

# Chalet Hotels Limited

**Issue Snapshot:**

Issue Open: Jan 29 – Jan 31, 2019

Price Band: Rs. 275 – 280

\*Issue Size: 58,613,571 Equity Shares  
(Fresh issue of 33928571+ Offer for sale of 24685000 eq sh)

Offer Size: Rs.1611.87 crs – 1641.18 crs

QIB Upto 50% eq sh  
Retail atleast 35% eq sh  
Non Institutional atleast 15% eq sh

Face Value: Rs 10

Book value: Rs 27.32 (Sep 30, 2018)

Bid size: - 53 equity shares and in multiples thereof

100% Book built Issue

**Capital Structure:**

Pre Issue Equity: Rs. 171.09 cr  
Post issue Equity: Rs. 205.02 cr

Listing: BSE & NSE

Book Running Lead Manager: JM Financial Limited, Axis Capital Limited, Morgan Stanley India Company Private Limited

Registrar to issue: Karvy Fintech Private Limited

**Shareholding Pattern**

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	100.00	71.41
Public & Employee	0.00	28.59
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

Source for this Note: RHP \* Assuming issue subscribed at the higher band

**Background & Operations:**

Chalet Hotels Ltd (CHL) is an owner, developer and asset manager of high-end hotels in key metro cities in India. Its hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018. Its hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments. Its hotel platform emphasizes strategic locations, efficient design and development, appropriate positioning in hotel segments together with branding and operational tie-ups with leading hospitality companies. It uses its experience to actively manage the hotel assets to drive performance. In addition, it has developed commercial and retail spaces, in close proximity to certain of its hotels. CHL has also developed its hotels at strategic locations generally with high barriers-to-entry and in high density business districts of their respective metro cities. CHL generally develop its hotels on large land parcels, allowing to situate a greater number of rooms, as well as provide a wide range of amenities, such as, fine dining and specialty restaurants, large banquet and outdoor spaces. It endeavour to build its hotels to superior standards targeting the luxury-upper upscale and upscale hotel segments at an efficient gross built up area and development cost per key.

CHL has a competitive advantage in key metro cities due to, the significant time outlay required to build and establish a profitable hotel or commercial project, its early mover advantage in large, mixed-use developments in specific micro-markets and availability of unutilized land at certain of its hotel properties to further expand its operations, among others. CHL hotels are currently branded with global brands such as JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton which are held by Marriott Hotels India Private Limited and its affiliates (collectively "Marriott").

CHL is a part of K. Raheja Corp group which is a leading business group in India and that it derives significant benefit from the confidence that consumers, lenders, hospitality partners, vendors and others place in the group. The companies forming part of the K. Raheja Corp group ("K. Raheja Companies") has extensive experience in developing large scale real estate, hospitality and commercial projects resulting in a strong understanding of industry and market trends, which it leverages to identify suitable locations and opportunities. CHL further leverage the experience and relationships of these companies with construction companies, architects and designers, to develop, refurbish and maintain hotels at optimal cost and quality.

**Objects of Issue:**

The Offer comprises a Fresh Issue by CHL and an Offer for Sale by the Selling Shareholders.

**Fresh Issue & OFS**

The proposed objects of the net proceeds of the Fresh Issue ("Net Proceeds") are proposed to be utilised in the following manner:

- Repayment/prepayment of certain indebtedness (upto Rs7200 mn); and
- General corporate purposes

In addition to the aforesaid objects, CHL expects that the listing of the Equity Shares will, inter alia, enhance its visibility and brand image among existing and potential customers.

The main objects and the objects incidental and ancillary to the main objects of CHL's MoA enables the Company (i) to undertake its existing business activities; (ii) to undertake activities for which loans have been raised or shall be raised, which are proposed to be pre-paid/ repaid from the Net Proceeds; and (iii) to undertake activities for which funds are earmarked for general corporate purposes.

CHL will not receive any proceeds of the Offer for Sale by the Selling Shareholders. Each Selling Shareholder shall reimburse CHL for all expenses incurred by the Company on behalf of such Selling Shareholders, in relation to the Offer.

## Competitive Strengths

**High-End Branded Hotels Strategically Located in Key Metro Cities of India:** CHL is an owner, developer and asset manager of high-end hotels in key metro cities in India. Its hotel platform comprises five operating hotels, including a hotel with a co-located serviced residence, located in the Mumbai Metropolitan Region, Hyderabad and Bengaluru, representing 2,328 keys, as of September 30, 2018. Its hotels are branded with globally recognized hospitality brands and are in the luxury-upper upscale and upscale hotel segments. Its hotel platform emphasizes strategic locations, efficient design and development, appropriate positioning in hotel segments together with branding and operational tie-ups with leading hospitality companies. All hotel assets are located in high density business districts of key metro cities in India. CHL's design and development team manages construction, design, approval and engineering for its projects and utilizes modern technology for quicker and more efficient development of its properties. It generally locates its hotels on large land parcels, allowing to situate a greater number of rooms, as well as provide a wide variety of amenities such as fine dining and specialty restaurants, large banquet halls, ball rooms and executive lounges, swimming pools and outdoor spaces, spas and gymnasiums.

CHL seeks to brand its hotels with leading global hospitality brands, which is well matched to the location, size, target customer base and intended hotel segment of its hotel properties. This allows CHL to save on the time and cost required to build, develop and maintain its 'own hotel brand'. Currently, all its hotels are branded with global brands, such as, JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton, which are held by Marriott. Its active asset management model, the premium location of hotels, large room inventory and large function spaces, together with relationship with leading international hospitality brands, enables CHL to attract its target customer base including large corporate key accounts such as information technology companies, airlines, multi-national corporations, consultancy firms and banks, deliver an enhanced customer experience, encourage repeat business and drive customer loyalty.

**Active Asset Management Model:** CHL follow an active asset management model for its four hotels, including a hotel with a co-located serviced residence, which are operated by Marriott pursuant to hotel operation and related agreements. These agreements give access to Marriott's management expertise, industry best practices, online reservation systems, marketing strategies, systems and processes, human resources and operational know-how. Its active asset management model entails that in addition to contractual obligations under agreements with Marriott, it closely monitor, exercise regular oversight and contribute to the performance of its hotel properties. As part of its active asset management model, it regularly:

- engage with the hotel management team at each hotel in order to discuss and agree on budgeting, cost management initiatives and operational and financial targets for each of the hotel properties;
- review performance reports generated by each hotel;
- conduct periodic meetings with hotel operator's management teams;
- discuss and optimize pricing strategies to maximize room yield by active monitoring of key corporate accounts and provide inputs on promotional activities;
- review furniture, fixtures and equipment deployment plans and assist with execution of these plans;
- review competitor set performance and penetration across relevant micro-markets; and
- assist in renewing licenses and consents, as necessary.

