

Inox Leisure (INOX)

₹ 217

Strong screen addition bodes well for growth

- Q2FY19 revenues came in at ₹ 365.3 crore vs. our estimate of ₹ 346.5 crore, up 17.7% YoY, driven by healthy ad and F&B revenues growth during the quarter. Footfalls for the quarter grew 7.2% YoY while ATP grew ~5% YoY to ₹ 195. Spend per head (SPH) grew 12.3% YoY to ₹ 73. Net box office collections came in at ₹ 206.4 crore, up 11.2% YoY. F&B revenues grew 41.4% YoY to at ₹ 94.9 crore vs. our expectations of 34%YoY, aided by lower GST rates
- EBITDA came in at ₹ 44.8 crore vs. estimate of ₹ 41.9 crore owing to operating leverage. Hence, EBITDA margins came in at 12.3%, better than our estimate of 12.1%
- Reported PAT came in higher at ₹ 12 crore, above our expectation of ₹ 10.2 crore

Q2FY19 marred by BMS exits; one-off cost and GST input credit impact

One of the noteworthy events for the quarter was the exit of BookMyShow.com (for three weeks during September, 2018; the issue has since been resolved), which led to a significant impact on revenues. We highlight that, as per our estimates, overall net box office collection for the industry in Q2FY19, was up ~20%+ YoY. Therefore, Inox reported net box office collection growth of ~11.2%, clearly reflecting the steep impact on revenues. Moreover, on the costs front, the proportionate disallowance of input credit owing to lower tax on F&B coupled with one-off legal cost (~₹ 3-4 crore) also had an impact on overall margins. Q2FY19, however, witnessed a strong performance on the F&B and advertisement front, which was the silver lining for the quarter. SPH during the quarter was up 12.3% YoY, resulting in 41.4% YoY growth in F&B revenues. Similarly, ad revenues continued their strong trajectory witnessing ~18% YoY growth.

Screen addition guidance for FY19 revised upwards...

The company guided for opening of ~80 screens (~77 on net basis) for FY19 vs. 59 screens guidance given in Q1FY19 on account of better visibility. We note that 47 screens have opened till date in FY19 (37 screens in H1FY19). The higher screen addition bodes well for the company in terms of revenues visibility. We note that, going ahead, the content pipeline also remains robust with likely release of big budget movies such as *Zero*, *2.0*, *Thugs of Hindostan*, *Simbaa*, etc. Consequently, we build in healthy footfall growth of ~9.8% CAGR in FY18-20E to 64.2 million (also aided by an increase in number of screens) and ATP growth (4.7% CAGR in FY18-20), which will lead to 14.7% FY18-20E CAGR in net box office revenues to ₹ 1055 crore. We build in 17.5% CAGR in FY18-20E to ₹ 192 crore ad revenues in FY20E.

Remains our preferred pick in multiplex space...

Strong screen guidance and its subsequent rollout (so far) bode well for the company. Moreover, the F&B issue and short-term hiccups faced by BMS exit are behind now. On the valuations front, Inox, which is trading at 8.6x FY20E EV/EBITDA, is at ~30% discount to PVR. However, given the strong traction in overall financials, we expect the discount to narrow eventually. We maintain our **BUY** recommendation and value it at 10x FY20E EV/EBITDA (20% discount to target EV/EBITDA multiple of PVR) to arrive at target price of ₹ 260/share. We continue to prefer Inox over PVR.

Rating matrix		
Rating	:	Buy
Target	:	₹ 260
Target Period	:	12 months
Potential Upside	:	20%

What's changed?		
Target	Changed from ₹ 275 to ₹ 260	
EPS FY19E	Changed from ₹ 8.8 to ₹ 7.8	
EPS FY20E	Changed from ₹ 12.1 to ₹ 11.4	
Rating	Unchanged	

Quarterly performance					
	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	365.3	311.3	17.4	414.9	-12.0
EBITDA	44.8	43.7	2.4	83.5	-46.4
EBITDA(%)	12.3	14.1	-179 bps	20.1	-786 bps
PAT	12.0	11.7	2.4	37.0	-67.6

Key financials				
₹ Crore	FY17	FY18E	FY19E	FY20E
Net Sales	1,220.7	1,348.1	1,534.1	1,758.9
EBITDA	144.8	209.2	222.2	289.4
Adj Net Profit	30.6	71.3	74.5	110.1
EPS (₹)	3.2	7.4	7.8	11.4

