

Travel and Tourism to cater growth in hotel business

Indian Hotels Company Limited (IHCL) is an Indian hospitality company that manages a portfolio of hotels, resorts, jungle safaris, palaces, spas and in-flight catering services. It is a subsidiary of the Tata Group conglomerate, which was incorporated in 1899 by Jamsetji Tata, and is headquartered in Mumbai. With 157 hotels at 82 locations in India and presence in 4 continents across globe - all totaling to 18,020 rooms, IHCL is South Asia's largest hospitality company with a legacy of 115 years. Brands such as Taj, seleQtions, Vivanta, Ginger, Expressions and TajSATS together constitutes a market share of 25% in India, thereby making IHCL the hospitality leader. The revenue from accommodation business accounts for 41.5% of total revenue while from catering business accounts for 40%. Focus on assets light model and cost optimization are expected to improve margin, additionally the company, being the industry leader, is likely to get benefit from favorable industry scenario and latest reduction in tax cut. We assign a '**'Buy'**' rating on the stock with a potential price of Rs. 166.

Investment Rationale:

Strong prospects of global tourism

There are visible signals of improvement in the travel and tourism industry across most markets. According to the data collated by United Nations' World Tourism Organization (UNWTO), global international tourist arrivals have grown by 5.9% for year FY19 as compared to FY18. This trend is likely to continue going forward as a 3x increase in number of international tourist arrivals is expected in India till FY22. Rapidly growing number of visas in India, higher air travel and traction in e-commerce indicate an improving consumption trend that will drive growth of the domestic travel and tourism industry. All these factors will augur well for hospitality companies.

IHCL market leader in hotel industry

Brands of IHCL constitutes a market share of 25% in India due to high quality of service. Even after charging high average room rates at Rs. 8,860 per room as compared to average industry room rates of Rs. 5,790, the occupancy rate was 68% in FY19 as compared to average industry occupancy of 66% which indicates strong pricing power and robust consumption growth.

Implementation of strategies for innovation and growth

Rapid urbanization is increasingly making Tier 3 markets more relevant for hotel brands, with nearly a third of their new hotel signings emerging from these cities. Hotel booking apps are being used increasingly by consumers since they are easy to handle and provide users with the most suitable options based on their requirements. Revenue, EBITDA and PAT of IHCL are expected to grow at CAGR of 6.2%, 15.5%, 21.0% respectively in the period FY19-FY22E on the back of healthy growth in room keys and cost optimization initiatives.

Asset light business model and management's optimism

IHCL has entered into an agreement with GIC Singapore for acquisition of properties and running business on 'Asset light model' in the next three years starting from FY19. The SPV is formed as an investment platform for a value of Rs. 40,000 mn or USD 600 mn with IHCL's equity stake being 30% and remaining 70% of GIC, and with whole management of properties lying in hands of IHCL. In accordance with management's Aspiration 2022 plan, IHCL plans to acquire 40-45 hotels in top 10 cities of India in the next three years and with this view, management asserted that 60% of the properties will not be owned by IHCL by FY22. Due to this initiative of running business on asset light model, the cash savings will be used to repay debts and focus will be on core business instead of blocking funds in properties. Most of the Capex is expected to be supported by cash flows generated from non core asset sale (residential apartments).

Company Update

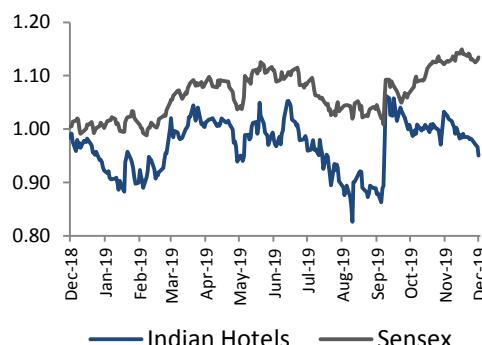
Rating Matrix

CMP	Rs.138
Rating	Buy
Potential Price	Rs.166
Holding Period	12-18 months
Upside Potential	20%
52 week H/L	Rs.164/121
Face value	Rs.1
Market Cap.	Rs.164,064 mn
Sector	Hotels

