

Inox Leisure (INOX)

Strong growth prospects; healthy balance sheet

- Q3FY19 revenue was at ₹ 433 crore, up 32.9% YoY (vs. our estimate of ₹ 418.6 crore), driven by healthy box office collections for the quarter (despite high base). Net box office collections for the quarter were up 29.3% YoY to ₹ 242.9 crore, (vs. 25.5% YoY growth estimate) due to 26% YoY growth in footfalls (vs. 22% YoY expectations) while ATP grew 3.5% YoY to ₹ 206 (vs. our expectation of 3.0% YoY growth to ₹ 205). F&B revenues grew 45.4% YoY to ₹ 106.3 crore vs. our estimate of ~39.9% YoY growth while ad revenues grew 38.3% YoY to ₹ 55.7 crore vs. our estimate of 30% YoY growth
- EBITDA came in at ₹ 83.5 crore vs. estimated ₹ 75.5 crore owing to strong operating leverage driven by higher ad revenues. Hence, EBITDA margins came in at 19.3%, better than our estimate of 18%
- Reported PAT came in higher at ₹ 36.5 crore, above our expectations of ₹ 32 crore, given the beat on the operating front

Another strong quarter; promoter infusion strengthens balance sheet

Box office collections for the quarter were robust, aided by *2.0, Badhaai Ho etc*, which resulted in an overall strong performance for the quarter. Footfalls grew 26% YoY aided by healthy screen additions. F&B revenues grew 45.4% YoY on strong content slate. EBITDA margins for the quarter improved 507 bps YoY on strong ad and F&B growth. During the quarter, the company raised ₹ 160 crore by allocating 64 lakh equity shares on a preferential basis to promoters at ₹ 250 per share. The company used the proceeds to repay the debt. Hence, gross debt of the company reduced by a similar amount and is now at ₹ 129 crore.

Screen addition guidance remains healthy

The company added 68 screens on a YTD basis in FY19 and is in a comfortable position to achieve guidance of ~80 screen additions in FY19. The company guided for similar number of screen additions in a foreseeable future on account of healthy visibility based on signed agreements. We remain conservative and build in 75 screens in FY19 and 70 screens in FY20 & FY21, respectively. On account of healthy content slate, going forward i.e. *Gully Boy, Total Dhamaal, Kalank, Badla, Super 30, Kick 2, Brahmastra* as well as healthy screen additions, we expect footfalls to grow at 12.6% CAGR from FY18-21E. We build in 15.8% CAGR net box office collections in FY18-21E. On account of healthy content slate and Inox focus on ad monetisation, we expect ad revenues to continue their strong momentum and bake in 18.6% CAGR ad revenue growth in FY18-21E.

Remains our preferred pick in multiplex space...

Strong screen guidance and subsequent rollout bode well for the company while robust traction in ad revenues is expected to aid margins, going ahead. Accordingly, we raise our EBITDA estimates in FY19 and FY20 by 10.7% and 9.7%, respectively. We are also enthused by the near debt free balance sheet of the company providing it space for strong growth ahead. On the valuations front, Inox, trading at 7.5x FY21E EV/EBITDA, is at ~33% discount to PVR. We expect the multiple discount to narrow eventually on account of strong traction in Inox' earnings. We maintain our **BUY** recommendation and roll over our valuations to FY21E valuing it at 9x FY21E EV/EBITDA (25% discount to target EV/EBITDA multiple of PVR) to arrive at a target price of ₹ 330/share.

Rating matrix	
Rating	Buy
Target	₹ 330
Target Period	12 months
Potential Upside	22%

What's changed?	
Target	Changed from ₹ 260 to ₹ 330
EPS FY20E	Changed from ₹ 11.4 to ₹ 12.6
EPS FY21E	Introduced at ₹ 16
Rating	Unchanged

Quarterly performance					
	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	433.1	325.9	32.9	365.3	18.6
EBITDA	83.5	46.3	80.4	44.8	86.5
EBITDA(%)	19.3	14.2	507 bps	12.3	702 bps
PAT	36.5	13.2	176.8	12.0	204.8