CHL's active asset management model, the premium location of its hotels and its large room inventory together with large function spaces, together with its relationship with leading international hospitality brands, has allowed its hotels to achieve competitive financial and operational parameters.

**Well Positioned to Benefit from Industry Trends:** Growth in per capita income, changing demographic dynamics, rising urbanization, growth in travel and higher discretionary spending trends, are expected to assist the growth of the hospitality industry in India. Given CHL's presence in key metro cities which are expected to benefit from the growth in these parameters, it is well placed to benefit from the potential growth opportunity. It has a competitive advantage in the key metro cities due to the significant time outlay required for companies to build and establish a profitable hotel or commercial office space or mall and its early mover advantage in large, mixed use developments in specific micro-markets. Further, the availability of land with CHL in proximity to its developments for further expansion and high entry costs to develop projects in metro cities where its developments and projects are located, provides with an advantage in relevant micro-markets. CHL is well positioned to leverage this growth due to its in-depth understanding of the rental market and the needs and preferences of consumers. CHL's clients has confidence in the company, demonstrated by its relationships with several large corporate clients and domestic and global retail brands, including a long-term agreement with a leading global professional services company for 109,228 square feet of commercial space at Whitefield, Bengaluru. Such relationships may help to secure clients for its new developments and mitigate the risks that may arise from an inability to secure clients for large commercial or retail spaces at suitable rates.

**Experienced Management Team:** CHL have a strong management team with significant industry experience. Its Key Management Personnel and senior management include qualified professionals and industry experts, with significant experience across various industries and functions including finance, legal, projects and design, asset management, hospitality and logistics. CHL believes that the strength of its management team and its understanding of the hospitality and real estate market in India enables it to continue to take advantage of current and future market opportunities.

**Backed by Leading Indian Real Estate Developer:** CHL is a part of K. Raheja Corp group which is a leading business group in India and that it derived significant benefit from the confidence that consumers, lenders, commercial partners, vendors and others place in the group. The K. Raheja Companies has extensive experience in developing large scale real estate and commercial projects resulting in a strong understanding of industry and market trends, which it leverages to identify suitable locations and opportunities. It further leverage the experience and relationships of these companies with construction companies to develop hotels at optimal cost and quality.

#### **Business Strategy:**

**Focus on Maximizing Performance in Existing Portfolio through Active Asset Management:** A critical part of CHL's growth strategy is to continue its focus on maximizing the cost efficiency of its portfolio by following a disciplined approach to asset management, and a collaborative working arrangement with hotel operators to drive strategic and tactical initiatives, to drive profitability. Some of the initiatives are listed below:

- alternative and optimal utilization of hotel spaces to maximize and diversify revenue sources besides room revenue by increasing share of revenue from food and beverage, meeting rooms, club floors, conferences, events and commercial or retail space;
- continued focus on upgrading facilities to work towards a best-in-class experience across existing hotels by undertaking renovations and rebranding exercises;
- improve staff productivity and efficiency through appropriate training and learning exercises and an optimal use of technology;
- undertake energy saving initiatives that are both cost-efficient and environmentally friendly as well explore shared service opportunities, such as laundry and finance operations, for hotels located in the same city; and
- ensuring presence of leadership personnel commensurate with the size and scale of each hotel property.

**Disciplined Development of Assets in the Current Pipeline:** CHL is in the process of developing three additional hotel projects which are expected to have 588 keys and two projects representing commercial office space with built-up area (excluding car parking/utilities) of approximately 1.12 million square feet. It has traditionally acquired large parcels of land at competitive prices with the intention to develop hotel-led mixed-use projects. It seeks to leverage unutilized FSI at some of its hotel locations which allows to develop additional commercial or retail spaces. It also intends to focus on developing new hotel-led mixed-use projects in prime locations with development sizes similar to CHL's existing projects, and which feature a combination of hotels, retail developments and commercial office space. Its retail and commercial space under construction is expected to generate regular rental income and cushion the hospitality cash flow cyclicality. Retail and commercial space are also expected to complement the hospitality business and generate synergies within the hotel led mixed-use projects.

**Expand Portfolio by way of Opportunistic and Accretive Acquisitions:** The hospitality industry in India has recently experienced some consolidation and CHL will continue to explore opportunities for acquiring operating hotel assets. The hotel industry has seen considerable debt-related stressed assets, including projects that are left incomplete or completion prolonged due to lack of funding which creates acquisition opportunities. It seeks to leverage its experience and in-house capabilities to acquire operational or near complete hotel assets at an attractive price to reduce replacement cost, initiate turnaround strategies through active asset management, brand repositioning, property enhancement or cost controls and derive benefits of economies of scale. Further, CHL will evaluate inorganic growth opportunities, in keeping with its strategy to grow and develop its market share. CHL may consider opportunities for inorganic growth, such as through acquisitions of operating hotel assets, if, among other things, they:

- are consistent with the positioning and parameters of existing hotels and which CHL estimate are high yielding hotel assets;
- consolidate market position in strategic micro-markets in key metro cities;
- achieve operating leverage by unlocking potential efficiency and synergy benefits;
- strengthen and expand portfolio to newer geographies across India which typically attract significant traffic from business and leisure travellers particularly in the NCR, Bengaluru, Pune, Chennai and Goa; and
- enhance depth of experience and know-how.

**Maintain a Sustainable Capital Structure and Ensure Prudent Capital Allocation:** CHL seeks to expand its portfolio of hotel properties organically or inorganically, based on industry developments and supply and demand movements across the hotel sector and in and specific locations and micro markets. Its strategy is to invest in buying completed projects in demand dense markets when acquisition costs are low and it is able to obtain financing at suitable rates. CHL leverage its Company's and K. Raheja Companies' development strength to construct and develop its hotels and thereafter actively manage properties along with a suitable hospitality brand partner. Its approach has allowed it to allocate capital at opportune times to acquire land and build hotels efficiently. Once its hotels are operational, CHL aims to take advantage of growing demand to maximize revenue and returns by partnering with well-renowned hotel operators, as well as to reduce existing debt. It aims to continue to reduce its cost of indebtedness through active evaluation of refinancing and alternative capital sources.

**Opportunity for reflagging hotels or renegotiating hotel operation contracts:** The hotel operation contracts for CHL's operational hotels, including its serviced residence, at Powai, Mumbai and Hyderabad will be due for renewal in March 2020 and December 2021, respectively. Further, its license agreement for its hotel at Vashi, Navi Mumbai will be due for renewal in December 2021. This provides CHL with an opportunity to rebrand hotel assets or reposition its properties by using alternate brands at these hotels to better cater to expected demand in the respective micro markets where CHL's hotels are located. Given the demand potential in the hospitality CHL may also be able to renegotiate better terms for its hotel operation contracts. It may also evaluate options of diversifying its asset portfolio to include more international brands of similar to higher positioning as its current brands, in order to reduce risk of reliance on any one hospitality company.

