

Indian Hotel

BSE SENSEX 53,055
S&P CNX 15,880

CMP: INR152 **TP: INR180 (+18%)** **Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team.

We request your ballot.



Stock Info

Bloomberg	IH IN
Equity Shares (m)	1,189
M.Cap.(INRb)/(USD\$)	181.3 / 2.4
52-Week Range (INR)	157 / 76
1, 6, 12 Rel. Per (%)	11/13/35
12M Avg Val (INR M)	407
Free float (%)	59.3

Financials Snapshot (INR b)

Y/E Mar	2021	2022E	2023E
Sales	15.8	28.1	48.8
EBITDA	-3.6	2.8	11.5
PAT	-8.4	-3.6	2.2
EBITDA (%)	(23.0)	10.0	23.5
EPS (INR)	(7.1)	(3.0)	1.8
EPS Gr. (%)	NA	NA	NA
BV/Sh. (INR)	30.7	27.1	28.4

Ratios

Net D/E	0.8	1.0	0.9
RoE (%)	(21.0)	(10.5)	6.6
RoCE (%)	(5.7)	(0.3)	8.0
Payout (%)	(6.6)	(16.4)	32.9

Valuations

P/E (x)	(21.5)	(50.0)	83.2
EV/EBITDA (x)	(60.1)	78.2	19.0
Div Yield (%)	0.3	0.3	0.4
FCF Yield (%)	(6.0)	0.9	3.4

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	40.8	40.8	40.8
DII	29.2	29.6	34.3
FII	12.3	12.5	11.6
Others	17.8	17.2	13.4

FII Includes depository receipts

Focusing on management contracts...

...and new/reimagined brands bodes well for return ratios

IH hosted its investors meet, where it articulated its strategy to capitalize on business recovery, focus on new brands and businesses, pursue asset light growth, sustain spend optimization, strengthen the Balance Sheet, and focus on RoCE. Key highlights from the meet are:

To stay asset light through management contract room additions

- In FY18, management contract Hotels formed 32% of the overall portfolio, which has now increased to 46% (including Hotels in the pipeline). IH targets to take it to 50% going forward. About 78% of current pipeline Hotels are under management contracts.
- As per 'Aspiration CY22' announced in CY18, it looked to sign 15 Hotels under management contract annually. However, it added 22/29/17 Hotels in FY19/FY20/FY21.
- IH recorded the highest number of new Hotel signings and openings in the industry during CY20, with 17 signings and seven new Hotel openings.
- It generated a revenue of INR2.2b from management contracts, which it intends to take to INR3.5b.
- It is to be noted that EBITDA flow through in management contract income is 70-80% and that too without deploying capital, thus the said initiative is RoCE accretive.

Unlock the potential from reimagined and new brands

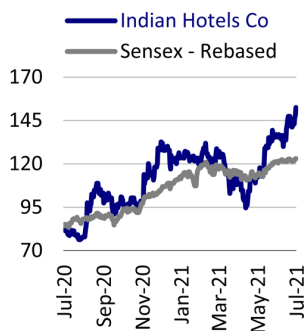
- IH reimagined **Ginger**, which ensured: i) revenue at 63% of pre-COVID levels, ii) doubling of F&B revenue, iii) positive EBITDA in FY21, and iv) 78 hotels at present (targets to take it to 100), with 36% Lean Luxe Hotels.
- The **Chambers** — Taj's exclusive business club — was relaunched with enhanced features. It has over 2,200 members currently, and IH intends to increase the same to over 4,000. Currently, seven Chambers are operational, with two in the pipeline. It has the potential to become an INR1.5b business, which is also margin accretive.
- IH launched **Qmin** — a food delivery app. It has witnessed over 0.3m/0.1m app downloads/orders since its launch (now in 15 cities, targets over 25 cities). IH charges 22% fees on the gross merchandise value in case of sales made through management contract Hotels. The GMV potential of the Qmin brand is INR5b, with an EBITDA follow through of 50%.
- **amã** Stays & Trails is India's first branded homestay. It currently has a portfolio of 44 bungalows, which can be scaled up to 500. IH doesn't own the properties. It simply manages the same through Hotels located in the vicinity, thereby ensuring asset light growth (18% management fees are charged, of which 3% are reimbursement fees); 80% EBITDA flow through from the management fees earned.

Sumant Kumar – Research Analyst (Sumant.Kumar@MotilalOswal.com)

Research Analyst: Darshit Shah (Darshit.Shah@motilaloswal.com) / Yusuf Inamdar (Yusuf.Inamdar@motilaloswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Stock Performance (1-year)

- Apart from the above, several initiatives have been taken by IH in TajSATS and 7Rivers.
- All of the above measures have one thing in common, incremental revenue with higher EBITDA flow though can be generated without deploying capital.

Cost savings are here to stay

- Total operating cost fell 45% to INR19.2b and fixed cost per month declined by 28% to INR1.2b in FY21 on the back of manpower optimization and reduction in corporate overheads. Staff/room ratio has reduced substantially for IH across brands via: i) redeploying 206 associates, and ii) reimagining ways of working, which includes multi-skilling, a cluster approach, and shared services. Corporate overheads have reduced 39% YoY to INR2.1b in FY21 on: i) redeployments and restructuring, ii) prudence in resource allocation, and iii) synergies. IH doesn't expect corporate overheads to increase over INR2.5b.
- IH has undertaken cost rationalization initiatives at The Pierre through: i) manpower rationalization, ii) lease renegotiation, and iii) surrender of the leased ballroom.

To be selective on capex, focus is on improving RoCE

- Majority of room additions will be through the management contract route only as IH intends to be selective in terms of owned room additions. It is constructing a 371-room Ginger Hotel in Santa Cruz at a cost of INR2b. It already owns the land, and so went ahead with the construction of the hotel. It will incur a capex of GBP7m in St. James Court, London towards chambers and a new coffee shop, and USD6m in The Pierre, New York towards renovation of the ballroom.
- Of the total capital employed of INR96b, 50% pertains to domestic Hotel assets, which generate 15% RoCE (on FY20). Around 28% of the consolidated capital employed is deployed towards international Hotels. Including the same, RoCE generated by the Hotel assets is 9%.
- IH does not intend to deploy capital towards building the Sea Rock Hotel. It rather intends to bring in a financial partner. The management said it would not increase debt for inorganic acquisitions.

