



HOTELS • PALACES • RESORTS • SAFARIS

February 16, 2018

BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code: 500850

National Stock Exchange of India Limited
Exchange Plaza
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Symbol: INDHOTEL

Sub: Capital Markets Day Presentation

Dear Sirs,

Further to our letter of date, intimating the schedule of analyst / institutional investor meeting, we wish to inform you that the Capital Markets Day was hosted today and a copy of the presentation made to the Institutional Investors is enclosed for your records.

Kindly acknowledge receipt.

Yours sincerely,



BEEJAL DESAI
Vice President - Legal & Company Secretary

Encl : a/a

THE INDIAN HOTELS COMPANY LIMITED

CIN: L74999MH1902PLC000183

Corporate Office: 9th floor, Express Towers, Barrister Rajni Patel Marg, Nariman Point, Mumbai 400 021, Maharashtra, India. Tel: +91 022 61371637, Fax: +91 022 61371919
Registered Office: Mandlik House, Mandlik Road, Mumbai 400001, Maharashtra, India. Tel: +91 22 66395515, Fax: +91 022 22027442
investorrelations@tajhotels.com | www.tajhotels.com

A TATA Enterprise

ASPIRATION 2022





PUNEET CHHATWAL

Managing Director & Chief Executive Officer

Building The Most Iconic and Profitable Hospitality Company

AGENDA

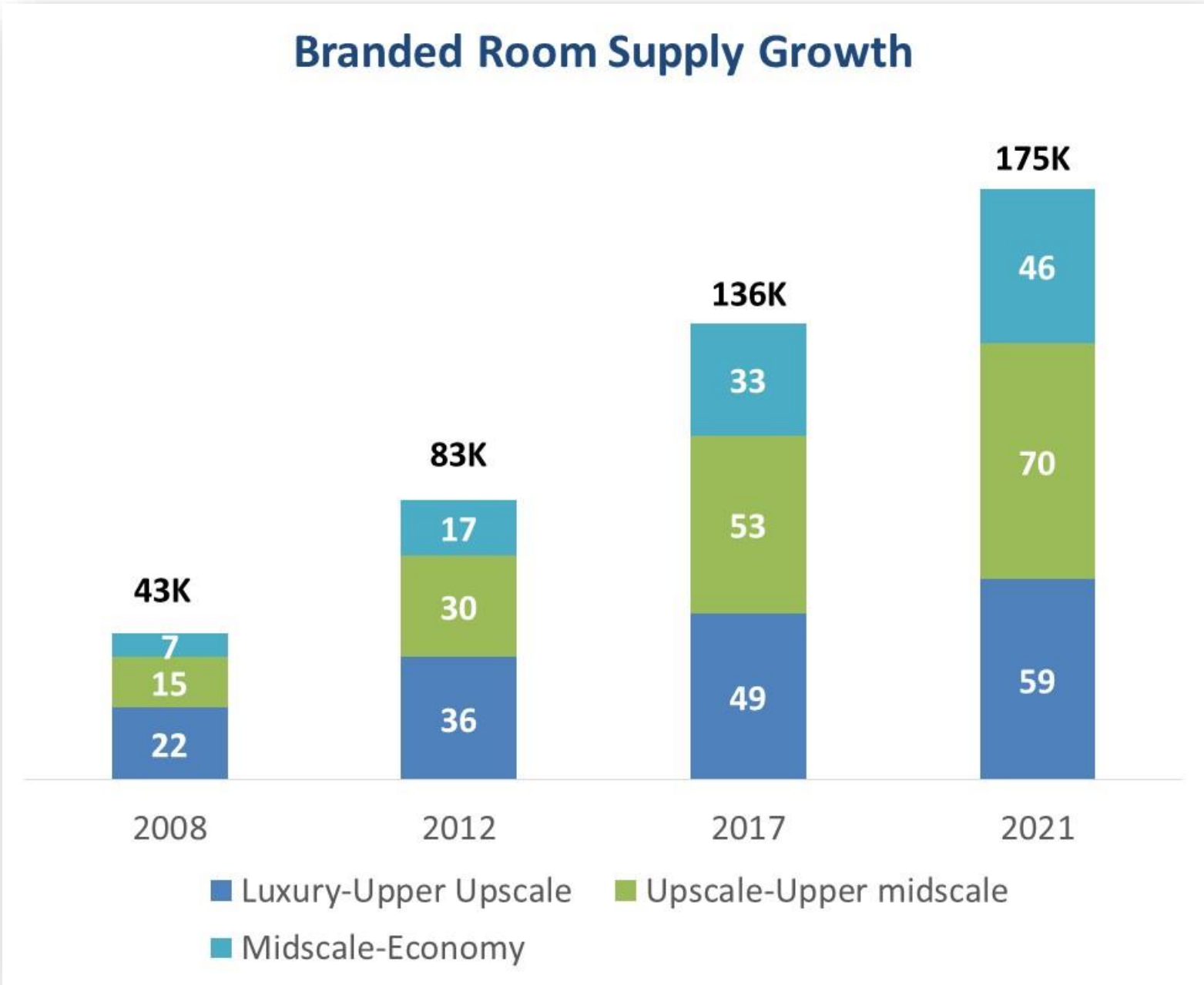
- **External Environment**
- Aspiration 2022
- Portfolio Growth
- Operational Excellence
- Revenue Optimization
- Superior Financials

Improving RevPAR trends in the Domestic Market

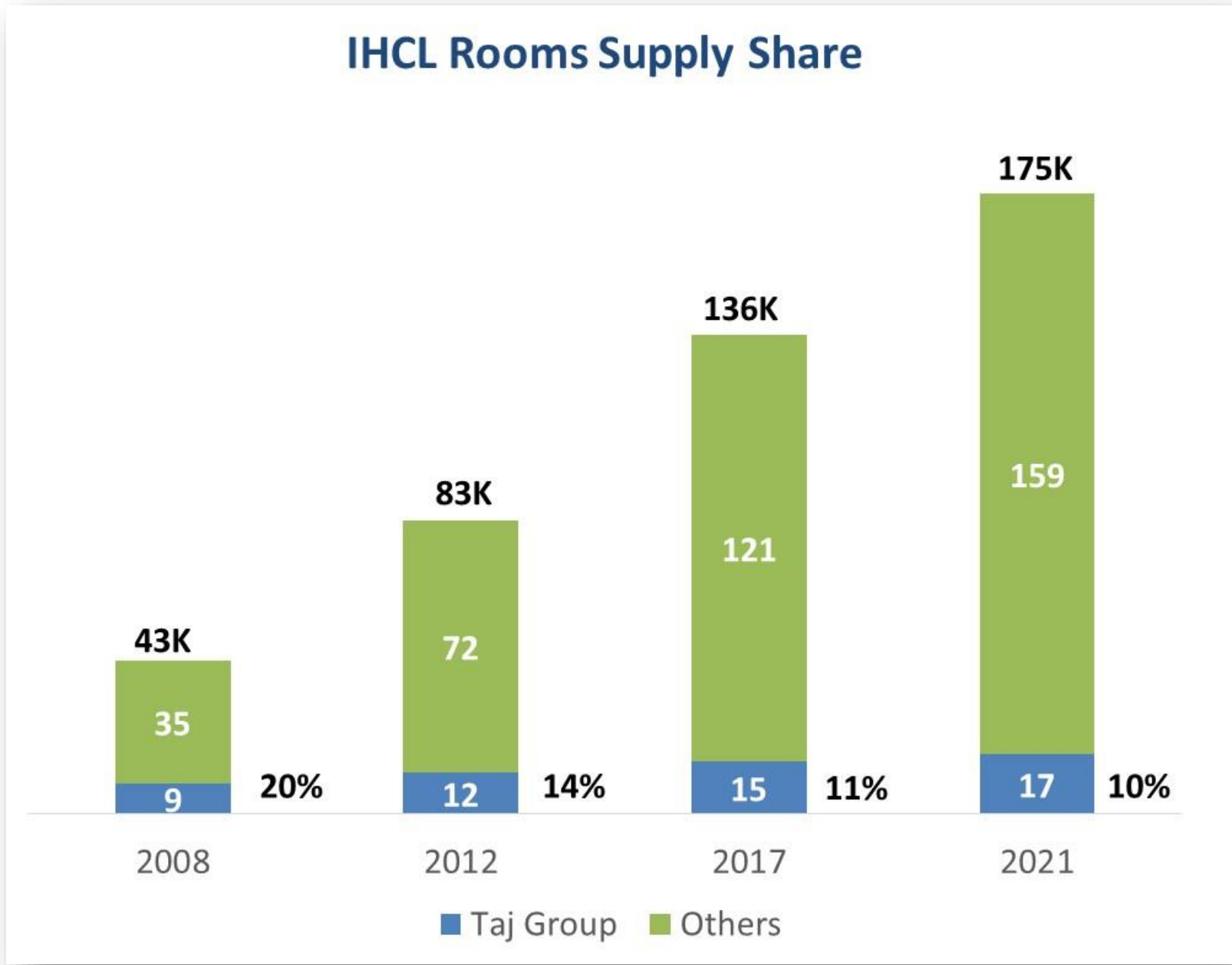
- Increase in Occupancies leading to gradual increase in RevPARs.
- Demand growth outpacing supply growth for the past 3 years.
- 2007/08 peak RevPARs yet to be achieved.
- Domestic chains lacking segmental depth.

Source: HVS Trends and Opportunities, Horwath HTL

Trend of increase in Inventory expected to continue



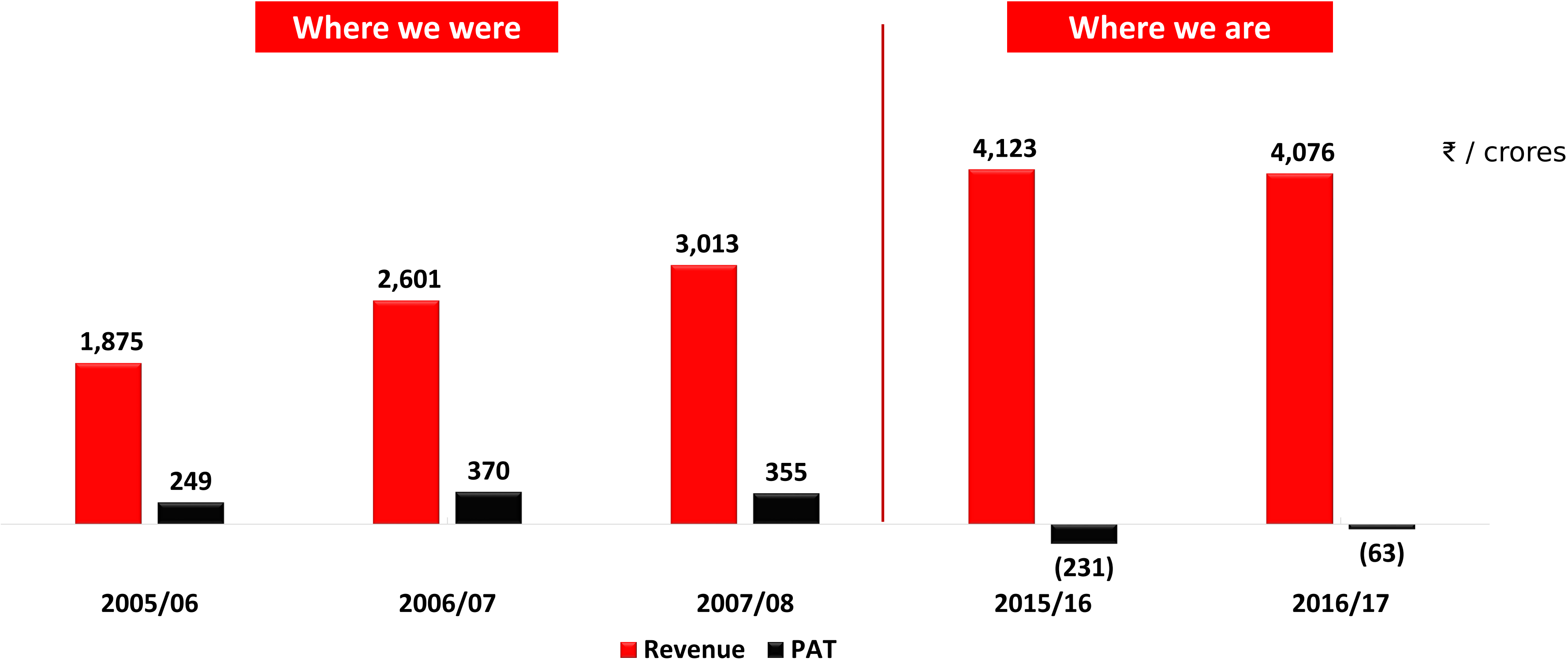
Upscale and Midscale dominate future supply



IHCL Market Share under pressure

Source: Horwath HTL

IHCL at an inflection point for transformational growth



Legacy Balance Sheet and P&L issues are behind us

AGENDA

- External Environment
- **Aspiration 2022**
- Portfolio Growth
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- Superior Financials

Purpose

Creating value by operating Best-in-class portfolio of hospitality brands
in India and select overseas destinations

Aspiration

Expressed through **C**ulture, **C**ommerce & **C**onconnectedness

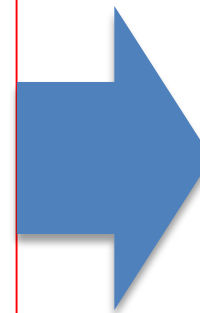
Initiatives

Execution through **R**e-structure, **R**e-engineer and **R**e-imagine

Aspiration 2022

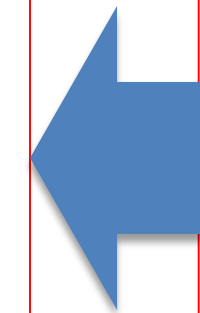
Culture

- One IHCL, One Tata
- Emotional connect with all stakeholders
- Driven by Performance and Accountability



Commerce

- Market Leader by inventory in India - relevant segments
- EBITDA Margin of 25%
- Stock to outperform Indices



Connectedness

Internal

- Balanced Organization
- Employer of Choice

External

- Guest Connect – Service excellence
- To be the preferred Alliance partner

Strategic Initiatives

Re-structure

- **S**cale up Inventory
- **S**implify Holding Structure
- **S**ell Non Core Assets

Re-engineer

- **E**xpand Margins
- **E**mbrace Technology
- **E**ngage People

Re-imagine

- **M**anoeuvre Excellence
- **M**anage Brandscape
- **M**ultiply Portfolio

Brandscape – Underlying theme

- **A**ddress Diverse Customer segments and price points
- **A**lign Brandscape to dominate High Growth Segments
- **A**dapt Branding for 'Profitability & Scale'

Palaces



Leisure



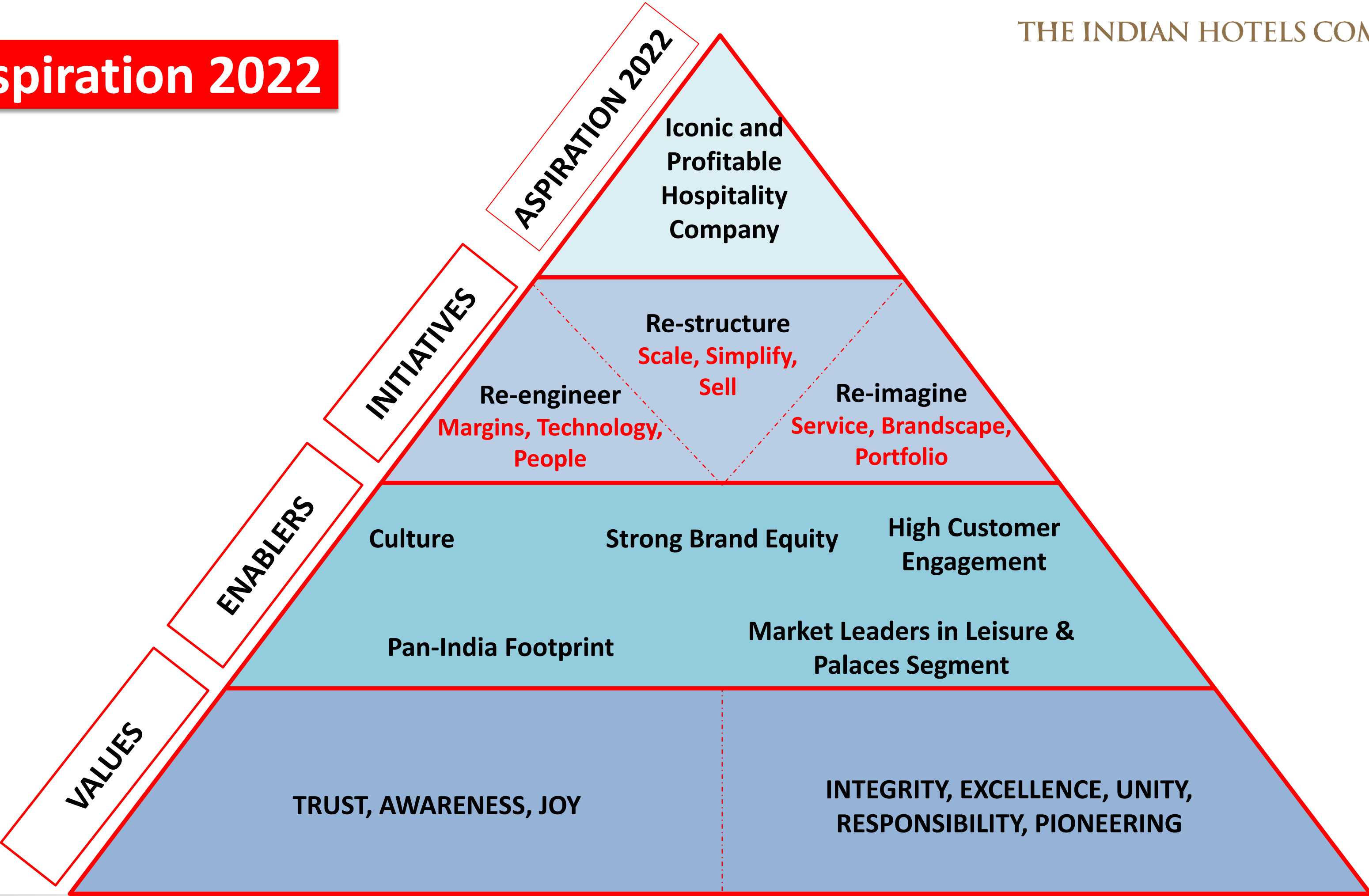
Business



VIVANTA
HOTELS & RESORTS

VIVANTA
HOTELS & RESORTS

GINGER
HOTELS



AGENDA

- External Environment
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- **Portfolio Growth**
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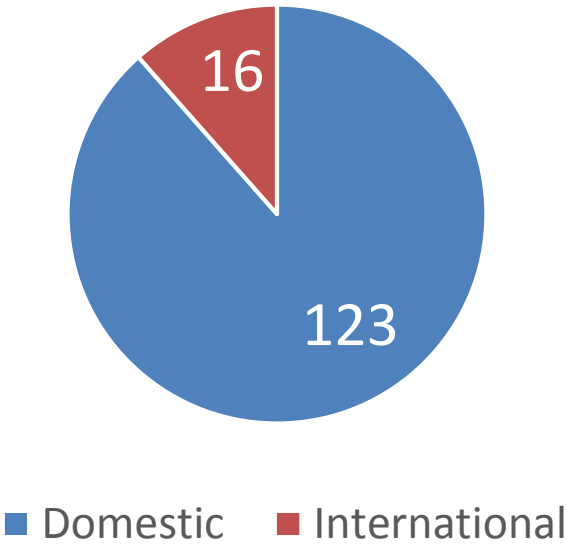
SUMA VENKATESH

