

November 11, 2020

Q2FY21 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| | Current | | Previous | |
|----------------|------------|--------|------------|--------|
| | FY22E | FY23E | FY22E | FY23E |
| Rating | ACCUMULATE | | ACCUMULATE | |
| Target Price | 93 | | 95 | |
| Sales (Rs. m) | 15,981 | 18,002 | 15,945 | 17,914 |
| % Chng. | 0.2 | 0.5 | | |
| EBITDA (Rs. m) | 3,200 | 3,673 | 3,188 | 3,645 |
| % Chng. | 0.4 | 0.8 | | |
| EPS (Rs.) | 8.9 | 10.2 | 9.0 | 10.3 |
| % Chng. | (1.8) | (1.1) | | |

Key Financials - Consolidated

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 15,121 | 12,813 | 15,981 | 18,002 |
| EBITDA (Rs. m) | 3,135 | 2,402 | 3,200 | 3,673 |
| Margin (%) | 20.7 | 18.7 | 20.0 | 20.4 |
| PAT (Rs. m) | 1,973 | 1,421 | 2,030 | 2,329 |
| EPS (Rs.) | 8.6 | 6.2 | 8.9 | 10.2 |
| Gr. (%) | 29.1 | (28.0) | 42.8 | 14.7 |
| DPS (Rs.) | 3.5 | - | 3.1 | 3.6 |
| Yield (%) | 4.5 | - | 3.9 | 4.5 |
| RoE (%) | 23.9 | 14.9 | 18.2 | 18.6 |
| RoCE (%) | 25.5 | 16.9 | 20.6 | 21.0 |
| EV/Sales (x) | 1.4 | 1.6 | 1.3 | 1.2 |
| EV/EBITDA (x) | 6.6 | 8.3 | 6.6 | 5.8 |
| PE (x) | 9.2 | 12.7 | 8.9 | 7.8 |
| P/BV (x) | 2.1 | 1.7 | 1.5 | 1.4 |

Key Data

NAVN.BO | NELI IN

| | |
|---------------------|-------------------|
| 52-W High / Low | Rs.104 / Rs.45 |
| Sensex / Nifty | 43,594 / 12,749 |
| Market Cap | Rs.18bn / \$ 243m |
| Shares Outstanding | 229m |
| 3M Avg. Daily Value | Rs.13.04m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 62.33 |
| Foreign | 3.97 |
| Domestic Institution | 16.46 |
| Public & Others | 17.25 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|--------|--------|
| Absolute | 2.5 | 11.7 | (20.4) |
| Relative | (4.7) | (19.1) | (26.4) |

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Traction to come in 2H as schools re-open

Quick Pointers:

- Management hopeful that schools (certain grades) will re-open in a phased manner from Nov onwards. Publication revenue to fall by ~20-30% in a truncated academic year.
- Earmarked ~Rs1bn for Ed-Tech initiatives.

NELI's operational performance was better than our estimates led by revenue beat of 8.5% and stringent cost control. Management is hopeful that schools will re-open from November onwards in a phased manner and the academic year this time might get extended beyond March. Given delayed start to the academic year, publication revenue is expected to decline by ~20-30% in FY21E. While domestic stationary business is also expected to face headwinds, exports are likely to end on flattish note in FY21E. NELI has lined up aggressive expansion plans in the Ed-Tech space by ear-marking ~Rs1bn which we believe is a step in right direction as digital learning is expected to become even more relevant post-COVID. We keep our EPS estimates broadly unchanged (cut of 4%/2%/1% for FY21/FY22/FY23 respectively) and value NELI at 10.5x (no change) our estimated FY22 EPS of Rs8.9 to arrive at a TP of Rs93 (earlier Rs95). Retain ACCUMULATE.

Sales decline 35.2% YoY as schools remain closed: Standalone revenues declined 35.2% YoY to Rs1,599mn (PLe of Rs1,473mn). Publishing sales were down 56.9% YoY to Rs550mn while stationery sales declined 11.8% YoY to Rs1,046mn as business was impacted due to delay in opening of schools & educational institutions. Within stationary division – domestic sales were down 63.8% YoY to Rs83mn while export sales increased 0.6% YoY to Rs963mn.