Valuation summary				
	FY17	FY18E	FY19E	FY20E
P/E	68.2	29.3	28.0	19.0
Target P/E	81.8	35.1	33.6	22.7
EV / EBITDA	16.4	11.2	11.0	8.6
P/BV	3.8	3.1	2.8	2.4
RoNW	5.5	10.6	10.0	12.9
RoCE	7.3	13.2	11.9	14.8

Stock data	
Particulars	Amount
Market Capitalization (₹ Crore)	2,086.7
Total Debt (FY18) (₹ Crore)	291.9
Cash (FY18) (₹ Crore)	14.2
EV (₹ Crore)	2,352.1
52 week H/L	326 / 190
Equity Capital (₹ crore)	96.2
Face value	10.0
MF Holding (%)	7.6
FII Holding (%)	20.7

Peer Comparison				
	1M	3M	6M	12M
PVR	-3.6	13.6	-3.2	-5.3
INOX	-2.9	13.1	-13.3	1.4

Research Analyst

Bhupendra Tiwary
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar
sameer.pardikar@icicisecurities.com

Variance analysis

	Q2FY19	Q2FY19E	Q2FY18	Q1FY19	YoY (%)	QoQ (%)	Comments
Revenue	365.3	346.5	311.3	414.9	17.4	-12.0	The healthy revenue growth for the quarter aided by strong F&B and advertisement growth
Other Income	3.8	3.0	2.9	2.8	30.1	33.3	
Employee Expenses	27.9	26.3	23.3	26.3	19.6	6.1	
Exhibition Cost	95.1	93.1	88.5	109.7	7.6	-13.3	
Cost of F&B	25.3	24.3	16.8	27.2	51.1	-6.9	
Rent	75.7	60.9	48.5	57.7	56.1	31.2	
Other Expenses	96.5	100.0	90.5	110.6	6.6	-12.7	
EBITDA	44.8	41.9	43.7	83.5	2.4	-46.4	
EBITDA Margin (%)	12.3	12.1	14.1	20.1	-179 bps	-786 bps	Margins was lower YoY mainly owing to disallowance of input tax credit under new GST rate
Depreciation	23.4	22.7	21.5	22.7	8.9	3.0	
Interest	6.8	6.6	7.3	6.9	-7.5	-2.2	
Exceptional Items	0.0	0.0	0.0	0.0	NA	NA	
Total Tax	6.4	5.4	6.2	19.7	4.2	-67.5	
PAT	12.0	10.2	11.7	37.0	2.4	-67.6	

Key Metrics

Footfalls	13.7	13.5	12.8	15.6	7.2	-12.5
Occupancy	25.0	24.7	25.0	29.0	0.1	-13.8
SPH	73.0	71.3	65.0	76.0	12.3	-3.9
ATP	195.0	195.3	186.0	199.0	4.8	-2.0

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			
	Old	New	% Change	Old	New	% Change	
Revenue	1,495.2	1,534.1	2.6	1,692.7	1,758.9	3.9	We build in higher screen addition given the strong traction in commissioning
EBITDA	236.1	222.2	-5.9	295.8	289.4	-2.2	
EBITDA Margin (%)	15.8	14.5	-130 bps	17.5	16.5	-102 bps	We lower our margins estimates to account for higher expenses on account of disallowance of input credit under revised GST regime
PAT	84.8	74.5	-12.1	116.8	110.1	-5.8	
EPS (₹)	8.8	7.8	-11.9	12.1	11.4	-5.7	