Senior Vice President – Real Estate & Development

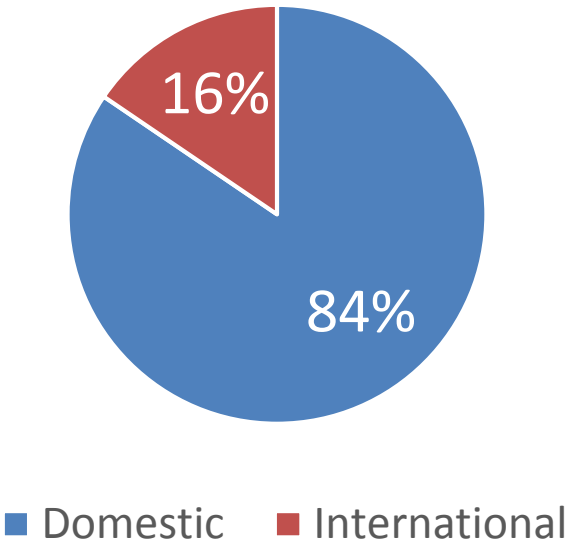
Asset Smart Growth

Our Portfolio

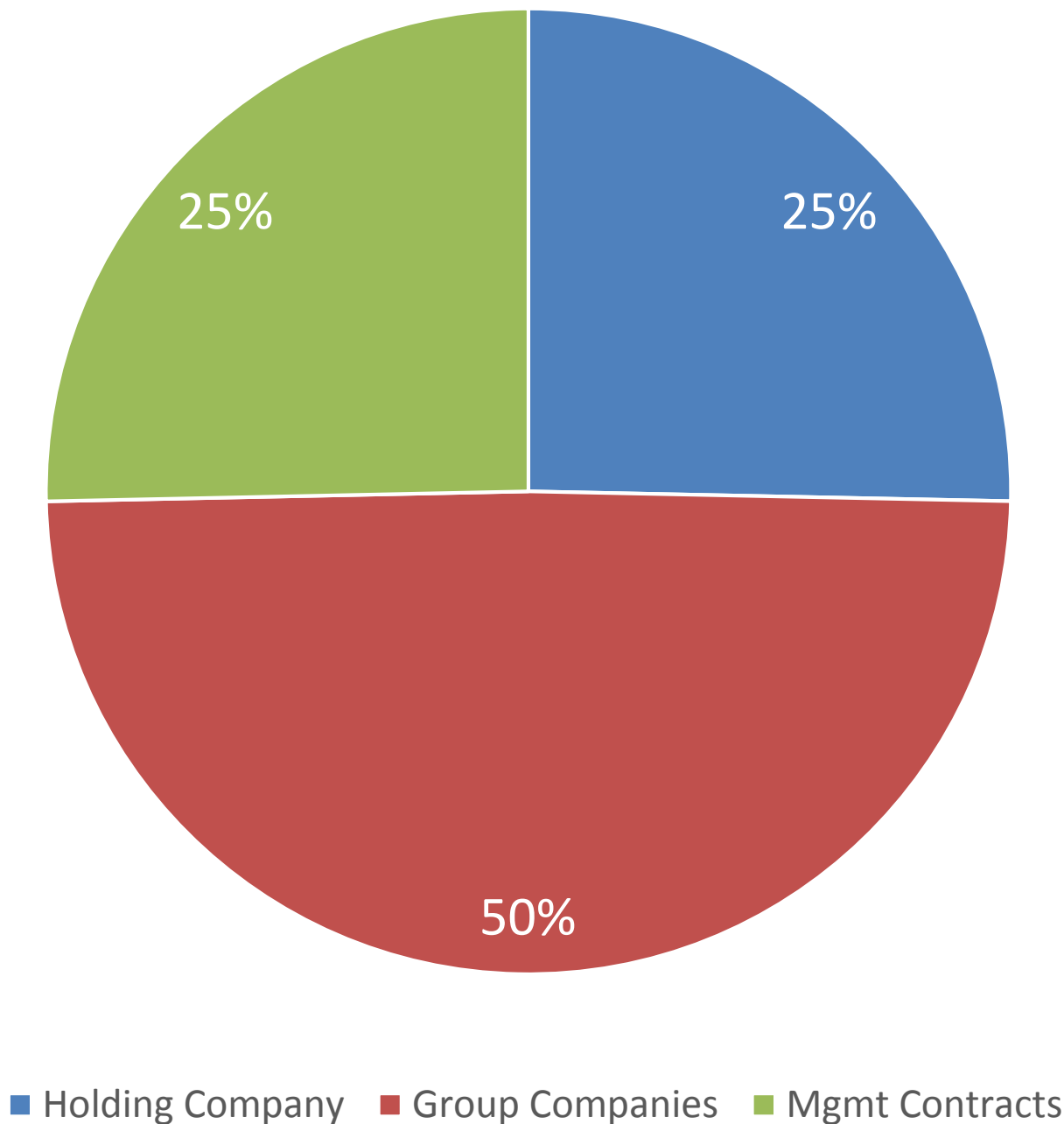
Number of Hotels



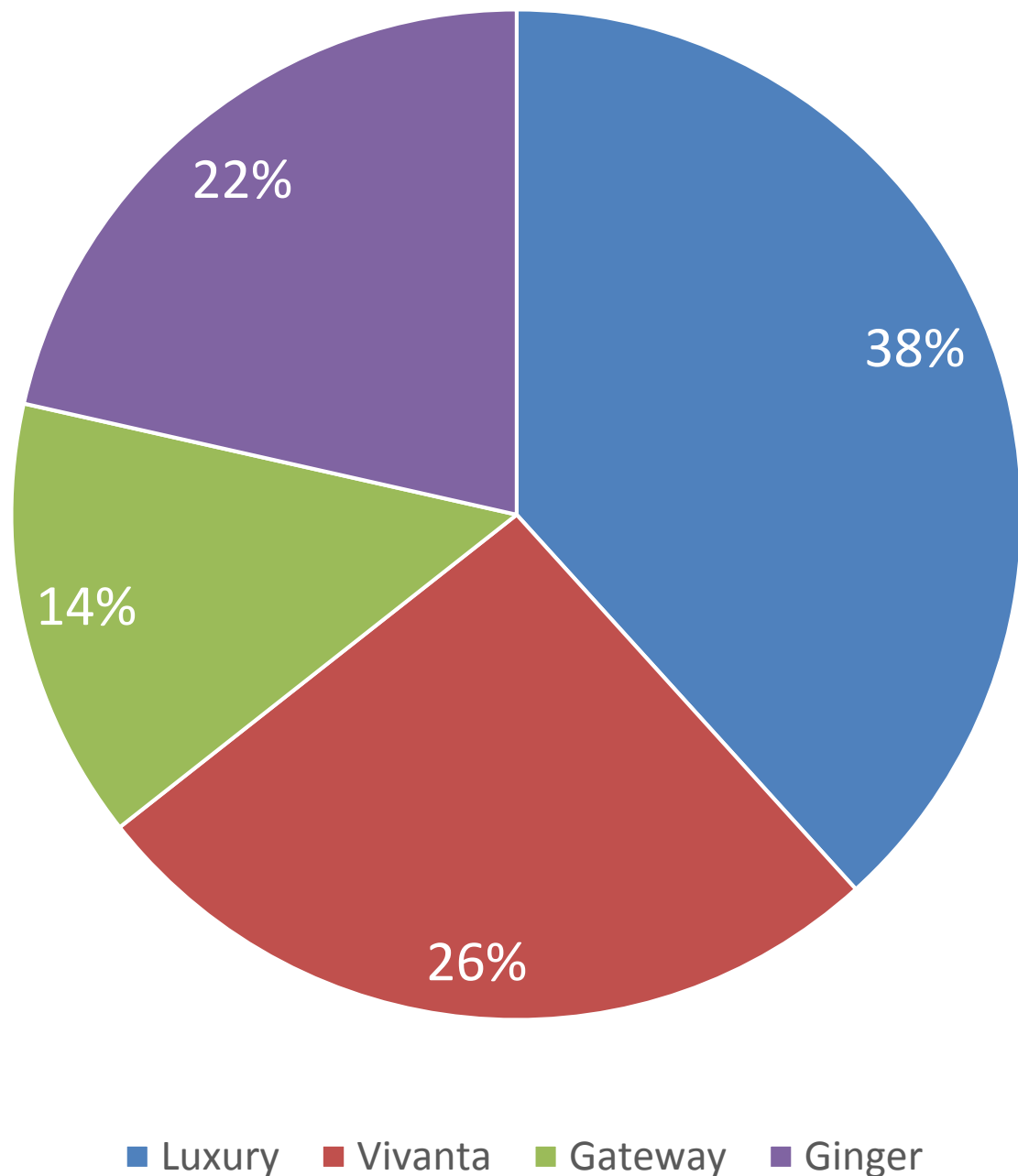
Inventory – Total 16,992 Keys



Inventory by Contract



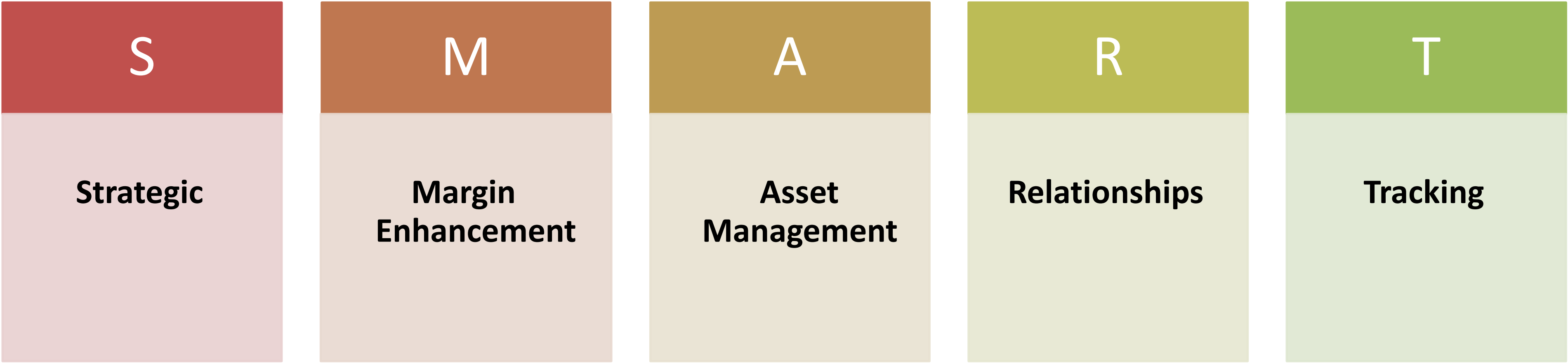
Inventory by Brand



*Inventory as of 31st January 2018

Development Strategy to drive Inventory growth in line with aspiration





Development approach across brands

 HOTELS • PALACES • RESORTS • SAFARIS	Pure Management Contract	Pure Management Contract	Management Contract with Sliver Investment Operating Lease / Ownership
	Pure Management Contract	Pure Management Contract	Management Contract with Sliver Investment Operating Lease / Ownership
	Operating Lease	Operating Lease / Ownership	Operating Lease / Ownership
	QUALIFYING	GOOD	EXCELLENT
	← LOCATION →		

Domestic Market – Focus Areas

Taj

- **City Hotels:** All key cities in the top 15 states by GDP
- **Resorts:** Established destinations with good access
- **Palaces:** Authentic Palaces with easy access
- **Safaris:** Locations near key national wild life parks

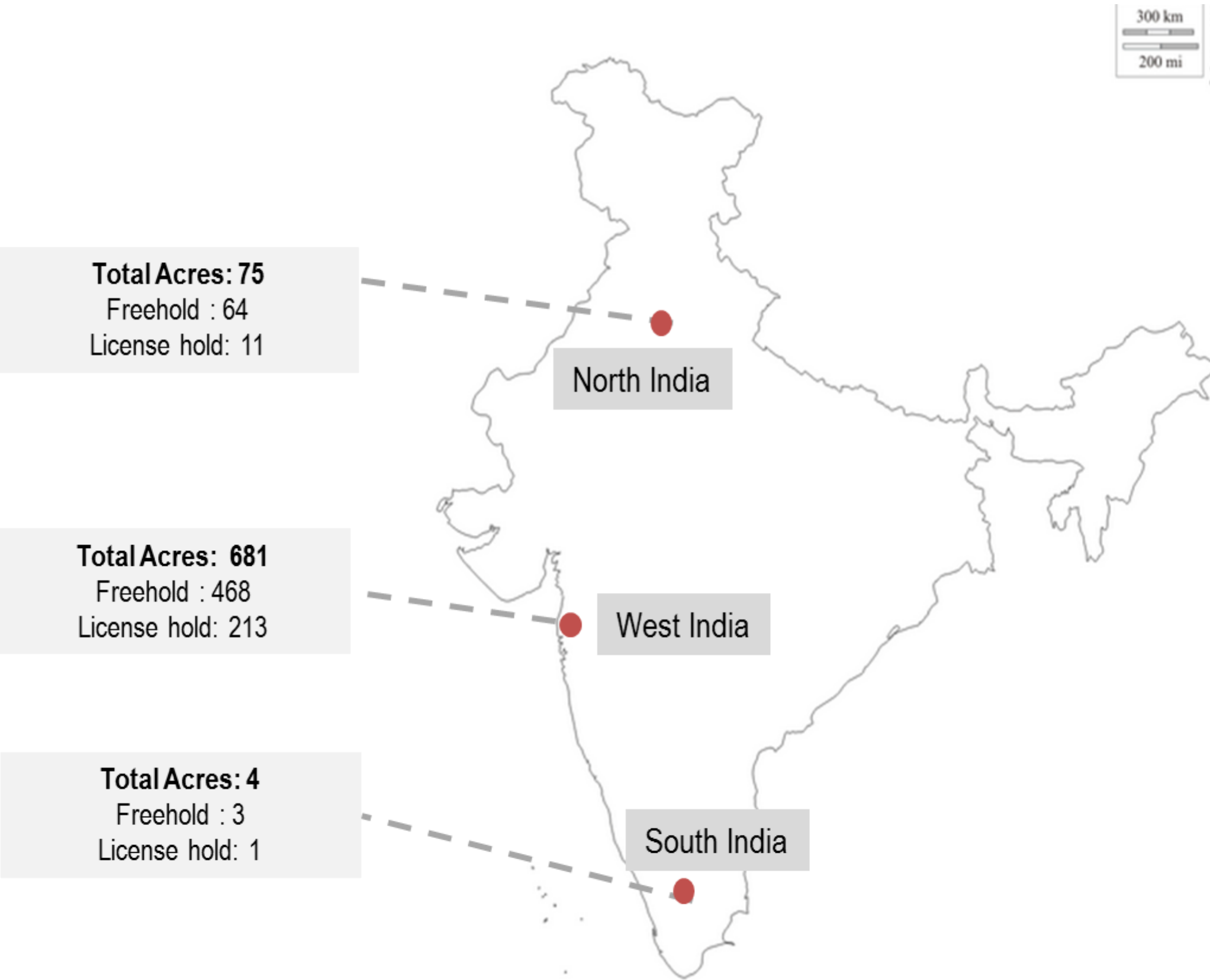
Vivanta

- **City Hotels:** Top 40 cities (basis population, connectivity, commercial importance)
- **Resorts:** Key resort destinations as part of a circuit

Ginger

- **City Hotels:** Top 80 cities (basis population, connectivity, commercial importance)

Unlock value



Unlock Value from Land Bank

India Overall Land Bank: 759 acres
Developable : 236 (31%)
Monetize : 44 (6%)
Hold : 480 (63%)

Unlock Value by Developing Unutilized FSI

Expand our existing properties to
Leverage / Develop
over **1 Million square feet** of unutilized FSI

International Expansion – Focus Areas

Customer Crossover

- Target the growing, high spending outbound tourists familiar with our brand
- Currently MENA and South – East Asia get the highest outbound traffic from India, making them a natural choice for our expansion overseas

Cities with large Indian Diaspora

- The large Indian Diaspora in various markets such as Singapore, Thailand, Malaysia, MENA region, South Asia, continue to be ambassadors for our brand

Growth Markets

- Certain markets like Myanmar, Africa etc. are poised to grow and are a potential opportunity before they get saturated

Asset Management – Portfolio Health

Capital Allocation

- Maintain market leadership with quality products
- Prioritize investment in product renovation for areas and cities with maximum returns

Contract Management

- Periodic review and study of contracts to extend tenure of good performing hotels
- Exit hotels with sustained losses and low future potential

Build Synergies

- Optimize overheads across multiple legal entities by combining support functions
- Capitalize on enterprise scale for achieving lower costs on products and services

Unlock Capital

- 75% of the current inventory is under freehold / leasehold, evaluate unlocking of capital through sale and lease back models and / or lease assets to special purpose vehicles

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PRABHAT VERMA

Senior Vice President - Operations

*Driving Operational Excellence &
Delivering High Profit Margins*

Customer Needs and our Strengths

Palaces

Primary Needs

- Authenticity
- Memories of a life time

Competitive Advantage

- Restorative ethics and ability to run living palaces
- Heritage properties
- Curated experiences
- Connectedness with owners