Shareholding Pattern

Particular	Sep'19	Jun'19	Mar'19	Dec'18	Sep'18
Promoters	39.1%	39.1%	39.1%	39.1%	39.1%
FPIs	0.0%	0.0%	0.0%	0.0%	14.6%
MF	25.7%	25.4%	24.7%	22.3%	20.7%
DILs	41.1%	41.1%	41.0%	42.2%	27.2%
N. Insti.	19.8%	19.8%	19.9%	18.7%	19.1%

Relative Capital Market Strength



Estimates (Rs. mn)

Particulars	FY19	FY20E	FY21E	FY22E
Revenue	45,120.0	48,362.0	52,507.0	57,318.0
EBITDA	8,297.3	10,968.0	12,778.0	14,753.0
EBITDA Margin (%)	18.4%	22.7%	24.3%	25.7%
PAT	2,868.0	3,785.0	5,031.0	6,148.0
NPM (%)	6.4%	7.8%	9.6%	10.7%
ROE (%)	6.6%	8.2%	10.0%	11.2%
P/E (x)	61.5	46.6	35.0	28.7
EPS (Rs.)	2.4	3.2	4.2	5.2
EV/EBITDA (x)	22.7	19.6	16.9	14.6
P/BV (x)	4.1	3.7	3.4	3.0

Source: Bloomberg

Investment Rationale continued:

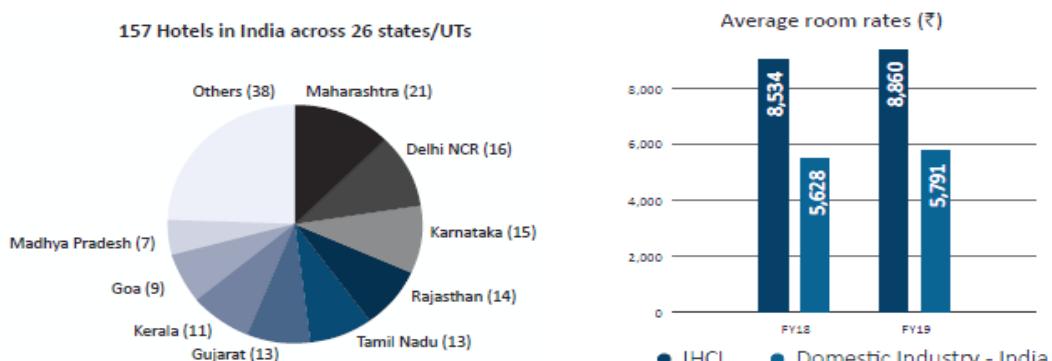
Indian Hospitality Industry outlook

The hotel industry in India is expected to grow at a compound annual growth rate (CAGR) of 13% during the FY18-FY23 period to reach a value of Rs. 1,210.87 bn by FY23, led by the high arrival rate of foreign tourists and business delegates. The Revenue per available room (RevPAR) observed 17% growth between FY17-FY19 and is expected to see 9.5% growth in FY20. It is expected that the Indian hospitality market will see an upsurge in transaction volumes due to distress pricing, thereby contributing to increase in demand and increase in income from F&B. The expected transactions volume is approx USD 800 mn, potentially setting a record for hotel transactions in the country, and approx 8,575 keys to hit the market in FY20 that indicates nearly 19% increase over the last 2 years.

Government Initiatives

Government of India has put in place critical enablers to promote India as a travel and tourism destination. Campaigns like 'Incredible India', 'Atithi Devo Bhava' and allowance of 100% FDI in the hotel and tourism sector via the automatic route, tax holidays for two-star, three-star and four - star hotels around UNESCO World Heritage sites, speedy visa issuances are some of these initiatives. Further a reduction of applicable GST Rates from 28% to 18% to hotels and restaurants has resulted in reduced overall transaction cost to the consumers, thereby attracting travel, tourism and accommodation. Recent amendment in corporate tax rates from 34.94% to 25.17% (including surcharge and cess) has helped the company's bottom line to grow.

