

PVR Ltd (PVRLIM)

SPI consolidation adds to strong show...

- PVR reported strong set of number riding on healthy content performance and aided by recently acquired SPI cinema acquisition consolidation (from 17th Aug, 2018). Q2FY19 reported revenue came in at ₹708.6 crore, up 27.6% YoY. For comparability with our estimates, Revenues (ex SPI) stood at ₹ 652.7 crore, up 17.5% YoY and in line with our expectation of 653.12 crore. The PVR (ex SPI) ATP, stood at ₹211 (vs our expectation of ₹210) and footfalls which came at 21.4 mn (14.4% YoY) driven by healthy content. The Spend per head (SPH) decline by 3.3% YoY to ₹ 88. Net box office collections (ex-SPI) came in at ₹ 351.5 crore, up 17.4% YoY. F&B revenues (ex-SPI) came in at ₹ 177.8 crore, up 25% YoY. The ad revenues (ex SPI) was at ₹ 71.8 crore, up 13.2% YoY (better than our estimates of ~7%) but lower than Inox (18% YoY growth).
- Reported EBITDA came at ₹ 123 crore, given SPI consolidation. EBITDA (ex SPI) was also higher at ₹ 115.2 crore versus estimates of ₹ 106.6 crore, given better than expected ad revenues. The reported margins came in at 17.4%, better than our estimates of 16.3%, also aided by SPI's better margin profile of 20.8%.
- PAT came in at ₹ 33 crore, on account of higher tax (tax rate of 38.8% vs our expectations of 35%).

Completed 71.7% stake acquisition in SPI; ...

PVR completed its 71.7% stake acquisition of SPI cinema (announced in Q2FY19). For the remaining 21.3%, which will entail fresh issue of shares, the company has filed for the same with the regulators and expects the completion by FY19 end. We highlight that while we have built in 71.7% acquisition currently, the full merger will be incorporated in our estimates when it fructifies. We note that consolidation of SPI cinemas is margin accretive for the PVR as SPI enjoys 20%+ margin profile.

Healthy Performance aided by core footfall & F&B growth

The key highlight during the quarter was healthy footfall growth of 25% YoY (~14.4% on ex-SPI basis), which drove 24.9% YoY growth (~17.5% on ex-SPI basis) in Net Box office collection. F&B revenues witnessed a strong traction with 37.3% YoY growth (~25% YoY ex-SPI). Going ahead, we note that FY19 has line up of big budget movies such as *Zero*, *2.0*, *Thugs of Hindostan*, *Simbaa* etc, coupled with high budget hollywood releases which is likely keep the box office collection momentum intact. We expect PVR to exhibit footfall growth of 16.7% CAGR (boosted by SPI) in FY18-20E to 103.6 million aided by new screen additions & good content, coupled with 3.7% ATP growth CAGR over the same period, thereby leading to a 20.9% CAGR in the net ticketing revenues to ₹ 1825 crore by FY20E. We note that management has guided for 15-18% ad revenues growth in FY19; we build in 17% CAGR over FY18-20E to ₹ 404 crore in its advertisement revenues.

Acquisition/Capex adds to leverage; Maintain HOLD

PVR remains a key beneficiary of a thriving multiplex business, which is one of the proxies on rising urban discretionary consumption spends. The SPI deal is also an opportune move to capture favourable movie-viewing footfalls of southern India. The company's proactive approach to allay public outrage through price rationalisation in Maharashtra is also a smart move. We now incorporate SPI into our estimates and valuations and but maintain **HOLD** on account of increased leverage (Net Debt/EBITDA of 2.7x currently) on account of increased capex & acquisition. We value it at 12x FY20E EV/EBITDA, arriving at a target price of ₹ 1385.

Rating matrix		
Rating	:	Hold
Target	:	₹ 1385
Target Period	:	12 months
Potential Upside	:	8%

What's changed?		
Target	Changed from ₹ 1390 to ₹ 1385	
EPS FY19E	Changed from ₹ 37.2 to ₹ 35.7	
EPS FY20E	Changed from ₹ 47.3 to ₹ 43.6	
Rating	Unchanged	

Quarterly performance					
	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	708.6	555.4	27.6	696.3	1.8
EBITDA	124.0	90.5	37.0	137.2	-9.6
EBITDA(%)	17.5	16.3	120 bps	19.7	-220 bps
PAT	33.0	25.2	NA	52.1	NM

Key financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	2,044	2,334	2,884	3,393
EBITDA	357	402	549	661
Net Profit	96	123	167	204
EPS (₹)	20.5	26.4	35.7	43.6