Leisure

Primary Needs

- Overall well being
- Relaxation and fun / family time
- Need to collect experiences

Competitive Advantage

- Key locations and circuits
- Largest domestic leisure operator
- Pioneering new destinations
- GLocal approach (Global & Local)
- Jiva Spa

Business

Primary Needs

- Location
- Efficiency, Safety and Hygiene
- Personalization

Competitive Advantage

- Strong Network across difference price points
- Ability to Leverage Palace & Leisure portfolio

Preferred Choice for Heads of States, Celebrities and Dignitaries



Prime Minister of Israel



Australian Prime Minister



King Of Morocco



German Chancellor



Ivanka Trump &
Prime Minister Modi



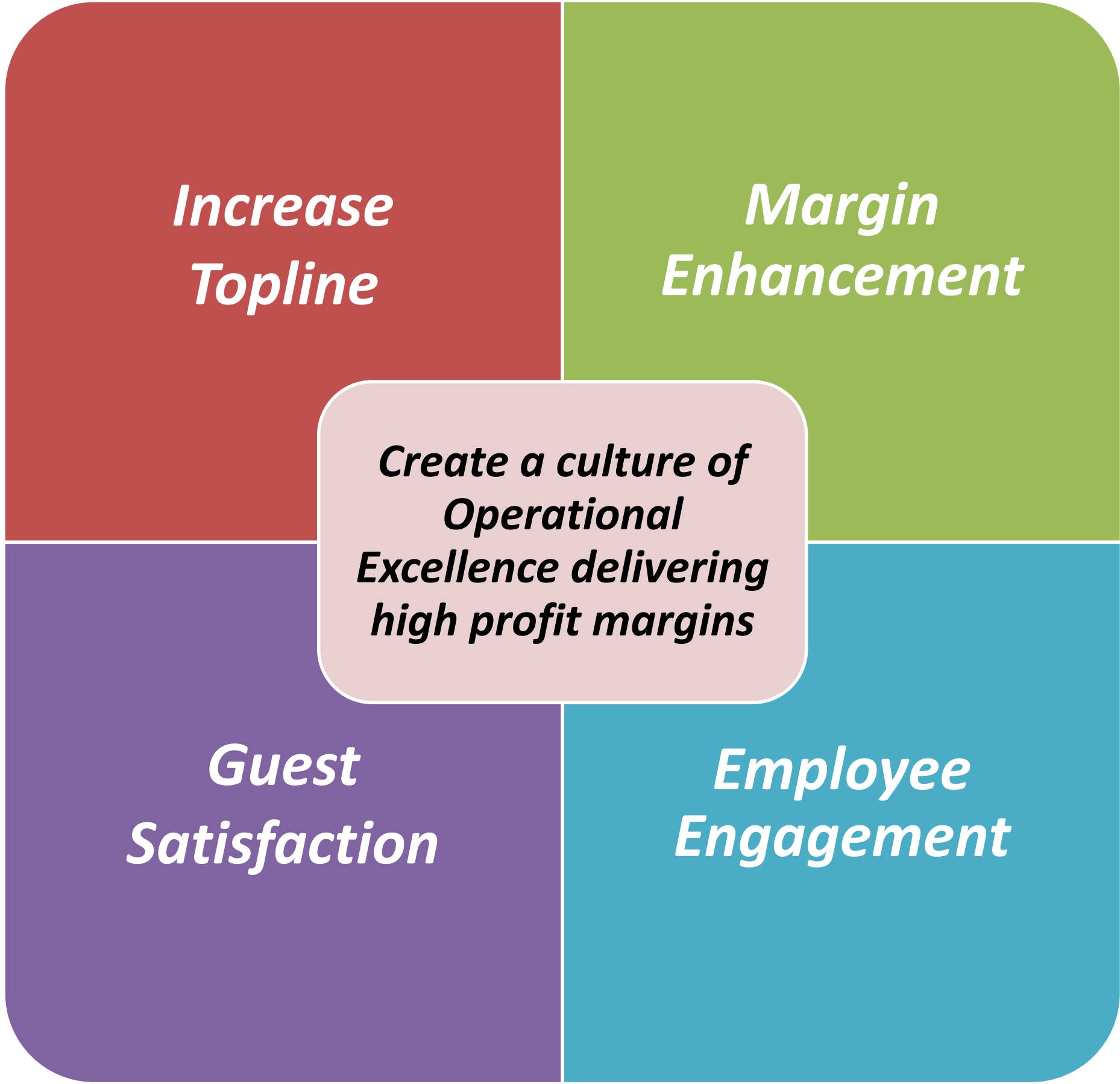
Italian Prime Minister



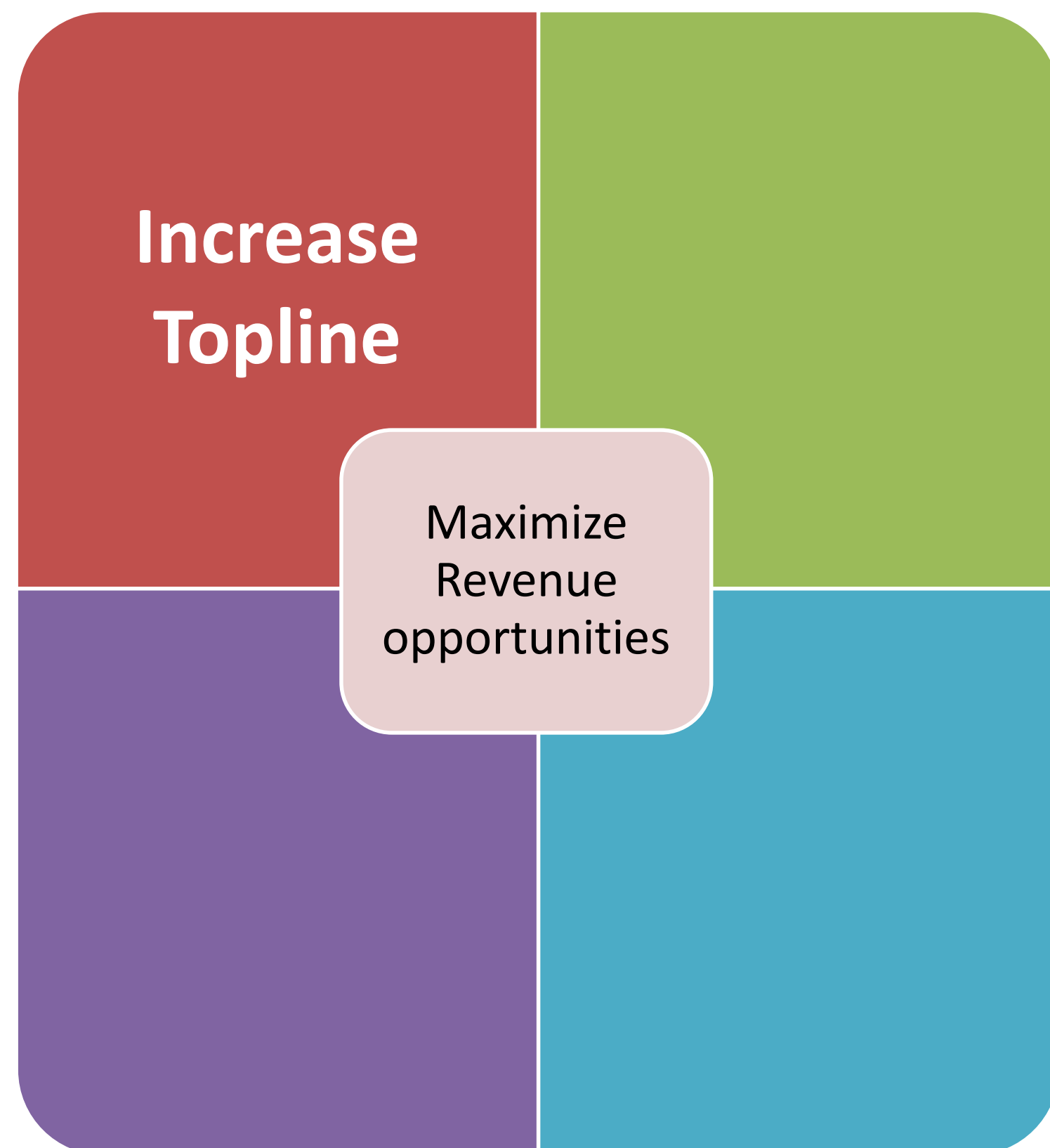
British Prime Minister



Bhutan King, Queen and
Young Prince

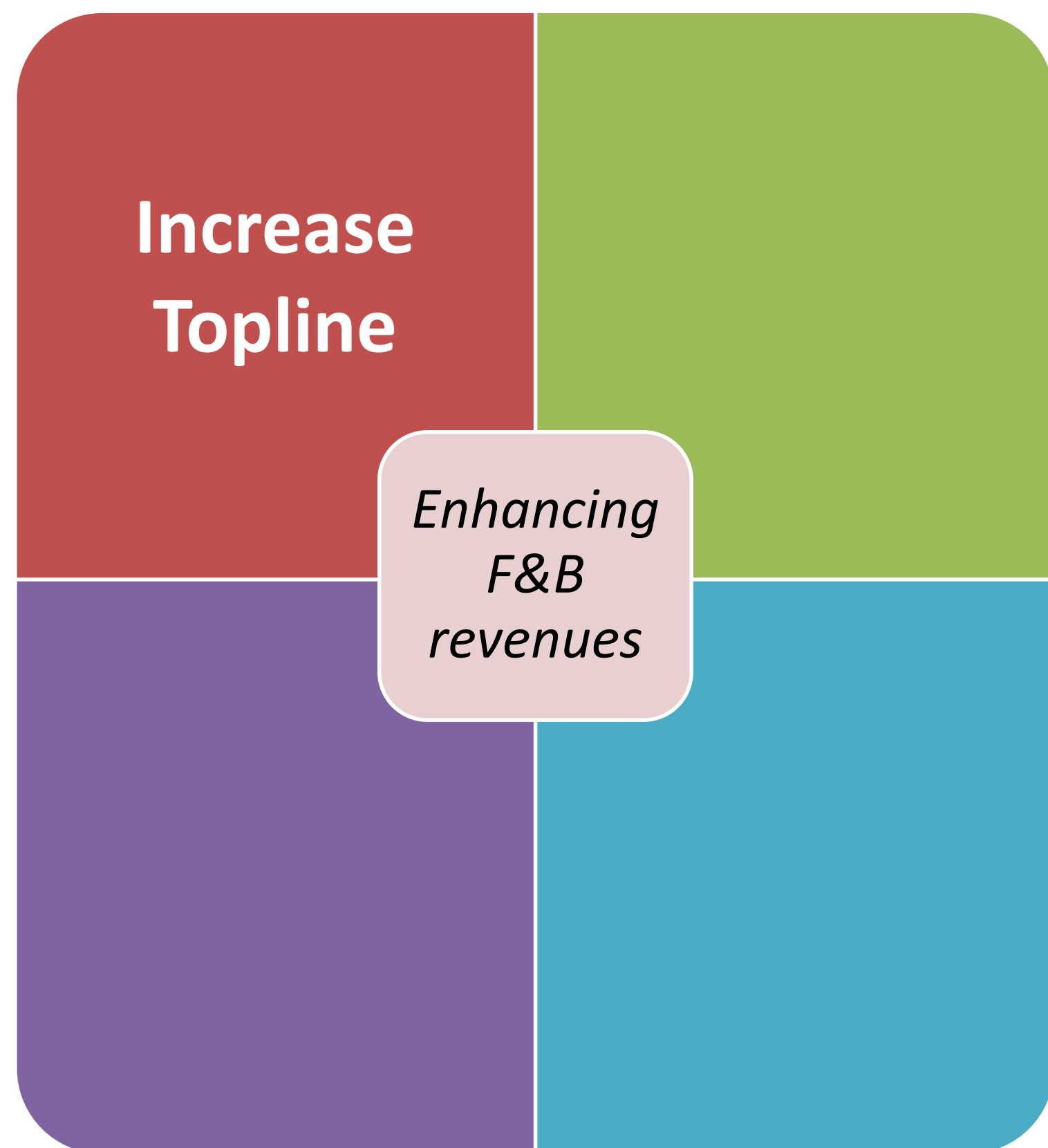


Increase Topline



- Legacy of strong relationships with corporates, travel trade, diplomatic missions
- Widespread Presence of sales offices
- Support and partnership from Tata Companies
- Added Focus on digital marketing & revenue management
- Leverage Taj Holidays brand strength
- Enhance Spa Revenues leveraging the Jiva brand
- Strengthen the “Chambers” proposition

Increase Topline – Pioneering Food and Beverage Experience:



- New Products and Cuisines
- Leveraging Iconic restaurants and celebrity chefs
- Collaborations with Renowned Chefs
- Authentic Regional Cuisine creating a sense of place
- Taj Signature offerings
- Bespoke Weddings' Experience
- Preferred Choice for Conferences and Events

Guest Experience

- Taj Culture and Tajness to be the bedrock of all experiences
- Efficiency and consistency in delivering Product and Service Standards
- Recognition and Personalization



Drivers of Guest Engagement



Industry Drivers

Brand Differentiators

	TAJ	The Oberoi	ITC HOTELS RESPONSIBLE LUXURY	FOUR SEASONS Hotels and Resorts	JW MARRIOTT	THE LEELA PALACES ~ HOTELS ~ RESORTS The Essence of India	Le MERIDIEN
Guest Well-Being	61	56	54	51	57	45	43
World class rooms and facilities	58	46	49	47	39	39	40
Value for money	54	43	46	49	36	42	35
Sincere Care	62	48	56	44	51	50	40
Great dining experience	63	43	48	45	40	38	39
Memorable Experiences	63	49	52	43	47	43	44
Detail oriented service	53	43	51	39	38	37	33
Well located	60	54	61	50	53	47	44
Technologically driven	48	39	41	43	40	30	42
Unique and distinctive experiences	56	43	47	43	39	38	39
Authentic Luxury	62	45	47	46	41	42	43
Preserving Indian heritage and culture	65	44	46	27	27	38	30
Socially Responsible	61	52	44	38	38	45	41
Integrates Local Ethos	53	41	40	33	27	40	26
Reinventing tradition	60	42	48	39	31	38	29

Score shown are percentage of customers strongly agree (%5) or extremely satisfied (%5) with the attribute

Source Gallup Brand Equity Track Survey 2017

Slide No: 31



Process Excellence



Process Enablers and Review Mechanism

- Key Process Indicators (KPIs) to ensure consistency in delivery of standards of service
- Central Information System to enable recognition and personalisation
- Robust Customer Feedback System
- Annual Audits on Services, Hygiene and Fire & Safety
- Taj Positive Assurance Model (TPAM)

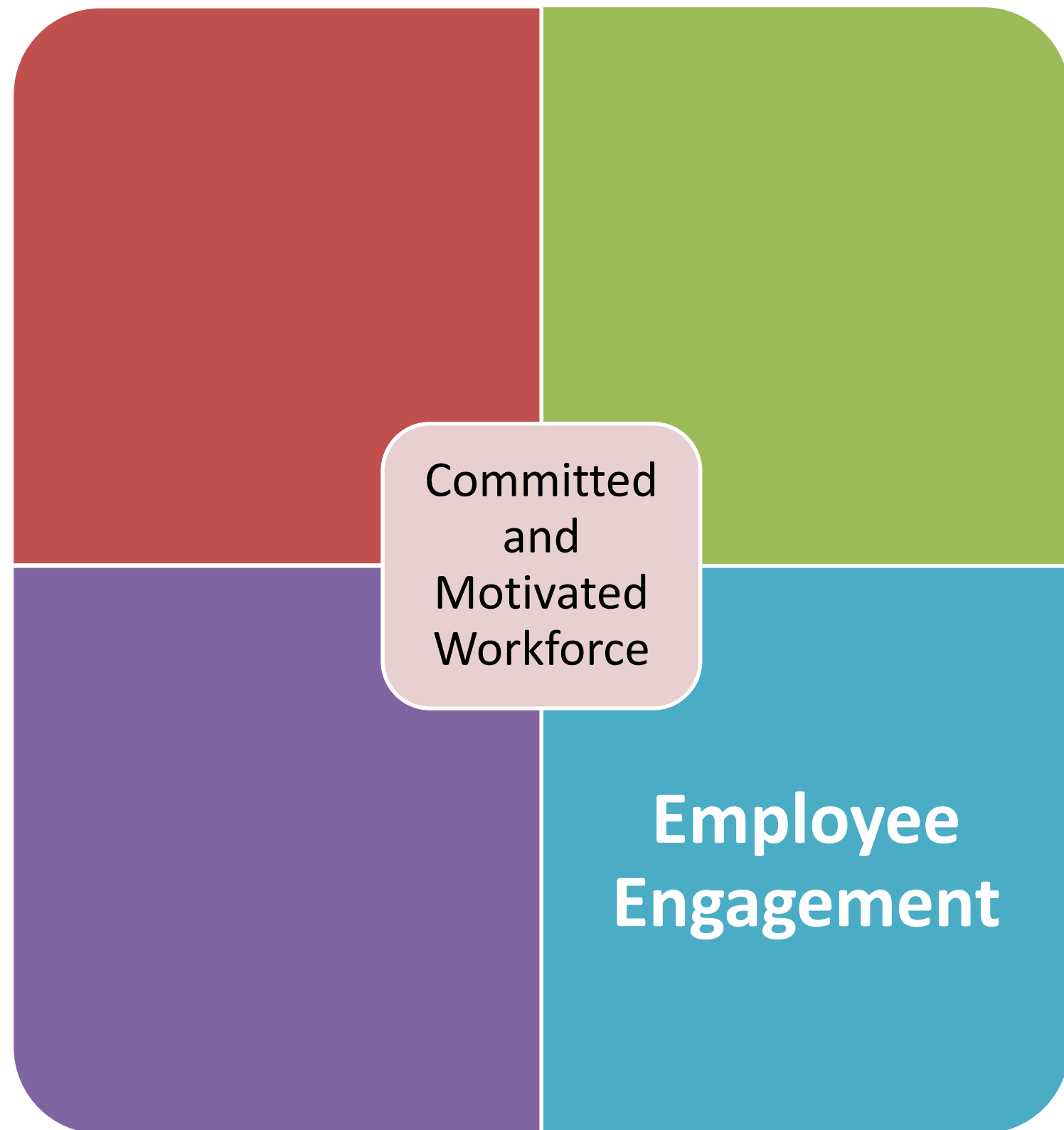
Re-Engineer Costs – Enhance Margins

Focus Areas:

