

7 April 2020

## Indian Hotels

*2020 is not an exception; retaining a Buy*

As ~65-70% of the total branded hotel rooms in India primarily exist because of corporate travel in India, we reckon the situation is likely to be grim over the next 2-3 months. With the "no-travel" policy and companies adopting "work from home", we expect the impact of the virus to begin waning by Jun-Jul, and business to pick up in H2 FY21. We also assume that, as the last few months of 2020 roll in, inbound travel is likely to be a fraction of what India gets in typical years. Considering the situation and its impact on hospitality, we cut our FY21e/FY22e EBITDA for Indian Hotels by 71.7%/39.7% and retain our Buy rating on the stock, with a lower target price of ₹100, from ₹180 (sum-of-parts valuation, see Page 4). Also, IHCL is in a comfortable position regarding debt, given its limited refinancing needs and strong promoter backing. Key assumptions taken for FY21 (standalone properties: 40% occupancy with 12% y/y cut in ARR; US and UK properties: 30% occupancy with 12% y/y cut in ARR).

**March occupancy to be ~40-45%.** Jan and Feb were good for Indian Hotels. And 1<sup>st</sup> to 11<sup>th</sup> Mar was almost as good as in the year prior. Most of the properties had occupancies north of 60-65%, even 70%. From 12<sup>th</sup> to 23<sup>rd</sup> Mar, occupancy slid to 25-30%; since 24<sup>th</sup> Mar (and ongoing), occupancy at most properties plunged to 15-10% and, at some, even to low single-digits.

**Taking a considered decision.** 60% of the company's hotel rooms are still operational (40% have been shut), *albeit* at very low levels. The business is limited to in-house guests. In this light, the company decided to gradually shut down a few hotels in smaller cities where it has more than one, and use the others more efficiently, instead of low occupancy at different properties.

**Valuation.** After Covid-19 subsides, we believe that the company is set to outclass others, driven by its strong brand equity and all-India spread. **Risk:** Any slow-down in the economy would lead to curtailed demand.

Key financials (YE Mar)	FY18	FY19	FY20e	FY21e	FY22e
Sales (₹ m)	41,036	45,120	45,237	33,959	44,085
Net profit (₹ m)	1,008	2,868	3,184	-559	2,623
EPS (₹)	0.9	2.4	2.7	-0.5	2.2
PE (x)	NA	29.9	26.9	NA	32.6
EV / EBITDA (x)	15.1	12.2	12.8	NA	13.0
PBV (x)	1.6	2.0	1.9	1.9	1.8
RoE (%)	1%	6%	6%	NA	5%
RoCE (%)	1%	4%	4%	NA	4%
Dividend yield (%)	-	-	-	-	-
Net debt / equity (x)	0.3	0.3	0.2	0.2	0.2

Source: Company, Anand Rathi Research

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Rating: **Buy**

Target Price: ₹100

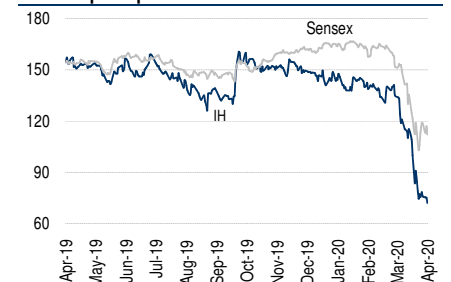
Share Price: ₹70

Key data	IH IN / IHCL.BO
52-week high / low	₹164 / 70
Sensex / Nifty	28265 / 8254
3-m average volume	\$3.2m
Market cap	₹86bn / \$1122.2m
Shares outstanding	1189m

Shareholding pattern (%)	Dec'19	Sep'19	June'19
Promoters	39.1	39.1	39.1
- of which, Pledged	-	-	-
Free float	60.9	60.9	60.9
- Foreign institutions	11.8	14.6	14.6
- Domestic institutions	32.0	27.2	27.2
- Public	17.1	19.1	19.1