Key financials				
₹ Crore	FY18E	FY19E	FY20E	FY21E
Net Sales	1,348.1	1,583.0	1,867.5	2,171.4
EBITDA	209.2	245.9	316.0	392.5
Adj Net Profit	71.3	90.7	129.0	164.0
EPS (₹)	7.4	8.8	12.6	16.0

Valuation summary				
	FY18E	FY19E	FY20E	FY21E
P/E	36.4	30.5	21.5	16.9
Target P/E	44.5	37.3	26.2	20.6
EV / EBITDA	14.5	12.0	9.4	7.5
P/BV	3.9	3.0	2.6	2.3
RoNW	10.6	9.9	12.3	13.5
RoCE	13.2	13.7	16.3	18.6

Stock data	
Particulars	Amount
Market Capitalization (₹ Crore)	2,593.5
Total Debt (FY18) (₹ Crore)	291.9
Cash (FY18) (₹ Crore)	15.0
EV (₹ Crore)	3,030.8
52 week H/L	326 / 190
Equity Capital (₹ crore)	96.2
Face value	10.0

Peer Comparison				
	1M	3M	6M	12M
PVR	-1.6	14.7	40.7	10.6
INOX	5.9	18.4	33.7	-8.1

Research Analyst

Bhupendra Tiwary
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar
sameer.pardikar@icicisecurities.com

Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	Q2FY19	YoY (%)	QoQ (%)	Comments
Revenue	433.1	418.6	325.9	365.3	32.9	18.6	The healthy revenue growth for the quarter aided by strong F&B and advertisement growth
Other Income	3.1	4.0	3.0	3.8	3.7	-17.6	
Employee Expenses	30.2	28.2	24.7	27.9	22.2	8.3	
Exhibition Cost	112.2	108.8	90.5	95.1	24.0	17.9	
Cost of F&B	28.3	27.6	17.7	25.3	60.1	11.8	
Rent	82.0	78.5	51.1	75.7	60.5	8.4	
Other Expenses	96.9	100.0	95.6	96.5	1.3	0.4	
EBITDA	83.5	75.5	46.3	44.8	80.4	86.5	
EBITDA Margin (%)	19.3	18.0	14.2	12.3	507 bps	702 bps	Margin was higher owing to higher ad revenues which are margin accretive
Depreciation	24.5	23.5	21.8	23.4	12.8	4.8	
Interest	6.2	6.9	7.3	6.8	-14.7	-8.4	
Exceptional Items	0.0	0.0	0.0	0.0	NA	NA	
Total Tax	19.4	17.1	7.1	6.4	174.3	203.0	
PAT	36.5	32.0	13.2	12.0	176.8	204.8	

Key Metrics

Footfalls	15.3	14.8	12.1	13.7	26.1	11.9
Occupancy	27.0	26.9	24.0	25.0	12.5	8.0
SPH	74.0	72.8	70.0	73.0	5.7	1.4
ATP	206.0	205.0	199.0	195.0	3.5	5.6

Source: Company, ICICI Direct Research

Change in estimates

₹ Crore)	FY19E			FY20E			FY21E	Introduced
	Old	New	% Change	Old	New	% Change		
Revenue	1,534.1	1,583.0	3.2	1,758.9	1,867.5	6.2	2,171.4	We build in higher screen addition given the strong traction in commissioning
EBITDA	222.2	245.9	10.7	289.4	316.0	9.2	392.5	
EBITDA Margin (%)	14.5	15.5	105 bps	16.5	16.9	47 bps	18.1	Higher topline to drive operating leverage and margins expansion
PAT	74.5	90.7	21.6	110.1	129.0	17.2	164.0	
EPS (₹)	7.8	8.8		11.4	12.6		16.0	