- Procurements - Reduce Imports and Carbon footprint
- Energy costs - Renewal/ Solar Power Initiatives
- Payroll Costs - Optimized Organization structure and shared services
- Admin and General Expenses - Reduce Commissions

Margin
Enhancement

Efficient Cost
management



Focus Areas:

- Talent Pipeline
- Developing General Manager Talent
- Career and Succession Planning
- Engagement & Employer of Choice

Brief Overview of Talent at IHCL

26,000

Total Number of Associates

82.4%

Retention

35

Average Age

1:2

Rooms : Ratio

15.8%

(on rolls)

Are Women

4.4 lakhs

Productivity / Employee

7.7

Avg Years of Experience

4.41 (Mean)

EES Survey – Overall Engagement

Inverting the Pyramid

Focus on Frontline Recruitment and Development

Hotelier Development Program (HDP) – 18 Months

Hotel Operations Training Program (HOT) – 12 Months

Golden Threshold Program – 36 Months

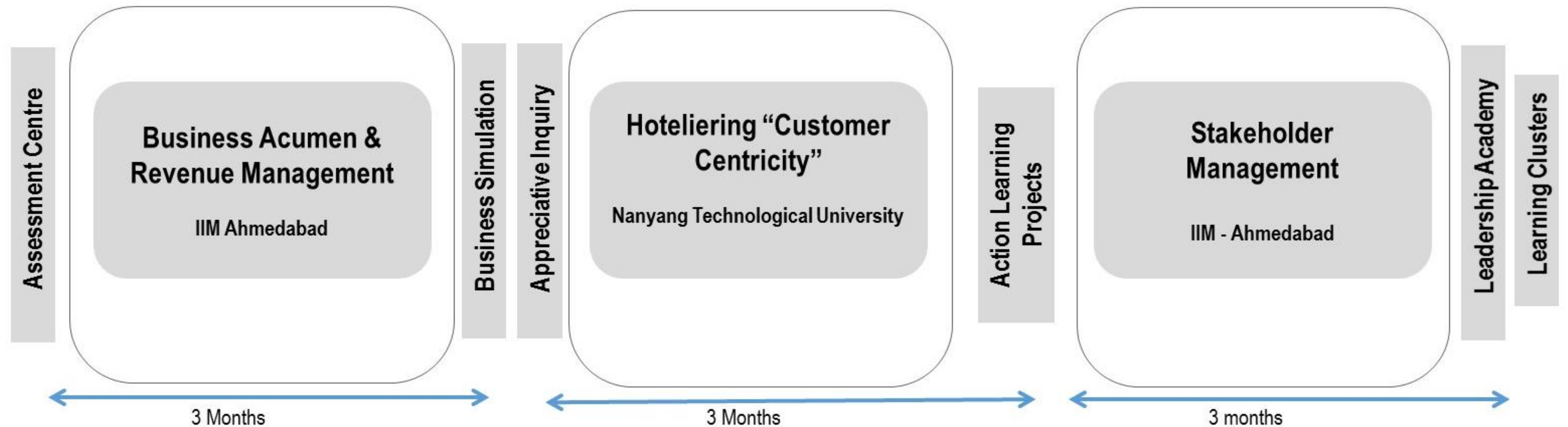
Managerial

Supervisory

Entry Level

General Management Development Program

Building Capability for Long Term Business Impact



Action Learning Projects : resolving real-time business challenges and providing strong ROI

Financial Management

Guest & Employee
centricity

Gender Diversity

Sustainability

Shared Services

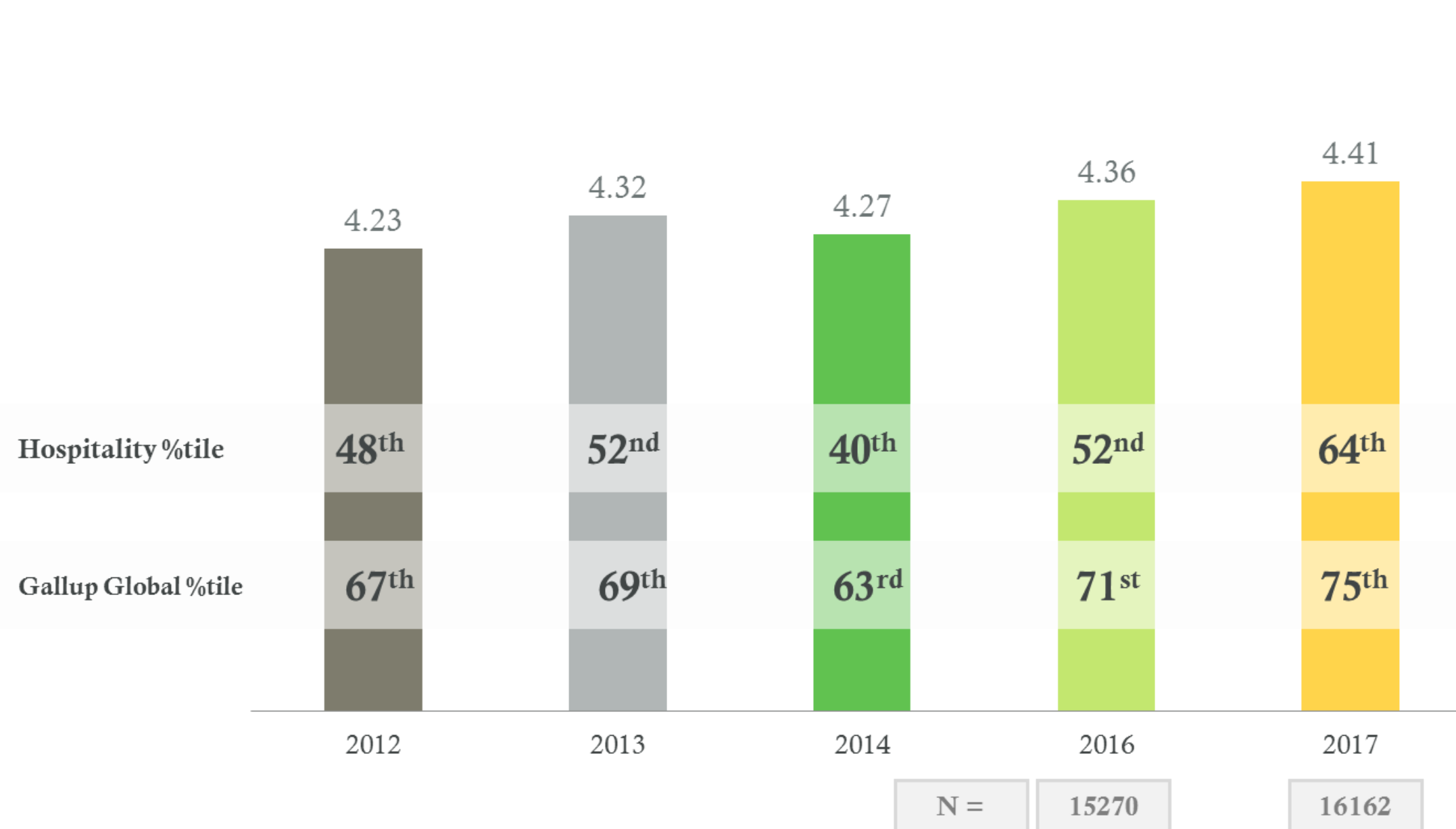
Heritage Management

Focus on Career and Development



- Career and Succession Planning process enables us to put focus on development.
 - Captures **aspirations**
 - Allows **career planning**
 - Encourages **succession planning &**
 - Creates a culture of **coaching and mentoring** in the organization

Emphasis on Engaged Talent is sustaining us as the “Employer of choice”



Taj received Gallup Great Workplace Award in 2017 for the 6th time
Top Quartile company in the Gallup Global Database

A
W
A
R
D
S



Six-time
winner



India's top 50
People Capital Index



Business Today Award for
Best Companies to Work For in India - 2017



AGENDA

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CHINMAI SHARMA

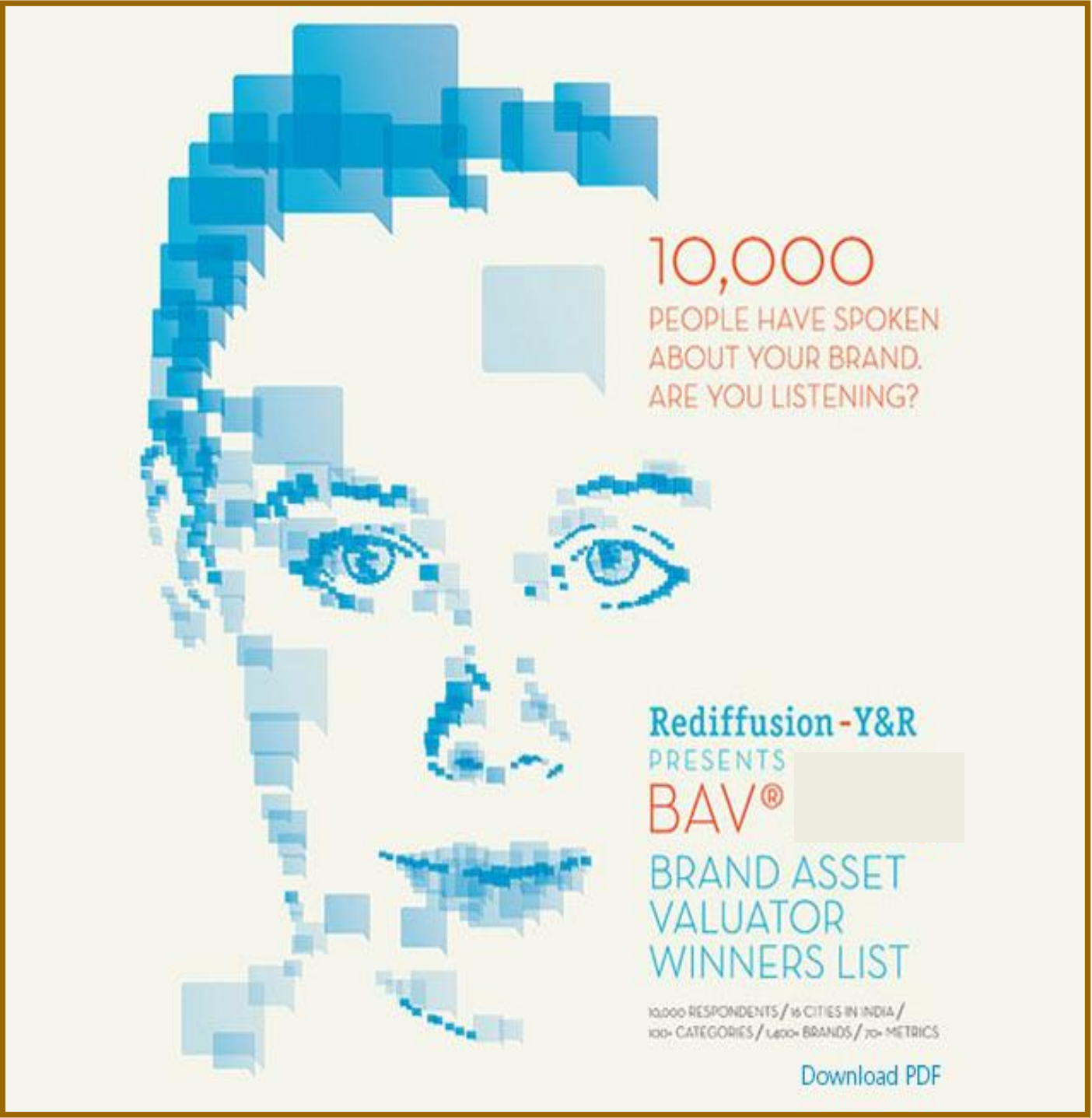
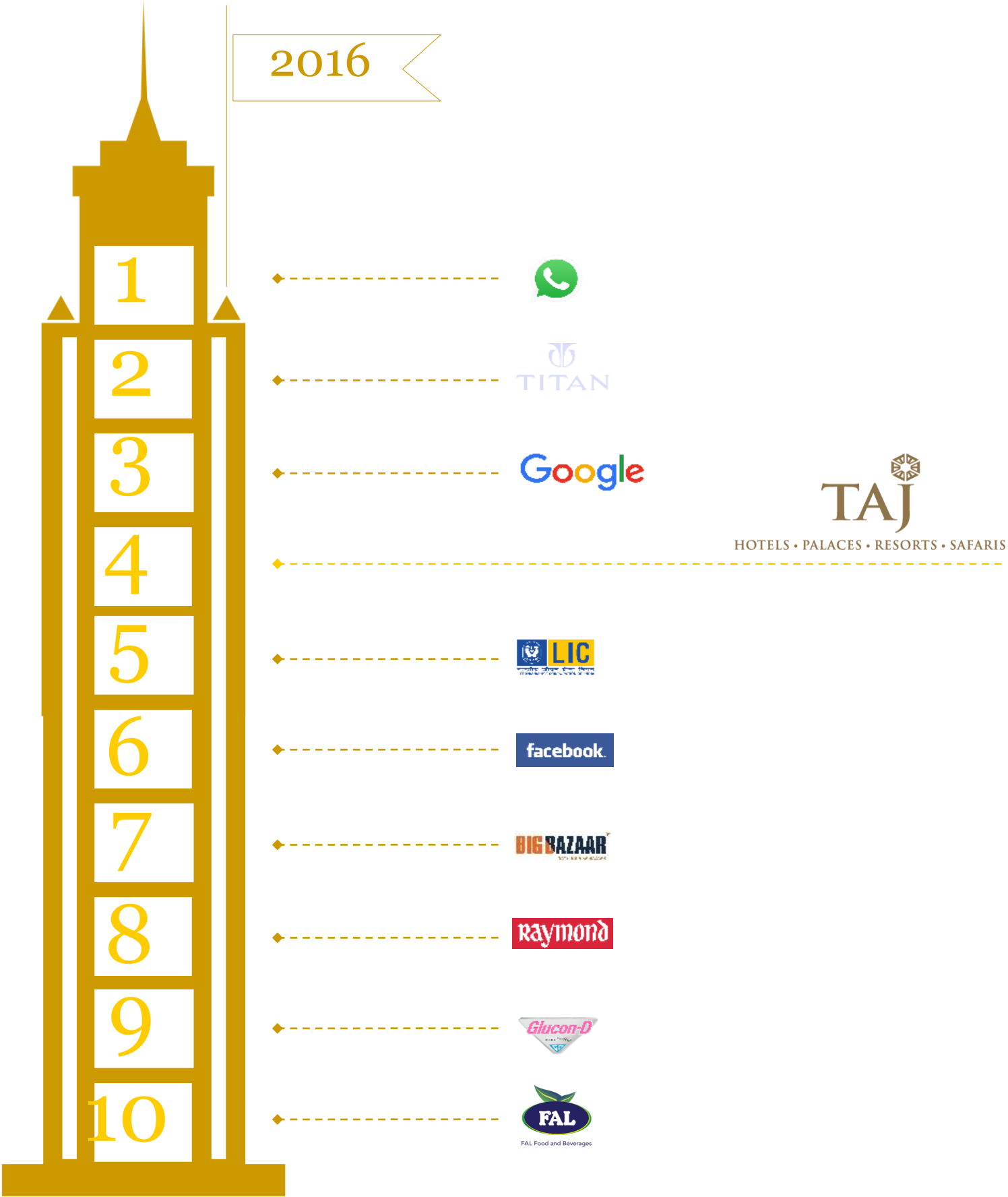
Chief Revenue Officer

*Driving Sales, Optimizing Revenue and
Staying Commercially Focused*

Brand Recall



BREAKAWAY Brands



Source: BAV 2013, 2016 | ALL ADULTS

Palaces



Leisure



Business



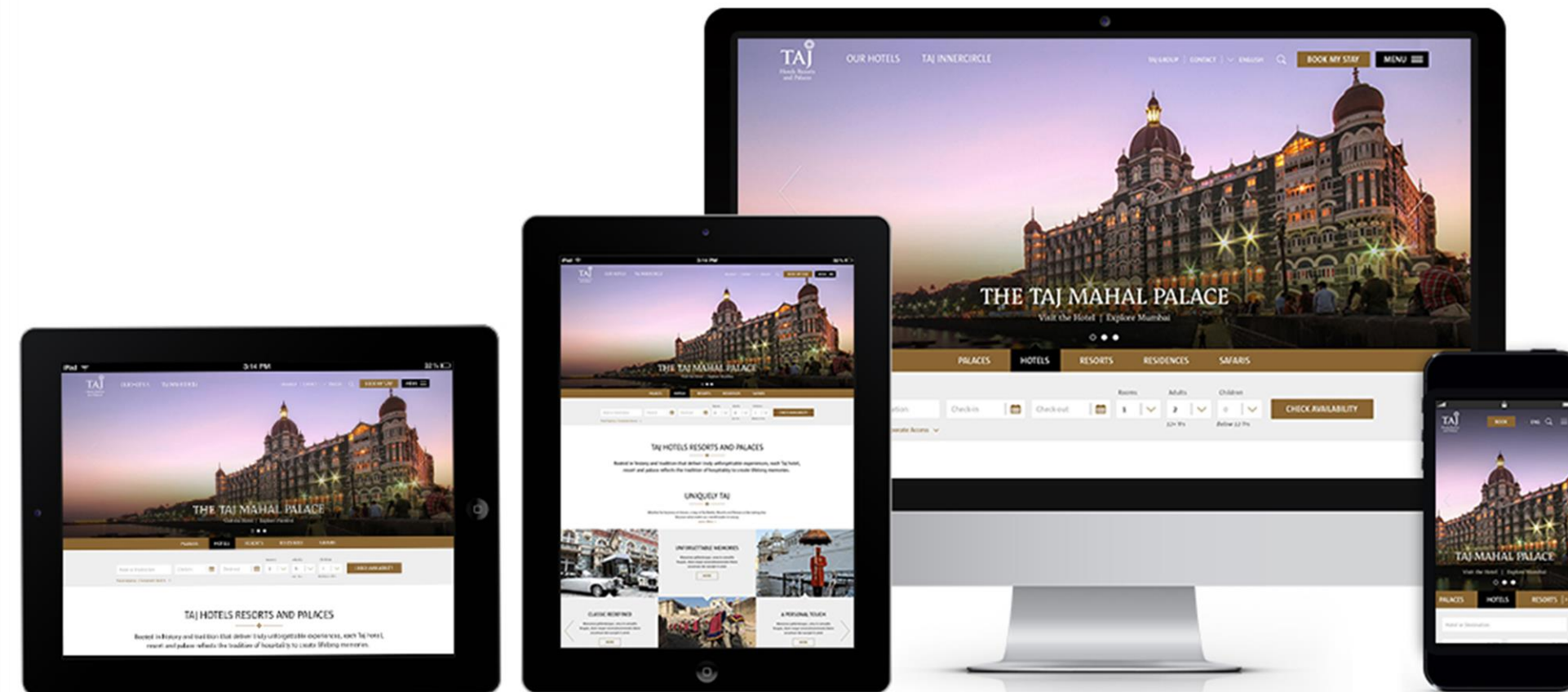
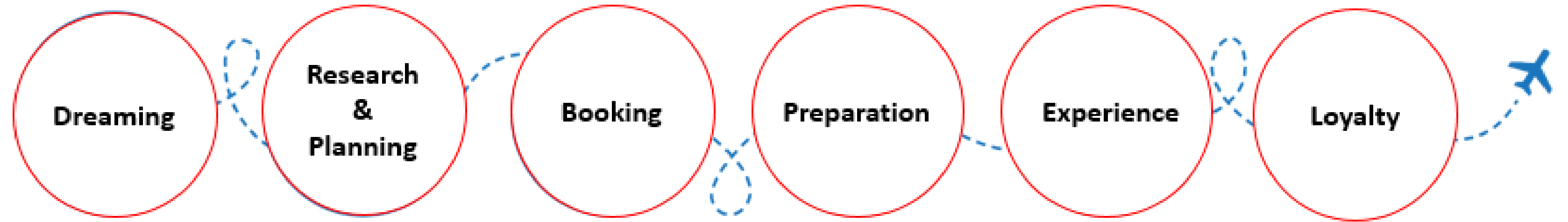
VIVANTA
HOTELS & RESORTS

