

Thomas Cook (India)

22 October 2018

Reuters: THOM.NS; Bloomberg: TC IN

Simplifying Financials: Focus On Improving Margins & Growth In FCF

We have presented here a review of key events that impacted Thomas Cook (India) or TCIL's performance in FY18 and its outlook for FY19 based on a close reading of its annual report for FY18 and discussion with the management. The management took a decisive step by deconsolidating Quess Corp before its final spin-off in 2019. Thus, starting FY19, financial reporting is now much simplified with respect to core travel, forex and vacation ownership businesses, as earlier it was overshadowed by Quess Corp. Corporate restructuring is underway, which should further simplify the group structure. After the transformational acquisition of destination management business (DMS) from Kuoni during 2QFY18, the commentary on further acquisitions is now soft – indicating the focus on organic growth. We remain positive on TCIL's business scalability as well as strong financial health. We have retained Buy rating on TCIL with a target price of Rs350, representing 73% upside from the current market price.

Change in travel business mix: TCIL acquired DMS business from Kuoni on 27 June 2018 for nearly Rs1,360mn. The acquisition represents an important milestone for TCIL as it helped expansion of its business and on-ground footprint across 4 continents and 21 countries. Importantly, the inbound business of DMS will help mitigate potential demand impact on the outbound business because of the fall in the Indian rupee or INR (natural hedge).

Rising retail forex business: TCIL handles around 1.2mn forex transactions annually and is one of the largest exporters of bank notes globally. The company deals in 26 currencies, purchases travelers' cheques, issues prepaid multicurrency cards (9 currencies) and transacts outward remittances in 120 nations. While the retail forex business contributes one-third of the segment's revenues, its higher margins lead to two-thirds EBIT contribution. 95% of the industry's forex business is currently being conducted offline, but there is a growing preference for online service providers. TCIL continues to be one of the leading players here. The management is now focusing to build US\$1bn p.a. prepaid solutions portfolio (CAGR of 30%). TCIL's online forex business to the overall retail portfolio is expected to grow from 3% to 5% (with last-mile delivery fulfilled offline). TCIL has sold 425,000 borderless cards since their launch five years ago with sales rising 13% YoY in FY18. During FY18, customers loaded an average of US\$31mn per month as compared to US\$27mn in FY17 and US\$23mn in FY16.

Turning tech savvy: TCIL is working hard and fast to compete head-on with latest fintech start-ups. It has adopted a hybrid omni-channel strategy with seamless transition between physical and digital touch points. This gives consumers the choice of choosing from an equally robust system of offline and online channels, or a combination thereof. The company has roped in Accenture for sales analytics, launched 'Voyager' – an unique technology platform for internal sales teams to design, compare rates (across over 600,000 hotels, sight-seeing attractions, transportation options and 450 airlines worldwide), and build instant customised holidays that are bookable on the go.

Strengthening distribution network: During FY18, TCIL increased its travel distribution network. It now reaches 104 cities via 281 own branches as compared to 102 cities and 261 branches in FY17. Also, 26% of its packaged holiday sales and 30% of visa customers are acquired online. Under the forex business, its distribution network comprises 166 retail touch points and 30 airport counters across India, Sri Lanka and Mauritius. By the end of 1QFY19, the company had increased its travel distribution network to 286 own travel and 175 foreign exchange touch points, 190 franchise Gold Circle Partner outlets and 95 Preferred Sales Agents.

Y/E March (Rsmn): Consolidated	FY17	FY18	FY19E	FY20E	FY21E
Net sales	87,624	110,178	65,504	75,160	85,709
EBITDA	3,378	1,407	2,397	2,962	3,985
Core net profit	(101)	(880)	1,630	1,724	2,230
Core EPS (Rs)	(0.28)	(2.39)	4.38	4.64	5.93
EPS growth (%)	NA	NA	(283.4)	5.8	28.0
EBITDA margin (%)	3.9	1.3	3.7	3.9	4.7
P/E (x)	NA	1.8	24.6	21.7	17.6
Net cash (Incl. Quess)/mkt. cap (%)	6.7	109.0	94.2	97.5	101.5
Capital employed in core business	32,965	17,158	18,647	20,220	22,267
Core pre-tax RoIC (%)	12.1	16.7	47.7	73.8	143.6

Note: FY19E onwards Quess recorded as an associate; Source: Company, Nirmal Bang Institutional Equities Research