Estimates revision (%)	FY20	FY21e	FY22e
Sales	(7.3)	(35.7)	(22.3)
EBITDA	(19.5)	(71.7)	(39.7)
Net Profit	(18.1)	NA	(55.4)

### Relative price performance



Source: Bloomberg

**Shobit Singhal**  
Research Analyst

## Quick Glance – Financials and Valuations

**Fig 1 – Income statement (₹ m)**

Year-end: Mar	FY18	FY19	FY20e	FY21e	FY22e
Net revenues (₹ m)	41,035.5	45,120.0	45,237.0	33,958.7	44,085.4
Growth (%)	2.1	10.0	0.3	-24.9	29.8
No. of rooms: owned / leased	12,797	12,920	13,058	13,114	13,114
Direct costs	25,857.1	28,258.5	28,944.6	25,521.9	28,506.9
Gross profit	15,178	16,862	16,292	8,437	15,579
Gross margins %	37.0	37.4	36.0	24.8	35.3
SG&A	8,475	8,565	8,380	5,211	7,782
<b>EBITDA</b>	<b>6,703</b>	<b>8,297</b>	<b>7,912</b>	<b>3,226</b>	<b>7,796</b>
EBITDA margins (%)	16.3	18.4	17.5	9.5	17.7
- Depreciation	3,012	3,279	3,331	3,424	3,582
Other income	617	834	1,250	620	620
Interest expenses	2,690	1,901	1,821	1,721	1,621
PBT	1,618	3,951	4,010	-1,299	3,214
Effective tax rates (%)	75%	40%	30%	30%	30%
+ Associates / (Minorities)	601	488	357	357	357
Net income	1,008	2,868	3,184	-559	2,623
WANS	1,103	1,189	1,189	1,189	1,189
FDEPS (₹ / sh)	0.9	2.4	2.7	-0.5	2.2

**Fig 3 – Cash-flow statement (₹ m)**

Year-end: Mar	FY18	FY19	FY20e	FY21e	FY22e
PBT	1,618	3,951	4,010	-1,299	3,214
+ Non-cash items	5,760	5,418	3,902	4,524	4,582
Oper. prof. before WC	7,378	9,369	7,912	3,226	7,796
- Incr. / (Decr.) in WC	-1,033	-282	26	221	-231
Others incl. taxes	1,425	1,973	1,183	-383	948
Operating cash-flow	4,921	7,114	6,755	3,830	6,618
- Capex (tang. + intang.)	-5,097	-4,786	-4,750	-3,056	-3,968
Free cash-flow	-176	2,328	2,006	774	2,650
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	447	685	595	-	595
+ Equity raised	14,875	-4	0	0	-0
+ Debt raised	-9,498	-1,507	-1,000	-1,500	-1,000
- Fin investments	1,510	-1,263	-	-	-
- Misc. (CFI + CFF)	-3,011	-1,596	-121	-651	-551
Net cash-flow	232	-294	290	-1,377	505