Source: Company, ICICI Direct Research

Assumptions

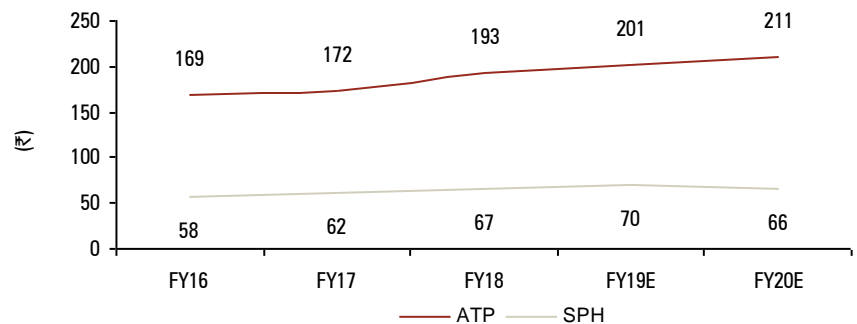
	Current				Earlier		
	FY16	FY17	FY18E	FY19E	FY20E	FY19E	FY20E
Footfalls	53.4	53.7	53.3	56.9	64.2	56.6	62.4
Occupancy	29.0	28.0	26.6	26.3	27.5	26.5	27.2
SPH	58.0	61.9	66.6	70.3	65.9	67.6	73.4
ATP	169.5	172.4	192.7	201.1	211.1	200.7	209.7

Source: Company, ICICI Direct Research

Company Analysis

Net box office revenues to grow at 14.7% CAGR in FY18-20E

Exhibit 1: ATP, SPH trends

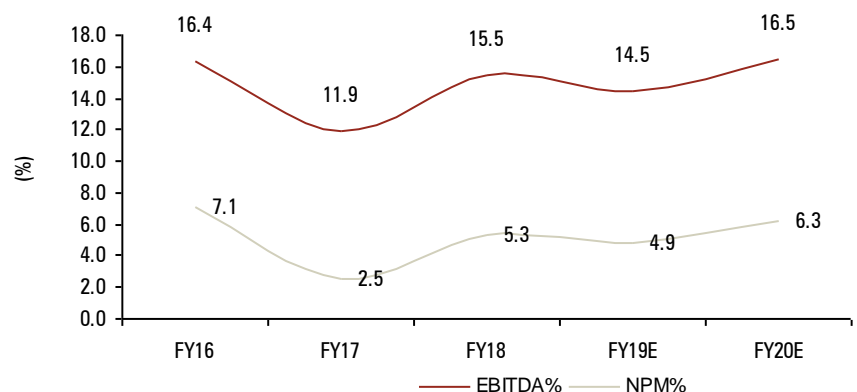


Source: Company, ICICI Direct Research

Strong ad growth momentum to aid margin expansion

The healthy ad growth in ad revenues (gross margins of 90-95%) is likely to percolate to margins. We expect EBITDA margins of 16.5% in FY20E vs. 15.5% in FY18.

