

The Indian Hotels Company Limited

Analyst Meet

Results for the Year ended March 31, 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

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Rakesh Sarna - Managing Director & CEO

Giridhar Sanjeevi - Chief Financial Officer

Rajeev Newar – Vice President, Finance

Outline of Presentation

- Industry Trends
- Inventory – Taj Group
- Financial Results - Standalone & Consolidated
- Treasury
- Other Update

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 Africa (8%) enjoyed strong rebound after two weaker years. Demand in Middle East was uneven and recorded decrease by (4%).
- The total contribution of Travel & Tourism to GDP was 10.2% of GDP in 2016, and is forecast to rise by 3.6% in 2017, according to WTTC's analysis
- As per WTTC, Travel & Tourism sector generated US \$7,613.3 billion (10.2% of global GDP) in 2016 and supported 292 million jobs.
- Travel & Tourism is forecast to grow, in terms of GDP contribution, by 3.9% on average per year over the next ten years and by 2027, Travel & Tourism is expected to support 382 million jobs in total globally.

India Market Overview

- 2016-17 saw a supply growth of 3.1%, where demand increased by 6.2% over the previous year.
- Most key cities witnessed an increase in supply in the range of 1% to 5%
- E-Tourist Visa scheme for India is now available across 161 countries arriving at 16 Airports in India. Foreign tourists' arrival (FTAs) on e-tourist visa increased 142.5 % year-on-year in December 2016
- The total contribution of Travel & Tourism to GDP was 9.6% of GDP in 2016, and is forecast to rise to 10.2% in 2017.
- India has moved up 13 positions to 52nd rank from 65th in Tourism & Travel competitive index. The tourism and hospitality sector is among the top 10 sectors in India to attract the highest Foreign Direct Investment (FDI).
- Domestic airline traffic has been increasingly steadily over the past year. Domestic airlines traffic will see an increase of 15.5% this summer (2017) compared to the year-ago period.

All India Hospitality Overview: 2016-17 v/s 2015-16

Market Dynamics

- Supply Growth +3.1%
- Demand Growth +6.2%

All India Hotels' Performance





- Occupancy
64% (+3.0%)
- Avg. Room Rate
₹ 5,583 (+1.7%)
- RevPAR
₹ 3,560 (+4.7%)

Key Markets

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

Taj Group Inventory

Taj Group Inventory Brand Distribution

Brands	Domestic		International		Total	
	No of Hotels	Inventory	No of Hotels	Inventory	No of Hotels	Inventory
	21	3,572	10	1,851	29	5,423
	35	4,939	5	575	40	5,514
	27	2,206	1	208	28	2,414
	35	3,324	-	-	35	3,324
Total	118	14,041	16	2,634	134	16,675

Upcoming Development in 2017/18

Hotel	Company	Rooms
Andamans	IHCL	75
Rishikesh	Management Contract	79
Shimla	Management Contract	95
Tirupati	Management Contract	102
<u>Ginger</u>		
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)	Roots Corporation	142
Gurgaon	Management Contract	90
Jim Corbett	Management Contract	50
Aurangabad	Roots Corporation	64
Surat	Management Contract	94
	11 Hotels	871