Source: Company, Anand Rathi Research

**Fig 5 – Price movement**



Source: Bloomberg

**Fig 2 – Balance sheet (₹ m)**

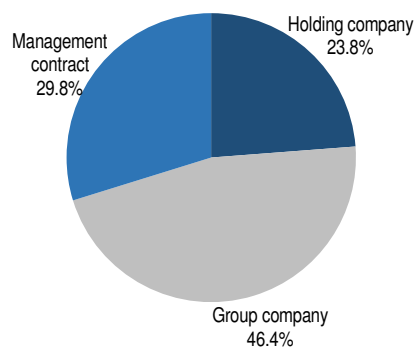
Year-end: Mar	FY18	FY19	FY20e	FY21e	FY22e
Share capital	1,189	1,189	1,189	1,189	1,189
Net worth	41,811	43,480	46,070	45,511	47,539
Debt (including Pref.)	24,274	23,260	22,260	20,760	19,760
Minority interest	7,774	7,999	8,092	8,185	8,278
DTL / (Assets)	3,563	3,768	3,768	3,768	3,768
<b>Capital employed</b>	<b>77,422</b>	<b>78,506</b>	<b>80,189</b>	<b>78,223</b>	<b>79,344</b>
Net tangible assets	49,780	52,332	54,084	54,059	54,803
Net intangible assets	6,192	6,056	5,723	5,381	5,022
Goodwill	5,655	5,835	5,835	5,835	5,835
CWIP (tang. & intang.)	1,970	1,162	1,162	1,162	1,162
Investments (strategic)	6,404	6,877	6,877	6,877	6,877
Investments (financial)	8,710	6,475	6,475	6,475	6,475
Current assets (excl cash)	12,332	14,692	14,710	13,907	14,628
Cash	2,703	2,409	2,699	1,322	1,827
Current liabilities	16,323	17,332	17,376	16,794	17,284
Working capital	-3,991	-2,639	-2,666	-2,887	-2,656
<b>Capital deployed</b>	<b>77,422</b>	<b>78,506</b>	<b>80,188</b>	<b>78,223</b>	<b>79,344</b>
Contingent liabilities					

**Fig 4 – Ratio analysis**

Year-end: Mar	FY18	FY19	FY20e	FY21e	FY22e
P/E (x)	84.9	29.9	26.9	NA	32.6
EV / EBITDA (x)	15.1	12.2	12.8	NA	13.0
EV / Sales (x)	2.5	2.2	2.2	3.0	2.3
P/B (x)	1.6	2.0	1.9	1.9	1.8
RoE (%)	1%	6%	6%	NA	5%
RoCE (%) - after tax	1%	4%	4%	0%	4%
RoIC (%) - after tax	1%	4%	4%	0%	4%
DPS (₹ / sh)	0.4	0.5	0.5	NA	0.5
Dividend yield (%)					
Dividend payout (%) - incl. DDT	44%	21%	19%	NA	23%
Net debt / equity (x)	0.3	0.3	0.2	0.2	0.2
Receivables (days)	29	26	26	26	26
Inventory (days)	7.6	6.5	7.2	7.2	7.2
Payables (days)	36	32	32	32	32
CFO : EBITDA %	73%	86%	85%	NA	85%