VIVANTA
HOTELS & RESORTS

GINGER
HOTELS

Optimizing Direct Channels

THE INDIAN HOTELS COMPANY LIMITED

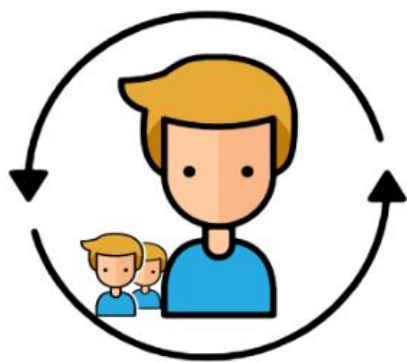


The Digital Story

Room Nights & Revenue Growth (Apr–Dec 2017)



Key Initiatives



Unified PMS Roll-Out

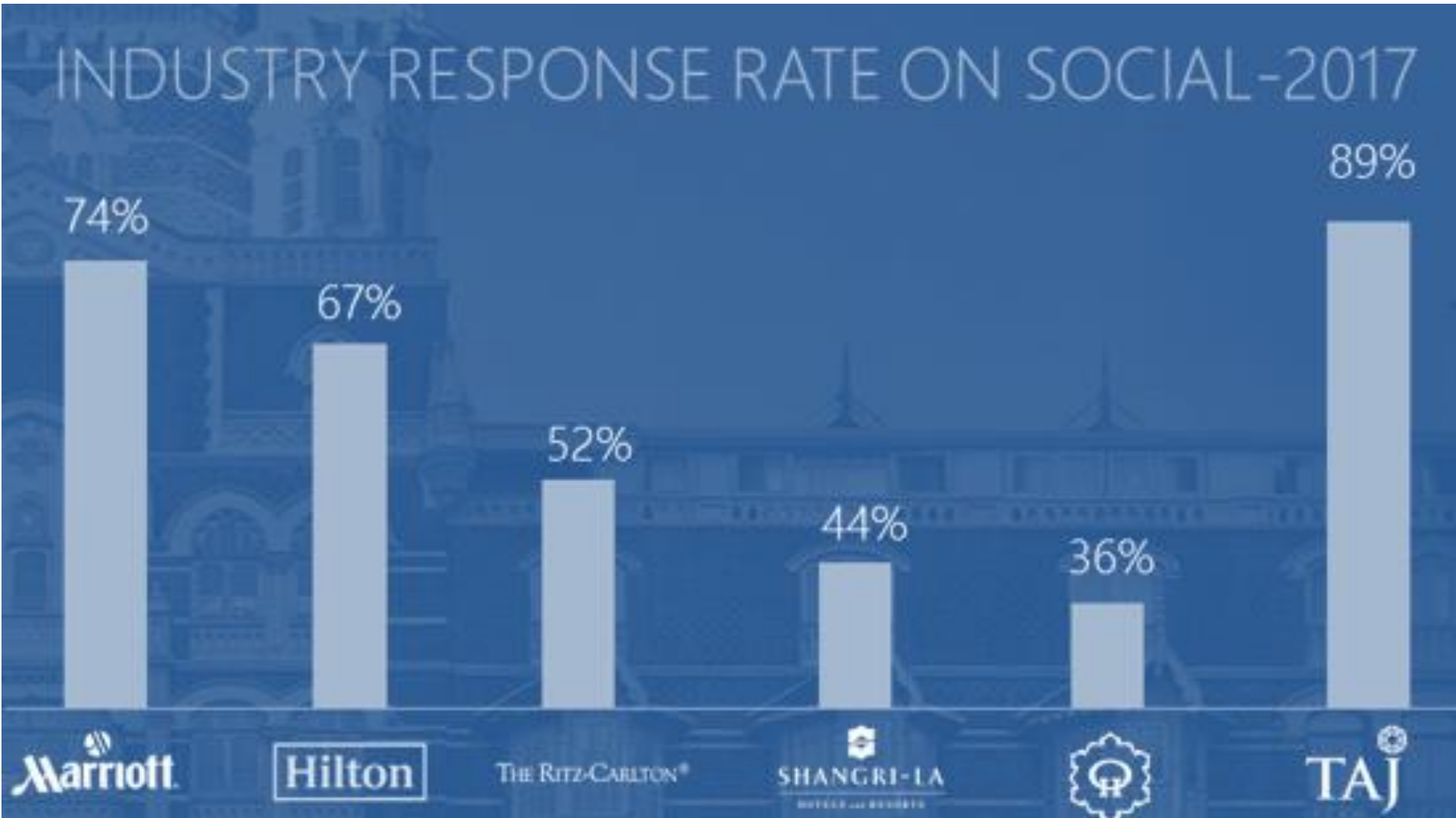
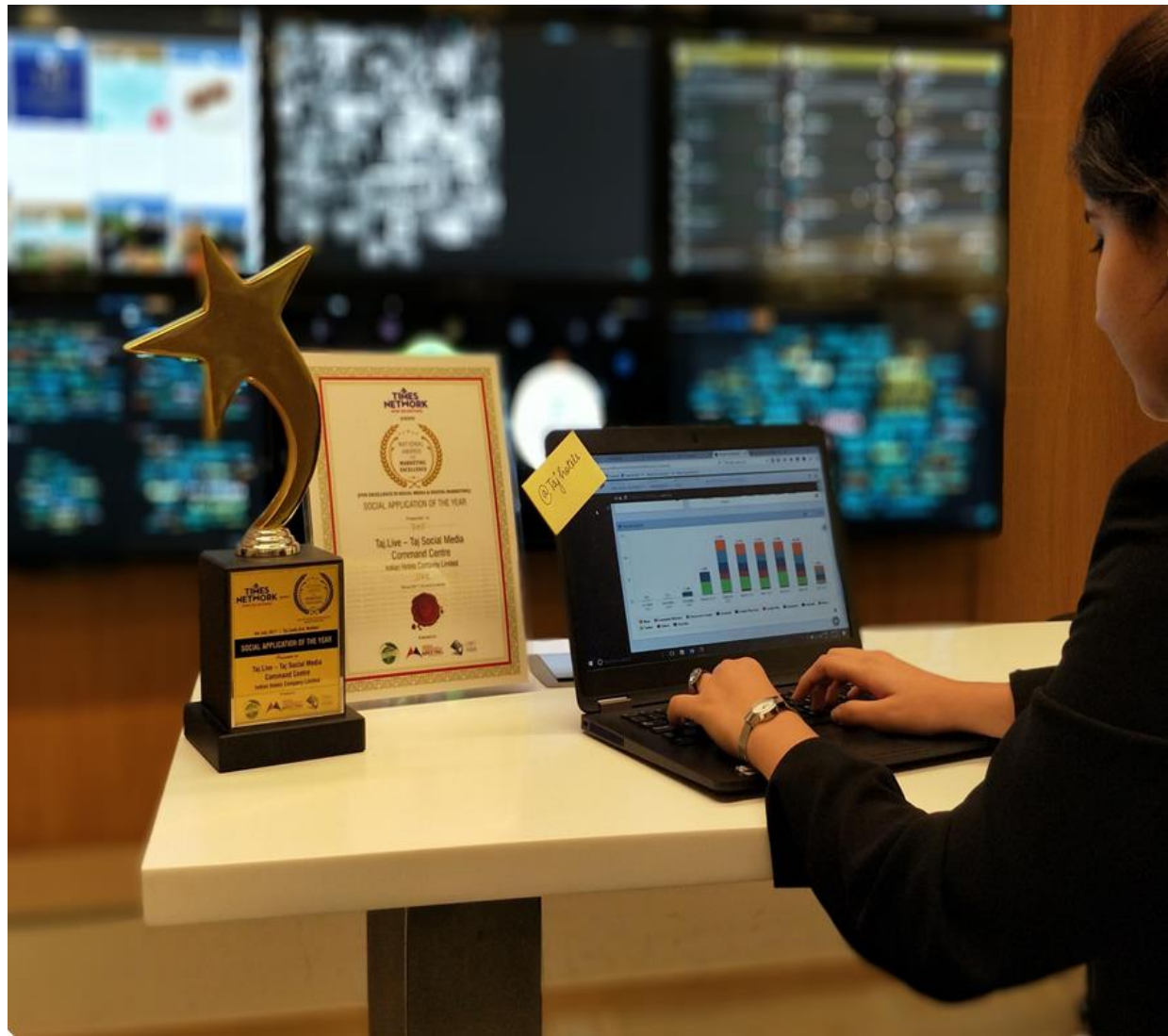


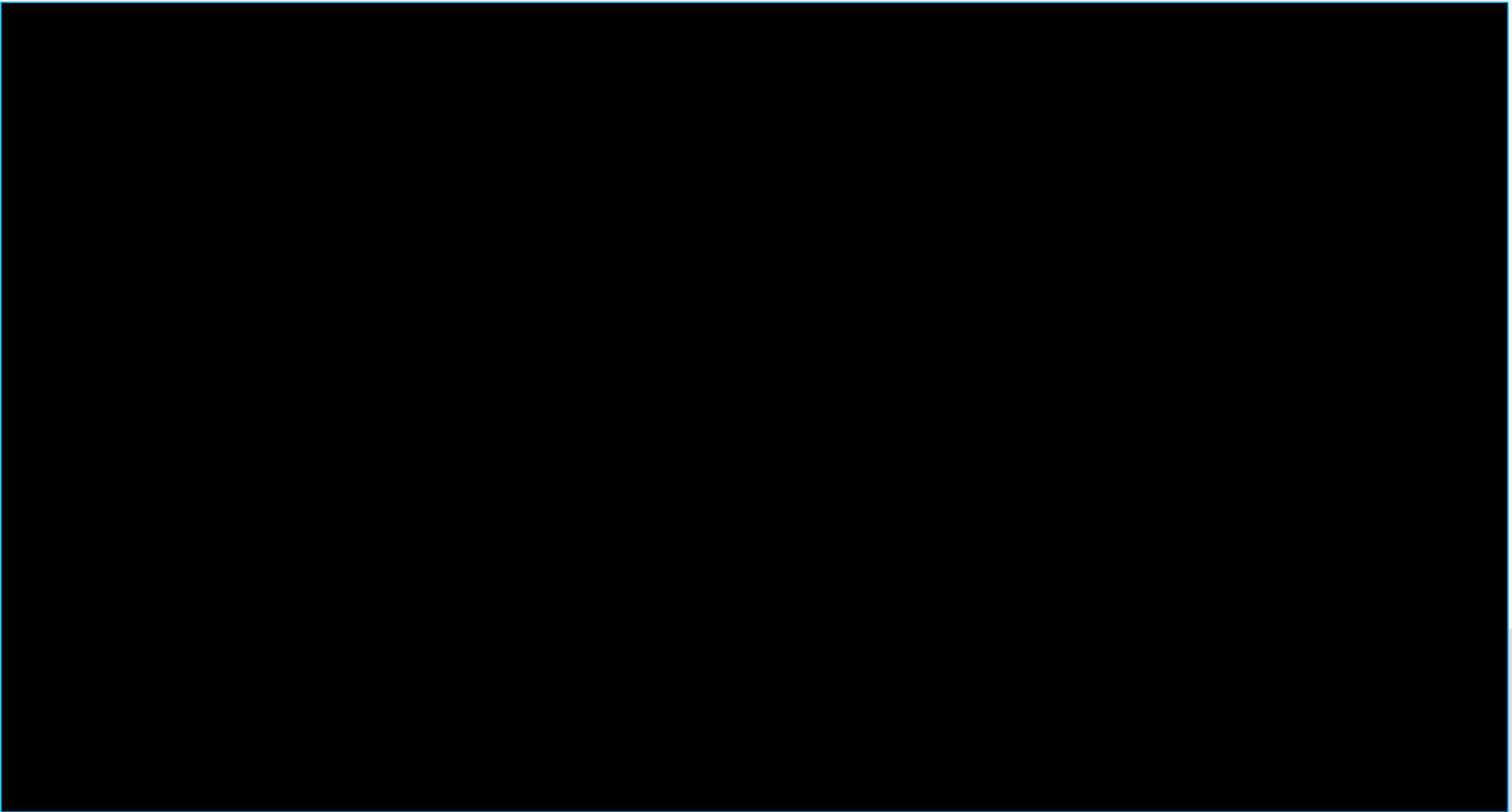
CRM & Analytics



Mobile App

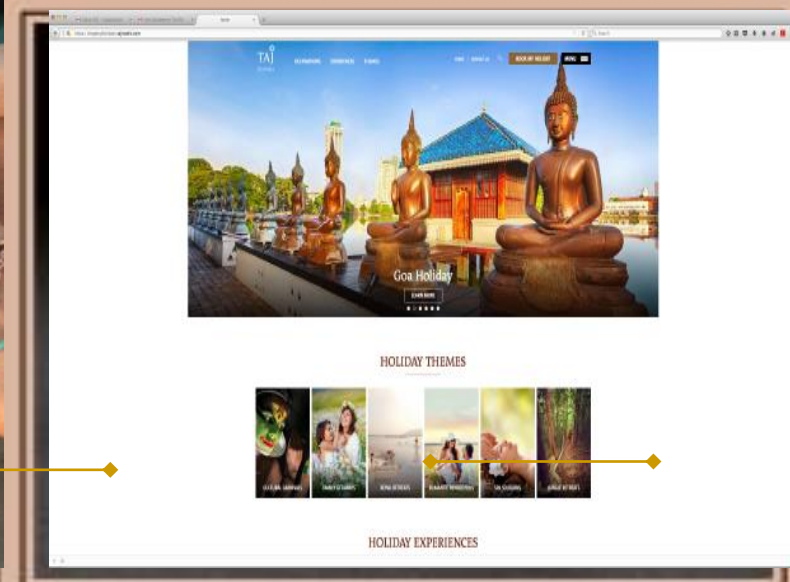
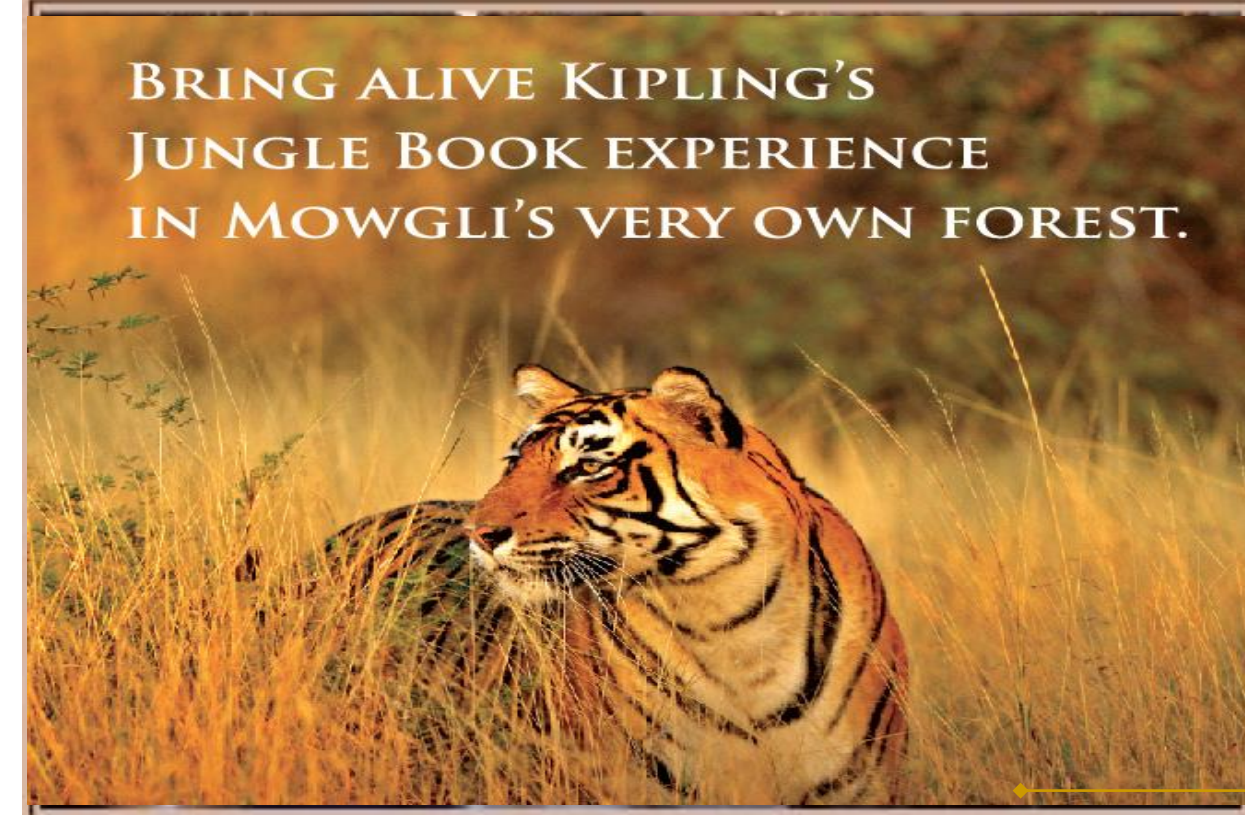
Taj.Live: Social Media Engagement





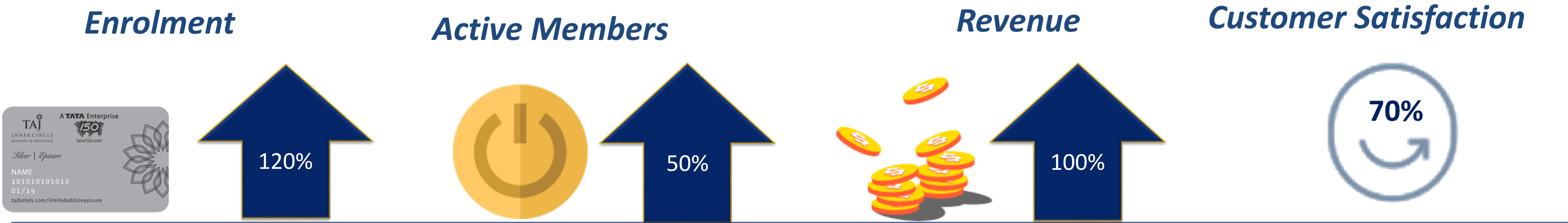
Taj Wedding Studio

Taj Holidays



Building Loyalty

Taj InnerCircle Program – High Enrolment, Engagement, Revenue & Satisfaction since program re-launch



1/3rd #MILLENNIAL

WARMER WELCOMES



Loyalty Awards 2018
Best Loyalty Partnership

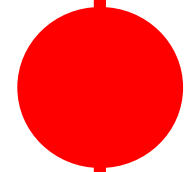
“BIGGEST DISRUPTION BY 2 ASIAN BRANDS”: Skift.com

Strong Sales Offices Network and Healthy Geo Sources



Building Digital Capability...