BUY

Sector: Travel & Tourism

CMP: Rs202

Target Price: Rs350

Upside: 73%

Mohit Khanna

Research Analyst

mohit.khanna@nirmalbang.com

+91-22-6273 8089

Key Data

Current Shares O/S (mn)	370.5
Mkt Cap (Rsbn/US\$bn)	74.9/1.0
52 Wk H / L (Rs)	303/193
Daily Vol. (3M NSE Avg.)	501,845

Price Performance (%)

	1 M	6 M	1 Yr
Thomas Cook (India)	(17.8)	(27.3)	(15.7)
Nifty Index	(7.5)	(2.5)	1.5

Source: Bloomberg

DMS acquisition for diversification and expansion

The DMS acquisition will lead to enhancement and integration of end-to-end service delivery capabilities and target synergetic benefits between the company's inbound and outbound travel business. The management's strategic motive to acquire DMS business was to mitigate seasonality in legacy operations, diversify geographically and scale up to a bigger integrated travel business. The B2B inbound business is spread across more than 17 countries in Europe, Africa, Middle East and North America.

During 1QFY19, the unit performed extremely well as it improved both its gross margins and product sales. The management believes that this gross margin improvement is sustainable and largely comes from cost savings and technology upgradation. 1Q is seasonally slow for major contributing countries like Kenya, US and Dubai. The unit has reduced its losses to Rs 90mn during 1QFY19 as compared to Rs 240mn YoY.

Rising retail forex business

TCIL handles around 1.2mn forex transactions annually and is one of the largest exporters of bank notes globally. The company deals in 26 currencies, purchase travellers' cheques, issues prepaid multicurrency cards (9 currencies) and transacts outward remittances in 120 nations.

Wholesale forex business includes dealing with other money changers, banks or other intermediaries like MoneyGram remittance service providers. The average transaction in the wholesale segment is around US\$50,000 and carries a spread of 30bps-50bps (can be even lower depending upon the size of the transaction). The spreads in the business are constantly under pressure as banks are undercutting to gain more share. Wholesale forex business contributes two-thirds of the segment's revenues and one-third of segment EBIT.

TCIL's retail forex business comprises currency exchange for the end users including a body corporate. The business is conducted over various mediums like airport kiosks, high-street shops, online direct exchange and prepaid cards. While, the retail forex business contributes only one-third of the segment's revenues, its higher margins lead to two-third EBIT contribution. Growing demand has pushed the management to focus on retail business. Interestingly, more than half of TCIL's travel segment customers choose to avail forex services from it as well. This is largely because of competitive pricing and superior service delivery.

The management is now focusing to build US\$1bn p.a. pre-paid solutions portfolio (CAGR of 30%). TCIL's online forex business to overall retail portfolio is expected to grow from 3% to 5% (with last-mile delivery fulfilled offline). While 95% of the industry's forex business is currently being conducted offline, there is a growing preference for online service providers. TCIL continues to be one of the leading players here. The company has sold 425,000 borderless cards since their launch five years ago with sales increasing 13% YoY in FY18. During FY18, customers loaded an average US\$31mn per month as compared to US\$27mn in FY17 and US\$23mn in FY16.

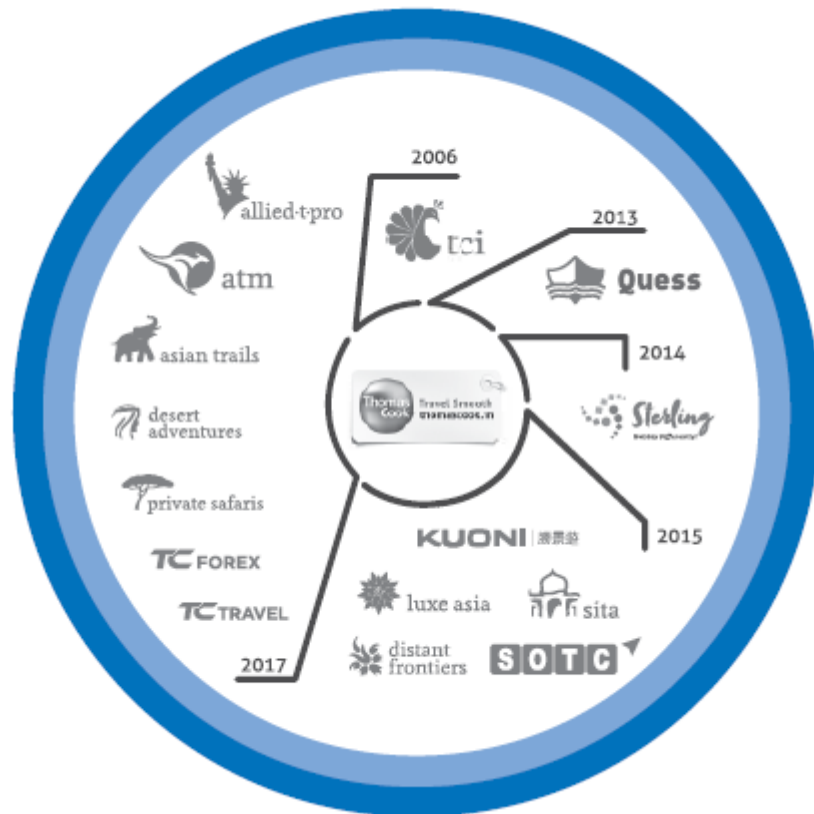
Technology initiatives – Building tomorrow's business