Operational highlights of IHCL:



Accommodation:

Brand	Hotels/Properties	Rooms	Locations	Target Audience
Taj	85	12,133	Cities, Resorts, Safari	Luxury Business and Leisure Traveller
SeleQtions	12	1,250	Cities and Resort Destinations	Discerning business and leisure traveller
Vivanta	27	3,954	Cities and Resort Destinations	Contemporary business and leisure traveller
Ginger	58	4,900	Unique Cities	Young, millennial, travellers

Catering and others:

Brand	No. of Units	Speciality
TajSATS	6 (40+ airlines)	With 40% market share in India, it offers In-flight catering and Airline Lounge management
Expressions	380+ restaurants and bars	Cities and Resort Destinations across globe

Source: Choice Broking Research, Company data


Pan-India Occupancy:

City	FY19 (%)	No. of IHCL Hotels
Business		
Bangalore	68.1	8
Chennai	62.7	8
Delhi & NCR	70.5	14
Hyderabad	62.0	5
Kolkata	66.8	2
Mumbai	74.1	8
Pune	74.0	5
Leisure		
Ahemdabad	69.6	3
Goa	72.6	6
Jaipur	59.6	5
Kerala	66.3	10

Key Performance Indicators (Consolidated) :

Particulars	FY15	FY16	FY17	FY18	FY19
Occupancy (%)	64	65	66	67	68
Average Room Rate (Rs.)	9,562	9,308	10,213	10,722	11,003
Change YoY	-	-3%	10%	5%	3%

Source: Annual Report of Company
Quarterly result analysis & Con-Call highlights

Particular (Rs. mn)	Q2FY20	Q2FY19	Change (YoY)	Q1FY20	Change (QoQ)	H1FY20	H1FY19	Change (YoY)
Operating Income	10,074.4	9,645.3	4.4%	10,200.0	-1.2%	20274.4	19442.3	4.3%
EBITDA	1,604.6	992.3	61.7%	1,734.4	-7.5%	3339.0	2098.9	59.1%
EBITDA Margin (%)	15.9%	10.3%	5.6%	17.0%	-1.1%	24.6%	22.4%	2.2%
PAT	713.1	-52.1	764.2%	56.6	1159.9%	769.7	100.5	665.9%
NPM (%)	7.1%	-0.5%	7.6%	0.6%	6.5%	3.8%	0.5%	3.3%

Source: Choice Broking Research, Company data

- Revenue from operations grew by 4.4% YoY in Q2FY20 at Rs 10,074.4 mn due to increase in demand as a consequence of increased tourism & travel, and strong pricing power of the company.
- In Q2FY20, EBITDA increased by 61.7% YoY at Rs. 1,604.6 mn and EBITDA margin expanded by 560 bps YoY driven by cost cutting initiatives and new accounting rules under Ind AS for leases.
- Food and beverages consumed during Q2FY20 was 8.4% of total revenue as compared to 9.1% in Q2FY19 while employee costs accounts for 36.3% of total revenue which was flat YoY.
- Depreciation during Q2FY20 was at Rs 999.3 mn compared to Rs 812.2 mn in Q2FY19. Increase was on account of capitalization of leases in accordance with new rules of Ind AS applicable for leases..
- PAT was Rs. 713.1 mn in Q2FY20 as compared to Rs. (52.1) mn in Q2FY19. The negative PAT for Q2FY19 was due to loss from TajSATS as impacted by Jet Airways business failure.


Q2FY20 Con-Call highlights:

- The occupancy in Q2FY20 was 68.2% which was up by 4.3% YoY and as a consequence, hike in the room rates is anticipated as per the management.
- Looking at Q2FY20, IHCL had a RevPAR of Rs. 4,833 compared to industry RevPAR of Rs. 3,254. The RevPAR growth was 3.9% as compared to industry RevPAR growth of 3.1%.
- As a part of Aspiration 2022 plan, the management intends to enter into atleast 15 new contracts per year and opening a hotel every month. During Q2FY20, the company has agreed 36 new contracts over three brands Taj, Vivanta and Ginger, hence the target seems quite imminent.
- EBITDA margin increased by 560 bps YoY in Q2FY20 as a result of Ind AS changes for leases. As per management, the company has aspiration target of reaching 25% EBITDA margin by FY22 through cost cutting initiatives and additional 3-4% on the back of new accounting treatment for leases.
- Strong growth in both RevPAR and F&B in terms of revenue is seen at the Taj Lands End and Santacruz. Santacruz is almost a RevPAR leader in the airport market and Taj Lands End is special for its views, both are continuing to outperform the market and gaining market share.
- The CAPEX plan for FY20 is Rs. 3,000 mn to 4,000 mn being 4% - 5% of estimated Revenue funded through internal accruals.
- The management is optimistic regarding Q3FY20 performance as the months mark festivals and holidays that indicate positive outlook. Further, GST reduction is also effective from 1st Oct 2019, that will reflect in improvements regarding rates and plans.
- In the last 6 months, the company has opened 4 hotels totalling to 765 rooms and further 8 openings are expected in next 5 months.
- The company plans to expand its presence in religious destinations and currently has 32 hotels in key religious destinations, totaling about 4,000 rooms having average occupancy of above 60%. With openings coming up in Makkah and Goa, IHCL is looking to strengthen its footprint in this sector which is growing exponentially.
- IHCL has recently forayed into the plantation trails and homestay category with a new business vertical called 'Ama Trails & Stays'. The company has signed a management contract for nine heritage bungalows with group firm Tata Coffee in Coorg and Chikmagalur in Karnataka and is adding two of its own bungalows mid-next year under the Ama-umbrella.

Peer Comparison:

Companies	CMP (Rs.)	ROE	12MR (%)	M. Cap (Rs. mn)	EPS (Rs.)	BVPS (Rs.)	EBIDTA Margin	NPM
Indian Hotels Company Ltd	138.0	8.4%	3.2	164,064.0	3.1	36.6	20.8%	8.0%
Chalet Hotels Ltd	336.3	-0.5%	12.0	68,949.6	-0.4	69.4	32.3%	-0.8%
EIH Ltd	145.2	4.6%	-20.8	82,963.4	2.4	52.4	22.2%	7.5%
Lemon Tree Hotels Ltd	57.5	4.9%	-10.1	45,433.6	0.5	11.1	32.5%	7.3%
Average		4.3%			1.4	42.3	27.0%	5.5%

Companies	P/E (x)	P/Bv (x)	P/Sales (x)	EV/EBIDTA (x)	D/E (x)	PAT (Rs. mn) (TTM)	EBIDTA (Rs. mn) (TTM)	Sales (Rs. mn) (TTM)
Indian Hotels Company Ltd	44.7	3.8	3.6	19.4	0.5	3,667.6	9,537.4	45,952.1
Chalet Hotels Ltd	-	4.8	7.0	26.2	1.1	-76.3	3,192.3	9,871.7
EIH Ltd	60.7	2.8	4.6	21.4	0.2	1,366.6	4,024.4	18,108.2
Lemon Tree Hotels Ltd	105.8	5.2	7.7	29.9	1.4	429.4	1,911.3	5,875.7
Average	52.7	4.1	5.7	24.2	0.8			

Valuation:

At a CMP of Rs. 138, The Indian Hotels Company Ltd stock is trading at a TTM EV/EBITDA multiple of 19.4x, which is at discount than its peer average of 24.2x. Company's top line and EBITDA are expected to grow at a CAGR of 6.2% and 15.5% respectively over FY19-22E led by increased demand and cost optimization. Also, company's expansion program & various government initiatives are going to boost the growth in the coming period. We value the business at EV/EBITDA multiple of 17x with FY21E - EBITDA at Rs. 12,778 mn to arrive at value per share of Rs 163.1 and adding Taj-GVK valuation of Rs. 2.5 per share, thereby arriving at a potential price of Rs. 166 per share representing an upside potential of 20%.