Valuation summary				
	FY17	FY18	FY19E	FY20E
P/E	62.7	48.6	36.0	29.5
Target P/E	67.6	52.5	38.8	31.8
EV / EBITDA	19.0	16.9	13.6	11.3
P/BV	6.2	5.6	4.9	4.2
RoNW (%)	10.2	11.5	13.5	14.3
RoCE (%)	13.0	14.7	13.2	15.5

Stock data	
Particulars	Amount
Market Capitalization (₹ Crore)	6,001.9
Total Debt (FY18) (₹ Crore)	830.5
Cash (FY18) (₹ Crore)	32.8
EV	6,798.6
52 week H/L	1567 / 1064
Equity capital	4.7
Face value	10.0
MF Holding (%)	13.2
FII Holding (%)	40.9

Price performance				
	1M	3M	6M	12M
PVR	-3.3	12.9	-1.4	-4.7
Inox	-8.4	9.7	-18.8	-4.9

Research Analyst

Bhupendra Tiwary
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar
sameer.pardikar@icicisecurities.com

Variance analysis

	Q2FY19	Q2FY19E	Q2FY18	Q1FY19	YoY (%)	QoQ (%)	Comments
Revenue	708.6	653.1	555.4	696.3	27.6	1.8	Topline beat was on account of SPI consolidation. Ex-SPI, the revenues performance was in line.
Other Income	6.1	5.0	4.2	4.3	46.6	43.2	
Employee Expenses	77.0	73.5	58.7	74.2	31.2	3.8	
Film Distributors share	165.0	153.2	133.5	166.3	23.7	-0.8	
F&B Cost	54.3	44.4	38.5	50.8	41.2	6.9	
Rent	115.9	121.8	97.2	115.9	19.3	0.0	
Repairs and Maintenance	172.3	153.5	137.1	151.9	25.7	13.5	
EBITDA	124.0	106.6	90.5	137.2	37.0	-9.6	Reported EBITDA was higher given SPI consolidation. EBITDA (ex SPI) was also higher on account of better than expected ad revenues
EBITDA Margin (%)	17.5	16.3	16.3	19.7	120 bps	-220 bps	
Depreciation	44.8	42.0	34.7	40.1	29.2	11.6	
Interest	29.8	20.8	20.7	20.8	44.0	43.3	
Less: Exceptional Items	0.0	0.0	0.6	0.0	-100.0	NA	
Total Tax	21.2	17.1	14.0	28.3	NA	-25.3	
PAT	33.0	31.5	25.2	52.1	NA	NM	PAT was higher boosted by a superior operating performance
Key Metrics							
Footfalls (mn)	23.4	21.5	18.7	22.7	25.1	3.1	
Occupancy (%)	34.6	34.4	29.6	37.1	16.9	-6.7	
SPH (₹)	88.0	88.3	91.0	94.0	-3.3	-6.4	
ATP (₹)	206.0	210.1	204.0	217.0	1.0	-5.1	

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,674.4	2,883.9	7.8	3,016.9	3,392.7	12.5	We now incorporate SPI into our estimates
EBITDA	495.8	548.9	10.7	580.4	660.7	13.8	
EBITDA Margin (%)	18.5	19.0	49 bps	19.2	19.5	24 bps	
PAT	174.0	166.7	-4.2	221.1	203.6	-7.9	
EPS (₹)	37.2	35.7	-4.1	47.3	43.6	-7.9	

Source: Company, ICICI Direct Research

Assumptions

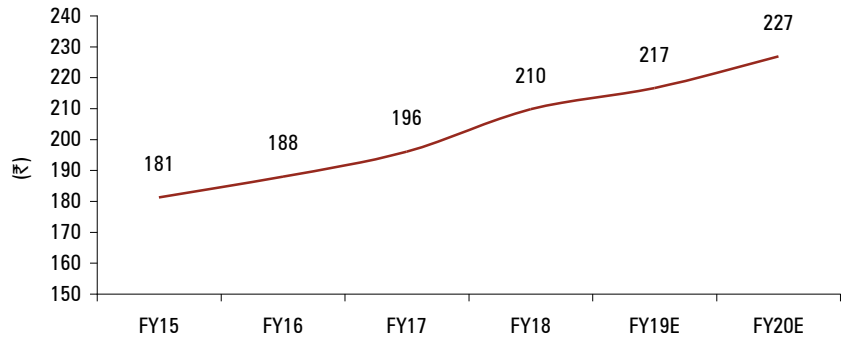
	Current				Earlier			
	FY16	FY17	FY18	FY19E	FY20E	FY19E	FY20E	
Footfalls (mn)	69.6	75.2	76.1	91.1	103.6	83.6	91.2	We now incorporate SPI into our estimates
SPH (₹)	72	81	88	90	93	90	94	
ATP (₹)	188	196	210	216	226	218	228	