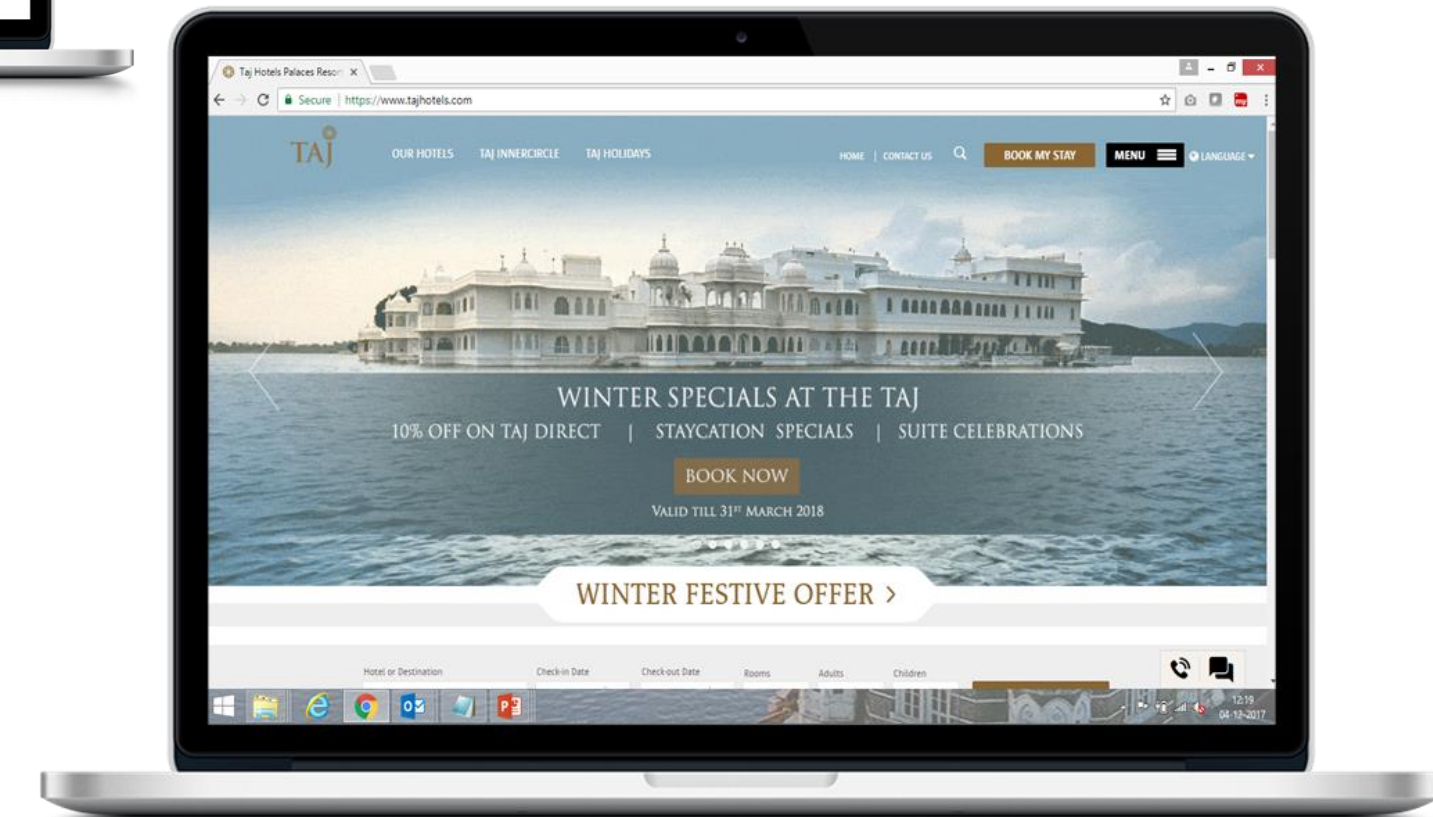
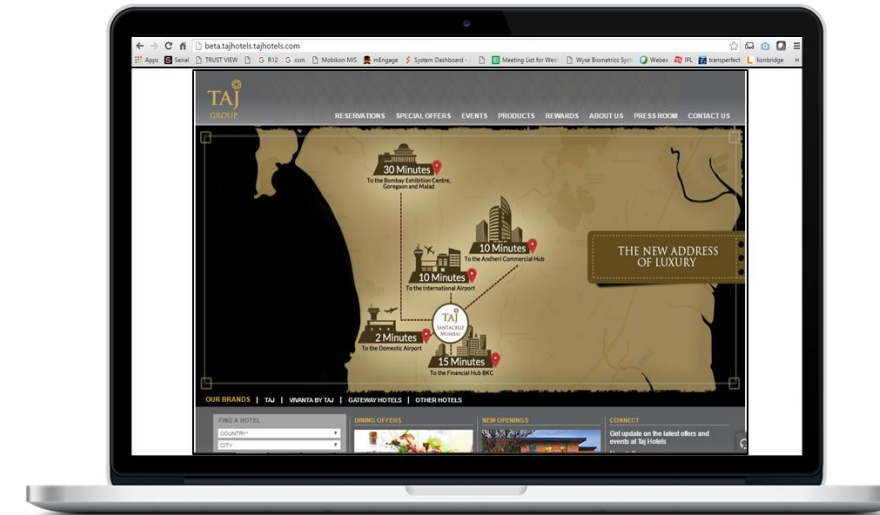
THE INDIAN HOTELS COMPANY LIMITED



Re-launched [tajhotels.com](https://www.tajhotels.com)

Highlights:

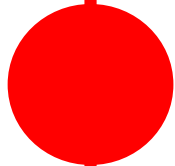
1. Rich UI & UX
2. Leveraging cloud services
3. Agile campaign roll-out
4. Rich media



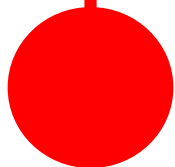
Results:

1. Revenue up by 27% YOY, since 2016
2. 189% increase in Mobile web revenue
3. 12 Million+ unique web visitors
4. Several Design awards won for implementation

Building Digital Capability...



Re-launched tajhotels.com

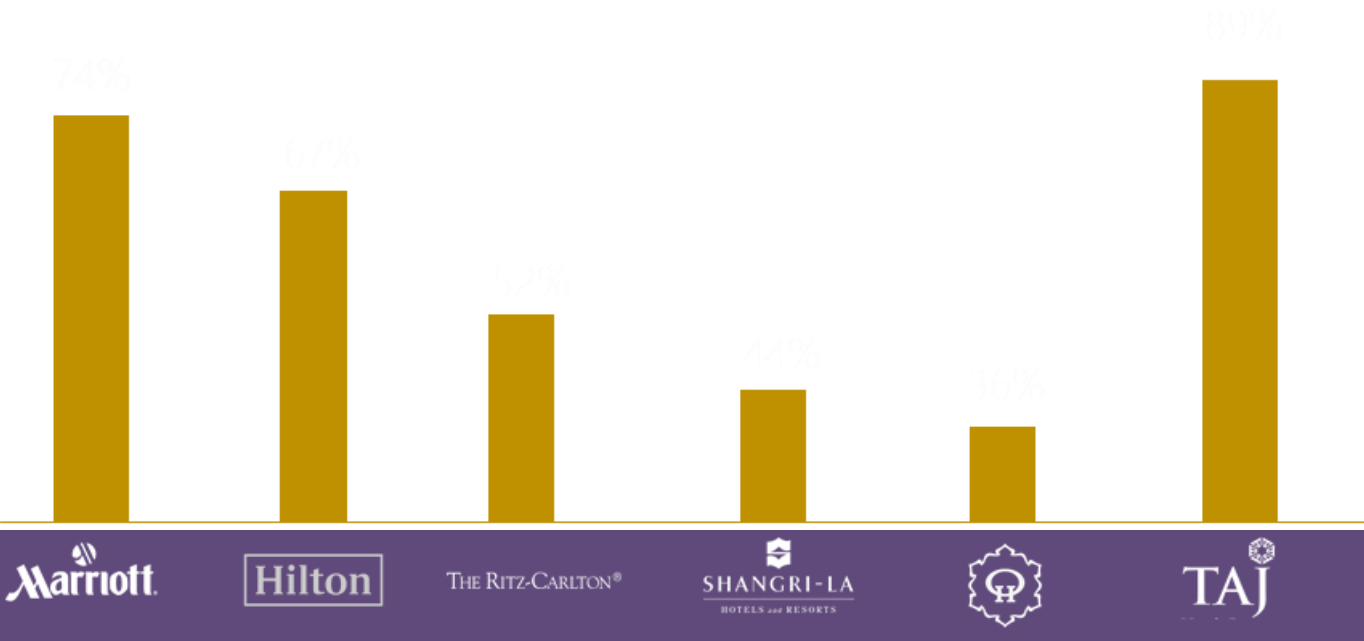


Launched Taj.live

State of the art command centre for social listening and response management

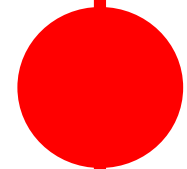


INDUSTRY RESPONSE RATE ON SOCIAL-2017

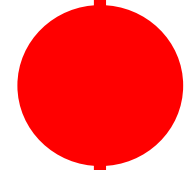


Building Digital Capability...

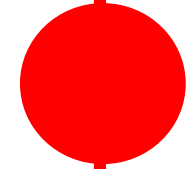
THE INDIAN HOTELS COMPANY LIMITED



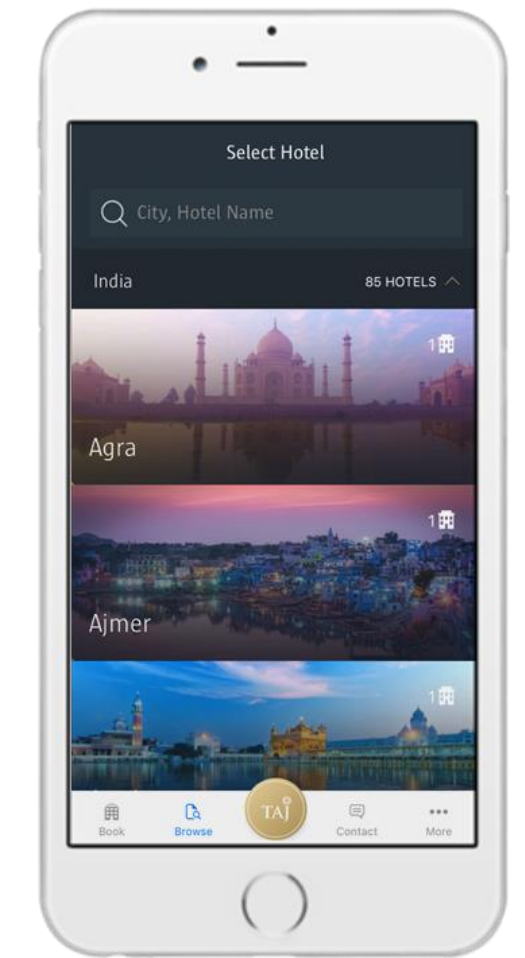
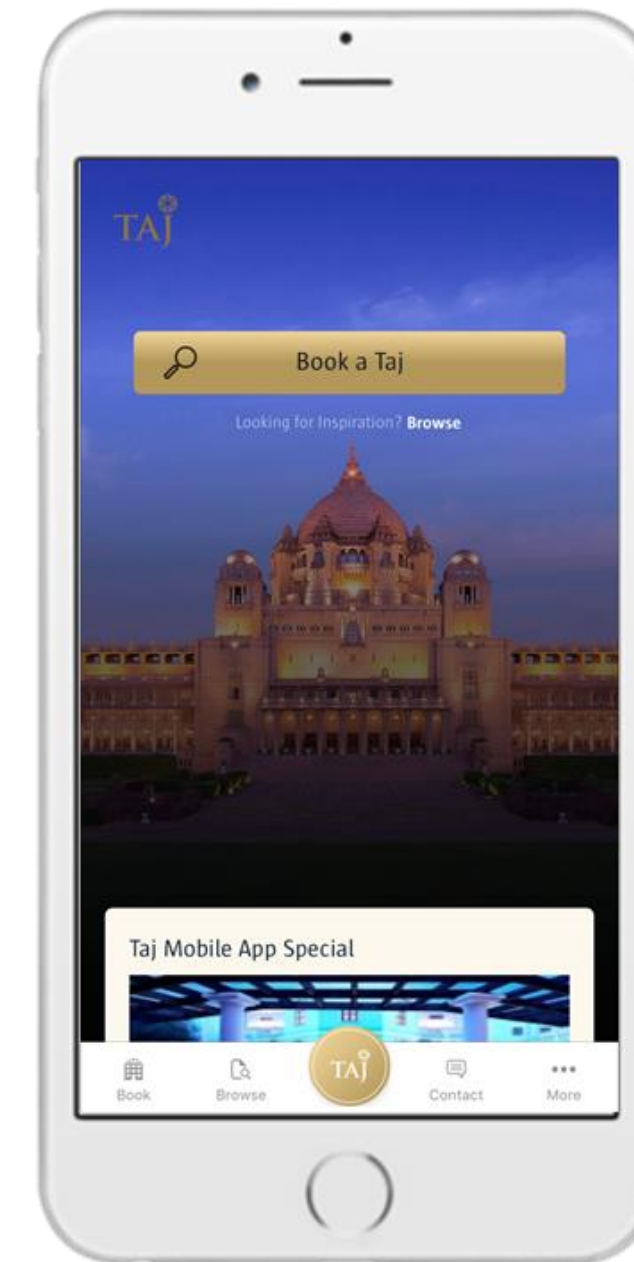
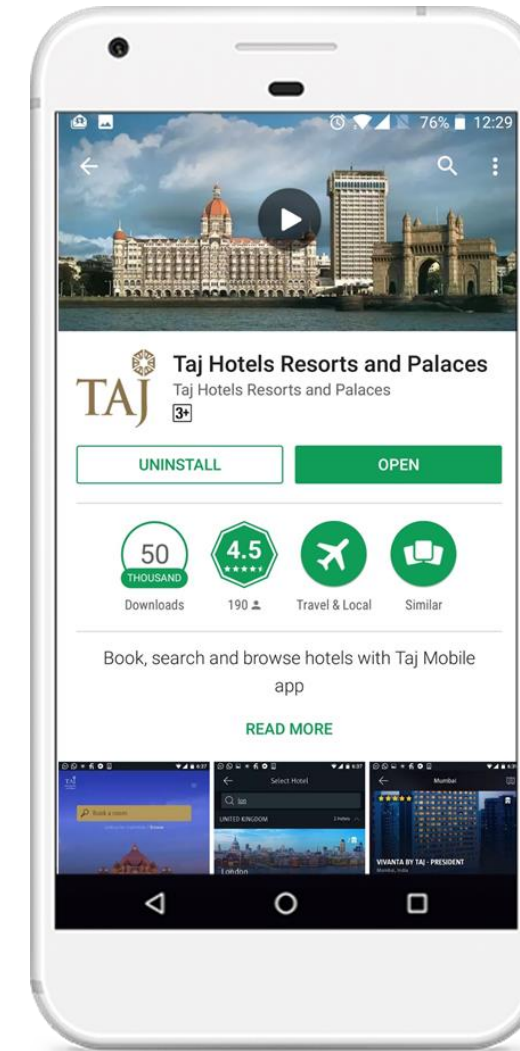
Re-launched tajhotels.com