Source: Company, ICICI Direct Research

Assumptions

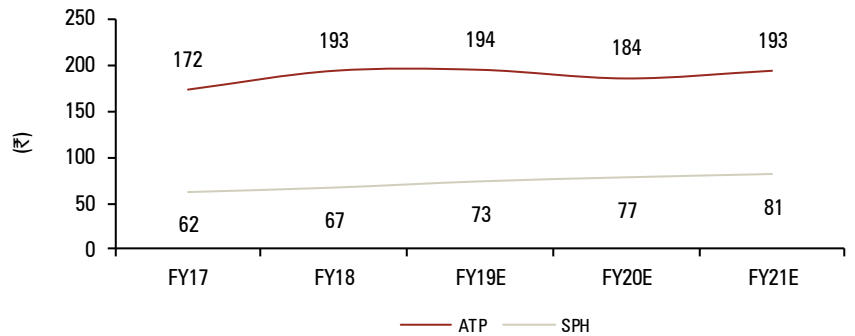
	Current					Earlier		
	FY17	FY18E	FY19E	FY20E	FY21E	FY19E	FY20E	
Footfalls (mn)	53.7	53.3	58.8	67.6	76.0	56.9	64.2	
Occupancy (%)	28.0	26.6	26.8	28.2	29.0	26.3	27.5	
SPH (₹)	61.9	66.6	73.2	77.5	80.9	70.3	65.9	
ATP (₹)	172.4	192.7	193.8	184.4	192.7	201.1	211.1	Realign ATP as per new GST rates with effect from January, 2019

Source: Company, ICICI Direct Research

Company Analysis

Net box office revenues to grow at 15.8% CAGR over FY18-21E

Exhibit 1: ATP, SPH trends

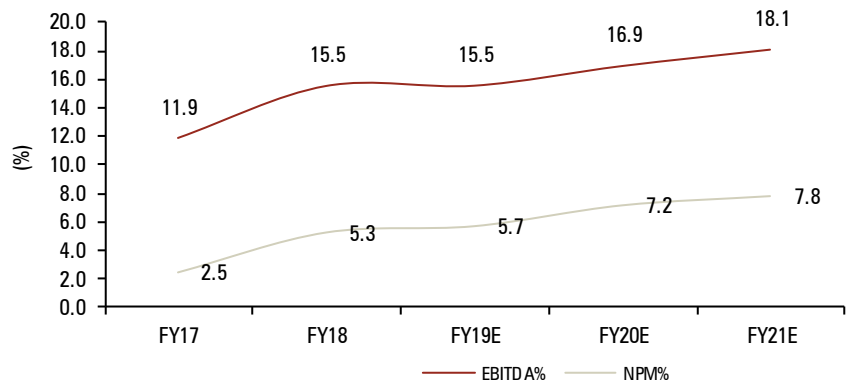


Source: Company, ICICI Direct Research

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 18.1% in FY21E vs. 15.5% in FY18.

Exhibit 2: EBITDA, PAT margin trend



Source: Company, ICICI Direct Research

Conference Call Highlights

- **Initiates passing on GST cut benefits to consumers; no progress on outside food issue:** The company indicated they had started passing on benefits of GST rate cut to consumers and felt that a GST rate cut will make tickets more affordable and benefit the exhibition industry in terms of higher occupancy in future. The management indicated that there is no progress on the case pertaining to allowing outside food inside multiplex with the case still pending in Supreme Court. The management feels they have a strong case based on favourable judgements in the Maharashtra and J&K cases
- **Guides for 80 screen openings in FY19; do not foresee cascading effect of local body tax (LBT):** The management indicated that they added 68 screens on YTD basis and maintained their guidance of opening 80 screens in FY19 with 13 screens are expected to open in February-March. The company also indicated strong additions thereafter based on current agreements. On Local body tax issue in Madhya Pradesh, the company indicated they have been following up with the new government and urged them not to impose LBT in future as it is in violation of the GST structure. The company confirmed that they are not paying LBT currently. The company does not foresee any cascading effect of LBT issues in Madhya Pradesh and Kerala to the rest of the country
- **Gross margin in F&B lower on disallowance of input tax credit; BMS deal different from peers:** The management indicated that gross margins in F&B were lower for the quarter on account of a reduction in F&B prices in some places to as well as disallowance of input tax credit for the quarter. They said their tickets are now available on Book My show (BMS) platform and indicated that the deal with BMS is different from that of peers. The management indicated that 50% of the GBOC comes from online mode
- **Other highlights:** i) Box office collection split for Hindi, English and Regional is at 63%,12%, 25%, respectively, for Q3FY19. ii) the comfortable net debt to EBITDA for the company would be 1:1