IHCL Valuation using EV/EBITDA multiple

EBITDA (Rs. mn) FY21E	[A]	12,778.0
Multiple (x)	[B]	17.0
Enterprise Value [Ax B] (Rs. mn)		217,226.0
(-) Net Debt (Rs. mn)		23,259.8
Equity Value (Rs. mn)	[C]	193,966.2
O/s Shares (mn)	[D]	1,189.3
Value per Share (Rs.) [C/D]		163.1
Add: Value of IHCL stake in Taj GVK (Rs.)		2.5
Value Per Share (Rs)		166

Taj GVK (Joint Venture) Valuation

O/s Shares (mn)	[1]	62.7
Share Price (Rs.)	[2]	182.3
M Cap [1x2] (Rs. mn)		11,430.2
IHCL Holding		25.5%
Taj GVK value for IHCL (Rs. mn)	[3]	2,914.7
o/s Shares (mn)	[4]	1,189.3
Value per Share (Rs.) [3/4]		2.5

Source: Choice Broking Research, Company data

Risk & Concerns of IHCL:

- **Competition Risk:** International operators continue to proliferate, building large-format hotels compared to the majority of their domestic peers who typically churn out lower-inventory products. In FY19, international hotel operators also signed more hotel keys than their domestic peers.
- **Volatility in Demand:** Average room rate of IHCL is comparatively higher than average industry room rate, a slight change in demand-supply, customer tastes and preferences can directly affect the revenue of company.
- **Turmoil in Airline Industry:** Recent disturbance in Indian Airline industry has led to decline in flights which has impacted travel. Such continuance of turmoil can affect the operations of the company under brand TajSATS.
- **Geopolitical Risk:** Recent tensions between US-Iran and US-China can affect the tourism globally. Impact on tourism can directly affect the business of IHCL.



Hotel Industry of India:

The occupancy rate of the major hotels in India increased at a rate of 65% between FY17 – FY19 due to increased demand from business and leisure travelers, and a slowdown in the addition of new hotel rooms across the country. The Revenue per available room (RevPAR) observed 17% growth between FY17-FY19 and is expected to see 9.5% growth in FY20.

Rapid urbanization is increasingly making Tier 3 markets more relevant for hotel brands, with nearly a third of their new hotel signings emerging from these cities. More hotel management companies are setting up shop in smaller towns. Value-driven volume customers seeking full-service hotels continue to drive growth in mid-scale hotels space, which is the highest growth sector for new hotel and rebranded hotel openings and signings in the Indian market. The relatively 'new kids on the block' such as Oyo, Treebo and Fabhotels - previously considered outliers, now dominate the economy hotels segment that is setting the stage for a further drift for mainstream brands.

From FY19, it is expected that the Indian hospitality market will see an upsurge in transaction volumes due to distress pricing of hotel assets. This year is likely to witness the sale of high-value hotel assets in almost all key Indian hospitality markets. The expected transactions volume is approx. USD 800 mn, potentially setting a record for hotel transactions in the country, and approx 8,575 keys has hit the market in FY19 that indicates nearly 19% increase over the last 2 years. The successful listing of the Lemon Tree and Chalet IPOs, as well as the recent transactions of the Keys and Leela portfolio, can prompt further investments in the hospitality sector.

The hotel industry in India is expected to grow at a compound annual growth rate (CAGR) of 13% during the FY18-FY23 period to reach a value of Rs. 1,210.87 bn by FY23, led by the high arrival rate of foreign tourists and business delegates.

It has emerged as one of the primary sectors which are driving the economic growth of the country. In India, hotels are classified based on location (city hotels, airport hotels, resorts, etc.), level of service (upscale, mid-market, and economy), and themes (boutique hotels, heritage hotels, etc).

Kerala is anticipated to be the leading provider of hospitality services in the country, with a total of 440 approved hotels. Maharashtra, Gujarat, Rajasthan, and Tamil Nadu are the other states that make up the list of top five states with regard to hospitality services. At the city-level, Goa saw the largest signing of keys in FY19 at nearly 2,209 keys, outpacing Bengaluru (by a margin of a mere 192 keys).