Launched Taj.live



Launched the Taj Hybrid app



 Product Video

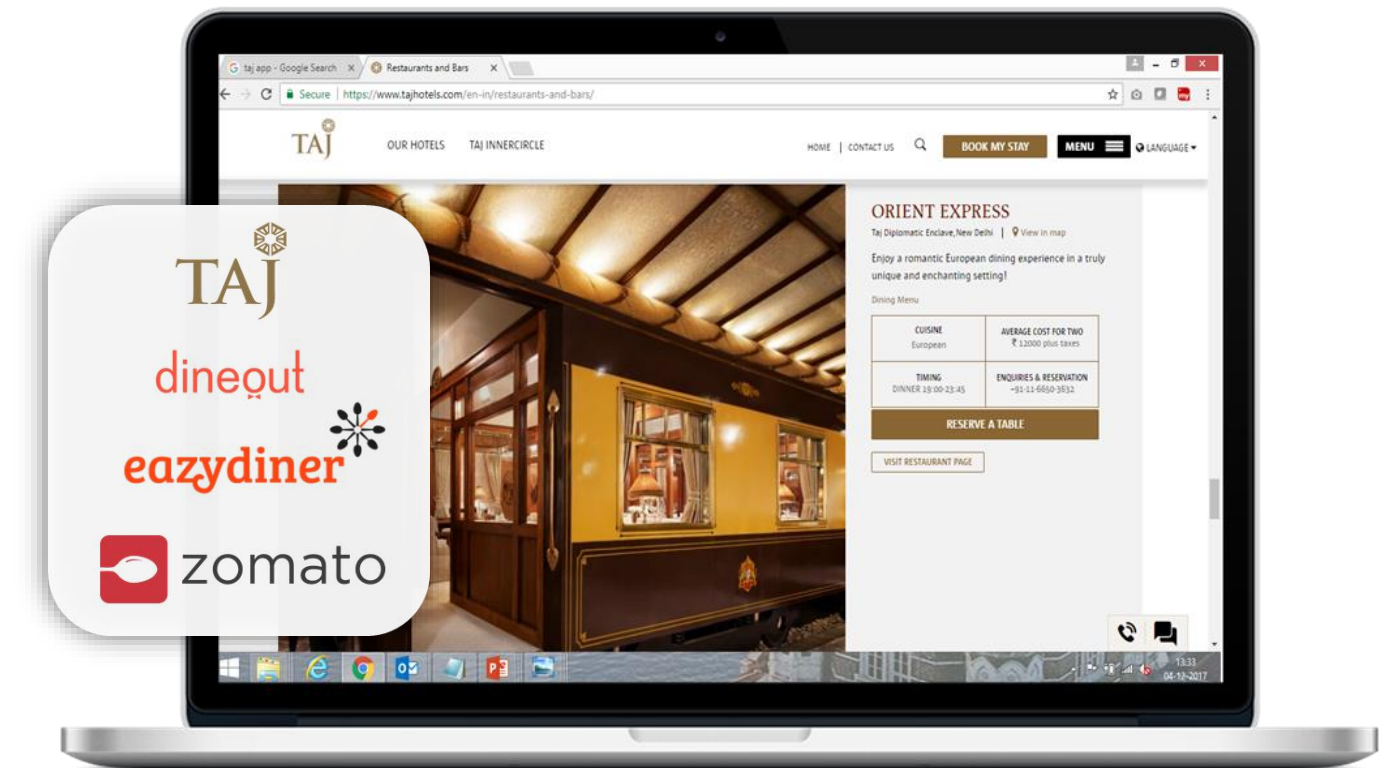
Results:

1. 100K+ downloads since release
2. Generated over 4 crores in 12 months

Building Digital Capability...

Unique integrated table booking platform with decentralised channel management UI at hotels

- ✓ Re-launched [tajhotels.com](https://www.tajhotels.com)
- ✓ Launched Taj.live
- ✓ Launched the Taj Hybrid app
- ✓ Integrated Table Mgmt. System



1. Over 3,700 table reservations generated from online channels

Building Digital Capability...

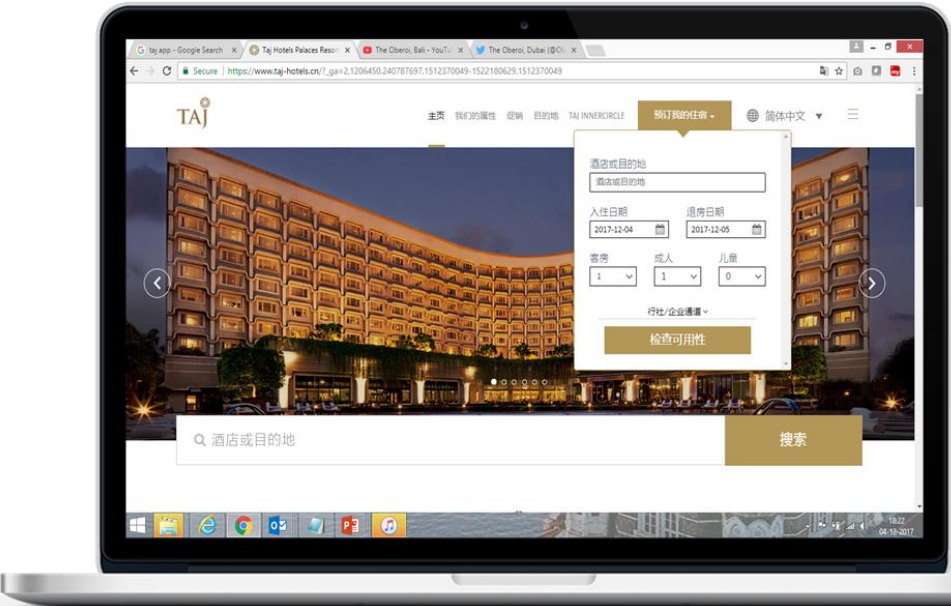
- ✓ Re-launched tajhotels.com
- ✓ Launched Taj.live
- ✓ Launched the Taj Hybrid app
- ✓ Integrated Table Mgmt. System
- ✓ Multi Lingual Websites

Localized content to drive direct booking from source markets

FRENCH UK ENGLISH
German SPANISH
SIMPLIFIED CHINESE

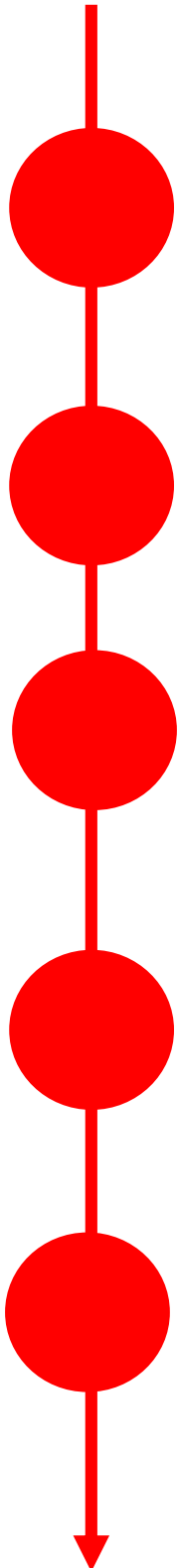


Avg Ticket size- INR 52,000+



Building Digital Capability...

2018/19



Customer Data Master

Native mobile app

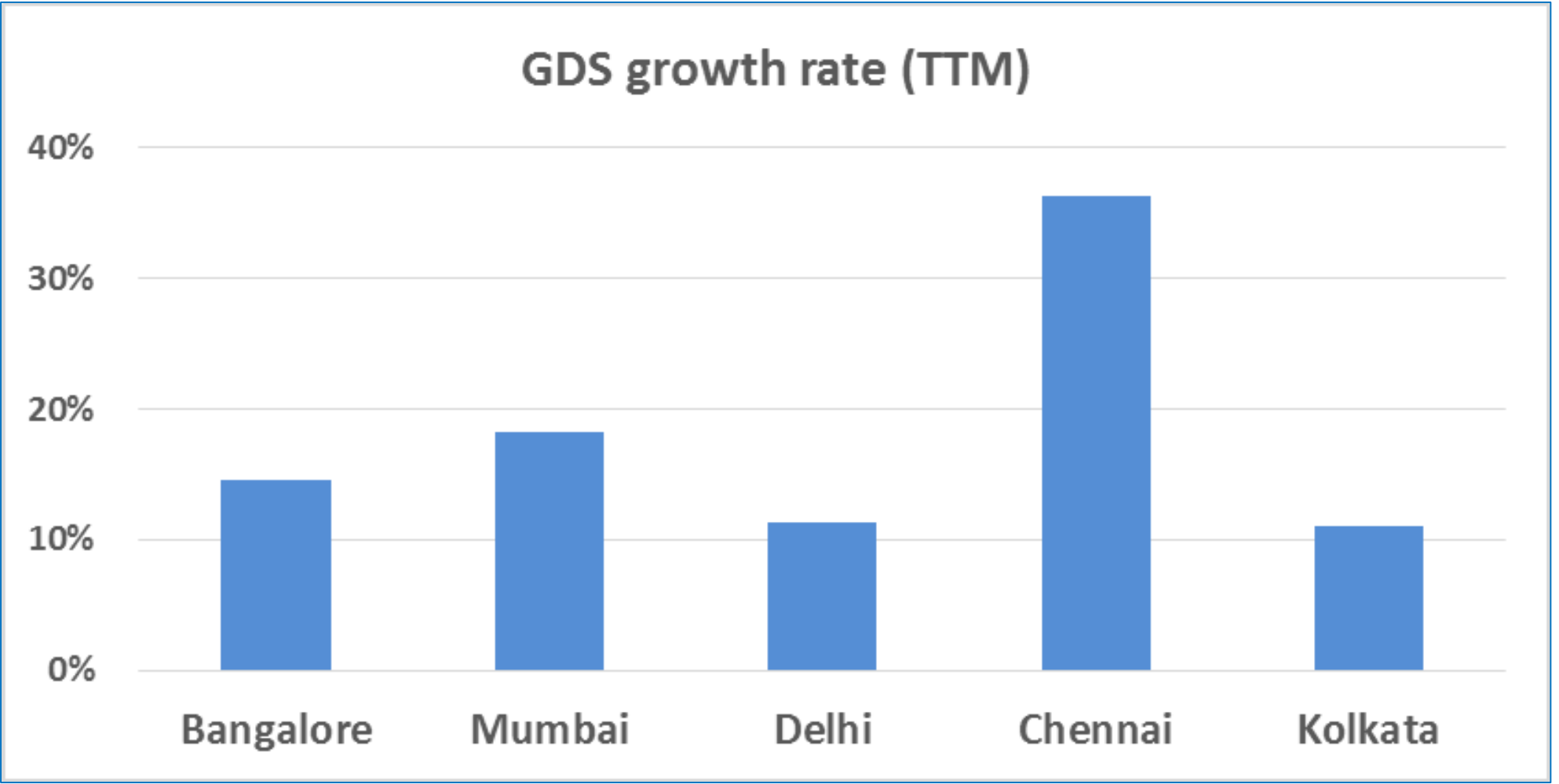
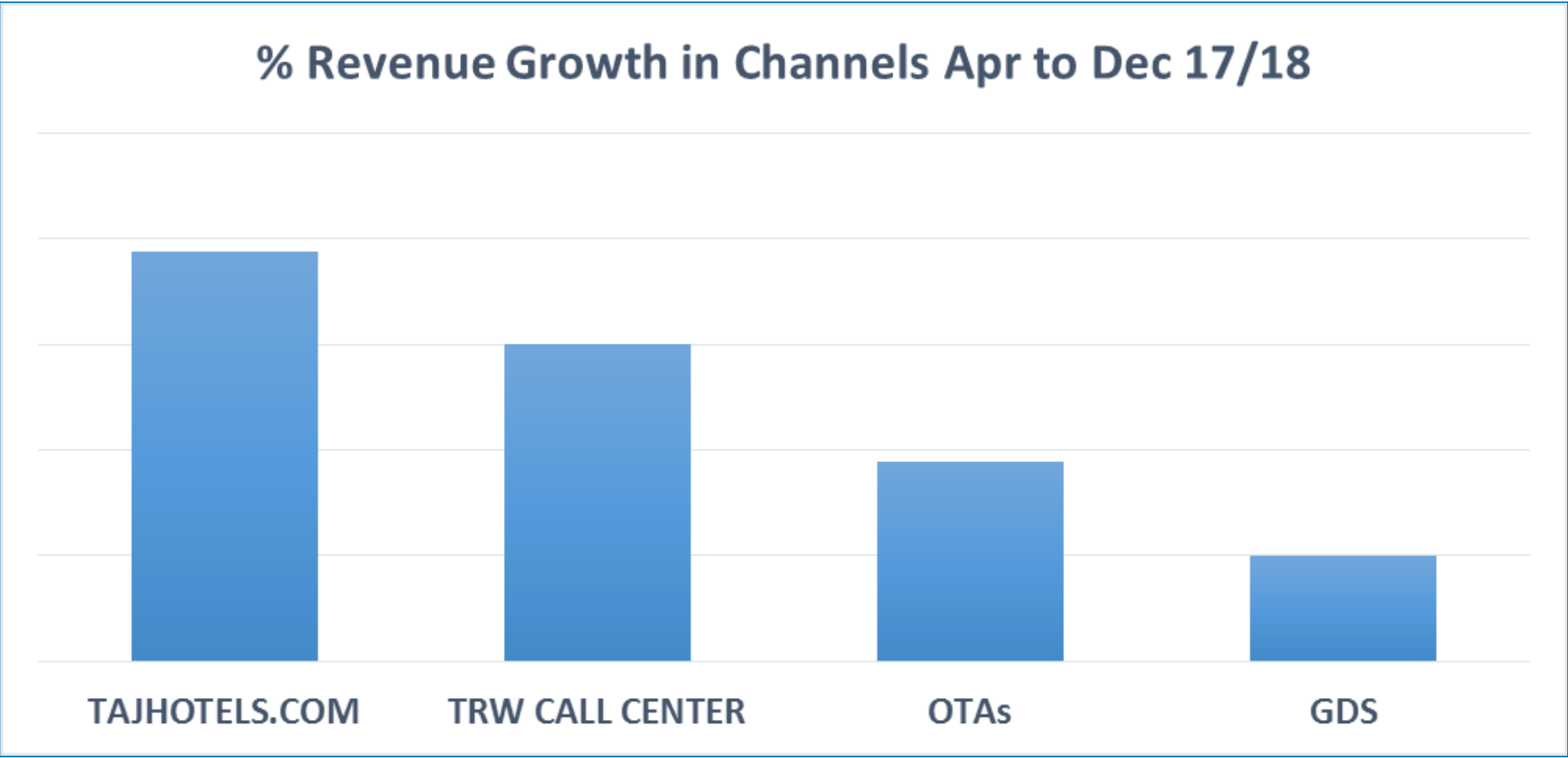
Re-launch Loyalty Website with improved UI & UX