Valuation and view

- IH started on its journey of re-imagination in CY18. It launched Aspiration CY22 and delivered onto the same. However, COVID-19 impacted the Hotel industry.
- To ride out the COVID-19 outbreak, the management has laid down a new strategy 'RESET 2020' (R: Revenue growth initiatives, E: Excellence initiatives, S: Spend optimization initiatives, E: Effective asset management, T: Thrift and financial prudence).
- Through the RESET strategy in FY21, IH ensured: i) incremental revenue growth of INR2.6b, ii) spends optimization of INR4.2b, iii) effective asset management (sale of residential apartments and lease cost savings) of INR700m, and iv) financial prudence in corporate expenditure of INR1.4b.
- While FY21 earnings are weak, we expect a sharp recovery in FY22E/FY23E on: a) a low base, b) improvement in ARR once things normalize, c) improved occupancies, d) positivity in cost rationalization efforts in FY21, e) an increase in

F&B income as banqueting/conferences resume, and f) higher income from management contracts.

- The company is in the right direction in growing its EBITDA as new revenue generating avenues are having a higher EBITDA margin, and this is done without deploying capital or with very minimal capital, which bodes well for RoCE.
- We value the stock at 19x Jun'23E EV/EBITDA and arrive at a SoTP-based TP of INR180. We maintain our **Buy** rating.

Exhibit 1: Valuation methodology

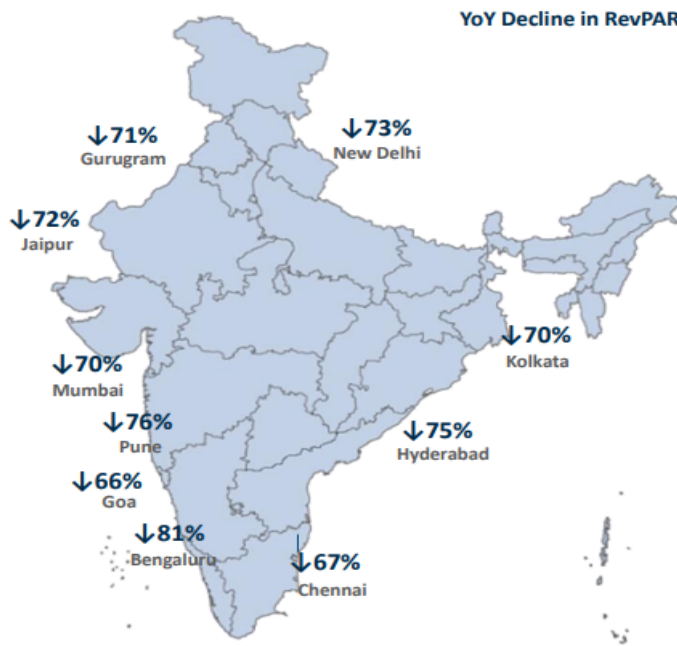
Particulars	Methodology	Metrics	Jun'23E	Multiple (x)	Value (INR m)	Value/ share (INR)
IH – excluding JV/associate						
EV	EV/EBITDA (x)	EBITDA	12,288	19	2,33,463	196
Less: Net debt					-17,019	(14)
Less: Minority interest					-6,346	(5)
Sub-total					2,10,099	177
JV/associate						
Taj GVK (IH's share: 25.5%) – JV	20% discount to m-cap	Attributable m-cap	2,190	0.8	1,752	1.5
Oriental Hotels (IH's share: 35.7%) – associate	20% discount to m-cap	Attributable m-cap	2,483	0.8	1,987	1.7
Sub-total					3,738	3.1
Target price					2,13,837	180

Source: MOFSL

Other key takeaways from the investors meet:

- **MICE:** Demand for the MICE segment will grow gradually as public gatherings are currently prohibited. Corporate demand is picking up slowly, except for Ginger Hotels, which have seen a sharp bounce back. In the backdrop of the pandemic, return of corporate demand to pre-COVID levels is going to be slow.
- **Cost savings in the US:** IH has managed to achieve permanent cost saving of USD5m in the US through various cost saving measures.
- **RevPAR:** Post surpassing the 60-65% occupancy threshold, RevPAR rates are expected to bounce back to pre-COVID levels, resulting in higher profitability.
- TajSATS had a 50% market share in 4QFY21. It added new airline customers and is focusing on the non-Aviation business.
- Currently, IH has 150 operational Hotels, with 50 more in the pipeline.
- Manpower optimization: IH has optimized staff/room ratio, especially for Ginger.
- **Debt:** Committed to pare debt to pre-COVID levels of INR18.6b v/s INR31.1b as at the end of FY21.