Exhibit 2: EBITDA, PAT margin trend



Source: Company, ICICI Direct Research

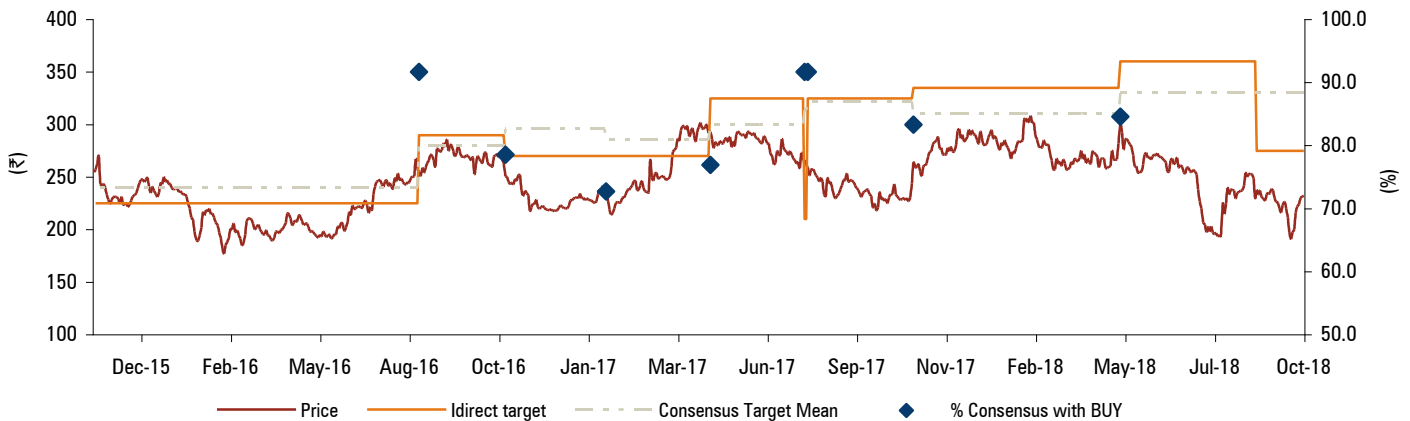
Conference Call Highlights

- Revised upward screen opening guidance for FY19 on better visibility:** The management indicated that the number of operational screens till date for FY19 was at 47 screens while it guided for 33 more screens to be opened for the remaining FY19. Hence, management guidance for FY19 has upward to ~77 screens vs. 60 screen guidance at the start of the year, aided by better visibility. The management also guided for 60 to 80 screen opening per annum for the next two to three years
- Issue with bookmyshow affects footfalls for quarter; better contours of deal now:** The management indicated that there was a violation of some of the contractual terms from bookmyshow (BMS) because of which it decided to pull off from its platform (for three weeks). As per the management, footfall growth for the quarter was impacted by this issue. However, it did not quantify the impact and indicated that some impact would be there in

Q3FY19 as well for 10 days. The management also indicated that they have now struck a better deal with BMS post the issue, without providing further details about pricing

- **F&B growth largely sustainable; costs increase largely on GST rate change impact;** The management indicated that F&B growth for the quarter was strong despite some tweaking in F&B prices on public demand, driven by (i) 8% higher conversion ratio of SPH per head to ticket for the quarter (ii) 4-5% average price increase and (iii) no downward pressure on F&B on account of increase of tweaking in prices. The increase in costs for the quarter were on account of (i) disallowance of GST input tax credit @5% ii) inflation led cost growth of 4-5% while the rest 4-5% were one offs including legal cost of ₹ 3-4 crore
- **Favourable judgments on F&B so far; 40% online bookings coming from aggregators:** The management indicated that multiplex industry currently has received favourable judgments on F&B issues in Madhya Pradesh, Telangana while the case pertaining to J&K is up for hearing in the Supreme Court in October 2018. The company indicated that out of 45% of online ticket bookings, 40% comes from aggregators

Recommendation History vs. Consensus Estimates



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
FY09	Ends year with about 26 properties with a total of about 91 screens. The property additions were made in Faridabad, Nagpur, Bangalore, Burdwan
Mar-10	Ends year with about 32 properties with a total of about 119 screens. The property additions were made in Hyderabad, Siliguri, Kolkata, Indore, Thane and Vizag
Mar-11	Ends year with about 63 properties with a total of about 239 screens
Mar-12	Ends year with about 68 properties with a total of about 257 screens
May-13	Concludes acquisition of Fame India Ltd, another multiplex cinema theatre company with nationwide presence in May 2013
Sep-14	Acquires ~38 screens of Satyam Cineplexes for ~₹ 182 crore. Apart from 38 operational screens, Inox also gained access to three to four screens, which were fully funded and ready for operations. In addition, gained access to 30 screens that were lined up to open in the coming 12-18 months
Mar-15	Ends year with about 372 screens
Mar-16	Ends FY16 with 420 screens

Source: Company, ICICI Direct Research

Top 10 Shareholders

S No.	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Inox Group of Companies	30-Jun-18	48.1	46.4	0.0
2	DSP Investment Managers Pvt. Ltd.	30-Jun-18	7.0	6.7	0.0
3	Reliance Nippon Life Asset Management Limited	30-Jun-18	5.4	5.2	-0.5
4	HDFC Asset Management Co., Ltd.	30-Sep-18	5.2	5.0	0.0
5	Inox Benefit Trust	30-Jun-18	4.5	4.4	0.0
6	Aditya Birla Sun Life AMC Limited	30-Sep-17	3.3	3.2	0.1
7	Kuwait Investment Authority	30-Jun-18	3.0	2.9	0.0
8	Goldman Sachs Asset Management International	30-Jun-18	2.6	2.5	0.0
9	Morgan Stanley Investment Management Inc. (US)	30-Sep-17	2.5	2.5	-0.2
10	Sundaram Asset Management Company Limited	30-Jun-18	1.8	1.7	0.3

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Promoter	48.70	48.70	48.70	48.70	48.70
FII	18.29	16.46	18.45	17.61	14.99
DII	13.54	18.67	17.07	17.69	20.07
Others	19.47	16.17	15.78	16.00	16.24