Valuations

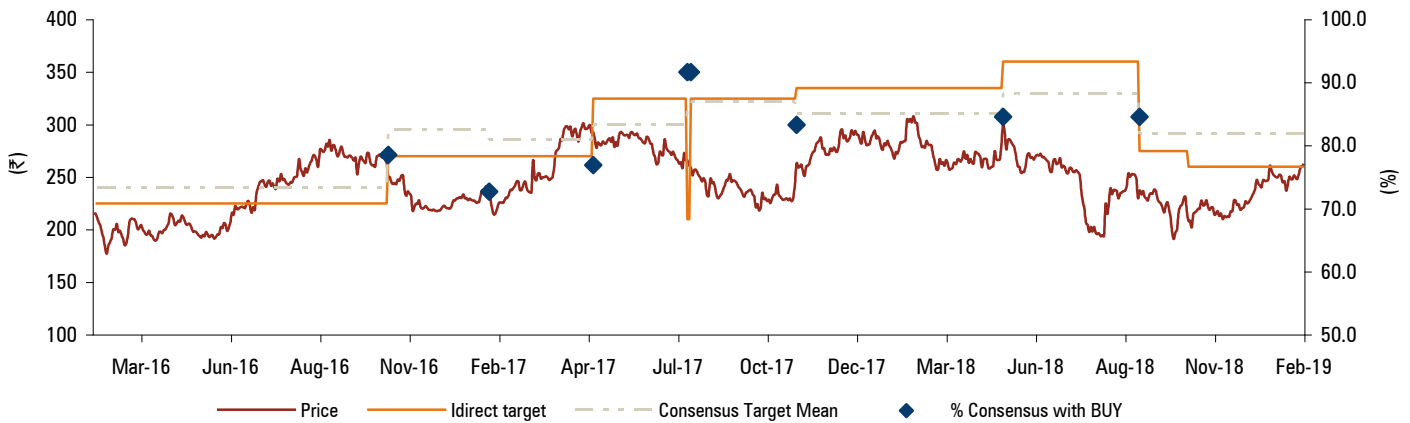
Strong screen guidance and subsequent rollout bode well for the company while robust traction in ad revenues is expected to aid margins, going ahead. Accordingly, we raise our EBITDA estimates in FY19 and FY20 by 10.7% and 9.7%, respectively. We are also enthused by near debt free balance sheet of the company providing it space for strong growth ahead. On the valuations front, Inox, trading at 7.5x FY21E EV/EBITDA, is at ~33% discount to PVR. We expect the multiple discount to narrow eventually on account of strong traction in Inox' earnings. We maintain our **BUY** recommendation and roll over our valuations to FY21E, valuing it at 9x FY21E EV/EBITDA (25% discount to target EV/EBITDA multiple of PVR) to arrive at target price of ₹ 330/share.

Exhibit 3: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY18	1348.1	10.4	11.9	274.5	22.6	14.5	10.6	13.2
FY19E	1583.0	17.4	8.8	-25.9	30.5	12.0	9.9	13.7
FY20E	1867.5	18.0	12.6	42.3	21.5	9.4	12.3	16.3
FY21E	2171.4	16.3	16.0	27.1	16.9	7.5	13.5	18.6

Source: Company, ICICI Direct Research

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	31-Dec-18	51.4	52.8	0.1
2	HDFC Asset Management Co., Ltd.	31-Dec-18	6.2	6.4	0.0
3	Reliance Nippon Life Asset Management Limited	31-Dec-18	5.3	5.5	1.3
4	Inox Benefit Trust	31-Dec-18	4.2	4.4	0.0
5	Aditya Birla Sun Life AMC Limited	31-Dec-18	3.4	3.5	0.5
6	Sundaram Asset Management Company Limited	31-Dec-18	2.7	2.8	0.9
7	DSP Investment Managers Pvt. Ltd.	31-Dec-18	2.0	2.1	0.0
8	Taiyo Pacific Partners LP	31-Dec-18	1.8	1.9	0.0
9	Morgan Stanley Investment Management Inc. (US)	31-Dec-18	1.4	1.5	-1.0
10	Kuwait Investment Authority	31-Dec-18	1.3	1.3	-1.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	48.70	48.70	48.70	48.70	51.89
FII	16.46	18.45	17.61	14.99	12.06
DII	18.67	17.07	17.69	20.07	20.96
Others	16.17	15.78	16.00	16.24	15.09