Exhibit 2: Significant impact of COVID-19 on the Indian Hospitality sector

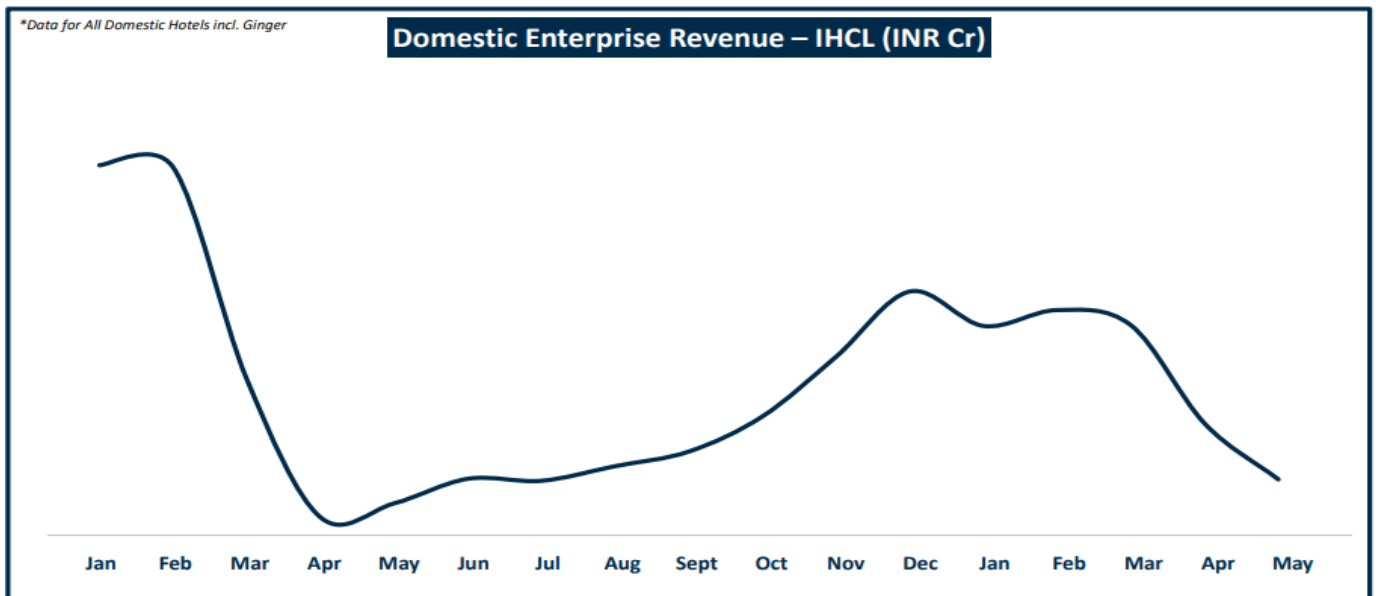


INDIA ESTIMATES

- ₹ 90,000 cr. revenue loss
- 31 – 33 bps drop in occupancy
- 18% – 20% drop in ADR
- 57% - 59% drop in RevPAR