Profit & loss statement (Consolidated)

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	FY19
Net Sales	41,886.4	40,230.2	40,205.7	41,035.5	45,120.0
Foods & Beverages Consumed	4,430.9	3,669.3	3,639.5	3,764.4	4,040.5
Employee Cost	14,624.6	14,232.6	13,646.5	13,466.2	14,707.9
Power & Fuel Cost	3,204.3	2,754.3	2,586.1	2,591.1	2,735.7
Increase/Decrease in Stock	-	-	-	-	-
Other Operating & Servicing cost	6,284.0	5,963.8	6,150.4	5,567.6	6,266.1
Selling and Administration Expenses	8,292.2	7,973.0	7,981.3	8,715.4	8,843.7
Miscellaneous Expenses	164.6	115.6	105.7	227.3	228.8
EBITDA	4,885.8	5,521.6	6,096.2	6,703.5	8,297.3
Depreciation	2,912.9	2,848.2	2,993.7	3,012.0	3,278.5
EBIT	1,972.9	2,673.4	3,102.5	3,691.5	5,018.8
Finance Cost	2,061.9	3,755.9	3,317.9	2,785.7	1,937.3
Other Income	1,293.3	997.6	629	712.6	869.8
Exceptional Income / Expenses	-3,529.1	-826.8	-107.8	224.5	65.8
PBT	(2,324.8)	(911.7)	305.8	1,842.9	4,017.1
Tax Expenses	1,146.0	906.3	1,137.4	1,210.6	1,571.2
PAT	(3,470.8)	(1,818.0)	(831.6)	632.3	2,445.9
Minority Interest	(309.8)	(278.7)	(176.0)	(26.5)	(93.0)
Share of Associate	(0.4)	(214.1)	375.6	402.9	515.3
Consolidated PAT	(3,781.0)	(2,310.8)	(632.0)	1,008.7	2,868.2
EPS (Rs)	-4.4	-2.2	-0.6	0.8	2.4

Balance Sheet (Consolidated)

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	FY19
Share Capital	807.5	989.3	989.3	1,189.3	1,189.3
Share Warrants &Outstandings	0.00	0.00	0.00	0.00	0.00
Total Reserves	21,464.7	24,813.2	24,187.6	40,621.7	42,290.7
Minority Interest	7,378.4	7,429.3	7,378.2	7,773.9	7,998.6
Long-term Borrowings	45,986.1	34,190.1	27,898.6	23,292.1	16,875.2
Deferred Tax Assets / liabilities	2,485.4	2,382.2	2,820.4	2,961.6	3,073.3
Other Long Term Liabilities	5,849.7	3,292.9	3,568.3	2,535.5	1,798.2
Long-term Provisions	544.4	718.1	755.6	835.5	1,023.3
Trade Payables (Current)	3,311.5	2,872.8	2,930.6	3,399.5	3,252.5
Other Current Liabilities	9,616.3	19,055.0	13,925.9	8,855.3	15,480.5
Short-term Borrowings	333.9	935.9	181.6	50.0	356.8
Short-term Provisions	1,060.9	1,295.0	1,354.6	1,629.6	1,804.8
Total Liabilities	98,838.8	97,973.8	85,990.7	93,144.0	95,143.2
Net Block	62,991.9	67,616.2	58,153.9	61,626.3	64,222.5
Capital Work in Progress	3,027.6	2,892.3	2,222.5	1,953.1	1,159.3
Intangible Assets under development	29.7	7.4	4.2	16.7	2.5
Non Current Investments	10,405.9	13,446.3	11,529.1	11,808.9	11,239.3
Long term Loans and Advances	4,975.5	1,725.9	2,452.6	3,268.8	3,890.6
Other Non Current Assets	91.2	2,840.8	2,365.0	2,274.9	3,041.2
Current Investments	5,463.1	1,706.1	908.0	3,305.3	2,112.1
Inventories	1,029.6	802.4	804.4	857.2	804.0
Sundry Debtors	2,998.2	2,419.8	2,720.6	3,285.6	3,213.8
Cash and Bank	5,035.7	1,825.5	2,470.6	2,703.2	2,409.4
Other Current Assets	933.0	605.3	1,443.4	1,518.2	2,108.7
Short Term Loans and Advances	1,857.4	2,085.8	916.4	525.8	939.8
Total Assets	98,838.8	97,973.8	85,990.7	93,144.0	95,143.2