Source: Company, Anand Rathi Research

**Fig 6 – Percent of rooms, segment-wise, Q3 FY20**



Source: Company

## Revenue, cost data for the last 15 years (standalone)

Fig 7 – Revenue - standalone business

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Number of owned and leased room	2,654	3,054	3,434	3,379	3,402	3,561	3,932	4,064	4,061	4,059	4,453	4,303	4,157	4,354
Number of owned and leased hotels	18	22	23	24	24	26	26	25	25	26	25	24	25	25
<b>ADR (₹)</b>	<b>7,187</b>	<b>9,234</b>	<b>10,674</b>	<b>10,504</b>	<b>8,792</b>	<b>9,582</b>	<b>9,469</b>	<b>9,504</b>	<b>9,360</b>	<b>9,562</b>	<b>9,308</b>	<b>10,213</b>	<b>10,722</b>	<b>11,003</b>
Y/Y growth (%)		28.5	15.6	-1.6	-16.3	9.0	-1.2	0.4	-1.5	2.2	-2.7	9.7	5.0	2.6
<b>Average occupancy</b>	<b>70</b>	<b>73</b>	<b>73</b>	<b>66</b>	<b>64</b>	<b>67</b>	<b>65</b>	<b>63</b>	<b>64</b>	<b>64</b>	<b>65</b>	<b>66</b>	<b>67</b>	<b>68</b>
<b>Rev PAR (₹)</b>	<b>5,060</b>	<b>6,718</b>	<b>7,739</b>	<b>6,933</b>	<b>5,627</b>	<b>6,420</b>	<b>6,155</b>	<b>5,988</b>	<b>5,967</b>	<b>6,120</b>	<b>6,013</b>	<b>6,741</b>	<b>7,184</b>	<b>7,482</b>
Y/Y growth (%)		32.8	15.2	-10.4	-18.8	14.1	-4.1	-2.7	-0.3	2.6	-1.7	12.1	6.6	4.2
Revenue from room rentals	4,901	7,488	9,700	8,550	6,987	8,345	8,833	8,882	8,845	9,067	9,773	10,587	10,900	11,891
- Food and beverages	4066	5212	5850	5089.9	5363.4	6179	6841	7324	7742	8,134	9,182	9,422	10,278	11,367
as % of total revenue	36.4	33.8	33.2	31.4	36.4	36.9	37.8	39.0	40.1	40.2	40.5	39.2	39.8	40.9
- Shop rentals	NA	NA	NA	NA	NA	281	283	262	289	307	299	305	317	345
as % of total revenue	NA	NA	NA	NA	NA	1.7	1.6	1.4	1.5	1.5	1.3	1.3	1.2	1.2
- Membership fees	NA	NA	NA	NA	NA	371	428	526	539	591	710	952	857	911
as % of total revenue	NA	NA	NA	NA	NA	2.2	2.4	2.8	2.8	2.9	3.1	4.0	3.3	3.3
- Management & operating fees	NA	NA	NA	NA	NA	1061.8	1121.7	1165.2	1255.4	1,377	1,490	1,588	2,105	2,225
as % of total revenue	NA	NA	NA	NA	NA	6.3	6.2	6.2	6.5	6.8	6.6	6.6	8.1	8.0
- Other operating income	NA	NA	NA	NA	NA	497	580	589	627	751	1,166	1,168	1,336	1,407
as % of total revenue	NA	NA	NA	NA	NA	3.0	3.2	3.1	3.2	3.7	5.1	4.9	5.2	5.1
<b>Total</b>	<b>11,162</b>	<b>15,409</b>	<b>17,645</b>	<b>16,196</b>	<b>14,733</b>	<b>16,735</b>	<b>18,087</b>	<b>18,759</b>	<b>19,295</b>	<b>20,245</b>	<b>22,680</b>	<b>24,017</b>	<b>25,841</b>	<b>27,805</b>