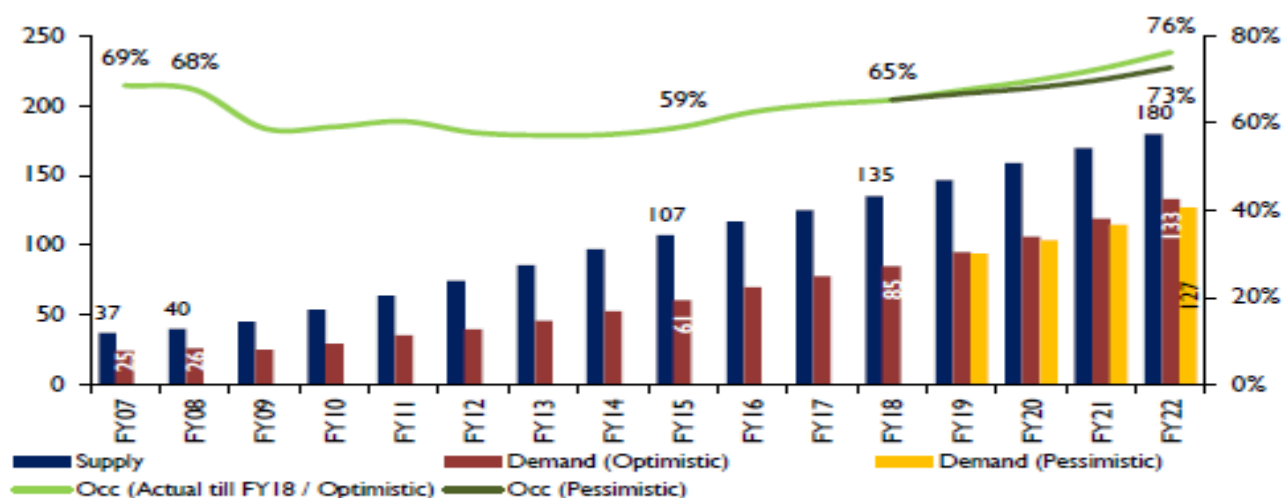
### Industry:

#### Industry Size: Chain-affiliated Hotels

Chain-affiliated hotel rooms in India have increased from 23,751 as at March 31, 2001 to about 135,232 as at March 31, 2018. Actual supply creation was delayed as the development cycle in India is generally longer, with delays caused by varied factors including project, environmental and implementation approval delays, cost overrun and funding shortfalls, delays in receipt of completion and opening related approvals, etc. Several hotels that were completed between the financial years 2012-2015 were from projects initiated between the financial years 2007-2009. Further, the business slowdown from the end of 2008, and particularly after 2010, caused several projects to be dropped. From about financial year 2013, there was a distinct slowdown in initiation of new projects while under completion projects continued to be carried to completion. The trend of slower inventory creation is expected to continue up to the financial year 2020/2021, particularly in the luxury-upper upscale and upscale segments, as there have been fewer commitments made in the last three to four years for new hotel projects. However, several new projects that have recently been initiated, may complete in the financial year 2022 or more likely later.

#### Supply and Demand

The following chart reflects all India – Rooms supply compared to demand – for the period indicated below:



Source: STR and Horwath HTL

#### Hotel ownership

Ownership was initially concentrated among hotel chains. At the end of financial year 2001, about 69% of chain affiliated inventory was chain owned. Chain ownership of hotels has slowed and is estimated at about 29 % of total chain affiliated inventory at the financial year 2018. With decline in chain investment into hotels, particularly as international chains penetrated the market, investment was effected by private developers – developer / institutional investor ownership of hotels is scattered with very limited concentration. Only ten parties have ownership of more than 1,000 rooms and the aggregate inventory with these ten parties is about 18,700 rooms (about 14% of total

chain affiliated inventory). According to Horwath HTL, CHL is amongst two asset owners or developers which own over 2,000 rooms in luxury and upper upscale segment as of March 31, 2018.

## **Overview of Key Impact Factors**

### **Tourism**

#### **Foreign Tourist Arrivals (FTA)**

FTA for the financial year 2018 was reported at 10.5 million by the Department of Tourism, Government of India. Year-on-year FTA grew by 1.33 million in the financial year 2018. In five years from financial 2014 to 2018, FTA grew by 3.8 million which is over 90% of FTA growth numbers of 4.2 million for the previous ten years from the financial year 2004 to 2013. The e-visa scheme was made available for foreign visitors with effect from November 2014. This has been extremely successful in attracting inbound travel, particularly as visitors can come in with short lead-time for the trip. The leisure sector, MICE and business travel is expected to materially benefit from this facility.

#### **Domestic Tourism**

Travel volumes, in terms of visits by domestic travellers, have grown at 13.7% CAGR between calendar year 2001 and calendar year 2016. Although hotels and resorts in India secure only a small percentage of the overall domestic travel in the country, this segment is an increasingly important demand generator for the hotel sector. Domestic travel numbers have grown nearly seven times, from 236.5 million visits in 2001 to 1.61 billion visits in 2016.

#### **Access Infrastructure**

Better travel infrastructure, in terms of better roads and airports, is a major benefit for domestic travel whether for business, leisure, MICE or social purposes. Infrastructure projects such as the Golden Quadrilateral program creates greater travel facility within regions and enable speedy vehicular movement combined with a major increase in the vehicular options and the mind-set for short duration vacation with road journeys. The upgraded road infrastructure has helped develop demand and resort capacity in several markets.

#### **Air Traffic**

Passenger movement at these key markets for the Company grew at 9.3% CAGR between the financial years 2008 and 2018, with 10.4% CAGR growth was achieved on all-India basis. CAGR between the financial years 2015 and 2018 was 15.6% and 17.5% for key cities and all-India respectively.

#### **Business Travel**

Business Travel comprises inbound and domestic visitation for business related purposes. This includes travel on corporate account and by individual business travellers. This segment is a predominant source of demand for hotels located in primarily business oriented locations.

#### **Leisure Travel**

Leisure travel comprises vacation travel, including short duration vacations. Greater affordability, changing attitudes towards lifestyle, and improved road and air connectivity have materially encouraged short stay vacations including on weekends and extended weekends when a public holiday combines with a weekend as does occur two to four times every year.