**Standalone Financial Performance
for the
Year ended March 31, 2017**

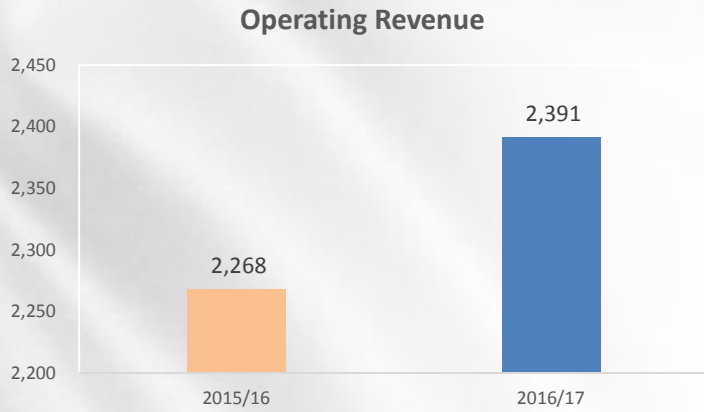
IND-AS – Effective April 1, 2016

- 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

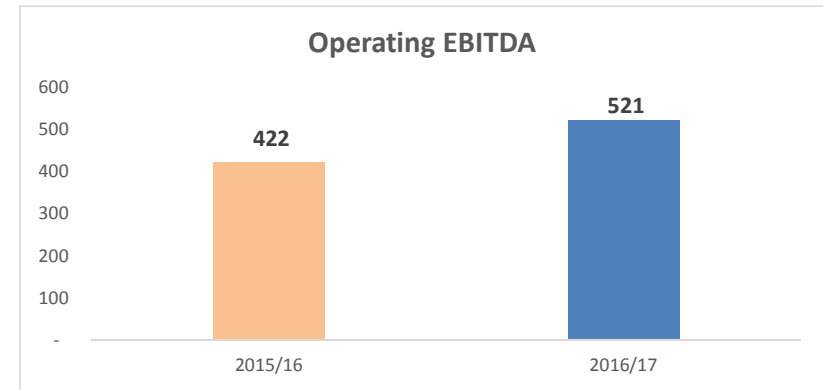
Head	Important Areas
Revenue recognition	Loyalty Income
Fair Value	Investments & Derivatives
Time value of Money	Lease deposits
Effective Interest rate	Low Coupon Debentures
Consolidation	Equity Accounting for JV