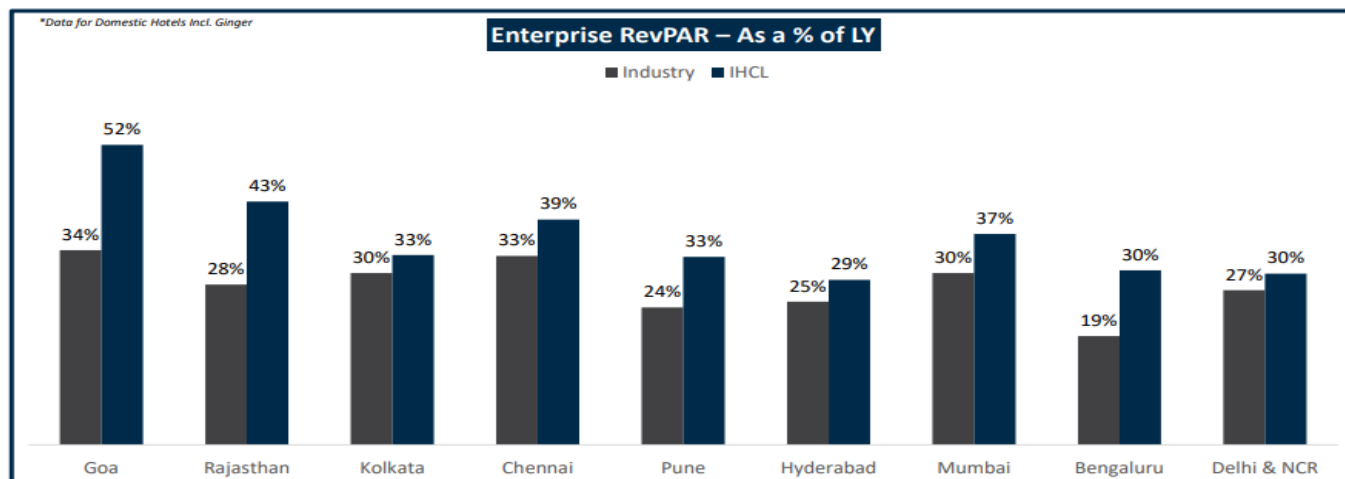
Source: Company, MOFSL

Exhibit 3: Monthly revenue trend of IH’s domestic network hotels



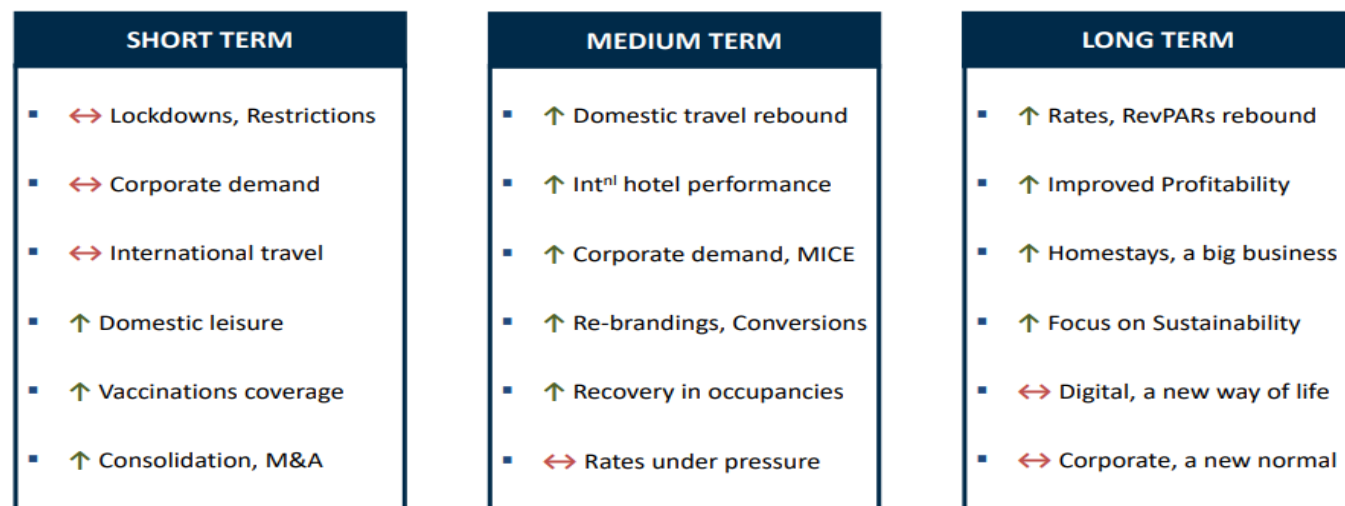
Source: Company, MOFSL

Exhibit 4: Network hotel revenue for IH in FY21 as a percentage of FY20



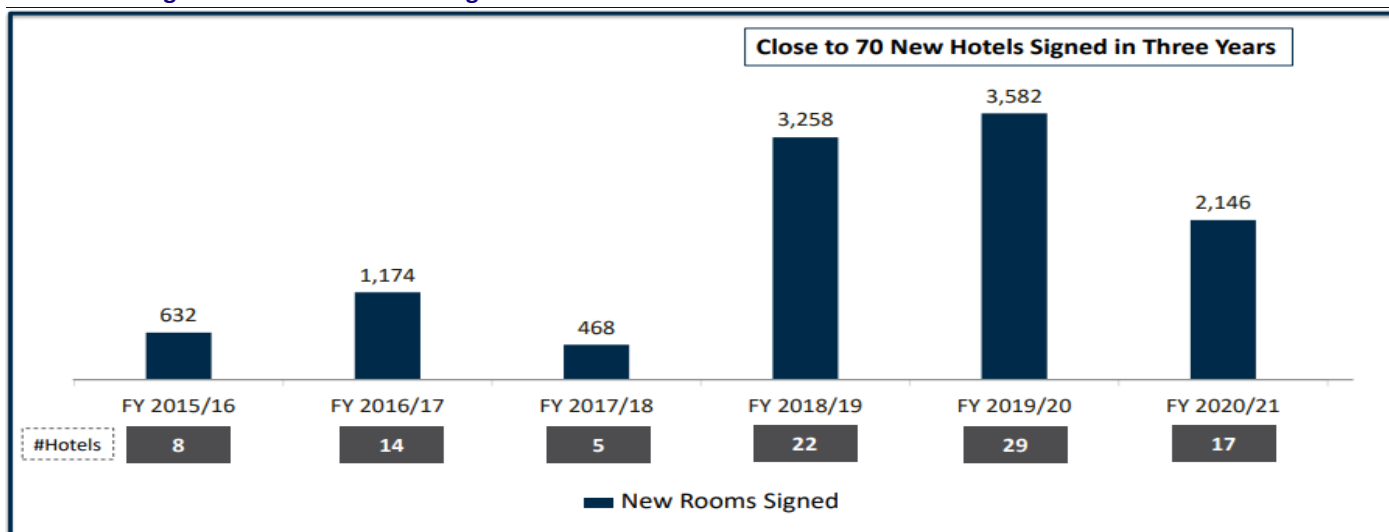
Source: Company, MOFSL

Exhibit 5: Sector view by the management



Source: Company, MOFSL

Exhibit 6: IH signed 70 hotels under management contracts over FY19-21



Source: Company, MOFSL

Exhibit 7: IH leading industry, with the highest signings and openings

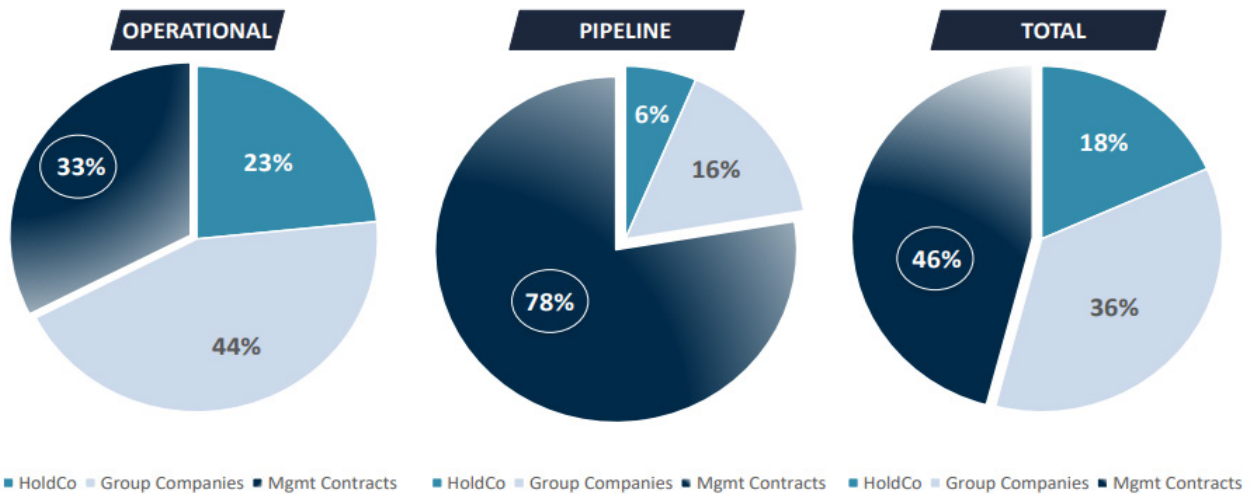
2020 Brand Signings*:



2020 Brand Openings*:



Exhibit 8: Around 78% of pipeline Hotels are under management contracts



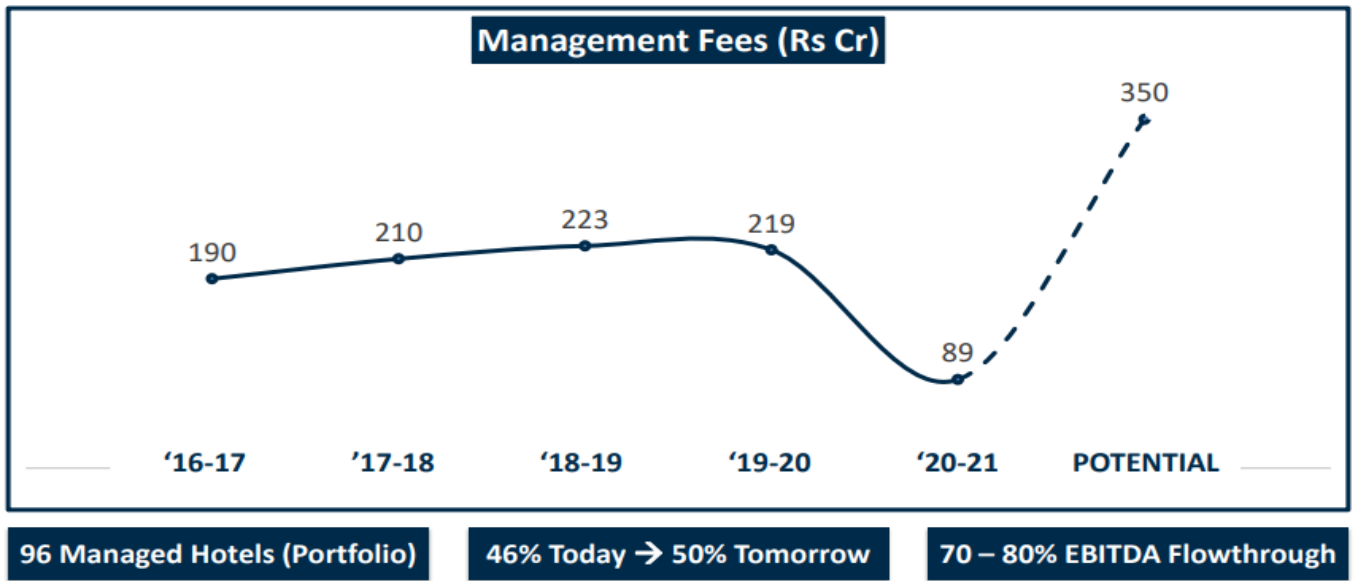
Portfolio figures are as of Mar'21, includes Hotels in various stages of development | Source: Company, MOFSL

Exhibit 9: Targets for the management contract portfolio

2017-18	TODAY	TOMORROW
<ul style="list-style-type: none"> Hotel Portfolio: 158 Managed Portfolio Mix: 32% Management Fees: ₹ 210 Cr 	<ul style="list-style-type: none"> Hotel Portfolio: 221 Managed Portfolio Mix: 46% Management Fees: ₹ 219 Cr* <p><small>*Pre-COVID: FY 2019-20 Figure</small></p>	<ul style="list-style-type: none"> Hotel Portfolio: 300 Managed Portfolio Mix: 50% Management Fees: ₹ 350 Cr

Source: Company, MOFSL

Exhibit 10: Growth envisaged in management fees



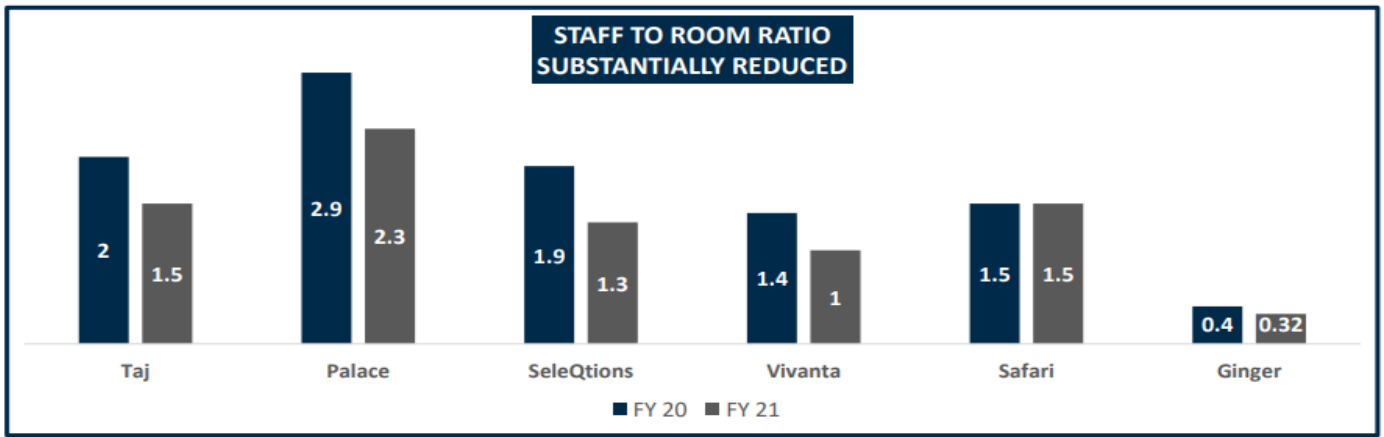
Source: Company, MOFSL

Exhibit 11: Unlocking potential from reimagined and new brands

2017-18	TODAY	TOMORROW
<ul style="list-style-type: none"> Ginger: 52 Hotel Portfolio The Chambers: 1.9K Members 	<ul style="list-style-type: none"> Ginger: 78 Hotel Portfolio The Chambers: 2.2K Members Qmin: ₹ 50 Cr GMV amã: 44 Properties 7Rivers: 1 Brewpub 	<ul style="list-style-type: none"> Ginger: 100-150 Hotels The Chambers: 4K Members Qmin: ₹ 500 Cr GMV amã: 500 Properties 7Rivers: 15 Brewpubs