Source: Company, ICICI Direct Research

Company Analysis

Factoring in ATP growth of 3.7% CAGR over FY18-20E

Exhibit 1: ATP trends



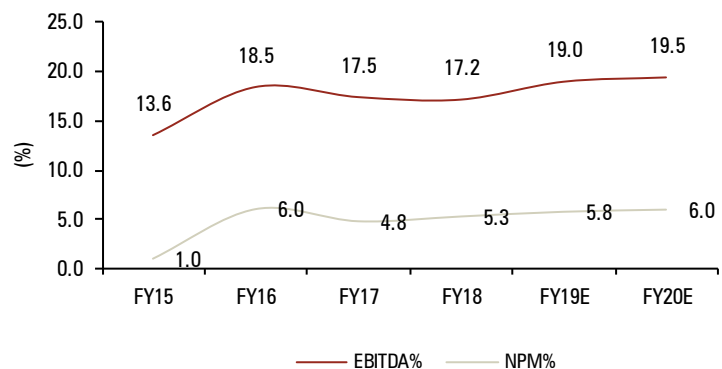
Source: Company, ICICI Direct Research

Guides for strong Advertisement revenues...

The ad revenues (ex SPI) was at ₹ 71.8 crore, up 13.2% YoY (better than our estimates of ~7%) but lower than Inox (18% YoY growth). We note that management has guided for 15-18% ad revenues growth in FY19; we build in 17% CAGR over FY18-20E to ₹ 404 crore in its advertisement revenues.

Margins to reach 19.5% in FY20E ...

Exhibit 2: EBITDA & PAT margin trend



Source: Company, ICICI Direct Research

Conference Call Highlights

- **Maintained guidance of opening of 90 screens in FY19;** Management indicated that it opened 34 screens so far, while the screen additions will be accelerated in H2FY19 and maintained its guidance of 90 screen openings in FY19
- **Renewed agreements with online aggregators; funded SPI cinema acquisition through the proceedings :** The company renewed its non-exclusive agreements for ticket booking with Paytm and BookMyShow during the quarter. Management indicated that the deal is signed for 3 years and the company is entitled to receive ₹410 crores out of which ₹350 crore has been already received. Management also indicated that proceeds from this deal were used for part funding of the SPI cinema acquisition.
- **Guided for 15-17% ad revenue in FY19; SPH was weak on account of price tweaking:** Management indicated that on account of festive season ahead and exciting content slate for the rest of the year, ad growth will be healthy. The company guided for 15-17% ad revenue growth for FY19. Management also indicated that SPH was down 3% YoY during the quarter on account tweaking of food prices especially in Maharashtra and rolling out couple of offers for better intake. Management further indicated that this selective downward revision did not materialize into higher volume and they are planning to roll back some of the offers except for Maharashtra state.
- **Other expenses include onetime costs related to SPI acquisition; favourable judgment expected on Local body tax issue;** Management indicated that other expenses of the quarter include ~₹ 5 crore cost related to SPI cinema acquisition and some other costs related to loyalty programs running by the company. Management confirmed that due to local body tax issues, cinema exhibition in multiplex chains in Madhya Pradesh are suspended from last 2 weeks. However, they do expect favourable judgment on the issue soon and do not foresee any material impact on PVR due to limited presence.
- **Planning for new low cost cinema brand; Capex guidance maintained at ₹450 crore including SPI cinemas;** Management indicated that they are planning to open a new low cost cinema, which will be targeted to cater tier III and tier IV population, the announcement of the same will be made soon by the company. It has maintained a capex guidance of ₹425 to 450 crore for PVR and ₹20 to ₹25 crore additional capex for SPI cinemas
- **Seat cancellation feature rolled out across all cinemas in October:** The company rolled out seat cancellation feature across all cinemas in October for customers booking and paying through online mode. Under this facility 25% and 50% of the cancellation fees will be applicable, if the booking is cancelled 2 hours and 20 minutes prior to the show, respectively. Management indicated that the feature is rolled out to encourage early booking as well as to facilitate customers for their preferred seat in the multiplex.
- **Other highlights:** Management did not foresee net debt going beyond ₹1300-₹1400 crore. **Net Debt stood at ₹ 1209 crore.**