#### **MICE Visitation**

MICE visitation is mainly corporate driven for conferences, training programs and other events that are of customer-facing intent. MICE demand tends to carry price sensitivity; such demand with optional timing may choose off-season months to enjoy lower rates at better quality hotels. Hotels in predominantly business locations will generate MICE demand for training and corporate seminars – these could be day events or residential events. Conferences that include recreation elements (incentives and rewards for dealers, staff or industry players and events that select a location in order to combine work with recreation for delegates) choose city centre locations and resort destinations.

#### **Weddings and social travel**

Weddings and social travel involve mainly domestic visitation for participating in family weddings, destination weddings and other wedding related or family celebrations (such as anniversaries). Wedding and social event demand will of course gravitate to hotels that have the function areas, guest room capacity and also the quality to host such events at a level consistent with the status of the host.

#### **Airlines and airline crew**

This demand set helps create a core of demand at hotels, albeit at significantly discounted pricing. Crew demand could arise from international and domestic carriers – while the major international airlines will use upper tier hotels, more price sensitive airlines are open to using upper midscale hotels. Airlines also need to use hotels for layovers in case of significantly delayed flights. This demand is relatively

nominal and mainly occurs at hotels that are closer to the airports. In such cases, airlines will prefer more moderately priced hotels that are nevertheless of good standard.

### **Transit demand**

Persons at overnight transits between cities also need to use hotel accommodation which is typically located close to the point of onward journey. Transit demand could occur on the inward and/or outward leg of international travel or for travel between cities that are connected through a regional hub.

### **Barriers to Entry**

Development of hotels in India faces several challenges, principal among which are:

*Land:* Availability of land at locations that are suitable for hotels, and high cost of available land, create limitations on hotel development and viability. Limited development rights and end-use restrictions on available sites create further challenges. These factors often result in development of hotels with limited inventory.

*Regulatory approvals:* Hotel projects require several regulatory approvals and licenses, before implementation of the project and upon its completion prior to opening. The process of obtaining approvals can be time consuming and materially adds to the development lifecycle. Uncertainties associated with the timing of approvals have often caused delays in opening of hotels, these delays significantly add to interest cost during construction period and pressure on debt service obligations. Additionally, cost escalations occur due to delayed completion impacting project viability, funding of completion and initial operations, and project quality.

*Financing and capital Requirement (Equity and Debt):* In the backdrop of several hotel projects which are in debt default, bankers are extremely selective in providing development finance for hotel projects. Further, interest rates tend to be high - currently in the range of 10% to 14% with the lower range only being available to borrowers with established credibility. In addition, hotel projects require sizeable equity capital for project development and to meet cash shortfalls during operations. Shortage of suitable equity capital is a significant constraint towards development of hotels, particularly a portfolio of assets or hotels with large inventory of rooms and other facilities.

*Manpower shortages:* Manpower shortages are increasing particularly staff and managers with sufficient operating experience and skills for hotel. This poses limitations for all hotels but more specifically for hotel operated by owners as independent properties.

*Distressed assets* – The hotel industry has seen considerable debt-related stressed assets, including projects that are left incomplete or completion prolonged due to lack of funding. Stress has arisen due to various factors: (a) debt terms, by way of high interest rates and repayment obligations over shorter periods than are generally impracticable for hotels; (b) higher project costs emanating from delays, such delays caused by funding, regulatory approvals and project execution issues; and (c) slower demand growth due to slow general business conditions. The stressed assets create acquisition opportunities for interested investors.

## **Commercial and Retail Real Estate Market in India**

### **Overview**

The Indian economy's growth rate reached a five-quarter high of 7.2% during the quarter ended December 2017, compared with 6.5% in the previous quarter. The upward momentum was largely attributed to the continued recovery of the manufacturing sector, which grew by 8.1%. In addition, sectors such as trade, hotels and transport (9%), and public administration, defence and other services (7.2%) also contributed to this strong momentum. The construction sector's performance improved sharply as it grew by 6.8% compared with 2.8% in the previous quarter. Moreover, the growth of real estate services (along with financial, insurance and professional services) sector increased from 6.4% to 6.7% during the review period. However, despite the visible recovery in quarterly GDP, the Reserve Bank of India continued to project 2017-2018 growth rate at 6.6%. According to CBRE Research, after rising to 5.2% in December 2017, retail inflation (measured by consumer price inflation) continued on its downward curve, declining to 4.4% in February 2018. In February 2018, the Monetary Policy Committee also estimated inflation at 4.3% to 4.7% during the second half of 2017 and 5.1% to 5.6% during the first half of 2018. Due to the constant fluctuation in inflation, the central bank has decided to keep lending rates stable for now at 6.0%. However, if inflation continues to pose a challenge, the bank might become inclined towards adopting monetary tightening measures in 2018. Recent disruptions in the technology sector does not seem to have significantly affected the overall leasing activity in the country. Moreover, growth in other sectors appears to have helped plug the gap created by reduced leasing by most Indian tech firms. Despite a drop in its share in office space take-up in India, technology corporates remained the biggest demand driver with a share of 25% during the first quarter of 2018.

**Key Concerns:**

**A slowdown in economic growth in India could have an adverse effect on the business, results of operations and financial condition:** CHL operates in the luxury-upper upscale and upscale hotel segments in India where consumer demand from business, leisure, MICE (meetings, incentives, conferences and events) travellers for its services is highly dependent on the general economic performance in India and globally. There is a history of increases and decreases in demand for hotel rooms, in occupancy levels and in rates realized by owners and operators of hotels through macro-economic cycles. Variability of results through some of the cycles in the past has been more severe due to changes in the supply of hotel rooms in given markets or in given categories of hotels. Any future slowdown in economic growth could affect business and personal discretionary spending levels and lead to a decrease in demand for its services for prolonged periods. Consequently, the occurrence of such events could have an adverse effect on CHL's business, results of operations and financial condition.

**CHL has entered into hotel operation and related agreements with Marriott to receive operation and marketing services in relation to its hotels:** As of September 30, 2018, CHL owns four hotels (including a hotel with a co-located serviced residence) which are operated by third parties, which represent 2,176 keys in aggregate. Its hotels operated by third parties accounted for 84.73%, 90.23%, 89.46% and 89.92% of its revenue from operations for the six months ended September 30, 2018 and financial years 2018, 2017 and 2016, respectively. As of September 30, 2018, these hotels are operated by a single third party hotel operator, Marriott Hotels India Private Limited and its affiliates (collectively, "Marriott"). CHL benefit from hotel operation contracts with Marriott, with terms generally ranging from 10 to 20 years, in order to avail hotel operation services for these hotels. For its hotels CHL is generally obliged to pay one time fees for design and construction consulting services, as well as, periodic operating fees, management fees, royalty fees for licensing the use of certain trademarks, fees for centralised services, trainings, reservations and loyalty programs and other technical services rendered based on invoices raised and reimbursements for advertising, marketing, promotion, sales and software related expenses incurred by the hotel operator or their affiliates. It cannot be assured that it will be able to fully comply with all the terms of the agreements which it has entered into in relation to its hotels. In the event that any agreement for CHL's hotels is terminated due to its non-compliance with its terms or for any other reason, it may be subject to certain damages and may be unable to replace the operator within a reasonable time or may be required to operate the hotel on its own. In the event an agreement is terminated prior to its tenure, or if it is not renewed, or if CHL is required to cease its relationship with certain hotel operators, for any reason whatsoever, its business, financial condition and results of operations may be adversely affected.