Source: Company, Anand Rathi Research

Fig 8 – Cost details - standalone

	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
No. of owned and leased room	2,654	3,054	3,434	3,379	3,402	3,561	3,932	4,064	4,061	4,059	4,453	4,303	4,157	4,354
Average cost of employee / room (₹ m)	0.8	0.9	0.9	1.2	1.1	1.2	1.2	1.2	1.2	1.3	1.4	1.5	1.6	1.6
Employee benefits (expense)	2,218.5	2,807.7	3,127.7	3,910.5	3,595.6	4,124	4,714	4,767	4,725	5,314	6,150	6,332	6,496	7,039
as % of revenue	19.9	18.2	17.7	24.1	24.4	24.6	26.1	25.4	24.5	26.2	27.1	26.4	25.1	25.3
<b>Operating expense</b>	<b>1,101</b>	<b>1,459</b>	<b>1,559</b>	<b>1,395</b>	<b>1,331</b>	<b>1,629</b>	<b>1,800</b>	<b>1,927</b>	<b>2,066</b>	<b>2,140</b>	<b>2,467</b>	<b>2,620</b>	<b>2,754</b>	<b>2,847</b>
as % of revenue	9.9	9.5	8.8	8.6	9.0	9.7	10.0	10.3	10.7	10.6	10.9	10.9	10.7	10.2
Cost of food and beverages consumed	932.2	1,212	1,282.4	1,145.4	1,125.8	1,362	1,529	1,641	1,768	1,819	2,098	2,200	2,326	2,468
as % of F&B revenue	22.9	23.3	21.9	22.5	21.0	22.0	22.3	22.4	22.8	22.4	22.9	23.3	22.6	21.7
Linen & Room supplies	168.9	247	276.8	249.7	205.4	268	271	286	297	321	369	420	427	379
as % of room income	3.4	3.3	2.9	2.9	2.9	3.2	3.1	3.2	3.4	3.5	3.8	4.0	3.9	3.2
<b>Selling and distribution costs</b>	<b>558</b>	<b>741</b>	<b>824</b>	<b>885</b>	<b>741</b>	<b>817</b>	<b>909</b>	<b>949</b>	<b>1,026</b>	<b>1,063</b>	<b>943</b>	<b>918</b>	<b>1,035</b>	<b>874</b>
as % of revenue	5.0	4.8	4.7	5.5	5.0	4.9	5.0	5.1	5.3	5.3	4.2	3.8	4.0	3.1
Advertising and business promotion	437.3	585.6	668.4	740.1	635.5	693	797	844	923	967	850	810	931	773
as % of room rentals	8.9	7.8	6.9	8.7	9.1	8.3	9.0	9.5	10.4	10.7	8.7	7.6	8.5	6.5
Passage and travelling	120.4	155.8	156	145.1	105	125	113	105	103	97	93	108	104	102
as % of room rentals	2.5	2.1	1.6	1.7	1.5	1.5	1.3	1.2	1.2	1.1	1.0	1.0	1.0	0.9
<b>General and administration cost</b>	<b>4,169</b>	<b>4,808</b>	<b>5,232</b>	<b>5,457</b>	<b>5,347</b>	<b>5,980</b>	<b>6,606</b>	<b>7,071</b>	<b>7,584</b>	<b>8,141</b>	<b>8,896</b>	<b>8,949</b>	<b>9,268</b>	<b>9,750</b>
as % of revenue	37.4	31.2	29.7	33.7	36.3	35.7	36.5	37.7	39.3	40.2	39.2	37.3	35.9	35.1
Power and Fuel	694.9	804.9	926.1	985	1006.7	1133.3	1329.2	1572.5	1657	1743	1800	1669	1656	1761
as % of rev. (excl. management contracts)	NA	NA	NA	NA	NA	7.2	7.8	8.9	9.2	9.2	8.5	7.4	7.0	6.9
Others	3474	4003	4306	4472	4340	4847	5276	5499	5927	6398	7096	7281	7612	7990
<b>Total Cost</b>	<b>8,046</b>	<b>9,816</b>	<b>10,744</b>	<b>11,648</b>	<b>11,014</b>	<b>12,551</b>	<b>14,028</b>	<b>14,715</b>	<b>15,401</b>	<b>16,658</b>	<b>18,456</b>	<b>18,819</b>	<b>19,552</b>	<b>20,510</b>
<b>EBITDA</b>	<b>3,115</b>	<b>5,592</b>	<b>6,902</b>	<b>4,548</b>	<b>3,719</b>	<b>4,184</b>	<b>4,059</b>	<b>4,044</b>	<b>3,894</b>	<b>3,588</b>	<b>4,224</b>	<b>5,198</b>	<b>6,289</b>	<b>7,295</b>
<b>EBITDA margins %</b>	<b>27.9</b>	<b>36.3</b>	<b>39.1</b>	<b>28.1</b>	<b>25.2</b>	<b>25.0</b>	<b>22.4</b>	<b>21.6</b>	<b>20.2</b>	<b>17.7</b>	<b>18.6</b>	<b>21.6</b>	<b>24.3</b>	<b>26.2</b>

Source: Company, Anand Rathi Research

## Valuation

We believe that the company is set to outclass others, driven by its strong brand equity, all-India footprint, leader in the deluxe category and the better performances of its subsidiaries. We maintain our Buy rating with a target price of ₹100, down from ₹180.