- Overhaul of website and launch of integrated app – Improving user interface, one-stop solution for all holiday needs.
- Forex app: Helps self-recharge of prepaid forex card on the go and locate ATMs globally.
- Launched a dynamic Free Independent Travels (FIT) package-building platform 'Voyager' – enabling ease of customisation.
- Click2Book: Self-travel booking tool continues to derive 30% corporate travel business.
- iBook app: New travel management tool launched for corporates. Supports multiple client profiles, invoicing and also credit limits can be managed seamlessly.
- Sabre Workspace: This initiative was launched to benefit business travellers, with features like fare quotation app, pre & post fare optimiser, automated exchange, Sabre travel security and Unused Electronic Ticketing & Reporting (JETTR).
- Tejas: Sales analytics programme by Accenture to improve lead conversion and productivity by prioritising leads based on potential to book and enhance engagement with past customers through continuous targeted communication.
- iLead and Astra: CRM integrated app and advanced web technology platform to augment operational integration between sales agents, suppliers and content managers.

Travel segment initiatives:

- Holiday Savings account: During FY18, TCIL introduced additional destinations under the scheme and opened 1,151 recurring deposits for over 2,450 customers who have booked to travel the following year.
- SOTC launched religious tour packages 'Darshans': In line with the government's PRASHAD initiative, Darshans is India's first online portal for religious ceremonies with a selection of over 40 specially designed religious and spiritual experiences across 60 destinations in India.
- Acquisition of the DMS business gave access to the following brands - Asian Trails, Allied T Pro, ATM, Desert Adventures, Kuoni, Private Safaris.
- Acquisition of Tata Capital's travel business.

Exhibit 1: Thomas Cook (India)'s acquisitions since 2006



Source: Company reports

Exhibit 2: Thomas Cook's (India)'s travel business details

(This table stands deleted as its contents were internal NBIE estimates)

Source: Nirmal Bang Institutional Equities Research

Sterling - IndAS 115 issue and margin of safety

Following the IndAS115 implementation, Sterling is facing revenue recognition problems even as the cash flow of the business remains the same. The accounting standard has hit revenue recognition from sale of the vacation ownership (VO) product, which accounted for 30% and 25% of Sterling's revenues in FY17 and FY18, respectively. The remaining revenues were garnered from normal hotel operations, food & beverage sales, annual subscription charges under VO, other service charges and interest income on VO installments which have no such impact. Previously, the company recorded all upfront payments (50%-60% of the 25-year VO product fee) as revenues and the remaining 40% was recorded as and when received in EMIs over the next two to four years. Under the new standard, revenue recognition has to be spread over the product lifecycle. While the floating costs should be amortised over the same time period, fixed costs related to customer acquisition have to be recorded upfront. This prompted the management to aggressively push the short-duration (10-year) product. Marketing costs are also being adjusted with inclination towards more variable components. We expect revenues from non-members to increase as a percentage of overall Sterling's revenues, as new vacation ownership member addition has already slowed in the past two years.

The company hoards Rs 5,500mn of land bank, most of which is surplus. Additionally, it owns 17 out of 33 operational resorts, providing a margin of safety to the Rs10,000mn capital employed in the business. The management intends to monetise the land bank opportunistically. There is no incremental capex requirement at Sterling and future expansion will be modeled on revenue-sharing basis with the resort owners. Occupancy rate during 1QFY19 stood at 78%.