**CHL utilizes the brands of third party licensors, and rely on third parties for the quality of services at its hotels:** CHL do not have its own hotel brand and utilize the brands of its brand licensors to market its hotels. CHL benefit from agreements entered into with Marriott for use of global brands such as JW Marriott, Westin, Marriott, Marriott Executive Apartments, Renaissance and Four Points by Sheraton. In the event these agreements are terminated prior to their tenure, or if not renewed, it may not have access to these brands and their loyalty programs. Further, CHL may seek to rebrand its hotel assets or reposition its properties by using alternate brands at its hotels. In the event CHL is unable to execute agreements with international brands of similar to higher positioning as its current brands, its business, financial condition and results of operations may be adversely affected including due to disruptions and expenses related to such re-flagging or re-branding. CHL is also dependent on third party service providers for providing some of the services to its guests such as spas, manpower contracts and laundry, among others, and any failure or deficiency on the part of such service providers may adversely affect its hotels' reputation and profitability. Any adverse development or decline in quality involving its hotels may impair its reputation, dilute the impact of branding and marketing initiatives and adversely affect CHL's business, results of operations and financial condition.

**A significant portion of CHL's revenues are derived from a few hotels and from hotels concentrated in a few geographical regions and any adverse developments affecting such hotels or regions could have an adverse effect on its business, results of operations and financial condition:** CHL owns a portfolio of five operating hotels (including a hotel with a co-located serviced residence), representing 2,328 keys as of September 30, 2018, in Mumbai Metropolitan Region, Hyderabad and Bengaluru. Consequently, its revenues are derived from a few hotels and from hotels concentrated in a few geographical regions. Any decrease in revenues from these hotels, including due to increased competition or supply, or reduction in demand, in the markets in which these hotels operate, may have an adverse effect on its business, results of operations and financial condition. Further, any significant disruption, including due to social, political or economic factors or natural calamities, epidemics or civil disruptions, impacting these hotels or these regions may adversely affect the business. Changes in the policies of the state or local governments of the regions where these hotels are located, could require CHL to incur significant capital expenditure and change its business strategy. It cannot be assured that it will be able to address its reliance on these few hotels and hotels located in these regions, in the future.

**CHL's residential project at Koramangala, Bengaluru is the subject matter of litigation with Hindustan Aeronautics Limited. Any adverse order in relation to this litigation may adversely affect its ability to complete the project, and its business, results of operations and reputation:** CHL owns a property situated at Koramangala Industrial Layout, Bengaluru, where it is constructing a residential complex (the "Property" and the residential complex, the "Koramangala Project"). The Property is located within the proximity of an aerodrome operated by the Hindustan Aeronautics Limited ("HAL"). HAL is responsible for the issuance of no-objection certificates ("NOC") related to the height

of structures in the vicinity of the aerodrome. Accordingly, CHL were required to submit a report to HAL and also obtain their NOC in respect of the permissible height of the Koramangala Project. HAL granted their NOC dated October 28, 2011 for the development of a 17 floor residential building with height up to 62 meters on the basis of which it had started development of the Koramangala Project and has allotted apartments to several customers. Thereafter, the NOC granted was cancelled by HAL on August 16, 2013. In the event that the Karnataka High Court passes an adverse order, CHL will not be in a position to complete the Koramangala Project up to the intended height of 62 meters and may have to demolish the existing construction in excess of 40 meters. Further, it may also be subjected to penalties under RERA for non-completion of the Koramangala Project within the specified timelines, which may have an adverse effect on its business, results of operation and reputation.

**CHL is subject to extensive government regulation with respect to safety, health, environmental, real estate, excise and labour laws. Any non-compliance with, or changes in, regulations applicable to CHL may adversely affect its business, results of operations and financial condition:** CHL is subject to a broad range of safety, health, environmental, real estate, excise and related laws and regulations in the jurisdictions in which it operates, which impose controls on its operations. In connection with its ownership of hotels and development of properties, CHL is subject to various national, state and local laws and regulations relating to environmental laws. Under some of these laws, an owner of real estate property may be held liable for the costs of investigating or remediating hazardous or toxic substances or wastes on, under or in such real property. Further, a person who arranges for the disposal or treatment of a hazardous or toxic substance, or who transports such substance to or from such property, may be liable for the costs of removal or remediation of such substance released into the environment at the disposal or treatment facility. The costs of investigating or remediating contamination at CHL's properties or at properties where it sent substances or wastes for disposal, may be substantial. The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that CHL make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain its current operations. Further, complying with, and changes in, laws and regulations or terms of approval may increase its compliance costs and adversely affect the business, prospects, results of operations and financial condition. There is a risk that CHL may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. Any losses that CHL incur in this regard could have an adverse effect on its reputation, business, results of operations and financial condition.

**Operational risks are inherent in CHL's business as it includes rendering services at high quality standards at its hotels:** Certain operational risks are inherent in CHL's businesses due to the nature of the industry in which it operates. It provides hospitality services, including food and beverage, cleaning and housekeeping, and security services, at its hotels. In rendering such services its personnel are required to adhere to regulatory requirements and standard operating procedures with regard to health, safety and hygiene and in their interaction with its guests and other members of the public. Food and beverage services require proper packaging and labelling and the careful and hygienic handling of food products, which if improperly packaged or handled may have an adverse impact on the health of CHL's guests. Failure to effectively implement corporate, crisis response, training and management policies and protocols and to adequately address and manage risks inherent in its business, or a failure to meet the requirements of its guests, or a failure to develop effective risk mitigation measures, could have an adverse effect on its hotels' reputation, guest loyalty and consequently, CHL's business, results of operations and financial condition.