Personalization, Single Sign-on & critical enhancements

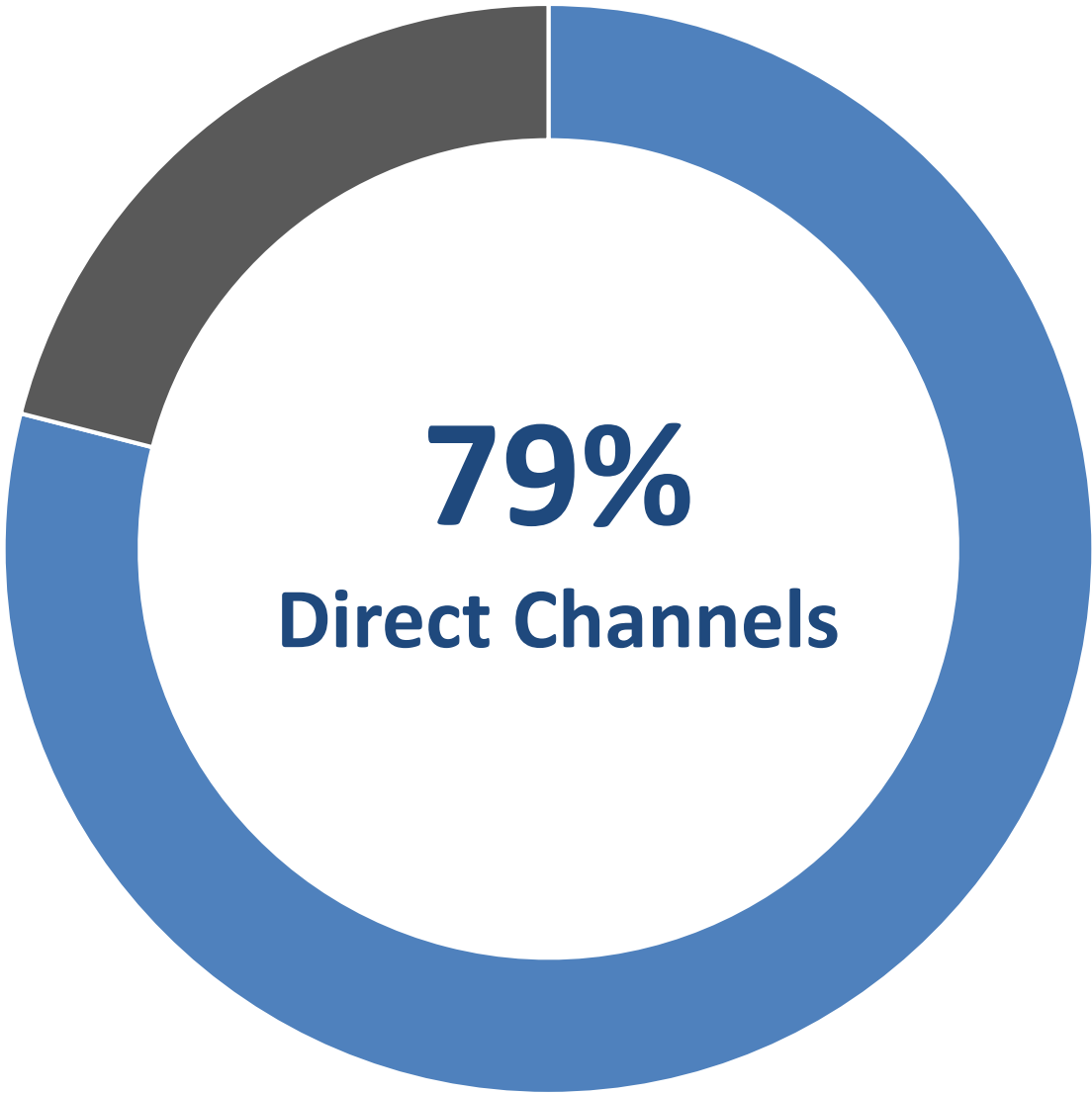
Central Reservation System Migration



Optimizing Source and Segment Mix

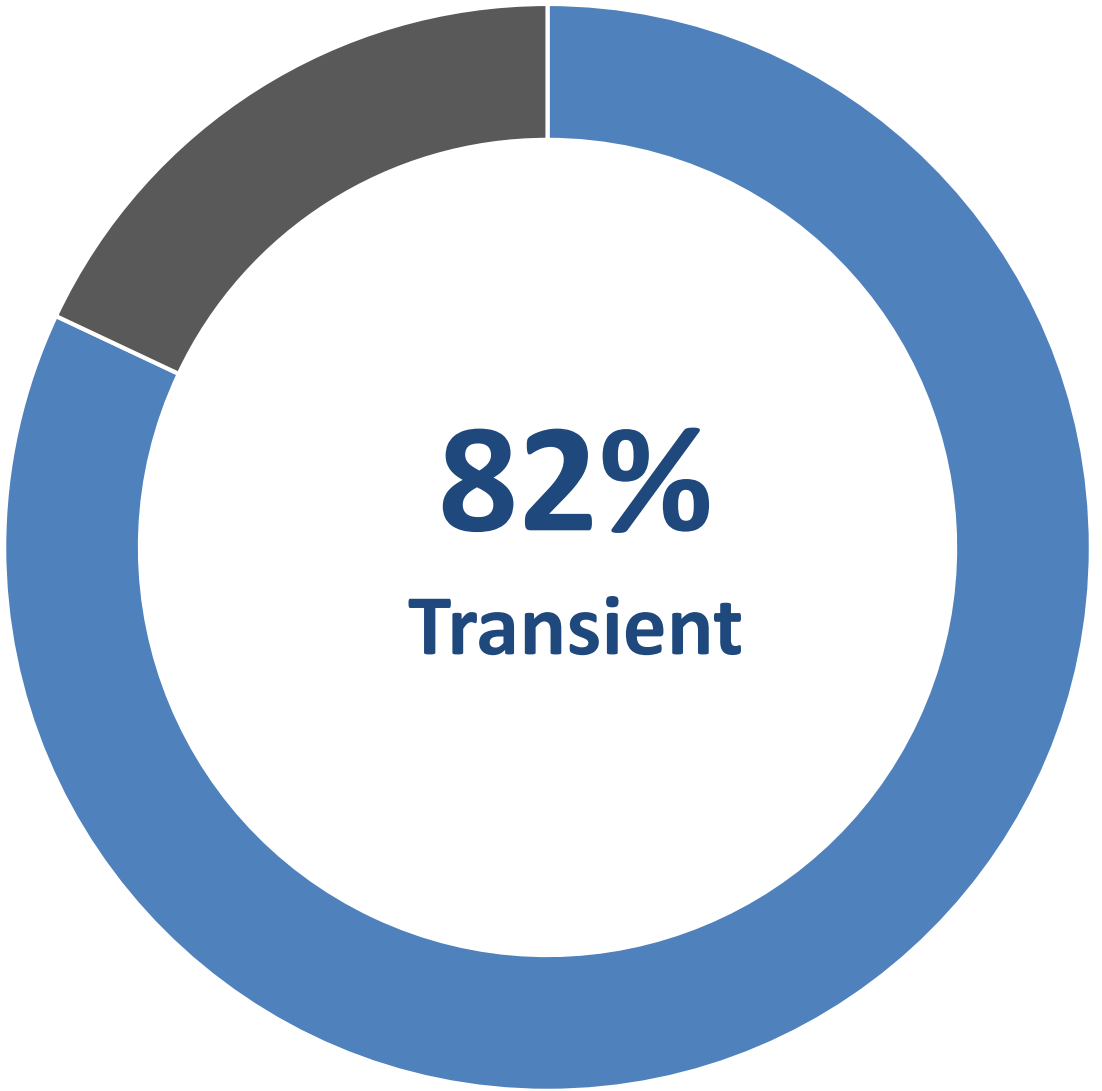


Optimizing Source and Segment Mix



Focus on Direct Channels

Taj Website, Call Centre, Private GDS and Hotel Direct



Ideal Mix of Transient vs Groups

Higher Yield opportunity with Rev Mgmt & Analytics

AGENDA

- External Environment
- Aspiration 2022
- Portfolio Growth
- Revenue Optimization
- Operational Excellence
- **Superior Financials**

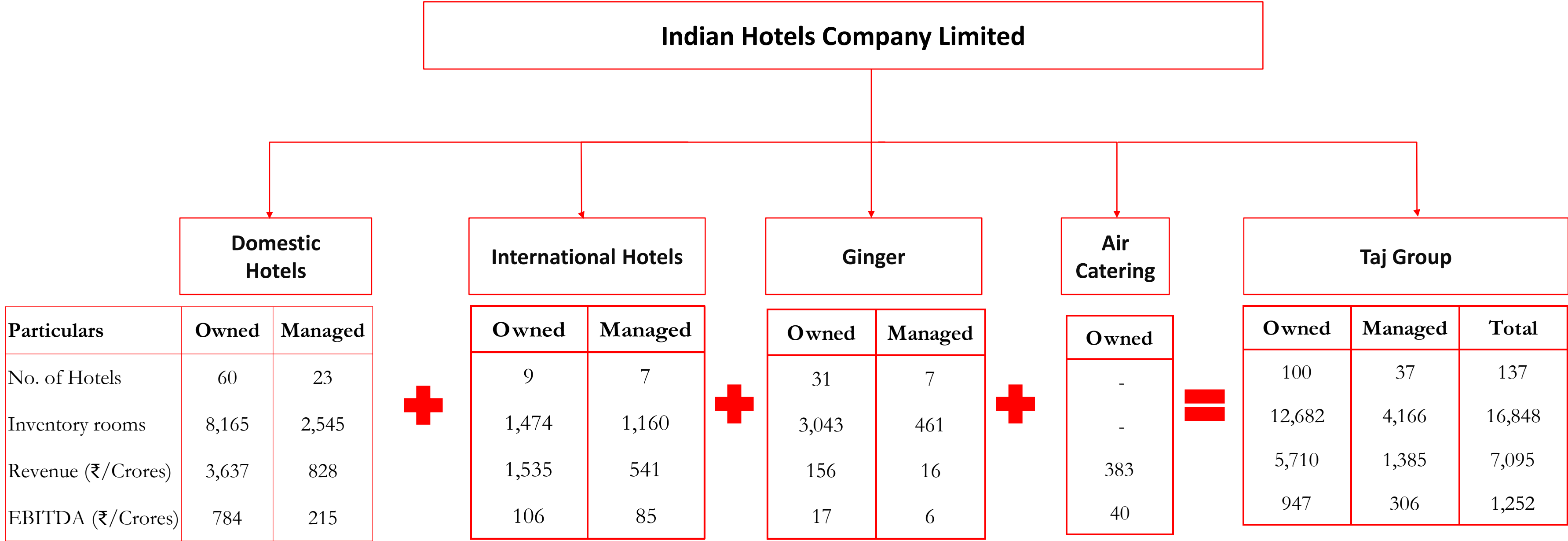


GIRIDHAR SANJEEVI

Chief Financial Officer

Sustainable financial performance through margin enhancement, asset sweating and optimal capital structure

We are a \$ 1.2 billion revenue Group



Owned hotels Revenue/ EBITDA are line by line addition of all properties under IHCL + Subsidiaries+ JVs + Associates for 2016/17

No. of Hotels & Inventory are as on September 30, 2017

Driving Return on Equity (Net Profit to Equity)

(Net Profit / Income)

Profit Margin

- Drive Top line Growth – Taj, Ginger, SATS
- Drive Margins
- Manage Expenses and Costs to Serve
 - Corporate Overheads
- Headcount to Inventory and Sales

(Income / Assets)

Asset Sweating

- Drive New development pipeline
 - Asset Smart approach
- Focus on Core Assets, ROCE approach
- Optimise renovations

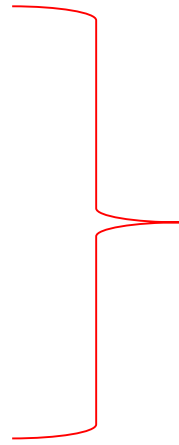
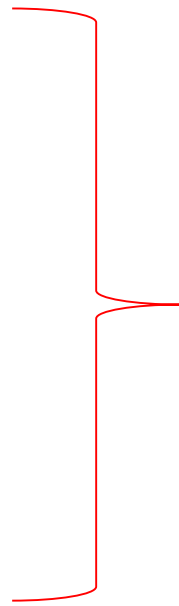
(Assets / Equity)

Capital Mix

- Manage Interest and Financial Leverage
- Simplify IHCL structure
- Optimise Partnerships
- Monetisation
 - Shareholding
 - Land Bank
 - Residential Apartments

Aspiration 2022 – Margin Expansion

THE INDIAN HOTELS COMPANY LIMITED

Particulars	Margin Improvement
Revenue RevPAR Growth Other Operating Income Management Fee Income Incremental Income from New Inventory	 3 to 4 %
Costs Operational Payroll Procurements (Raw Materials, Stores & Supplies) Corporate Overheads Admin and General Expenses Fuel, Power & Light Asset Contract Costs	 3 to 5%
EBITDA Margin Improvement	8.0%
Depreciation	1.0%
Interest	1.0%
PAT Margin Improvement	10.0%

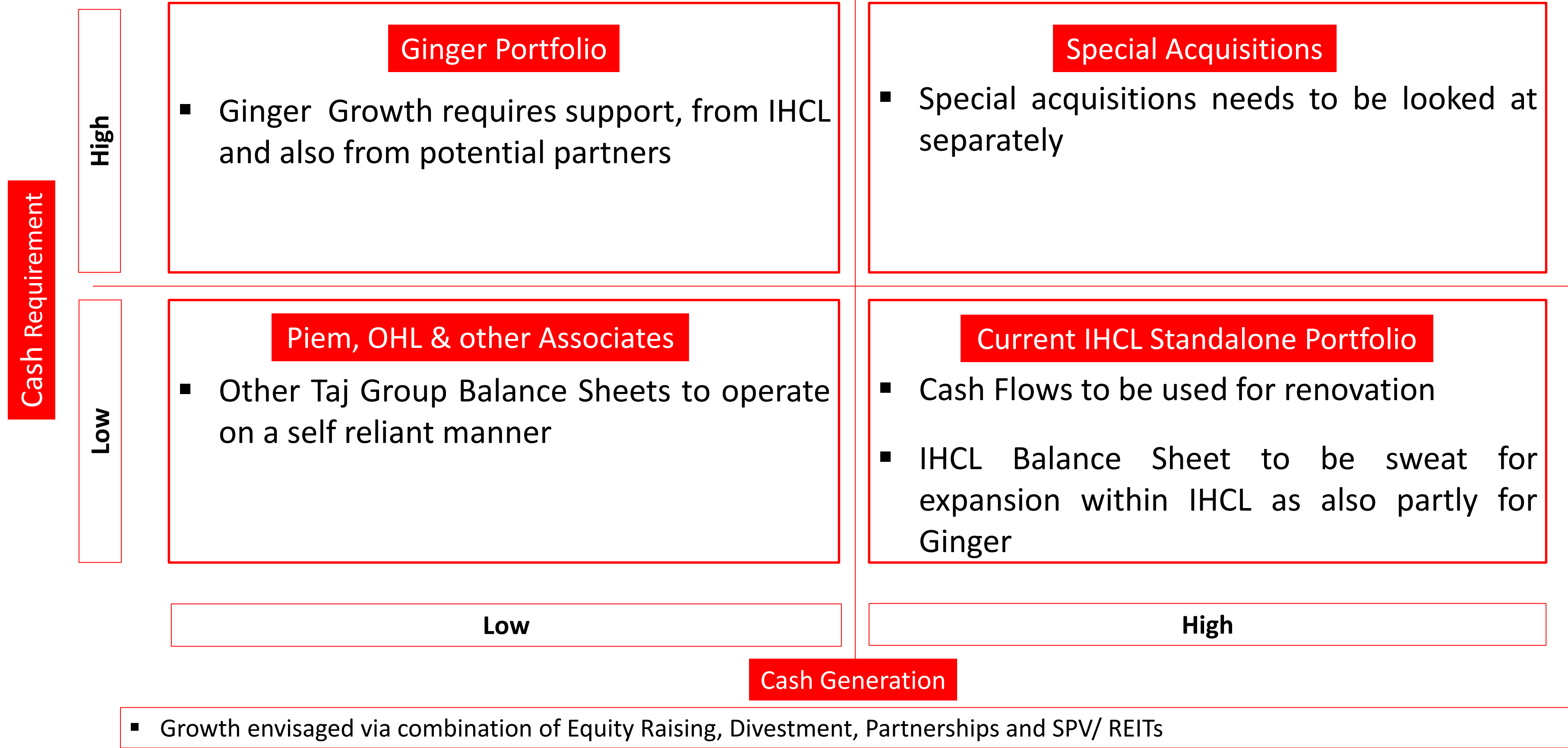
Financing Strategy to support growth while preserving Balance Sheet health

₹ /crores

IHCL Consolidated			
Particulars	2015/16	2016/17	2017/18 YTD*
Net Debt	4,216	3,151	1,967
Debt : EBITDA	6.47	4.74	2.97
Debt : Equity	1.27	0.97	0.47
Net worth	2,580	2,518	4,089

*Unaudited

Approach to Funding



Opportunity to simplify IHCL Structure

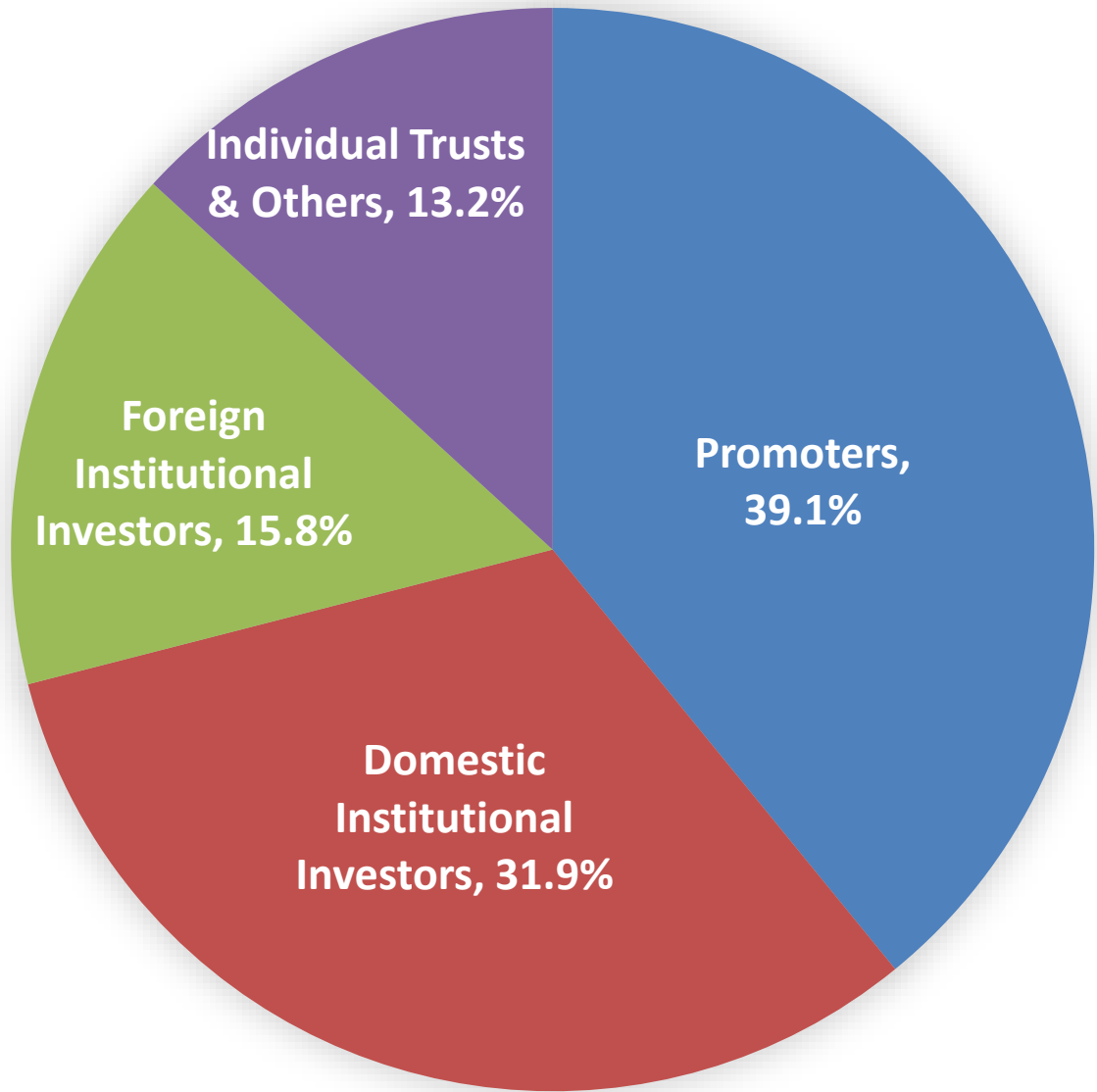
Particulars (₹ / Crores)	Turnover	EBITDA
Enterprise	7,095	1,252
IHCL Consolidated	4,065	665
<i>% share of Enterprise</i>	<i>57%</i>	<i>53%</i>
IHCL Standalone	2,445	574

*All figures pertain to FY16/17

Making the Balance Sheet Smarter

- **Current Net Assets Block – Rs. 6500 Crores**
- **Opportunities of unlocking Value through sale & leaseback type mechanisms**
- **Sea Rock**
Accelerating approvals, Asset structuring solutions
- **Monetise Non core Assets**
ITDC Shares
Residential Apartments
- **Simplifying structures**

IHCL Shareholding – Strong Institutional presence



Promoters	% Holding
Tata Sons Limited	29.8
Tata Trusts	6.6
Tata Group Companies	2.5
Taj Group Companies	0.2
Total	39.1

Key Investors	% Holding
<u>Domestic Institutional Investors</u>	
Life Insurance Corporation of India	8.4
Reliance Mutual Fund	5.8
HDFC Mutual Fund	3.8
ICICI Prudential Life Insurance Company Limited	1.8
General Insurance Corporation of India	1.5
The New India Assurance Company Limited	1.2
Franklin Templeton Mutual Fund	1.0
<u>Foreign Institutional Investors</u>	
Government Pension Fund Global	3.7
Franklin Templeton Investment Funds	3.4
Vanguard	1.2