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Reliance Nippon Life Asset Management Limited	+4.71M	+1.32M	Kuwait Investment Authority	-3.71M	-1.04M
Sundaram Asset Management Company Limited	+3.07M	+0.86M	Morgan Stanley Investment Management Inc. (US)	-3.46M	-0.97M
BNP Paribas Asset Management India Pvt. Ltd.	+2.05M	+0.58M	Morgan Stanley Investment Management (Singapore)	-0.65M	-0.18M
Aditya Birla Sun Life AMC Limited	+1.75M	+0.49M	AXA Investment Managers UK Ltd.	-0.15M	-0.04M
Inox Group of Companies	+0.48M	+0.14M	Adi Financial Advisors, L.L.P.	-0.11M	-0.03M

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Total operating Income	1,348.1	1,583.0	1,867.5	2,171.4	
Growth (%)	10.4	17.4	18.0	16.3	
Employee Expenses	96.4	114.2	133.2	155.7	
Exhibition Cost	367.3	412.4	487.2	566.5	
Cost of F&B	74.4	106.2	139.2	163.6	
Rent	203.9	300.3	366.9	428.0	
Other Expenses	397.0	404.0	425.0	465.0	
Total Operating Expenditure	1,138.9	1,337.1	1,551.5	1,778.9	
EBITDA	209.2	245.9	316.0	392.5	
Growth (%)	44.5	17.6	28.5	24.2	
Depreciation	86.7	95.8	113.9	132.5	
Interest	28.9	24.9	20.0	21.3	
Other Income	14.5	13.7	16.0	12.0	
Exceptional Items	10.4	0.0	0.0	0.0	
PBT	97.7	138.9	198.1	250.7	
Total Tax	-17.0	48.2	69.1	86.7	
PAT	114.7	90.7	129.0	164.0	
Adjusted PAT	71.3	90.7	129.0	164.0	
Growth (%)	132.9	27.2	42.3	-51.8	
Adj EPS (₹)	7.4	8.8	12.6	16.0	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY18E	FY19E	FY20E	FY21E	
Liabilities					
Equity Capital	96.2	102.6	102.6	102.6	
Reserve and Surplus	606.1	850.4	984.5	1,154.4	
Interest in benefit trust	(32.7)	(32.7)	(32.7)	(32.7)	
Total Shareholders funds	669.6	920.3	1,054.4	1,224.3	
Total Debt	291.9	196.9	211.9	171.9	
Others	77.8	77.8	77.8	77.8	
Total Liabilities	1,039.3	1,195.0	1,344.1	1,474.0	
Assets					
Total Fixed Assets	825.6	1,014.8	1,180.9	1,328.5	
Investments	13.6	8.6	3.6	3.6	
Goodwill on Consolidation	0.0	0.0	0.0	0.0	
Debtors	76.1	86.7	102.3	119.0	
Inventory	9.4	10.8	12.3	13.7	
Loans and Advances	80.1	89.4	100.1	110.6	
Other Current Assets	24.6	28.9	32.4	35.8	
Cash	15.0	5.4	14.3	20.4	
Total Current Assets	205.2	221.2	261.4	299.4	
Total Current Liabilities	245.5	290.1	342.2	397.9	
Net Current Assets	-40.3	-68.8	-80.8	-98.5	
Other Non Current Assets	240.4	240.4	240.4	240.4	
Application of Funds	1,040.1	1,195.0	1,344.1	1,473.9	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY18E	FY19E	FY20E	FY21E	
PAT	114.7	90.7	134.1	169.9	
Add: Depreciation	86.7	95.8	113.9	132.5	
Add: Interest Paid	28.9	24.9	20.0	21.3	
(Inc)/dec in Current Assets	-39.8	-25.6	-31.3	-31.9	
Inc/(dec) in CL and Provisions	57.0	44.6	52.1	55.7	
CF from operating activities	247.4	230.3	288.8	347.4	
(Inc)/dec in Investments	-1.7	5.0	5.0	0.0	
(Inc)/dec in Fixed Assets	-147.0	-285.0	-280.0	-280.0	
Others	-45.3	0.0	0.0	0.0	
CF from investing activities	(194.0)	(280.0)	(275.0)	(280.0)	
Issue/(Buy back) of Equity	0.0	6.4	0.0	0.0	
Inc/(dec) in loan funds	-25.1	-95.0	15.0	-40.0	
Less: Interest Paid	28.9	24.9	20.0	21.3	
Others	-55.3	103.8	-39.9	-42.6	
CF from financing activities	(51.5)	40.1	(5.0)	(61.3)	
Net Cash flow	1.9	-9.6	8.8	6.1	
Opening Cash	13.2	15.0	5.4	14.3	
Closing Cash	15.0	5.4	14.3	20.4	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Per share data (₹)					
EPS	11.9	8.8	12.6	16.0	
Adj EPS	7.4	8.8	12.6	16.0	
BV	69.6	89.7	102.3	118.3	
DPS	0.0	0.0	0.0	0.0	
Cash Per Share	1.6	0.5	0.9	0.9	
Operating Ratios (%)					
EBITDA Margin	15.5	15.5	16.9	18.1	
PBT / Net Sales	9.1	9.5	10.8	12.0	
PAT Margin	5.3	5.7	6.9	7.6	
Inventory days	2.5	2.5	2.4	2.3	
Debtor days	20.6	20.0	20.0	20.0	
Creditor days	30.7	31.0	31.0	31.0	
Return Ratios (%)					
RoE	10.6	9.9	12.3	13.5	
RoCE	13.2	13.7	16.3	18.6	
RoIC	14.8	14.8	17.1	19.6	
Valuation Ratios (x)					
P/E	22.6	30.5	21.5	16.9	
EV / EBITDA	14.5	12.0	9.4	7.5	
EV / Net Sales	2.2	1.9	1.6	1.3	
Market Cap / Sales	2.1	1.7	1.5	1.3	
Price to Book Value	3.9	3.0	2.6	2.3	
Solvency Ratios					
Debt/EBITDA	1.4	0.8	0.7	0.4	
Net Debt / Equity	0.4	0.2	0.2	0.1	
Current Ratio	1.4	1.3	1.3	1.2	
Quick Ratio	1.3	1.2	1.2	1.2	