**Business is subject to seasonal and cyclical variations that could result in fluctuations in results of operations:** The hotel and hospitality industry in India is subject to seasonal variations. The periods during which CHL hotel properties experience higher revenues vary from property to property, depending principally upon location and the guests served. Its revenues are generally higher during the second half of each financial year as compared to first half of the financial year. Seasonality affects leisure travel and the MICE sector (meetings, incentives, conferences and events) including weddings. Further, inbound foreign leisure travel varies more with climatic factors, such that it mainly occurs between October and March and to a lesser extent (with lower visitor profile and travel budgets) during the summer and monsoon seasons. This seasonality can be expected to cause quarterly fluctuations in CHL's revenue, profit margins and net earnings. Further, the timing of opening of newly constructed hotels and the timing of any hotel acquisitions or dispositions may cause a variation of revenue and earnings from quarter to quarter. Further, the hospitality industry is subject to weekly variations. While leisure travel increases during weekends, business travel is high during the weekdays. Further, the hospitality industry is cyclical, and demand generally follows, on a lagged basis, key macroeconomic indicators. There is a history of increases and decreases in demand for hotel rooms, in occupancy levels and in room rates realized by owners of hotels through macro-economic cycles. As a result of such seasonal fluctuations, its room rates, sales and results of operations of a given half of the financial year may not be reliable indicators of the sales or results of operations of the other half of the financial year or of its future performance.

**CHL is exposed to risks associated with the development of hotel properties and commercial and retail projects:** CHL's development pipeline consists of 588 rooms across three hotels as well as approximately 1.12 million square feet of leasable commercial space across two projects as of September 30, 2018. Certain of its projects are being developed on land parcels contiguous to or adjoining existing hotels or

projects. The development of such projects may impact regular business operations at the hotels or projects located in their proximity. It classifies projects for which land is owned by it or for which relevant agreements or memorandum of understanding having been executed for such use; relevant construction approvals have been applied for; and its preliminary design plans are complete, as projects under development. In the event CHL experience delays in the delivery of the construction works and design and engineering services for its new buildings or improvements for its existing buildings or if CHL's contractors fail to comply with their obligations under their respective agreements, it will not be able to start operations until completion of the construction of new buildings or improvements on its existing properties. Further, the consents and approvals which CHL may require to develop and construct its hotels or commercial and retail projects may impose conditions with respect to the height, number of rooms or leasable area, security features and other operational aspects of its hotels and commercial and retail projects. Under certain circumstances, these risks could prevent completion of development or redevelopment projects once undertaken, resulting in capital expenditure incurred and investments made being written off or making the project less profitable than originally estimated, or not profitable at all, and therefore could have an adverse effect on the business, results of operations and financial condition.

**Low occupancy levels of leased retail and commercial office space or lower footfalls at retail malls may adversely affect the results of operations and financial condition:** CHL derives lease and rental income from the lease of its commercial and retail projects in Bengaluru and Mumbai. Its commercial and retail projects accounted for 3.62%, 2.76%, 1.99% and 0.13% of its revenue from operations for the six months ended September 30, 2018 and financial years 2018, 2017 and 2016, respectively. The amount that CHL receive in rental income is based upon the amount of space it has leased, the minimum guaranteed amount it charges for that leased space and its share of revenues from the clients to whom it has leased such space. The occupancy, revenue share and minimum guaranteed amount depend on various factors including the location and design of the project, the retail client mix, prevailing economic conditions and competition. Further, risk of lower footfalls in its retail malls may adversely affect the revenues, business and results of operations. Various factors may affect customer profile and footfalls in both existing retail malls and any new retail malls CHL acquire or develop, including location and floor layout for new retail developments and regional economy, amongst others, specific to the states in which CHL operates in. A decline in consumer and retail spending or a decrease in the popularity of the retail clients' business could cause retail clients to cease operations or experience significant financial difficulties that could harm its ability to continue to attract successful retail clients and visitors to its retail developments, which would adversely affect the business, results of operations and financial condition.

**Operations are dependent on the ability to attract and retain qualified personnel, including key senior management and any inability on part to do so, could adversely affect the business, results of operations and financial condition:** CHL's operations are dependent on its ability to attract and retain qualified personnel since it aims to provide guests with high levels of service. While CHL currently has adequate qualified personnel for its operations, CHL may not be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of CHL's key personnel may adversely affect the business, results of operations and financial condition.

**The hotel industry is intensely competitive and inability to compete effectively may adversely affect the business, results of operations and financial condition:** The hotel industry in India is intensely competitive and CHL compete with large multinational and Indian companies, in each of the regions that it operates. Some of its competitors may develop alliances to compete against it or have more financial and other resources. It cannot be assured that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or significantly expand or improve facilities in a market in which it operates. CHL may also face increased competition from internet-based homestay and hostel aggregators and alternative accommodation options such as luxury homestays and bed and breakfasts. Its success is largely dependent upon its ability to compete in areas such as room rates, location of the property, the quality and scope of other amenities, including food and beverage facilities, quality of accommodation and service level as well as the brand recognition of its hospitality partners. In addition, CHL's competitors may significantly increase their advertising expenses to promote their hotels, which may require to similarly increase its advertising and marketing expenses and change pricing strategies, which may have an adverse effect on its business, results of operations and financial condition. As a result, it cannot be assured that it will be able to compete successfully in the future against its existing or potential competitors or that its business and results of operations will not be adversely affected by increased competition.

**Land title in India can be uncertain and CHL may not be able to identify or correct defects or irregularities in title to the land which it owns or intends to acquire in connection with the development or acquisition of new hotels or properties:** There is no central title registry for real property in India and the documentation of land records in India has not been fully computerized. Property records in India are generally maintained at the state and district level and in local languages, and are updated manually through physical records. Therefore, property records may not be available online for inspection or updated in a timely manner, may be illegible, untraceable, incomplete or inaccurate in certain respects, or may have been kept in poor condition, which may impede title investigations or its ability to rely on such property records. In addition, there may be a discrepancy between the duration of the principal lease under different orders issued by state governments in respect of a particular parcel of revenue land. Furthermore, title to land in India is often fragmented, and in many cases,

land may have multiple owners. Further, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. Further, improperly executed, unregistered or insufficiently stamped conveyance instruments in a property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners or third parties, or other defects that a purchaser may not be aware of can affect title to a property. Consequently, any acquisition of the land made by CHL is subject to risks and potential liabilities arising from inaccuracy of such information. Such inaccurate information and any defects or irregularities of title may result in the loss of title or development rights over the land, and the cancellation of its development plan in respect of such land.

**CHL is subject to risks relating to owning real estate assets:** CHL is subject to risks that generally relate to real estate assets due to the hotel properties and commercial and real estate projects it owns. Regulations and interest rates can make it more expensive and time consuming to develop real property or expand, modify or renovate hotels or commercial and real estate projects. Changes in local markets or neighbourhood may diminish the value of the real estate assets CHL holds. Real estate assets may not be as liquid as certain other types of assets, and this lack of liquidity may limit its ability to react promptly to changes in economic, market or other conditions. Its ability to dispose of real estate assets, if required, on advantageous terms depends on factors beyond CHL's control, including competition from other sellers, demand from potential buyers and the availability of attractive financing for potential buyers. It cannot predict the various market conditions affecting real estate assets that may exist at any particular time in the future. Due to the uncertainty of market conditions that may affect the future disposition of CHL's real estate assets, it cannot be assured that it will be able to sell its real estate assets at a profit in the future, if required.