Better cost control leads to EBITDA beat: Standalone EBITDA declined 71.1% YoY to Rs92mn (PLe loss of Rs44mn) due to 22.2% YoY fall in other expenses to Rs414mn (PLe of Rs486mn). EBITDA margin stood 5.7%. Publishing/Stationary EBIT margin stood at 2.4%/8.5% respectively.

Con-call highlights: 1) Schools in Gujarat & Maharashtra are expected to open by Nov end (for grades 9-12th). After few weeks, grades 5-8th might also be given permission to re-open. 2) Export sales are likely to be flat in FY21E 3) As per NEP guidelines, 9th/10th grade is up for syllabus change in FY22E/FY23E respectively. However, there is a possibility that syllabus change for 9th grade may get postponed to FY23E 4) NELI invested Rs70mn in K-12 business in 2QFY21. Further, a new investor (Sofina) came on board & invested Rs2bn. Post induction of the new investor, NELI's stake in K-12 business has fallen from 33.4% to 27.6% 5) Primary & pre-primary section constitutes ~20% of the total revenue 6) Capex for stationary exports is expected to be Rs500-600mn 7) Launched a new brand called RISE to cater to ICSE/CBSE markets 8) Dividend payment in FY21E appears unlikely 9) Plans to increase ILL sales to Rs2.5bn in next 3 years 10) Out of Rs1bn earmarked for Ed-Tech - a) Rs250-400mn will be utilized towards repurposing digital content at E-sense b) Rs5mn towards digital books c) Rs250mn towards creating interactive digital content and d) balance towards other such initiatives.

Exhibit 1: Q2FY21 Standalone Result Overview (Rs mn)

| Y/e March | Q2FY21 | Q2FY20 | YoY gr (%) | Q1FY21 | QoQ gr. (%) | H1FY21 | H1FY20 | YoY gr. (%) |
|--------------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|---------------|---------------|
| Net Sales | 1,599 | 2,468 | (35.2) | 3,249 | (50.8) | 4,848 | 10,418 | (53.5) |
| Expenditure | | | | | | | | |
| Raw Materials | 757 | 1,235 | (38.7) | 1,692 | (55.2) | 2,450 | 5,412 | (54.7) |
| <i>% of Net sales</i> | 47.4 | 50.0 | | 52.1 | | 50.5 | 51.9 | |
| Personnel | 336 | 383 | (12.3) | 324 | 3.8 | 660 | 766 | (13.9) |
| <i>% of Net sales</i> | 21.0 | 15.5 | | 10.0 | | 13.6 | 7.4 | |
| Selling, dist & Other Exp | 414 | 532 | (22.2) | 455 | (9.0) | 869 | 1,608 | (46.0) |
| <i>% of Net sales</i> | 25.9 | 21.6 | | 14.0 | | 17.9 | 15.4 | |
| Total Expenditure | 1,508 | 2,150 | (29.9) | 2,471 | (39.0) | 3,978 | 7,786 | (48.9) |
| EBITDA | 92 | 318 | (71.1) | 778 | (88.2) | 870 | 2,632 | (66.9) |
| <i>Margin (%)</i> | 5.7 | 12.9 | | 23.9 | | 17.9 | 25.3 | |
| Depreciation | 87 | 88 | (1.4) | 83 | 4.3 | 169 | 168 | 0.8 |
| EBIT | 5 | 230 | (97.7) | 695 | (99.2) | 701 | 2,464 | (71.6) |
| Interest | 16 | 18 | (10.7) | 36 | (55.8) | 52 | 88 | (41.0) |
| Other Income | 43 | 66 | (35.3) | 23 | 89.8 | 66 | 165 | (60.2) |
| PBT | 32 | 279 | (88.4) | 682 | (95.2) | 714 | 2,541 | (71.9) |
| Tax | 10 | (147) | NM | 175 | (94.5) | 185 | 641 | (71.2) |
| <i>Tax Rate (%)</i> | 29.9 | NM | | 25.7 | | 25.9 | 25.2 | |
| Share of profit/loss from associates | - | - | - | - | - | - | - | - |
| Adjusted PAT | 23 | 425 | (94.7) | 507 | (95.5) | 529 | 1,899 | (72.1) |
| Reported PAT | 23 | 425 | (94.7) | 507 | (95.5) | 529 | 1,899 | (72.1) |
| EPS | 0.1 | 1.9 | (94.6) | 2.2 | (95.5) | 2.3 | 8.3 | (72.2) |