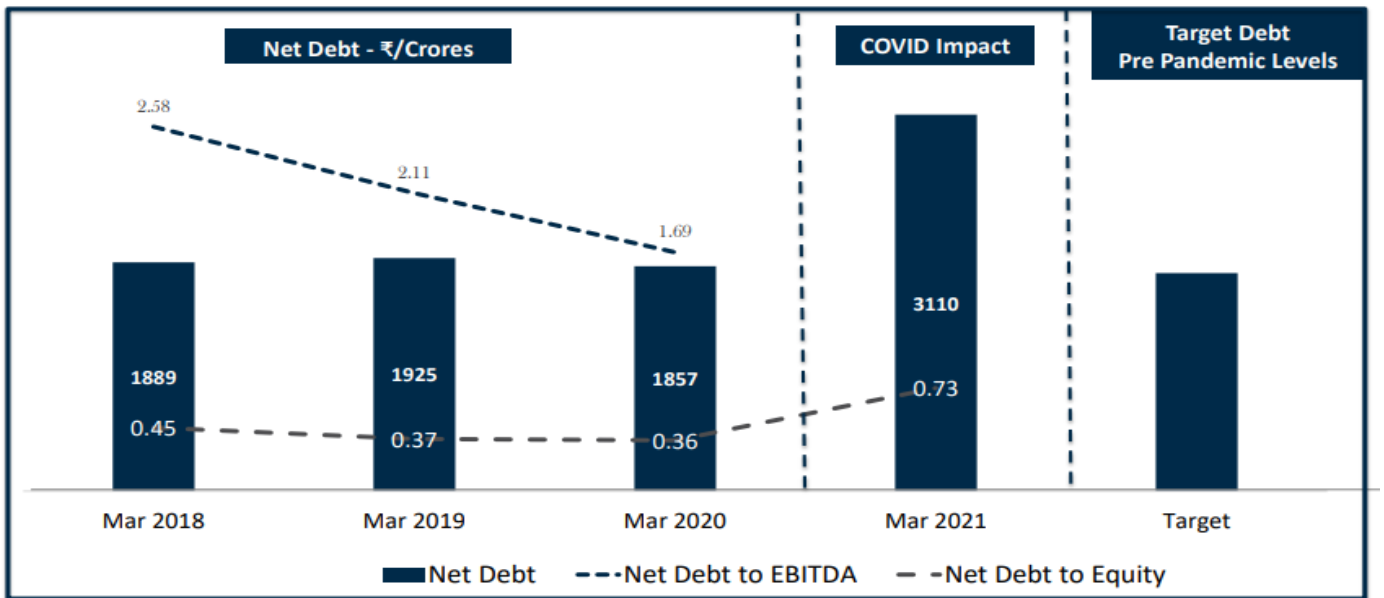
Source: Company, MOFSL

Exhibit 12: Manpower optimization



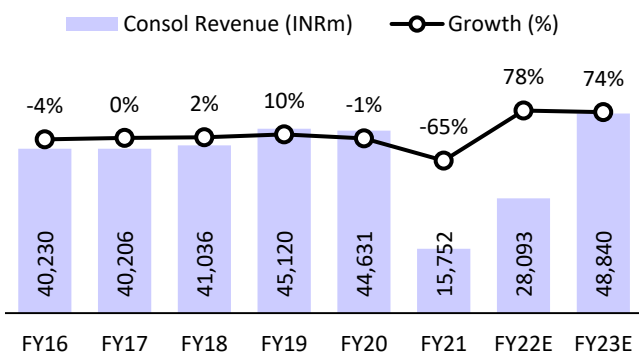
Source: Company, MOFSL

Exhibit 13: Movement in net debt



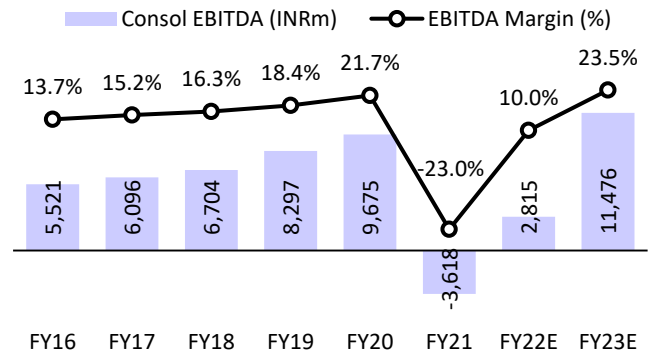
Trailing 12 months basis | **Net debt, EBITDA on a pre Ind AS basis | Source: Company, MOFSL