IHCL Standalone Key Indicators for Year ended March 31, 2017

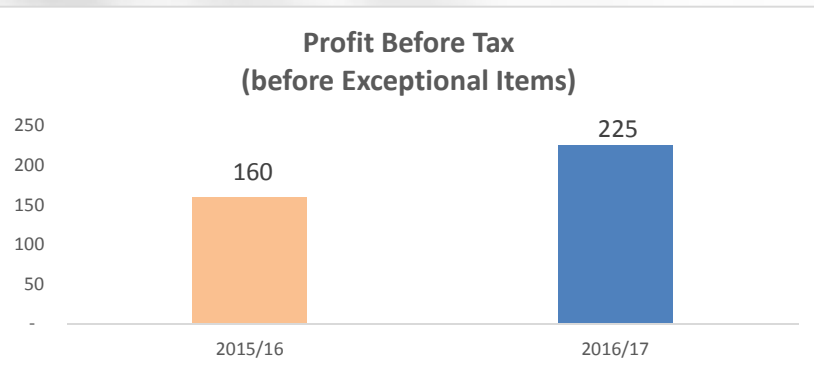
₹/crores



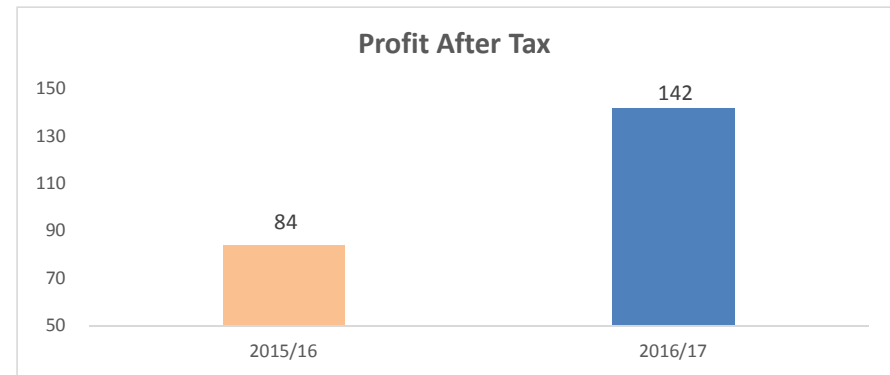
₹/crores



₹/crores



₹/crores



Profit and Loss Account for Period ended March 31, 2017

₹/ crores	Quarter IV			Year		
	2016/17	2015/16	% Change	2016/17	2015/16	% Change
Revenue from Operations	707	686	3%	2391	2268	5%
Other Income	18	23	(22)%	54	106	(49)%
Total Income	725	708	2%	2445	2374	3%
Food and Beverages consumed	62	58	7%	220	210	5%
Employee Benefits Expense	159	162	(2)%	633	615	3%
Other operating and general expenses	288	285	1%	1017	1021	
Total Expenditure	509	504	1%	1871	1846	1%
EBITDA	216	204	6%	574	529	9%
Operating EBITDA	198	181	9%	521	422	23%
Depreciation and Amortisation Expense	46	36	28%	151	126	20%
Finance Costs	53	56	(5)%	198	243	(19)%
Profit Before exceptional Items & Tax	117	112	4%	225	160	41%
Exceptional items	(27)	(3)		34	(7)	
Profit/ (Loss) before tax	89	109	(18)%	259	153	69%
Provision for Taxes	58	40	45%	117	69	70%
Profit/ (Loss) After Tax	31	69	(55)%	142	84	69%
EBITDA %	29.8%	28.8%		23.5%	22.3%	
Profit Before exceptional Items & Tax %	16.1%	15.8%		9.2%	6.7%	

- Leveraging profit & Loss & Flow through efficiency

Income Details

For period ending March 31, 2017

₹ / Crores	2016/17	2015/16	% Change
Room Income	1,048	973	8
Food , Restaurants & Banquet Income	942	928	1
Management & Operating fees	159	149	7
Other Operating Income	242	217	11
Income from Operations	2391	2268	5
Non Operating Income	54	106	(49)
Total Income	2,445	2,374	3

- Increase in Room Income was driven by higher ARR by 8 %
- 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 , Lower on account of reduced liquidity in Current year , used to repay debt.

Exceptional Items

For period ending March 31, 2017

₹ / Crores

Particulars	2016/17	2015/16
Exchange Gain/ (Loss) on Long-term Borrowings/Assets (Net)	2	28
Change in fair value of derivative contracts	65	(24)
Recovery of costs along with interest on a surrendered project	24	-
Provision for impairment of investment in a Subsidiary/ Joint Venture that incurred losses	(64)	(0.35)
Refund of municipal tax	6	-
Expenditure on projects written off for commercial reasons	-	(10)
Total	34	(7)

IHCL Standalone Financials

Balance Sheet

₹ / Crores	March 31, 2017	March 31, 2016
Non Current Assets		
Fixed Assets (Including CWIP)	2,295	2,198
Financial Assets		
Investments	2,875	1,819
Loans	38	1,057
Other Financial Assets	59	56
Other Non Current Assets & Advance Tax	321	298
Current Assets		
Inventories	48	45
Financial Assets		
Current Investments , Cash , Bank and Cash Equivalents	75	165
Trade receivables, Loans & Other financial assets	335	287
Other Current Assets	49	42
Total Assets	6,094	5,967
Equity	2,616	2,376
Non Current Liabilities		
Financial Liabilities (Long term borrowings & Other Financial Liabilities)	1,748	1,868
Provisions & Deferred Tax Liabilities	337	277
Current Liabilities		
Financial Liabilities (Short term Borrowings , Trade Payables Other Financial Liabilities)	1,068	1,102
Provisions & Other Current Liabilities	325	344
Total Equity & Liabilities	6,094	5,967

Dividend

The Board of Directors have recommended a final dividend of **35%** for 2016/17.

**Consolidated Financial Performance
for the
Year Ended March 31, 2017**

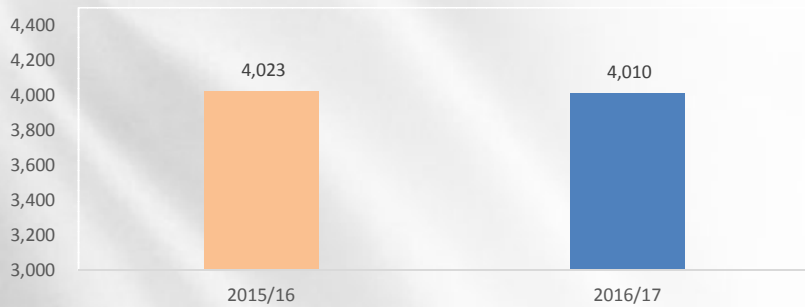
Taj Group Major Companies

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 Key Indicators for Period ended March 31, 2017