Exhibit 3: Key indicators – Sterling (vacation ownership)

Operating Metrics	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
Cumulative membership	63,027	68,508	74,741	80,041	85,000	87,000	89,000	91,000
Addition	3651	5481	6,233	5,300	4,959	2,000	2,000	2,000
Average Unit Sales Value (AUR) (Rs.Lakhs)	2.21	2.38	2.52	2.88	2.92	3.00	3.10	3.20
No. of rooms	-	-	1,800	2,124	2,200	2,300	2,400	2,500
Addition	-	-	500	324	76	100	100	100
Occupancy rate (%)	49%	56%	57%	63%	64%	70%	80%	82%
Avg. room rent/night (Rs)	2,291	2,730	2,982	3,123	3,529	3,700	4,200	4,200
RevPAR	1,123	1,529	1,700	1,970	2,259	2,590	3,360	3,444

Source: Nirmal Bang Institutional Equities Research, Company reports

Exhibit 4: Thomas Cook (India)'s quarterly segment details

Consolidated: Revenues (Rsn)	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19E
Financial Services	748	650	691	725	756	630	615	651	730	667
YoY (%)	41.0	42.9	54.6	72.6	1.1	(3.0)	(10.9)	(10.2)	(3.4)	5.8
QoQ (%)	78.0	(13.1)	6.3	5.0	4.2	(16.6)	(2.3)	5.9	12.1	(8.7)
Travel & Related Services	13,546	9,586	7,946	8,133	14,227	12,803	12,950	10,808	19,383	14,429
YoY (%)	1284	1120.9	871.9	402.5	5	33.6	63	32.9	36.2	12.7
QoQ (%)	-	(29.2)	(17.1)	2.4	74.9	(10.0)	1.1	(16.5)	79.3	(25.6)
Vacation Ownership	722	549	615	604	814	551	702	655	725	691
YoY (%)	40.9	23	15.2	0.4	12.7	0.3	14.2	8.4	(10.9)	25.4
QoQ (%)	20	(24)	12	(2)	35	(32)	27	(6.8)	10.7	(4.7)
Quess Corp/HR	9,932	10,138	10,629	12,412	11,845	12,773	15,787	13,612	7	0
YoY (%)	36.6	27.3	23	20	19.3	26	48.5	9.7	0	0
QoQ (%)	(4.0)	2.1	4.8	16.8	(4.6)	7.8	23.6	(13.8)	-	-
Total Segment Revenue	24,948	20,922	19,880	21,874	27,641	26,756	30,054	25,726	20,845	15,786
YoY (%)	168.5	116.9	90.4	68.4	10.8	27.9	51.2	17.6	(24.6)	(41.0)
QoQ (%)	92.1	(16.1)	(5.0)	10.0	26.4	(3.2)	12.3	(14.4)	(19.0)	(24.3)
Financial Services	283	243	291	215	287	169	97	152	242	223
YoY (%)	12	26.2	56.6	12.9	1.5	(30.6)	(66.8)	(29.4)	(15.6)	32.5
Margin (%)	37.8	37.4	42.2	29.6	38	26.7	15.7	23.3	33.2	33.5
Travel & Related Services	789	236	6	228	802	21	342	201	774	418
YoY (%)	105.9	(0.6)	(148.6)	94.9	1.6	(91.3)	6,120.9	(11.8)	(3.4)	1,940.1
Margin (%)	5.8	2.5	0.1	2.8	5.6	0.2	2.6	1.9	4	2.9
Vacation Ownership	4	(100)	(179)	(227)	(4)	(161)	18	(34)	(59)	(66)
YoY (%)	(54)	24	373	(2,416)	(184)	62	(110)	(85)	1454	(59)
Margin (%)	0.6	(18.1)	(29.0)	(37.6)	(0.5)	(29.3)	2.5	(5.2)	(8.1)	(9.5)
Quess Corp/HR	717	466	476	667	654	701	926	441	3	0
YoY (%)	142	32	4	45	-9	50	94	(34)	0	0
Margin (%)	7.2	4.6	4.5	5.4	5.5	5.5	5.9	3.2	46.7	0
Total Segment EBIT	1,794	845	594	883	1,738	728	1,382	760	961	576
YoY (%)	90.5	20.5	(0.3)	13.5	(3.1)	(14.0)	132.5	(14.0)	(44.7)	(20.9)
Margin (%)	7.2	4	3	4	6.3	2.7	4.6	3	4.6	3.6