Exhibit 14: Revenue trend



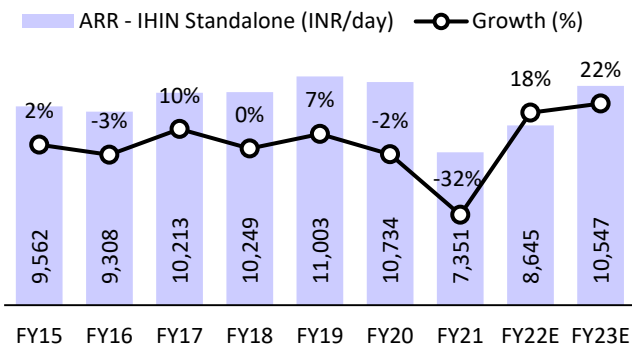
Source: Company, MOFSL

Exhibit 15: EBITDA trend



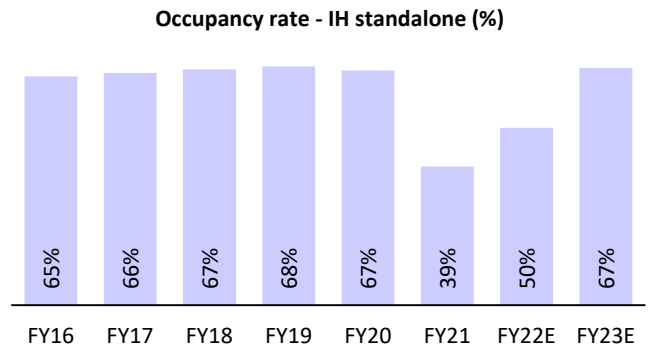
Source: Company, MOFSL

Exhibit 16: Standalone ARR to return to FY20 levels by FY23E



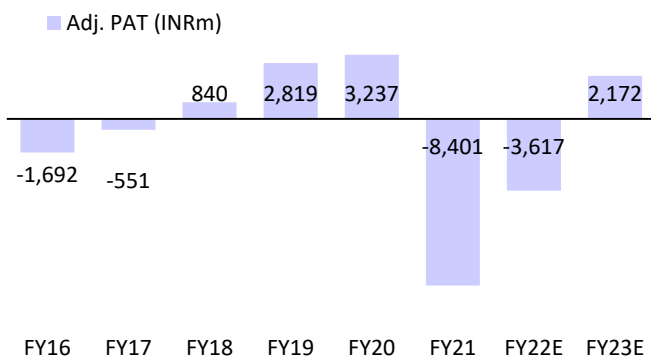
Source: Company, MOFSL

Exhibit 17: Standalone occupancy trends



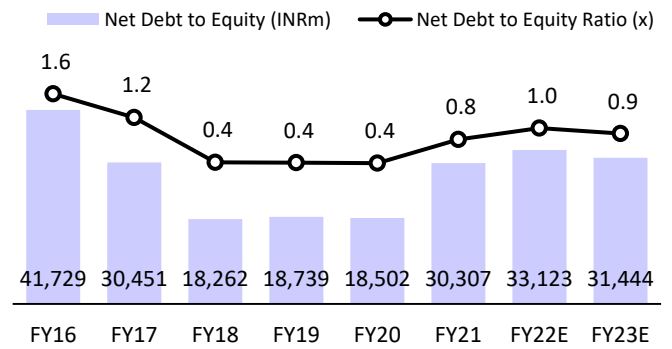
Source: Company, MOFSL

Exhibit 18: Adjusted PAT trend



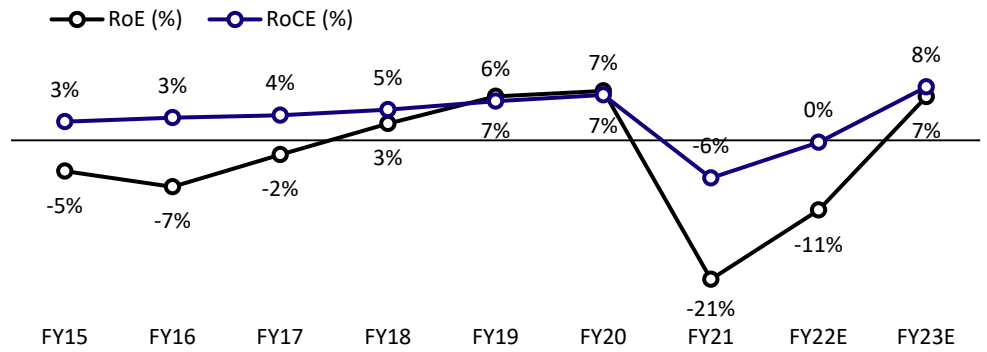
Source: Company, MOFSL

Exhibit 19: Net debt-to-equity trend



Source: Company, MOFSL

Exhibit 20: RoE and RoCE trend



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Total Income from Operations	40,230	40,206	41,036	45,120	44,631	15,752	28,093	48,840
Change (%)	-4.0	-0.1	2.1	10.0	-1.1	-64.7	78.3	73.9
Total Expenditure	34,709	34,110	34,332	36,823	34,956	19,369	25,277	37,365
% of Sales	86.3	84.8	83.7	81.6	78.3	123.0	90.0	76.5
EBITDA	5,521	6,096	6,704	8,297	9,675	-3,618	2,815	11,476
Margin (%)	13.7	15.2	16.3	18.4	21.7	-23.0	10.0	23.5
Depreciation	2,848	2,994	3,012	3,279	4,042	4,096	4,328	4,450
EBIT	2,673	3,102	3,692	5,019	5,633	-7,714	-1,512	7,025
Int. and Finance Charges	3,756	3,238	2,690	1,901	3,411	4,028	4,850	5,129
Other Income	997	549	617	834	1,324	1,647	1,170	1,563
PBT bef. EO Exp.	-86	413	1,618	3,951	3,546	-10,095	-5,192	3,459
EO Items	-827	-108	225	66	410	1,600	0	0
PBT after EO Exp.	-913	306	1,843	4,017	3,955	-8,495	-5,192	3,459
Total Tax	906	1,137	1,211	1,571	448	-1,553	-1,713	1,141
Tax Rate (%)	-99.3	372.2	65.7	39.1	11.3	18.3	33.0	33.0
Minority Interest	493	-200	-376	-422	-37	259	139	145
Reported PAT	-2,312	-632	1,009	2,868	3,544	-7,201	-3,617	2,172
Adjusted PAT	-1,692	-551	840	2,819	3,237	-8,401	-3,617	2,172
Change (%)	NA	NA	NA	235.4	14.8	-359.5	-56.9	-160.0
Margin (%)	-4.2	-1.4	2.0	6.2	7.3	-53.3	-12.9	4.4

Consolidated Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	989	989	1,189	1,189	1,189	1,189	1,189	1,189
Total Reserves	24,813	24,188	40,622	42,291	42,379	35,295	31,083	32,542
Net Worth	25,803	25,177	41,811	43,480	43,568	36,484	32,273	33,731
Minority Interest	7,429	7,378	7,774	7,999	7,649	6,346	6,346	6,346
Total Loans	45,260	33,830	24,270	23,260	26,020	36,330	39,130	37,930
Lease Liability	0	0	0	0	18,987	18,464	18,464	18,464
Deferred Tax Liabilities	2,382	2,820	3,563	3,768	1,869	781	781	781
Capital Employed	80,874	69,206	77,418	78,507	98,093	98,404	96,993	97,251
Gross Block	64,751	57,923	63,356	69,051	73,316	81,772	84,342	87,356
Less: Accum. Deprn.	2,661	5,506	7,385	10,663	14,706	18,802	23,130	27,580
Net Fixed Assets	62,090	52,417	55,971	58,388	58,610	62,970	61,212	59,776
Goodwill on Consolidation	5,527	5,737	5,655	5,835	6,146	6,110	6,110	6,110
Right-of-Use assets					15,833	15,297	15,297	15,297
Capital WIP	2,900	2,227	1,970	1,162	2,441	1,650	1,580	2,066
Total Investments	15,152	12,437	15,965	13,351	14,266	14,832	14,832	14,832
Curr. Assets, Loans and Adv.	12,305	13,173	14,184	17,102	17,887	14,269	14,001	16,980
Inventory	802	804	857	804	936	929	900	1,024
Account Receivables	2,420	2,721	3,286	3,214	2,900	2,198	2,309	3,211
Cash and Bank Balance	1,825	2,471	2,703	2,409	3,156	1,536	1,521	2,000
Loans and Advances	7,258	7,177	7,338	10,675	10,895	9,605	9,271	10,745
Curr. Liability and Prov.	17,099	16,785	16,328	17,331	17,090	16,723	16,039	17,809
Account Payables	3,240	3,370	3,513	3,253	3,893	3,178	3,116	3,890
Other Current Liabilities	11,846	11,305	10,349	11,579	10,441	10,920	10,394	11,233
Provisions	2,013	2,110	2,465	2,500	2,756	2,625	2,528	2,686
Net Current Assets	-4,794	-3,612	-2,143	-229	798	-2,454	-2,038	-830
Appl. of Funds	80,874	69,206	77,418	78,507	98,093	98,404	96,993	97,251