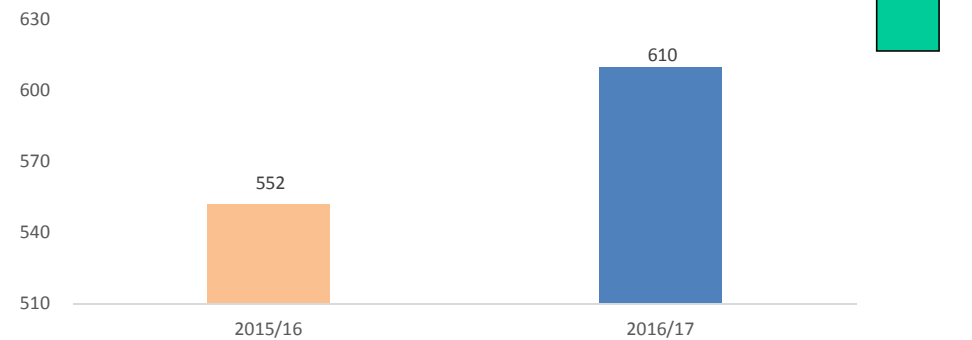
₹/crores

Operating Revenue



₹/crores

Operating EBITDA



₹/crores

Profit After Tax



- Operating Revenue for Current year includes ₹ 76 crores for Boston
- Operating Revenue for the Previous year includes ₹ 223 crores for Boston.
- Excluding Boston Operating Revenue increased by ₹ 134 Crores(4%).

IHCL Consolidated -Profit and Loss Account for Period ended March 31, 2017

Rs/ crores	2016/17	2015/16	% Change
Revenue from Operations	4010	4023	-
Other Income	55	100	(45%)
Total Income	4065	4123	(1%)
Cost of Materials Consumed	364	367	(1%)
Employee Benefits Expense	1365	1423	(4%)
Other Operating & General Expenses	1672	1681	(1%)
Total Expenditure	3401	3471	(2%)
EBITDA	665	652	2%
Operating EBITDA	610	552	11%
Depreciation and Amortisation Expense	299	285	5%
Finance Costs	324	376	(14%)
Profit Before exceptional Items & Tax	41	(9)	
Exceptional items	(11)	(83)	
Profit/ (Loss) before tax	31	(91)	
Provision for Taxes	114	91	
Profit/ (Loss) after tax before share of associates and JV and Minority Interests	(83)	(182)	
Add: Share of Profit/(Loss) in Associates & JV	38	(21)	
Less : Minority Interest in Subsidiaries	(18)	(28)	
Profit/ (Loss) After Tax	(63)	(231)	
EBITDA %	16.3%	15.8%	
Profit Before exceptional Items & Tax %	1.0%	(0.2%)	

Exceptional Items

For period ending March 31, 2017

₹ / Crores

Particulars	2016/17	2015/16
Exchange Gain/ (Loss) on Long-term Borrowings/Assets (Net)	0	(33)
Change in fair value of derivative contracts	65	(24)
Recovery of costs along with interest on a surrendered project	24	-
Refund of municipal tax	6	-
Expenditure on projects written off for commercial reasons	-	(25)
Provision of financial exposure in an associate	(5)	-
Profit on compulsory acquisition of land by government	1	-
Net Loss on disposal of IHMS (Boston) LLC	(103)	-
Total	(11)	(83)

IHCL Consolidated Financials

Balance Sheet

₹ / Crores	March 31, 2017	March 31, 2016
Non Current Assets		
Fixed Assets (Including Goodwill)	6038	7052
Financial Assets		
Investments	1153	1345
Loans	15	15
Other Financial Assets	72	73
Other Non Current Assets , Advance Tax & Deferred Tax	430	387
Current Assets		
Inventories	80	80
Financial Assets		
Current Investments , Cash , Bank and Cash Equivalents	338	353
Trade receivables. Loans & Other financial assets	430	436
Other Current Assets	78	75
Total Assets	8634	9815
Equity (Including Non Controlling Interests)	3256	3323
Non Current Liabilities		
Financial Liabilities (Long term borrowings & Other Financial Liabilities)	3147	3748
Provisions & Deferred Tax Liabilities	393	328
Current Liabilities		
Financial Liabilities (Short term Borrowings , Trade Payables Other Financial Liabilities)	1377	1917
Provisions & Other Current Liabilities	463	498
Total Equity & Liabilities	8634	9815