Source: Nirmal Bang Institutional Equities, Company Reports

Exhibit 5: Thomas Cook (India)'s yearly segment details

Revenue (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Financial Services	2,813	2,652	2,753	3,040	3,342
YoY (%)	2.4	-5.7	3.8	10.4	9.9
Travel & Related Services	39,210	50,787	60,305	69,456	79,388
YoY (%)	80	29.5	18.7	15.2	14.3
Vacation Ownership	2,491	2,722	2,439	2,657	2,972
YoY (%)	21.1	9.3	-10.4	8.9	11.9
Total Segment Revenue	44,514	56,161	65,497	75,153	85,702
YoY (%)	67.4	26.2	16.6	14.7	14
EBIT (Rsmn)	FY17	FY18	FY19E	FY20E	FY21E
Financial Services	1,031	703	916	1,046	1,165
Margin (%)	36.7	26.5	33.3	34.4	34.9
Travel & Related Services	1,258	1,366	1,947	2,328	3,121
Margin (%)	3.2	2.7	3.2	3.4	3.9
Vacation Ownership	(501)	(182)	(390)	(359)	(338)
Margin (%)	(20.1)	(6.7)	(16.0)	(13.5)	(11.4)
Total Segment EBIT	1,789	1,887	2,472	3,015	3,948
Margin (%)	4	3.4	3.8	4	4.6

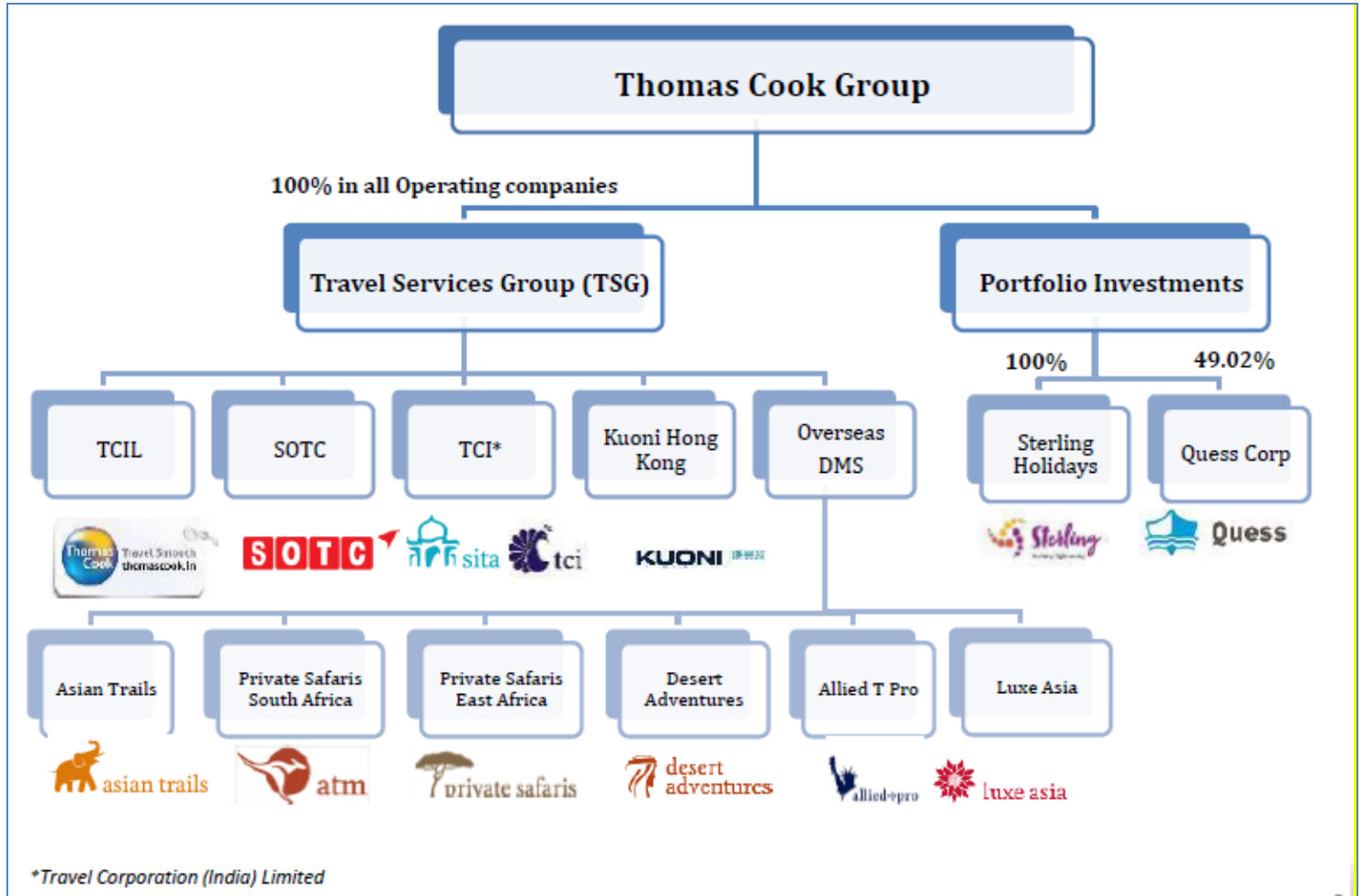
Source: Nirmal Bang Institutional Equities Research, Company reports