**CHL's financing agreements entail interest at variable rates and any increases in interest rates may adversely affect its results of operations:** The interest rate for borrowings excluding preference capital of Rs 160.00 million availed by CHL, aggregating to Rs 26,557.15 million as of September 30, 2018, is expressed as the base rate or marginal cost of funds based lending rate of a specified lender or London Interbank Offering Rate and interest spread, which is variable to each Lender. Further, its financing agreements include provisions providing for interest rates to be periodically reset, or changed based on the lender's internal policies. CHL is susceptible to fluctuations in interest rates and associated risks. As such, any increase in interest rates may have an adverse effect on its business, results of operations, cash flows and financial condition.

**CHL's operations entail certain fixed costs and recurring costs, and its inability to reduce such costs during periods of low demand for services may have an adverse effect on business, results of operations and financial condition:** CHL's operations entail certain fixed costs such as costs incurred towards the maintenance of its hotel properties, employee related costs, property taxes as well as certain significant recurring costs such as utility expenses and insurance payments. Further, the agreements it has entered into with Marriott, generally include agreed periodic payments at fixed rates. CHL may also have to incur costs towards periodic re-designing, re-structuring, refurbishing or repair of defects at its hotels. The costs of running a hotel tend to be more fixed than variable. The hotel industry experiences changes in demand and supply, which it may not be able to predict accurately. Consequently, it may be unable to reduce fixed and recurring costs in a timely manner, or at all, in response to a reduction in the demand for its services. Further, CHL's hotel properties and commercial and real estate projects may be subject to an increase in operating and other expenses in the event of increases in property and other tax rates, increase in utility costs due to increase in electricity or water supply charges, insurance costs, repairs and maintenance and administrative expenses, which may adversely affect its business, results of operations and financial condition.

**CHL may be unable to successfully grow its business in new markets in India, which may adversely affect the business prospects, results of operations and financial condition:** CHL seeks to diversify its geographical footprint, to reduce its exposure to local, seasonal and cyclical fluctuations and to access a more diversified guest base across geographies. It intends to strengthen and expand its portfolio to newer geographies across India which typically attract significant traffic from business and leisure travellers. However, it cannot be assured that it will be able to grow its business in these markets. Inability to access infrastructure, certain logistical challenges in these regions and its relative inexperience with certain newer markets, may prevent CHL from expanding its presence in these regions. Also, demand for CHL's services may not grow as anticipated in certain newer markets. If it is unable to grow its business in such markets effectively, its business prospects, results of operations and financial condition may be adversely affected.

**Business derives a portion of its revenue from corporate customers, and the loss of such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for its services could adversely affect the business, results of operations and financial condition:** CHL's hotel operations are dependent on its corporate customers, including large corporate key accounts such as information technology companies, airlines, multi-national corporations, consultancy firms and banks, for a portion of revenues. Any reduction in growth or a slow-down in the business of its customers in India, could result in a reduction of their requirement for its services, and result in a significant decrease in the revenues CHL derives from these customers. The loss of one or more of its significant customers or

a reduction in the amount of business it obtains from them could have an adverse effect on its business, and thus its results of operations, financial condition and cash flows.

**Demand for rooms in hotels or conferencing and meeting facilities may be adversely affected by the increased use of business-related technology or change in preference of its corporate customers:** The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate at meetings without traveling to a centralized meeting location, such as CHL hotels. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, demand for its hotel rooms or its conferencing and meeting facilities may decrease from business travellers and corporate customers. Similarly, changes in business spending and preferences of its corporate customers due to evolving cost of travel, spending habits and budgeting patterns may lead to a change in the perceived attractiveness of its hotels, services and the locations at which CHL's hotels are situated.

**A portion of CHL's hotel bookings originate from online travel agents and intermediaries. In the event such companies continue to gain market share compared to direct booking channels or its competitors are able to negotiate more favourable terms with such online travel agents and intermediaries, CHL's business and results of operations may be adversely affected:** A portion of bookings for CHL's hotels originate from large multinational, regional and local online travel agents and intermediaries, such as online aggregators, with whom it has contractual arrangements and to whom it pay commissions. These third-parties, including online travel agents, offer a wide breadth of services, often across multiple brands, has growing booking and review capabilities, and may create the perception that they offer the lowest prices when compared to its direct booking channels. Some of these online travel agents and intermediaries have strong marketing budgets and aims to create brand awareness and brand loyalty among consumers and may seek to commoditize hotel brands through price and attribute comparison. Negative reviews and feedback on online travel portals may cause guests to choose the services of its competitors. Further, CHL's competitors may be able to negotiate better or more favourable terms with such online travel agents and intermediaries, impacting its hotel bookings from these channels, which in turn may adversely affect the business and results of operations.

**Any failure of information technology systems could adversely affect the business and operations:** CHL utilize information technology systems that support its business processes, including centralised software and systems such as reservations systems and property management systems of its hotel operators and their affiliates. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, break-ins and similar events. Effective response to such disruptions will require effort and diligence on the part of its third-party vendors and employees to avoid any adverse effect to its information technology systems. In addition, CHL's systems and proprietary data stored electronically, including its guests' sensitive personal and financial information, may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. CHL is also dependent on third party vendors for providing some of the services to its guests such as internet and television, among others, and any failure or deficiency on the part of such vendors may adversely affect its reputation, brand perception and results of operations.

**CHL may require additional equity or debt in the future in order to continue to grow business, which may not be available on favourable terms or at all:** Strategy of CHL to grow its business and maintain market share may require it to raise additional funds or refinance its existing debt for its working capital or long term loans. It cannot be assured that such funds will be available on favourable terms or at all. Additional debt financing may increase its financing costs. Its financing agreements may contain terms and conditions that may restrict its ability to operate and manage the business, such as terms and conditions that require CHL to maintain certain pre-set debt service coverage ratios and leverage ratios and require it to use its assets, including cash balances, as collateral for its indebtedness. If CHL is unable to raise additional funds on favourable terms or at all as and when required, its business, financial condition, results of operations and prospects could be adversely affected.