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Media)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
DB Corp (DBCORP)	180	215	Buy	3,310	17.1	15.6	20.0	10.5	11.5	9.0	5.5	6.6	5.0	23.1	22.4	25.9	16.3	16.0	18.5
DISH TV (DISHTV)	25	UR	UR	4,548	-0.4	1.6	2.0	NM	15.5	12.5	5.2	3.2	2.9	3.1	8.4	9.5	0.1	4.2	4.9
ENIL (ENTNET)	546	690	Hold	2,602	7.5	12.1	22.3	73.0	45.1	24.5	21.7	17.7	11.5	6.2	9.0	15.1	3.5	6.1	10.2
Inox Leisure (INOX)	270	330	Buy	2,764	11.9	8.8	12.6	22.6	30.5	21.4	14.5	12.0	9.4	13.2	13.7	16.3	10.6	9.9	12.3
Jagran Praka (JAGPRA)	99	108	Hold	3,086	10.6	9.6	8.3	9.3	10.3	12.0	4.7	5.3	6.0	18.9	18.6	17.1	16.1	14.7	13.9
Music Broadcast (MUSBRO)	277	340	Buy	1,535	9.1	10.8	14.0	30.6	25.6	19.8	13.9	12.1	9.7	14.3	15.9	17.6	8.6	9.9	11.4
PVR (PVRLIM)	1,592	1,750	Buy	7,436	26.4	34.5	43.5	60.3	46.1	36.6	20.5	16.3	13.4	14.7	13.3	15.1	11.5	13.1	14.3
Sun TV (SUNTV)	523	675	Hold	20,604	28.8	36.9	37.5	18.2	14.2	13.9	9.3	7.2	6.4	35.5	37.7	33.0	24.2	25.6	22.1
TV Today (TVTNET)	345	450	Buy	2,058	19.9	25.7	29.8	17.3	13.4	11.6	9.0	7.1	5.4	30.4	30.2	29.8	19.3	19.5	19.0
ZEE Ent. (ZEEENT)	386	500	Buy	37,071	15.4	16.5	20.0	25.1	23.3	19.3	16.4	13.1	10.9	25.6	25.2	25.5	15.3	15.4	15.9

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. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the 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 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.

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.

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.