Exhibit 6: Key Initiatives - Innovation



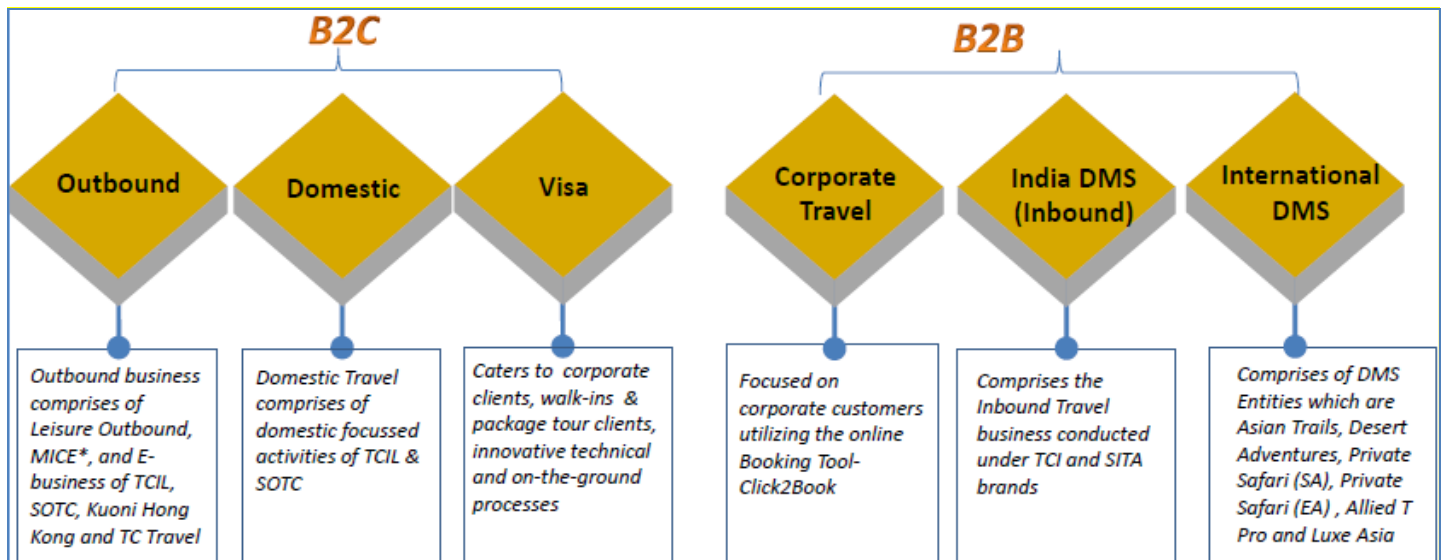
Source: Nirmal Bang Institutional Equities Research, Company reports