**Fig 9 – Change in estimates**

₹ m)	FY20			FY21			FY22		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenues	45,237	48,786	(7.3)	33,959	52,852	(35.7)	44,085	56,740	(22.3)
EBITDA	7,912	9,830	(19.5)	3,226	11,391	(71.7)	7,796	12,928	(39.7)
EBITDA margin %	17.5	20.1	-266 bps	9.5	21.6	-1205 bps	17.7	22.8	-510 bps
EBIT	4,581	6,832	(32.9)	(198)	8,146	NA	4,214	9,436	(55.3)
EBIT margin %	10.1	14.0	-388 bps	-0.6	15.4	-1600 bps	9.6	16.6	-707 bps
PBT	4,010	5,011	(20.0)	(1,299)	6,425	NA	3,214	7,835	(59.0)
Net profit	3,184	3,890	(18.1)	(559)	4,886	NA	2,623	5,881	(55.4)

Source: Anand Rathi Research

**Fig 10 – Valuation**

₹ m)	FY22 EBITDA	Multiple (x)	IHCL's stake %	Value
Standalone	6,933.00	16	100.00	110,927
Domestic subsidiaries	1,465.00	16	52.75	12,365
Ginger	245.70	12	63.70	1,879
<b>EV of India operations</b>	<b>8,644.00</b>			<b>125,171</b>
U.K. hotels	522.96	12	72.25	4,534
U.S. hotels	-1329.00		100.00	
Sea Rock			85.00	6,000
Taj GVK (IHCL share 25.52%)			25.52	1,660
Oriental Hotels (IHCL share 30.23%)			30.23	985
Less: Net debt				17,448
<b>Total equity value</b>				<b>120,903</b>
<b>Target price (₹)</b>				<b>100</b>

Source: Company, Anand Rathi Research

### Risks

- Any slowdown in the economy would lead to curtailed demand.
- Vulnerable to external factors: terrorist attacks, epidemic spread, etc.

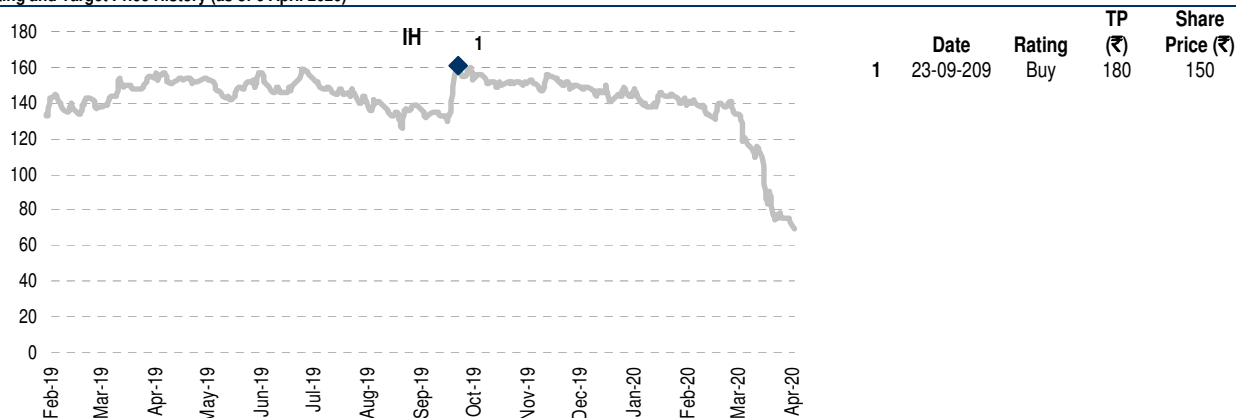
## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

#### Rating and Target Price History (as of 6 April 2020)



### Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

#### Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

### Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

#### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

##### Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

##### Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by ARSSBL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2019. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.  
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.