Overview of Taj Group

For the Year ended March 31, 2017

Particulars	2016/17	2015/16	2014/15	2013/14
Number of Hotels	139	136	130	125
Rooms Inventory	16,778	16,500	15,658	15,391
Total Revenue (₹/crores)	7,095	6,725	6,015	5,677

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

Update on Financial Initiatives

International Restructuring

- The restructuring exercise for overseas hotels / investments was concluded during the year
- Holdings in the assets in USA, UK , South Africa, Sri Lanka & Maldives have all now been shifted to IHOCO BV (100% Subsidiary)
- The new **simplified** structure **consolidates value** under one entity, enhances **potential fund raising ability** and is efficient from **regulatory perspective**
- Separately, the erstwhile USA subsidiary of the company was amalgamated with IHCL through a ‘Scheme of Arrangement’, which was effected during the year 2016/17.

Sea Rock

- Sea Rock ownership has been folded into IHCL, post the acquisition of 100% equity in Lands End Properties Pvt Ltd
- The debt in Sea Rock Balance Sheet has been reduced to Rs 850 crores from the earlier levels of Rs 1400 crores.
- The ‘Scheme of Arrangement’ to amalgamate the Sea Rock Company with IHCL was effected during the year 2016/17 and is now completed.

Update on Recent Divestment Initiatives

Divestments	Year	Transaction Currency	Sale Proceeds \$/Million	Offshore Debt Repayment \$/ Million	Net Liquidity Infused in IHCL ₹/crores
Blue, Sydney	2014/15	AUD	30	-	195
Tata Projects Shares	2015/16	₹	9	-	56
Taj Boston	2016/17	USD	125	113	80
Belmond Shares	2016/17	USD	68	50	121
			232	163	452

- The company has select divested few of its assets / investments resulting in liquidity creation of USD 232 million, in recent years
- During the previous year, the company has sold its hotel in Boston with a back to back arrangement to continue operating the hotel, thereby retaining the Brand presence in that market.
- The company also concluded full divestment of its holding in Belmond (Orient Express) during the year
- These proceeds have primarily been used to reduce debt

Debt Position

₹/crores

Particulars	Standalone		Consolidated	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Gross Debt	2,049	2,158	3,383	4,526
Liquidity	(67)	(157)	(232)	(310)
Net Debt	1,982	2,001	3,151	4,216
Finance Cost	198	243	324	376
Net Debt/ Equity	0.76	0.84	0.97	1.27
Weighted cost of Debt	8.8%	8.8%	8.4%	7.4%

- Consolidated debt has significantly reduced by ₹ 1,065 crores during the year
- This has interalia , resulted in lower finance costs
- Credit rating on the borrowings reaffirmed at AA+ by CARE and AA by ICRA

Other Update

Amalgamation

- The Board of Directors, at its meeting held on May 26, 2017, has approved the amalgamation of TIFCO Holdings Ltd (TIFCO) , a wholly owned subsidiary (WOS), of the IHCL into the Company, by way of Scheme of Amalgamation.
- TIFCO is an NBFC classified as an Investment company , registered with RBI .
- TIFCO is debt free and has healthy reserves of around ₹ 140 Crores that will strengthen IHCL's Balance Sheet.
- TIFCO has around ₹ 65 crores in liquid assets, which will further boost the liquidity position of IHCL
- The Proposed Amalgamation will simplify management structure, elimination of duplication and rationalization of administrative expenses.
- As TIFCO is a WOS, no new shares will be issued and there will be no dilution of the holding of any existing shareholders.
- The amalgamation is subject to the approval of National Company Law Tribunal(NCLT), Shareholders, SEBI, Stock exchanges and other regulatory approvals.
- The Appointed date for the purpose of this amalgamation is April 1 , 2017.
- The amalgamation process is expected to be completed by March , 2018.

Thank you