Exhibit 7: Thomas Cook Group Structure



Source: Nirmal Bang Institutional Equities Research, Company reports

Exhibit 8: Business Segments- Travel

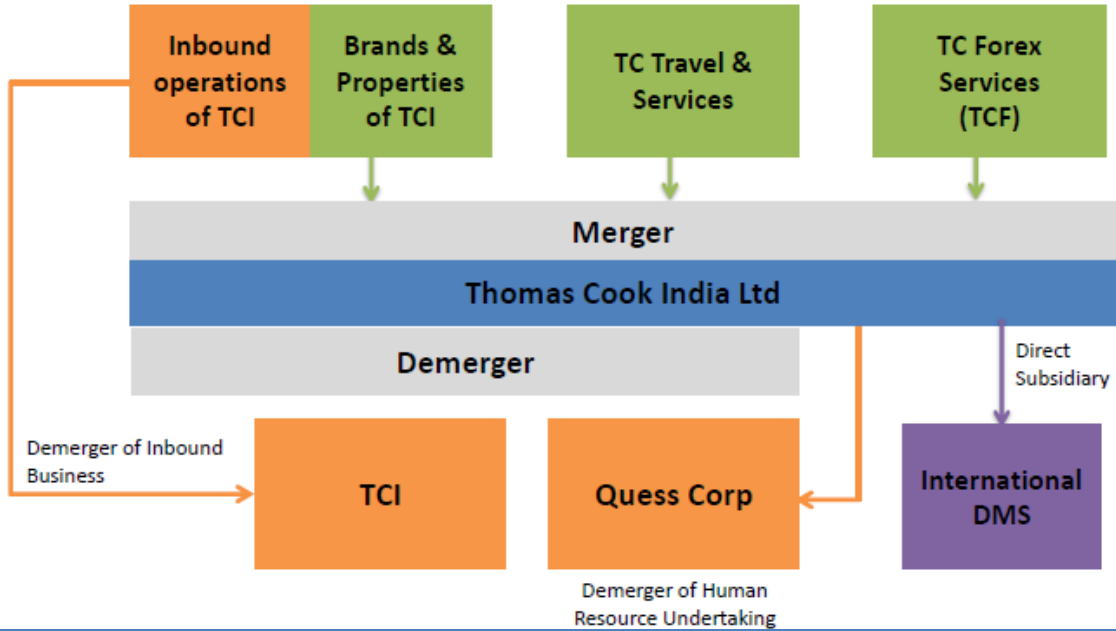


Source: Nirmal Bang Institutional Equities Research, Company reports

Exhibit 9: Restructuring activities

The Board of Directors of the companies approved scheme of Arrangement and Amalgamation between Thomas Cook, Qess Corp and Subsidiaries of the Thomas Cook whereby

- Demerger of Inbound Business of Travel Corporation (TCI)
- Amalgamation of TCI, TCF and TCTSL into Thomas Cook
- Demerger of Human Resource of Thomas Cook to Qess Corp.



Appointed date for the transaction is April 1, 2019

Source: Nirmal Bang Institutional Equities Research, Company reports

TCIL's consolidated financials (deconsolidating Qness Corp starting FY19)

Exhibit 10: Income statement

Y/E March (Rsmn)	FY18	FY19E	FY20E	FY21E
Net sales	110,178	65,504	75,160	85,709
% growth	25.7	(40.5)	14.7	14.0
Cost of sales & service	(43,987)	(51,762)	(59,377)	(67,367)
Staff, general & admin. costs	(53,022)	(5,273)	(5,930)	(6,600)
Other expenditure	(11,763)	(6,072)	(6,891)	(7,757)
EBITDA	1,407	2,397	2,962	3,985
% growth	(58.4)	70.4	23.5	34.6
EBITDA margin (%)	1.3	3.7	3.9	4.7
Depreciation	(1,367)	(386)	(594)	(677)
EBIT	39	2,011	2,368	3,308
% growth	(98.4)	NA	17.8	39.7
EBIT margin (%)	0.0	3.1	3.2	3.9
Interest cost	(1,490)	(357)	(297)	(372)
Interest/other recurring income	309	386	167	(5)
Non-recurring & exceptional items	58,255	0	0	0
Profit before tax	58,603	2,397	2,536	3,303
% growth	NA	(95.9)	5.8	30.3
Tax	406	(767)	(811)	(1,074)
Effective tax rate (%)	(0.7)	32.0	32.0	32.5
Minority interest	(1,634)	0	0	0
Net profit	57,375	3,059	3,468	4,322
% growth	NA	(285.3)	5.8	29.3
Diluted EPS (Rs)	155.83	8.22	9.32	11.50
% growth	NA	(94.7)	13.4	23.4

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Balance sheet

Y/E March (Rsmn): Consolidated	FY18	FY19E	FY20E	FY21E
Equity	367	370	370	370
Reserves	86,344	87,833	89,406	91,453
Net worth	86,714	88,204	89,776	91,823
Accounts payables	14,840	16,025	18,220	20,487
Other ST liabilities	12,649	12,649	12,649	12,649
Short-term loans	664	664	664	664
Total current liabilities	28,153	29,338	31,532	33,800
Long-term loans	2,310	2,310	2,310	2,310
Other LT liabilities	3,293	3,293	3,293	3,293
Minority interest	131	131	131	131
Total equity & liabilities	120,600	123,275	127,042	131,356
Gross block	10,684	11,045	11,458	12,058
Depreciation	(2,252)	(2,638)	(3,232)	(3,909)
Net block	8,433	8,407	8,226	8,149
Other LT assets + WIP	1,916	1,916	1,916	1,916
Long-term investments (Qness)	72,530	72,530	72,530	72,530
Inventories	11	57	65	74
Debtors	8,574	8,614	10,090	11,506
Cash & ST Investments	12,378	14,993	17,457	20,423
Other current assets	7,962	7,962	7,962	7,962
Total current assets	28,926	31,626	35,574	39,965
Net current assets	773	2,289	4,042	6,166
Total assets	120,600	123,275	127,042	131,356