**Rely on various contractors or third parties in developing hotel, commercial, retail and other real assets, and factors affecting the performance of their obligations could adversely affect the projects:** Most of CHL's hotel and other commercial projects require the services of contractors and various other parties including architects, engineers, consultants and suppliers of labour and materials for such projects. The timing and quality of construction of these projects that it develops depends on the availability and skill of these parties, as well as contingencies affecting them, including labour and construction material shortages and industrial action such as strikes and lockouts. CHL may not be able to identify appropriately experienced third parties and cannot assure you that skilled third parties will continue to be available at reasonable rates and in the areas in which it undertakes its projects, or at all. As a result, CHL may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services and any delay in project execution could adversely affect CHL's profitability. In addition, if such contractors or third parties do not complete its orders in a timely manner or match its requirements on quality, its reputation and financial condition could be adversely affected.

**Disruptions or lack of basic infrastructure such as electricity and water supply could adversely affect the operations:** CHL require a significant amount and continuous supply of electricity and water and any disruption in the supply thereof could affect the operations of its

hotels and the services to its guests. It currently sources its water requirements from governmental water supply undertakings and water tankers and depend on state electricity boards and private suppliers for its energy requirements. Although CHL has diesel generators to meet exigencies at all of its hotels, it cannot be assured that its hotels will have sufficient power during power failures. Any failure on its part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on its business, results of operations and financial condition.

**CHL face foreign exchange risks that could adversely affect the results of operations:** CHL's operations are in India, its revenues and most of its expenses in India are denominated in the Indian Rupee, and it report its results of operations in the Indian Rupee. CHL has availed external commercial borrowings excluding interest accrued of USD 74.06 million as of September 30, 2018, which also exposes it to currency risk. Further, it has certain periodic payment obligations to Marriott which are denominated in United States Dollars. Any fluctuation of the Indian Rupee against such foreign currencies may have a negative impact on its results of operations, as the expenses that CHL has to incur may be higher in Rupee terms.

**Profit & Loss**
**Rs in million**

Particulars	H1FY19	FY18	FY17	FY16
Revenue from operations	4698.7	8737.8	7058.8	5729.4
Other Income	271.8	557.3	2186.6	246.2
Total Income	4970.4	9295.1	9245.4	5975.6
<b>Total Expenditure</b>	<b>3630.9</b>	<b>5793.7</b>	<b>4937.1</b>	<b>4416.7</b>
Real estate development costs	316.8	194.8	208.0	253.6
Food and beverages consumed	431.0	765.7	667.4	603.9
Operating supplies consumed	118.5	256.2	218.4	190.1
Employee benefits expense	726.9	1295.6	1188.3	1067.2
Other expenses	2037.7	3281.5	2655.1	2302.0
PBIDT	1339.6	3501.5	4308.3	1558.9
Interest	1398.7	2119.2	2179.6	2158.7
PBDT	-59.2	1382.3	2128.7	-599.8
Depreciation	569.3	1116.3	1269.8	988.1
PBT	-628.4	265.9	859.0	-1587.8
Exceptional items	0.0	-54.1	-67.8	-72.2
Tax (incl. DT & FBT)	-191.7	-99.7	-483.2	-535.1
Current tax	0.0	0.0	0.0	0.0
Deferred tax (credit)/charges	-191.7	-99.7	-483.2	-535.1
Profit after Tax	-436.7	311.6	1274.4	-1124.9
EPS (Rs.)	-2.55	1.8	8.4	-7.4
Equity	1711.0	1711.0	1521.4	1521.4
Face Value	10.0	10.0	10.0	10.0
OPM (%)	22.7	33.7	30.1	22.9
PATM (%)	-9.3	3.6	18.1	-19.6

**Balance Sheet:**
**Rs in million**

Particulars	For the period ended September 30, 2018	FY18	FY17	FY16
<b>Assets</b>				
<b>Non-Current Assets</b>	<b>30039.2</b>	<b>30182.5</b>	<b>30195.7</b>	<b>26030.4</b>
Property, Plant and Equipment	20,929.19	21210.8	21706.1	19302.2
Capital work-in-progress	227.6	275.9	269.2	373.8
Investment property	6710.3	6736.7	6424.2	4525.0
Goodwill	226.1	226.1	226.1	36.6
Other intangible assets	12.4	18.5	29.8	37.9
Investments	43.2	43.2	3.1	474.2
Loans	101.7	114.1	105.5	117.2
Others	50.1	50.0	0.0	0.0
Deferred tax assets (net)	1174.9	952.31	981.77	834.15

Other non-current assets	105.7	91.94	111.01	115.69
Non-current tax assets (net)	458.0	462.99	339	213.62
<b>Current assets</b>	<b>7349.1</b>	<b>8117.9</b>	<b>7184.2</b>	<b>6628.8</b>
Inventories	3975.0	4189.0	4264.0	4330.7
Trade receivables	533.7	539.1	296.2	181.4
Cash and cash equivalents	340.9	295.2	228.3	214.8
Bank balances other than (ii) above	20.8	21.5	103.4	131.8
Loans	1633.4	2349.3	1793.5	1355.6
Others	285.7	207.2	38.8	0.0
Other current assets	559.6	516.6	460.0	414.5
Assets classified as held for sale	0.0	0	0	2,870.27
<b>Total Assets</b>	<b>37388.2</b>	<b>38300.4</b>	<b>37379.9</b>	<b>35529.5</b>
<b>Equity &amp; Liabilities</b>				
<b>Shareholders Funds</b>	<b>4674.4</b>	<b>5023.7</b>	<b>4711.7</b>	<b>5212.1</b>
Equity Share Capital	1711.0	1711.0	1521.4	1521.4
Other Equity	2963.4	3312.7	3190.3	3690.7
<b>Non-Current Liabilities</b>	<b>24298.0</b>	<b>22961.7</b>	<b>21402.7</b>	<b>20210.3</b>
Borrowings	23484.4	22151.5	20505.8	19022.8
Others	115.8	151.8	119.0	53.0
Provisions	43.0	38.1	57.6	55.7
Deferred Tax Liabilities (Net)	621.1	592.2	699.2	1078.7
Other non-current liabilities	33.7	28.1	21.2	0.0
<b>Current Liabilities</b>	<b>8415.9</b>	<b>10315.0</b>	<b>11265.5</b>	<b>10107.1</b>
Borrowings	1195.1	1634.2	3247.5	2583.2
Trade payables	804.7	858.8	846.7	651.9
<i>Dues of micro and small enterprises</i>	<i>5.9</i>	<i>4.6</i>	<i>1.9</i>	<i>0.7</i>
<i>Due to other than micro and small enterprises</i>	<i>798.8</i>	<i>854.3</i>	<i>844.9</i>	<i>651.2</i>
Other Financial Liabilities	2572.5	3761.6	3038.1	2318.9
Other current liabilities	2860.6	3101.8	2984.6	3333.9
Provisions	983.0	958.7	1148.5	1219.3
<b>Total Equity &amp; Liabilities</b>	<b>37388.2</b>	<b>38300.4</b>	<b>37379.9</b>	<b>35529.5</b>

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