Consolidated Cash Flow

Particulars (Rs. mn)	FY15	FY16	FY17	FY18	FY19
Cash Flow Before Working Capital Changes	5,351.0	6,139.0	6,811.6	7,377.9	9,369.2
Change in Working Capital	(206.0)	948.3	(598.5)	(1,032.5)	(282.3)
Cash Flow After Working Capital Changes	5,145.0	7,087.3	6,213.1	6,345.4	9,086.9
Tax Paid	(197.3)	(899.8)	(867.9)	(1,424.9)	(1,972.6)
Cash Flow from Operating Activities	4,947.7	6,187.5	5,345.2	4,920.5	7,114.3
Cash Flow from Investing Activities	(7,257.9)	3,381.0	8,549.8	(5,287.3)	(3,881.5)
Cash Flow from Financing Activities	4,910.5	(11,964.6)	(13,813.6)	957.2	(3,432.6)
Net Cash Flow	2,600.3	(2,396.1)	81.4	590.4	(199.8)
Opening Balance of Cash and Bank	1,532.4	3,766.8	1,398.3	1,413.1	2,078.4
Effect of Foreign Exchange Fluctuations	(3.4)	27.6	(66.6)	74.9	14.3
Closing Balance of Cash and Bank	4,129.3	1,398.3	1,413.1	2,078.4	1,892.9

Consolidated Ratios

Particulars	FY15	FY16	FY17	FY18	FY19
Revenue Growth Rate (%)	3.0%	-4.0%	-0.1%	2.1%	10.0%
EBITDA Growth Rate (%)	-12.7%	13.0%	10.4%	10.0%	23.8%
EBITDA Margin (%)	11.7%	13.7%	15.2%	16.3%	18.4%
EBIT Growth Rate (%)	-21.5%	35.5%	16.1%	19.0%	36.0%
EBIT Margin (%)	4.7%	6.6%	7.7%	9.0%	11.1%
PAT Growth Rate (%)	46.5%	63.6%	37.7%	159.6%	184.3%
PAT Margin (%)	-9.0%	-5.7%	-1.6%	2.5%	6.4%
Working Capital (Rs mn)	2,914.7	-14,713.8	-9,129.3	-1,739.1	-9,306.8
Working Capital Turnover Ratio (x)	0.1	-0.4	-0.2	0.0	-0.2
D/E (x)	2.4	1.6	1.3	0.7	0.5
Current Ratio (x)	1.2	0.4	0.5	0.9	0.6
ROCE (%)	2.9%	4.5%	5.8%	5.7%	8.3%
ROE (%)	-17.0%	-9.0%	-2.5%	2.4%	6.6%
ROA (%)	-3.5%	-2.4%	-0.7%	1.1%	3.0%
Receivable days	26.1	22.0	24.7	29.2	26.0
Inventory days	8.9	8.3	7.3	7.4	6.7
Payable days	28.9	26.1	26.6	30.2	26.3



Choice's Rating Rationale

The price target for a large cap stock represents the value the analyst expects the stock to reach over next 12 months. For a stock to be classified as Outperform, the expected return must exceed the local risk free return by at least 5% over the next 12 months. For a stock to be classified as Underperform, the stock return must be below the local risk free return by at least 5% over the next 12 months. Stocks between these bands are classified as Neutral.

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- Create a Wealth Building Portfolio with the help of CHOICE Fundamental Research.
- CHOICE Fundamental Research will handpick stocks for you to invest in an oversold market by helping you build positions in heavily beaten down fundamentally strong stocks.
- Opportunities to invest in fundamentally strong stocks at a low arise only 2-3 times in a full year cycle.
- **Investors are advised to sell the stock if the recommended upside potential achieves.**
- **If recommended upside potential remains under-achieved, investors are advised to consider the update report on suggested stock.**

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POTENTIAL CONFLICT OF INTEREST DISCLOSURE (as on date of report) Disclosure of interest statement – • Analyst interest of the stock /Instrument(s): - No. • Firm interest of the stock / Instrument (s): - No.



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