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Sundaram Asset Management Company Limited	+1.10M	+0.29M	Reliance Nippon Life Asset Management Limited	-1.74M	-0.46M
BNY Mellon Asset Management North America Corporation	+0.44M	+0.15M	Excel Funds Management Inc.	-1.69M	-0.42M
Mirae Asset Global Investments (India) Pvt. Ltd.	+0.36M	+0.10M	AXA Investment Managers UK Ltd.	-1.29M	-0.36M
Fondsmæglersekskabet Maj Invest A/S	+0.31M	+0.08M	BNP Paribas Asset Management India Pvt. Ltd.	-0.32M	-0.08M
Sturgeon Capital, Ltd.	+0.14M	+0.04M	ICICI Prudential Asset Management Co. Ltd.	-0.24M	-0.06M

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18E	FY19E	FY20E	
Total operating Income	1,220.7	1,348.1	1,534.1	1,758.9	
Growth (%)	5.3	10.4	13.8	14.7	
Employee Expenses	86.4	96.4	112.4	124.9	
Exhibition Cost	345.3	367.3	404.7	476.9	
Cost of F&B	68.1	74.4	98.2	104.6	
Rent	185.8	203.9	292.4	345.1	
Other Expenses	390.3	397.0	404.1	418.0	
Total Operating Expenditure	1,075.9	1,138.9	1,311.9	1,469.5	
EBITDA	144.8	209.2	222.2	289.4	
Growth (%)	-23.8	44.5	6.2	30.2	
Depreciation	84.1	86.7	95.1	109.1	
Interest	25.3	28.9	27.5	33.7	
Other Income	9.1	14.5	14.6	16.0	
Exceptional Items	0.0	10.4	0.0	0.0	
PBT	44.6	97.7	114.2	162.6	
Total Tax	14.0	-17.0	39.6	52.5	
PAT	30.5	114.7	74.5	110.1	
Adjusted PAT	30.6	71.3	74.5	110.1	
Growth (%)	-60.6	132.9	4.6	47.7	
Adj EPS (₹)	3.2	7.4	7.8	11.4	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18E	FY19E	FY20E	
PAT	30.5	114.7	74.5	110.1	
Add: Depreciation	84.1	86.7	95.1	109.1	
Add: Interest Paid	25.3	28.9	27.5	33.7	
(Inc)/dec in Current Assets	-17.0	-39.8	-27.7	-25.1	
Inc/(dec) in CL and Provisions	19.5	57.0	28.0	25.1	
CF from operating activities	142.3	247.4	197.5	252.9	
(Inc)/dec in Investments	4.5	-1.7	5.0	5.0	
(Inc)/dec in Fixed Assets	-145.2	-147.0	-264.0	-250.0	
Others	-40.1	-45.3	0.0	0.0	
CF from investing activities	(180.8)	(194.0)	(259.0)	(245.0)	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	50.0	-25.1	80.0	25.0	
Less: Interest Paid	25.3	28.9	27.5	33.7	
Others	-50.9	-56.2	-55.0	-67.5	
CF from financing activities	24.4	(52.4)	52.5	(8.7)	
Net Cash flow	-14.1	1.0	-9.1	-0.8	
Opening Cash	27.2	13.2	14.2	5.1	
Closing Cash	13.1	14.2	5.1	4.2	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18E	FY19E	FY20E	
Liabilities					
Equity Capital	96.2	96.2	96.2	96.2	
Reserve and Surplus	489.0	606.1	679.8	789.9	
Interest in benefit trust	(32.7)	(32.7)	(32.7)	(32.7)	
Total Shareholders funds	552.5	669.6	743.3	853.4	
Total Debt	317.0	291.9	371.9	396.9	
Others	86.0	77.8	77.8	77.8	
Total Liabilities	955.6	1,039.3	1,193.0	1,328.1	
Assets					
Total Fixed Assets	765.3	825.6	994.5	1,135.4	
Investments	12.0	13.6	8.6	3.6	
Goodwill on Consolidation	0.0	0.0	0.0	0.0	
Debtors	46.6	76.1	88.3	101.2	
Inventory	9.1	9.4	10.5	12.0	
Loans and Advances	73.4	80.1	91.2	99.3	
Other Current Assets	21.3	24.6	28.0	30.5	
Cash	13.2	14.2	5.1	4.2	
Total Current Assets	163.6	204.4	223.0	247.3	
Total Current Liabilities	188.5	245.5	273.5	298.6	
Net Current Assets	-24.9	-41.1	-50.5	-51.4	
Other Non Current Assets	203.2	240.4	240.4	240.4	
Application of Funds	955.6	1,039.3	1,193.0	1,328.1	