Valuation

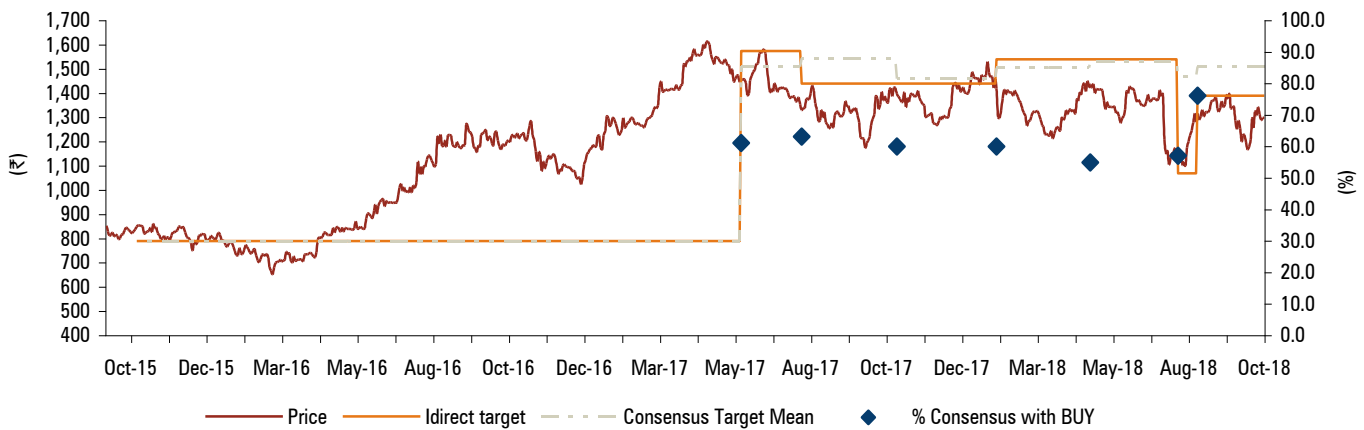
PVR remains a key beneficiary of a thriving multiplex business, which is one of the proxies on rising urban discretionary consumption spends. The SPI deal is also an opportune move to capture favourable movie-viewing footfalls of southern India. The company's proactive approach to allay public outrage through price rationalisation in Maharashtra is also a smart move. We now incorporate SPI into our estimates and valuations and but maintain HOLD on account of increased leverage (Net Debt/EBITDA of 2.7x currently) on account of increased capex & acquisition. We value it at 12x FY20E EV/EBITDA, arriving at a target price of ₹ 1385.

Exhibit 3: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	2043.6	15.0	20.5	-2.4	62.7	19.0	10.2	13.0
FY18	2334.1	14.2	26.4	28.8	48.6	16.9	11.5	14.7
FY19E	2883.9	23.6	35.7	35.2	36.0	13.6	13.5	13.2
FY20E	3392.7	17.6	43.6	22.1	29.5	11.3	14.3	15.5

Source: Company, ICICI Direct Research

Recommendation History Versus Consensus Estimates



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Jan-11	Imax, PVR sign a four theatre deal in India
Jun-12	Multiplexes no longer impacted by IPLs. They exhibit better occupancy even during the IPL season
Aug-12	PVR sells L Capital Eco equity stake of 10.6% based on its aggressive expansion plans
Oct-12	Shift in strategy from production to only distribution owing to heavy losses in the production business
Mar-13	Acquires Cinemax for a consideration of about ₹ 203 per share
Sep-13	Enters into a sale and lease back agreement for Anupam Cinemas, Delhi
Nov-14	Receives board of director's approval for NCD issue of ₹ 500 crore
Jun-15	PVR announces acquisition of DT Cinemas owned by DLF and operating 29 screens for a consideration of about ₹ 500 crore
May-16	PVR DT Cinemas deal gets cleared by the CCI, the revised deal is for 32 screens versus 39 screens initially