Source: Company, PL

Exhibit 2: Standalone segment revenue & EBIT table

| Y/e March (Rs mn) | Q2FY21 | Q2FY20 | YoY gr (%) | Q1FY21 | QoQ gr. (%) |
|------------------------|--------|--------|------------|--------|-------------|
| Segment Revenue | | | | | |
| Publishing Content | 550 | 1,277 | (56.9) | 1,236 | (55.5) |
| Stationery Products | 1,046 | 1,187 | (11.8) | 2,008 | (47.9) |
| Segment EBIT | | | | | |
| Publishing Content | 13 | 257 | (94.8) | 377 | (96.4) |
| Stationery Products | 89 | 78 | 14.5 | 387 | (77.0) |
| EBIT Margin (%) | | | | | |
| Publishing Content | 2.4% | 20.1% | (1,768)bps | 30.5% | (2,809)bps |
| Stationery Products | 8.5% | 6.6% | 196 bps | 19.3% | (1,075)bps |

Source: Company, PL

Exhibit 3: Publishing segment has higher revenue share in first quarter due to seasonality

| Particulars | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Publishing revenue | 3,716 | 1,178 | 845 | 543 | 3,660 | 1,795 | 1,031 | 622 | 4,322 | 1,277 | 830 | 559 | 1,236 | 550 |
| <i>YoY growth</i> | 9.9% | 8.4% | -10.4% | 1.3% | -1.5% | 52.5% | 22.0% | 14.4% | 18.1% | -28.9% | -19.5% | -10.1% | -71.4% | -56.9% |
| <i>As a % of sales</i> | 66.2% | 64.9% | 48.6% | 25.6% | 54.7% | 68.2% | 56.9% | 25.4% | 54.4% | 51.8% | 43.2% | 27.0% | 38.1% | 34.5% |
| Stationery revenue | 1,901 | 638 | 893 | 1,578 | 3,034 | 836 | 783 | 1,829 | 3,625 | 1,187 | 1,092 | 1,510 | 2,008 | 1,046 |
| <i>YoY growth</i> | -13.0% | 8.7% | 44.7% | 1.6% | 59.6% | 31.0% | -12.4% | 16.0% | 19.5% | 42.0% | 39.5% | -17.5% | -44.6% | -11.8% |
| <i>As a % of sales</i> | 33.8% | 35.1% | 51.4% | 74.4% | 45.3% | 31.8% | 43.1% | 74.6% | 45.6% | 48.2% | 56.8% | 73.0% | 61.9% | 65.5% |
| Total sales | 5,617 | 1,816 | 1,738 | 2,121 | 6,693 | 2,631 | 1,814 | 2,451 | 7,947 | 2,463 | 1,922 | 2,068 | 3,244 | 1,597 |

Source: Company, PL

Exhibit 4: Margins in stationery division are low due to stiff competition

| Particulars | 1QFY18 | 2QFY18 | 3QFY18 | 4QFY18 | 1QFY19 | 2QFY19 | 3QFY19 | 4QFY19 | 1QFY20 | 2QFY20 | 3QFY20 | 4QFY20 | 1QFY21 | 2QFY21 |
|------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Publishing EBIT margin | 40.2% | 32.3% | 20.3% | 15.5% | 42.3% | 32.4% | 23.0% | 16.2% | 37.9% | 20.1% | 19.8% | 2.4% | 30.5% | 2.4% |
| Stationery EBIT margin | 15.4% | -8.7% | 6.5% | 13.4% | 18.2% | -5.8% | -8.9% | 11.3% | 21.8% | 6.6% | 7.4% | 18.2% | 19.3% | 8.5% |