Source: Company, ICICI Direct Research

Key ratios		₹ Crore			
(Year-end March)	FY17	FY18E	FY19E	FY20E	
Per share data (₹)					
EPS	3.2	11.9	7.8	11.4	
Adj EPS	3.2	7.4	7.8	11.4	
BV	57.5	69.6	77.3	88.7	
DPS	0.0	0.0	0.0	0.0	
Cash Per Share	1.4	1.5	0.5	0.4	
Operating Ratios (%)					
EBITDA Margin	11.9	15.5	14.5	16.5	
PBT / Net Sales	5.0	9.1	8.3	10.3	
PAT Margin	2.5	5.3	4.9	6.3	
Inventory days	2.7	2.5	2.5	2.5	
Debtor days	13.9	20.6	21.0	21.0	
Creditor days	26.4	30.7	30.7	30.7	
Return Ratios (%)					
RoE	5.5	10.6	10.0	12.9	
RoCE	7.3	13.2	11.9	14.8	
RoIC	8.2	14.8	12.7	15.7	
Valuation Ratios (x)					
P/E	68.2	18.2	28.0	19.0	
EV / EBITDA	16.4	11.2	11.0	8.6	
EV / Net Sales	1.9	1.7	1.6	1.4	
Market Cap / Sales	1.7	1.5	1.4	1.2	
Price to Book Value	3.8	3.1	2.8	2.4	
Solvency Ratios					
Debt/EBITDA	2.2	1.4	1.7	1.4	
Net Debt / Equity	0.6	0.4	0.5	0.5	
Current Ratio	1.3	1.4	1.4	1.4	
Quick Ratio	1.3	1.3	1.3	1.3	

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Media)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
DB Corp (DBCORP)	167	235	Hold	3,073	17.1	15.8	19.4	9.7	10.6	8.6	5.1	5.9	4.5	23.1	23.5	26.6	16.3	16.9	18.8
DISH TV (DISHTV)	44	80	Hold	8,010	-0.4	1.0	2.4	NM	42.4	17.8	7.9	4.5	3.8	3.1	9.2	11.2	0.1	2.8	6.3
ENIL (ENTNET)	626	780	Hold	2,985	7.5	13.7	23.9	83.8	45.6	26.2	25.0	18.5	12.6	6.2	10.3	16.0	3.5	6.9	10.8
Inox Leisure (INOX)	217	260	Buy	2,087	11.9	7.8	11.4	18.2	28.0	19.0	11.2	11.0	8.6	13.2	11.9	14.8	10.6	10.0	12.9
Jagran Prakashan (JAGPRA)	107	185	Hold	3,323	10.6	9.6	9.9	10.0	11.1	10.8	5.1	5.7	5.3	18.9	18.6	18.8	16.1	14.7	14.3
PVR (PVRLIM)	1,299	1,390	Hold	6,069	26.4	33.0	43.1	49.2	39.4	30.2	17.1	14.6	12.5	14.7	15.6	17.8	11.5	12.6	14.3
Sun TV (SUNTV)	641	920	Buy	25,272	28.8	35.7	41.8	22.3	18.0	15.3	11.7	9.2	7.4	35.5	36.7	36.0	24.2	25.0	24.2
TV Today (TVTNET)	381	450	Hold	2,274	19.9	26.6	30.0	19.1	14.3	12.7	10.0	7.7	6.1	30.4	30.9	29.7	19.3	20.0	19.0
ZEE Ent. (ZEEENT)	449	540	Buy	43,141	15.4	15.7	20.0	29.2	28.7	22.5	19.3	15.9	13.2	25.6	24.5	25.5	15.3	14.7	16.0

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct Research endeavours to provide objective opinions and recommendations ICICI Direct Research assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

We /I, Bhupendra Tiwary MBA, Sameer Pardikar, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities Limited Sebi Registration is INZ000183631 for stock Broker. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that Bhupendra Tiwary MBA, Sameer Pardikar, MBA, Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that Bhupendra Tiwary MBA, Sameer Pardikar, MBA, Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.