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Basic (INR)								
EPS	-1.4	-0.5	0.7	2.4	2.7	-7.1	-3.0	1.8
Cash EPS	1.0	2.1	3.2	5.1	6.1	-3.6	0.6	5.6
BV/Share	21.7	21.2	35.2	36.6	36.6	30.7	27.1	28.4
DPS	0.0	0.2	0.3	0.5	0.5	0.4	0.5	0.6
Payout (%)	0.0	-53.9	41.9	25.3	20.5	-6.6	-16.4	32.9
Valuation (x)								
P/E	NA	NA	215.1	64.1	55.8	-21.5	-50.0	83.2
Cash P/E	156.3	74.0	46.9	29.6	24.8	-42.0	254.4	27.3
P/BV	7.0	7.2	4.3	4.2	4.1	5.0	5.6	5.4
EV/Sales	5.7	5.4	5.0	4.6	4.6	13.8	7.8	4.5
EV/EBITDA	41.6	35.9	30.9	25.0	21.4	-60.1	78.2	19.0
Dividend Yield (%)	0.0	0.2	0.2	0.3	0.3	0.3	0.3	0.4
FCF per share	2.1	8.0	-0.1	1.7	2.0	-9.1	1.3	5.1
EV/Adj. Rooms (INR m)	24.6	22.9	20.9	20.6	19.9	20.3	20.2	19.7
EBITDA/Room (INR)	3,710	4,107	4,313	5,157	5,892	-6,489	2,903	6,551
Return Ratios (%)								
RoE	-7.0	-2.2	2.5	6.6	7.4	-21.0	-10.5	6.6
RoCE	3.4	3.8	4.6	5.9	6.8	-5.7	-0.3	8.0
RoIC	8.9	-14.9	2.3	5.2	7.1	-7.9	-1.3	6.0
Working Capital Ratios								
Fixed Asset Turnover (x)	0.6	0.7	0.6	0.7	0.6	0.2	0.3	0.6
Asset Turnover (x)	0.5	0.6	0.5	0.6	0.5	0.2	0.3	0.5
Inventory (Days)	7	7	8	7	8	22	12	8
Debtor (Days)	22	25	29	26	24	51	30	24
Creditor (Days)	29	31	31	26	32	74	40	29
Leverage Ratio (x)								
Current Ratio	0.7	0.8	0.9	1.0	1.0	0.9	0.9	1.0
Interest Coverage Ratio	0.7	1.0	1.4	2.6	1.7	-1.9	-0.3	1.4
Net Debt/Equity	1.6	1.2	0.4	0.4	0.4	0.8	1.0	0.9

Consolidated Cash Flow Statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
OP/(Loss) before Tax	-912	306	1,618	4,017	3,955	-10,095	-5,192	3,459
Depreciation	2,848	2,994	3,012	3,279	4,042	4,096	4,328	4,450
Interest and Finance Charges	3,293	3,015	2,073	1,068	2,087	2,381	3,680	3,567
Direct Taxes Paid	-900	-868	-1,425	-1,571	-448	1,553	1,713	-1,141
(Inc.)/Dec. in WC	948	-599	-1,033	323	-1,402	-2,722	-431	-730
CF from Operations	5,278	4,848	4,246	7,115	8,235	-4,786	4,097	9,605
Others	910	498	675	0	0	1,600	0	0
CF from Operations incl. EO	6,188	5,345	4,920	7,114	8,235	-3,187	4,097	9,605
(Inc.)/Dec. in FA	-3,657	4,193	-5,094	-5,067	-5,855	-7,629	-2,500	-3,500
Free Cash Flow	2,531	9,538	-174	2,048	2,380	-10,816	1,597	6,105
(Pur.)/Sale of Investments	5,028	4,425	-1,462	2,614	-915	-566	0	0
Others	1,196	496	912	-1,428	1,750	6,998	1,170	1,563
CF from Investments	2,567	9,114	-5,644	-3,882	-5,019	-1,197	-1,330	-1,937
Issue of Shares	0	0	14,999	0	0	0	0	0
Inc./(Dec.) in Debt	-9,850	-11,719	-9,498	-1,010	2,760	10,310	2,800	-1,200
Interest Paid	-1,880	-1,637	-4,089	-1,901	-3,411	-4,028	-4,850	-5,129
Dividend Paid	-235	-458	-447	-725	-725	-476	-595	-714
Others	-1	0	-7	110	-1,093	-3,042	-139	-145
CF from Fin. Activity	-11,966	-13,814	957	-3,527	-2,470	2,764	-2,783	-7,189
Inc./Dec. in Cash	-3,211	645	233	-294	746	-1,619	-15	479
Opening Balance	5,036	1,826	2,471	2,704	2,409	3,156	1,536	1,521
Closing Balance	1,825	2,471	2,704	2,409	3,156	1,536	1,521	2,000

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd., (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online-reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months

- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai-400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.