(16.05)	(6.88)		32.73	(12.97)	
Profit/ (Loss) before tax	(39.79)	(91.64)		26.52	(114.88)	
Less: Provision for Taxes	3.63	(0.63)		24.65	0.46	
Add: Share of Profit/(Loss) in Associates	(1.45)	(2.61)		(3.58)	(5.40)	
Less: Minority Interest in Subsidiaries	(8.77)	(4.07)		(17.15)	(11.77)	
Profit/(Loss) after Tax	(53.64)	(97.69)		(18.86)	(132.51)	

IHCL Consolidated - Financials Summary

Period ended September 30, 2015

₹/crores

Particulars	Quarter II		Half Year	
	2015/16	2014/15	2015/16	2014/15
Total Income	1057.82	958.30	2120.00	1912.68
EBITDA	98.93	36.09	234.71	133.24
EBITDA %	9%	4%	11%	7%
Profit/(Loss) before Finance Cost & Exceptional Item	22.86	(38.77)	84.69	(11.38)
Profit/ (Loss) after Finance Costs but before Exceptional Item	(23.74)	(84.76)	(6.21)	(101.91)
Exceptional Item – Exchange Gain/(Loss)	(11.91)	(6.88)	(19.66)	(12.97)
Exceptional Item – Others	(4.14)	-	52.39	-
Profit/(Loss) after Tax, Minority Interest & share of profit/(loss) in associates	(53.64)	(97.69)	(18.86)	(132.51)

International Hotels

Hotel Name	Occupancy (%)		ARR (\$)		RevPAR (\$)	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
The Pierre, New York	77	78	622	626	477	487
Taj Boston	80	81	333	323	267	262
Taj Campton Place, San Francisco	77	83	345	330	265	275
St. James Court, London (£)	86	83	224	202	193	168

Overview of Taj Group

For the half year ended September 30, 2015

Particulars	2015/16	2014/15	2013/14	2012/13
Number of Hotels	133	125	123	115
Rooms Inventory	16,057	15,391	15,089	13,887
Total Revenue (₹/crores)	2,962	2,663	2,464	2,288

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

Debt Position – September 2015

₹/crores

Particulars	Standalone	Consolidated
Gross Debt *	2,297	4,331
Debenture Redemption Premium	562	562
Less : Liquidity	(803)	(1,104)
Net Debt	2,056	3,789
Net Debt/ Equity**	0.56	1.17
Net Debt/ EBITDA***	4.32	5.50

- Post the acquisition of Shares of LEPL, effective Q3 debt around ₹ 1,402 crores will be consolidated into the IHCL of which ₹ 693 will be retired in February 2016

* Excluding Compulsory Convertible Debentures

** Compulsory Convertible Debentures is treated as equity

*** Trailing 12 months

International Restructuring

Rationale and Benefits

- Simplified structure with one **Apex Holding Company**
- **Consolidates value** of assets under a single overseas entity
- Enhances **fund raising ability**.
- Value of underlying assets would be appropriately reflected in IHCL's books
- **Efficiency in debt service** due to bigger size of holding company and larger up-streaming
to one apex company

Schemes of Amalgamation

Amalgamation IHMS LLC & LEPPL

- On October 19, 2015, the Board of Directors of the company have approved the amalgamation of International Hotel Management Services LLC (formerly known as IHMS Inc.) (IHMS LLC) and Lands End Properties Private Limited (LEPPL), two wholly owned subsidiaries (“transferor companies”) into the Company, by way of two separate Schemes of Arrangement.
- The intended amalgamation is subject to the requisite approvals of the shareholders and creditors of the company, receipt of relevant regulatory approvals, third party consents and the sanction of the High Court of Judicature at Bombay.
- The appointed dates for the Schemes are January 1, 2016 for IHMS LLC and March 31, 2016 for LEPPL, respectively, for each of the transferor companies.

Amalgamation Rationale and Benefits

IHMS LLC

- Pursuant to the international restructuring exercise , the utility of retaining IHMS LLC as a separate entity is diminished and hence it is sought to be amalgamated with the company.
- The amalgamation of IHMS LLLC would simplify the overseas holding structure and reduce the overseas shareholding tiers.

LEEPL

- It shall enable LEEPL to become part of larger entity , to have access to the financial resources , management expertise of the company.
- It will enable LEEPL to leverage the resources of the company and facilitate raising of funds on competitive terms and achieving operational and cost synergies

Thank you