Source: Company, ICICI Direct Research

Top 10 Shareholders

Name	Latest Filing Date	% O/S	Position (m)	Change (m)
Warburg Pincus LLC	18-Jan-17	14.00	6.5	6.5
Bijli (Ajay)	30-Jun-18	11.58	5.4	0.2
Kumar (Sanjeev)	30-Jun-18	7.98	3.7	0.0
Berry Creek Investment Ltd.	30-Jun-18	7.67	3.6	0.0
Plenty Private Equity Fund I Ltd.	30-Jun-18	7.18	3.4	0.0
Gray Birch Investment Ltd.	30-Jun-18	6.33	3.0	0.0
Multiples Alternate Asset Management Private Limited	30-Jun-18	5.09	2.4	0.0
ICICI Prudential Asset Management Co. Ltd.	30-Jun-18	4.54	2.1	0.0
Aditya Birla Sun Life AMC Limited	30-Jun-18	3.07	1.4	0.3
Artisan Partners Limited Partnership	30-Jun-18	2.64	1.2	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Promoter	20.3	20.3	20.3	20.3	20.3
FII	41.4	43.6	43.6	40.9	39.5
DII	9.8	9.7	10.2	13.2	14.3
Others	28.6	26.5	26.0	25.6	26.0

Recent Activity

Buys				Sells			
Investor name	Value	Shares		Investor name	Value	Shares	
MFS Investment Management	+7.60M	+0.38M		Fidelity Management & Research Company	-9.11M	-0.47M	
TT International	+6.39M	+0.32M		BNP Paribas Asset Management Asia Limited	-3.96M	-0.24M	
Aditya Birla Sun Life AMC Limited	+5.17M	+0.26M		Sundaram Asset Management Company Limited	-3.15M	-0.16M	
Bijli (Ajay)	+3.01M	+0.15M		Franklin Advisers, Inc.	-2.62M	-0.13M	
Reliance Nippon Life Asset Management Limited	+1.72M	+0.10M		Axis Asset Management Company Limited	-1.81M	-0.11M	

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Total operating Income	2,162.8	2,334.1	2,883.9	3,392.7	
Growth (%)	15.0	7.9	23.6	17.6	
Film Distributors Cost	465.2	537.7	672.3	805.5	
F&B Cost	140.1	159.1	213.5	256.5	
Employee Expenses	220.5	254.1	313.5	358.4	
Other Expenses	980.0	981.5	1,135.8	1,311.5	
Total Operating Expenditure	1,805.8	1,932.3	2,335.0	2,732.0	
EBITDA	357.0	401.8	548.9	660.7	
Growth (%)	10.2	12.6	36.6	20.4	
Depreciation	138.4	153.7	187.5	213.7	
Interest	80.6	83.7	121.1	166.2	
Other Income	18.9	31.3	26.4	40.0	
Exceptional Items	4.1	0.6	0.0	0.0	
PBT	152.8	195.2	266.7	320.8	
MI/PAT from associates	0.1	1.4	4.8	8.5	
Total Tax	57.0	70.4	95.2	108.7	
PAT	95.8	123.3	166.7	203.6	
Growth (%)	-2.4	28.8	35.2	22.1	
EPS (₹)	20.5	26.4	35.7	43.6	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
PAT	95.8	123.3	166.7	203.6	
Add: Depreciation	138.4	153.7	187.5	213.7	
Add: Interest Paid	80.6	83.7	121.1	166.2	
(Inc)/dec in Current Assets	-61.5	-14.4	-40.0	-53.4	
Inc/(dec) in CL and Provisions	83.8	41.9	110.1	103.3	
Others	0.0	0.0	0.0	0.0	
CF from operating activities	337.0	388.3	545.3	633.3	
(Inc)/dec in Investments	-0.1	-16.7	5.0	10.0	
(Inc)/dec in Fixed Assets	-675.2	-230.2	-570.0	-400.0	
Others	34.1	-52.7	-516.4	-59.7	
CF from investing activities	(641.2)	(299.6)	(1,081.4)	(449.7)	
Issue/(Buy back) of Equity	0.1	0.0	0.0	0.0	
Inc/(dec) in loan funds	159.6	10.9	680.0	0.0	
Dividend paid & dividend tax	-10.9	-10.9	-10.9	-10.9	
Less: Interest Paid	80.6	83.7	121.1	166.2	
Others	-162.3	-167.4	-242.2	-332.3	
CF from financing activities	67.0	(83.7)	548.0	(177.1)	
Net Cash flow	-237.3	5.0	11.9	6.5	
Opening Cash	267.1	29.9	34.8	46.7	
Closing Cash	29.9	34.8	46.7	53.2	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Liabilities					
Equity Capital	46.7	46.7	46.7	46.7	
Reserve and Surplus	918.3	1,028.6	1,186.5	1,379.1	
Total Shareholders funds	965.0	1,075.4	1,233.2	1,425.8	
Total Debt	819.6	830.5	1,510.5	1,510.5	
Others	41.4	1.4	201.0	201.2	
Total Liabilities	1,826.0	1,907.3	2,944.7	3,137.6	
Assets					
Total Fixed Assets	1,607.2	1,683.7	2,066.2	2,252.5	
Investments	2.0	18.7	13.7	3.7	
Goodwill on Consolidation	7.1	7.9	723.8	723.8	
Debtors	102.1	155.6	192.0	225.9	
Inventory	19.0	19.8	24.5	28.8	
Loans and Advances	5.3	1.0	1.0	1.0	
Other Current Assets	123.2	87.5	86.4	101.7	
Cash	29.9	32.8	46.7	53.2	
Total Current Assets	279.4	296.7	350.7	410.6	
Total Current Liabilities	399.7	441.6	551.6	654.9	
Net Current Assets	-120.2	-144.9	-201.0	-244.3	
Other Non Current Assets	330.0	341.9	341.9	401.9	
Application of Funds	1,826.0	1,907.3	2,944.7	3,137.6	