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Cash flow

Y/E March (Rsmn): Consolidated	FY18	FY19E	FY20E	FY21E
PBT	60,908	2,397	2,536	3,303
(Inc.)/dec. in working capital	(5,193)	1,099	711	842
Depreciation	1,367	386	594	677
Other non-cash adjustments	(59,524)	(767)	(811)	(1,074)
Net cash from operations	(2,442)	3,115	3,029	3,749
Disposal of fixed assets	110	-	-	-
Capital expenditure (-)	(1,760)	(360)	(413)	(600)
Net cash after capex (FCF)	(4,092)	2,755	2,615	3,149
Other investing activities	651	-	-	-
Cash from investing activities	(999)	(360)	(413)	(600)
Inc./(dec.) in short-term borrowing	(519)	-	-	-
Inc./(dec.) in long-term borrowing	(1,583)	-	-	-
Inc./(dec.) in preference capital	-	-	-	-
Dividends paid	(222)	(140)	(152)	(183)
Equity issue/(buyback)	8,534	-	-	-
Other financing activities	(1,442)	-	-	-
Cash from financial activities	4,767	(140)	(152)	(183)

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Key ratios

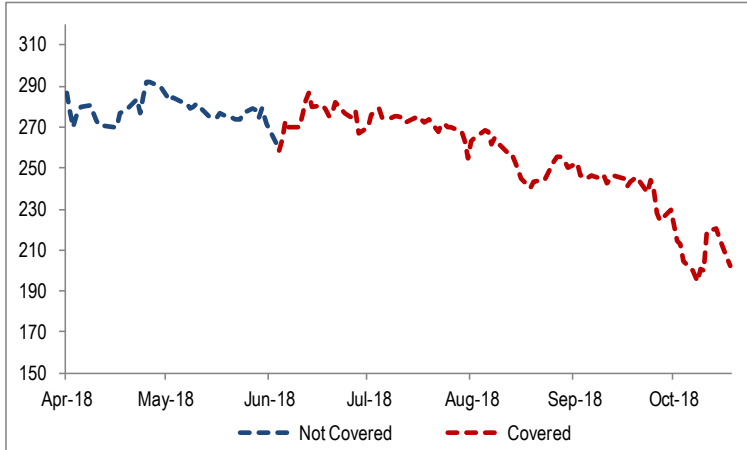
Y/E March (Rsmn): Consolidated	FY18	FY19E	FY20E	FY21E
Profitability & return ratios				
EBITDA margin (%)	1.3	3.7	3.9	4.7
EBIT margin (%)	0.0	3.1	3.2	3.9
Core Net profit margin (%)	(0.8)	2.5	2.3	2.6
Core RoE (%)	(1.7)	10.9	10.5	12.2
Core RoCE (%)	0.2	11.2	12.2	15.6
Core Pre-tax RoIC (%)	16.7	47.7	73.8	143.6
Cash conversion cycle	(81)	(65)	(63)	(62)
Leverage and FCF ratios				
Net Cash (Rsmn)	9,404	12,019	14,483	17,449
Net Cash Incl. Qness @ Mkt. price (Rsmn)	81,935	70,819	73,283	76,249
Net cash (Incl. Qness) as % of Mkt. Cap	109.0	94.2	97.5	101.5
Total debt/Equity (%)	0.03	0.03	0.03	0.03
FCF Yield (%)	(5.5)	3.7	3.5	4.1
FCF/Sales (%)	(3.7)	4.2	3.5	3.7
Valuation ratios				
Core EV/sales (x)	0.20	0.11	0.09	0.08
Core EV/EBITDA (x)	15.9	2.9	2.4	1.8
Core EBIT/EV (Earnings Yield)(%)	6.3	33.9	41.9	56.4
P/E (x)	1.8	24.6	21.7	17.6
P/BV (x)	1.20	0.85	0.84	0.82

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
4 June 2018	Buy	271.60	350
9 August 2018	Buy	261	350
22 October 2018	Buy	202	350

Rating track graph



DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: I/We, Mohit Khanna, the research analysts are the authors of this report, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. 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 NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor 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 profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website www.nirmalbang.com

Access all our reports on Bloomberg, Thomson Reuters and Factset.

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Pradeep Kasat	Dealing Desk	pradeep.kasat@nirmalbang.com	+91 22 6273 8100/8101, +91 22 6636 8831
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,
 Nr. Peninsula Corporate Park,
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010