Source: Company, ICICI Direct Research

Key ratios		₹ Crore			
(Year-end March)	FY17	FY18	FY19E	FY20E	
Per share data (₹)					
EPS (Diluted)	20.5	26.4	35.7	43.6	
Cash EPS	50.1	59.3	75.8	89.3	
BV	206.5	230.2	264.0	305.2	
DPS	2.3	2.3	2.3	2.3	
Cash Per Share	6.4	7.0	10.0	11.4	
Operating Ratios (%)					
EBITDA Margin	17.5	17.2	19.0	19.5	
EBIT / Net Sales	10.7	10.6	12.5	13.2	
PAT Margin	4.8	5.3	5.8	6.0	
Inventory days	3.4	3.1	3.1	3.1	
Debtor days	18.2	24.3	24.3	24.3	
Creditor days	35.3	39.3	40.0	40.0	
Return Ratios (%)					
RoE	10.2	11.5	13.5	14.3	
RoCE	13.0	14.7	13.2	15.5	
RoIC	14.2	15.5	18.5	21.1	
Valuation Ratios (x)					
P/E	62.7	48.6	36.0	29.5	
EV / EBITDA	19.0	16.9	13.6	11.3	
EV / Net Sales	3.3	2.9	2.6	2.2	
Market Cap / Sales	2.9	2.6	2.1	1.8	
Price to Book Value	6.2	5.6	4.9	4.2	
Solvency Ratios					
Net Debt/EBITDA	2.2	2.0	2.7	2.2	
Net Debt / Equity	0.8	0.7	1.2	1.0	
Current Ratio	1.2	1.0	0.9	0.9	
Quick Ratio	1.1	0.9	0.8	0.8	

Source: Company, ICICI Direct Research

ICICI Direct Research 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)	163	175	Hold	3,000	17.1	14.9	17.5	9.5	10.9	9.3	4.9	6.0	4.9	23.1	22.4	24.6	16.3	16.1	17.4
DISH TV (DISHTV)	37	80	Hold	6,840	-0.4	1.0	2.4	NM	36.2	15.2	7.0	4.0	3.4	3.1	9.2	11.2	0.1	2.8	6.3
ENIL (ENTNET)	632	780	Hold	3,014	7.5	13.7	23.9	84.6	46.0	26.4	25.3	18.6	12.8	6.2	10.3	16.0	3.5	6.9	10.8
Inox Leisure (INOX)	202	260	Buy	1,945	11.9	7.8	11.4	17.0	26.1	17.7	10.6	10.4	8.1	13.2	11.9	14.8	10.6	10.0	12.9
Jagran Prakashan	106	185	Hold	3,309	10.6	9.6	9.9	10.0	11.0	10.7	5.1	5.7	5.2	18.9	18.6	18.8	16.1	14.7	14.3
PVR (PVRLIM)	1,284	1,385	Hold	5,999	26.4	35.7	43.6	48.6	36.0	29.5	16.9	13.6	11.3	14.7	13.2	15.5	11.5	13.5	14.3
Sun TV (SUNTV)	616	920	Buy	24,287	28.8	35.7	41.8	21.4	17.3	14.7	11.2	8.8	7.0	35.5	36.7	36.0	24.2	25.0	24.2
TV Today (TVTNET)	381	450	Hold	2,272	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)	431	540	Buy	41,422	15.4	15.7	20.0	28.0	27.5	21.6	18.5	15.2	12.6	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.