Source: Company, PL

Exhibit 5: Snapshot of consolidated results

| Particulars | H1FY21 | | | H1FY20 | | |
|---------------------|----------------|--------------|--------------|-----------------|----------------|----------------|
| | Sales | EBITDA | PAT | Sales | EBITDA | PAT |
| NEL | 4,848.1 | 935.4 | 529.2 | 10,417.6 | 2,796.8 | 1,899.5 |
| Esense | 44.3 | (38.0) | (65.3) | 135.9 | 13.0 | (11.9) |
| ILL | 73.9 | (124.3) | (170.9) | 94.6 | (126.2) | (204.4) |
| NHKL + NLLP | 11.9 | (0.2) | (0.2) | 8.5 | (0.1) | (0.1) |
| K12 | 0.0 | - | (13.7) | - | - | 8.0 |
| K12 Diminution Gain | - | - | 327.9 | - | - | - |
| Inter-segment | (21) | (11.4) | (9.4) | (8.4) | (19.1) | (2.3) |
| Total | 4,957.3 | 761.5 | 597.6 | 10,648.2 | 2,664.4 | 1,688.8 |

Source: Company, PL

Exhibit 6: Syllabus change schedule FY21

| Academic Year | Maharashtra | | Gujarat | |
|---------------|-------------|---------------------------|---------|---|
| | Class | Subject | Class | Subject |
| 2020-2021 | 3 | All subjects (All medium) | 2 | English medium - English language, Hindi medium - Hindi language |
| | 12 | All subjects (All medium) | 3 | Gujarati medium - Gujarati language |
| | | | 4 | Hindi & English medium - Environment, English medium - Gujarati second language |
| | | | 5 | Gujarati medium - Environment |
| | | | 6 | English & Hindi medium - Social studies |
| | | | 7 | Gujarati medium - General science |

Source: Company, PL

Note: Syllabus change schedule for FY22 is not announced as yet

Financials

Income Statement (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 15,121 | 12,813 | 15,981 | 18,002 |
| YoY gr. (%) | 4.6 | (15.3) | 24.7 | 12.6 |
| Cost of Goods Sold | 7,289 | 6,266 | 7,767 | 8,749 |
| Gross Profit | 7,831 | 6,547 | 8,214 | 9,253 |
| Margin (%) | 51.8 | 51.1 | 51.4 | 51.4 |
| Employee Cost | 1,801 | 1,711 | 1,882 | 2,052 |
| Other Expenses | 2,895 | 2,434 | 3,132 | 3,528 |
| EBITDA | 3,135 | 2,402 | 3,200 | 3,673 |
| YoY gr. (%) | 15.8 | (23.4) | 33.2 | 14.8 |
| Margin (%) | 20.7 | 18.7 | 20.0 | 20.4 |
| Depreciation and Amortization | 469 | 473 | 526 | 599 |
| EBIT | 2,666 | 1,929 | 2,674 | 3,074 |
| Margin (%) | 17.6 | 15.1 | 16.7 | 17.1 |
| Net Interest | 171 | 170 | 210 | 230 |
| Other Income | 224 | 160 | 250 | 270 |
| Profit Before Tax | 2,719 | 1,919 | 2,714 | 3,114 |
| Margin (%) | 18.0 | 15.0 | 17.0 | 17.3 |
| Total Tax | 746 | 484 | 684 | 785 |
| Effective tax rate (%) | 27.4 | 25.2 | 25.2 | 25.2 |
| Profit after tax | 1,973 | 1,435 | 2,030 | 2,329 |
| Minority interest | - | 0 | 0 | 0 |
| Share Profit from Associate | (1) | (14) | - | - |
| Adjusted PAT | 1,973 | 1,421 | 2,030 | 2,329 |
| YoY gr. (%) | 29.1 | (28.0) | 42.8 | 14.7 |
| Margin (%) | 13.0 | 11.1 | 12.7 | 12.9 |
| Extra Ord. Income / (Exp) | - | 425 | - | - |
| Reported PAT | 1,973 | 1,846 | 2,030 | 2,329 |
| YoY gr. (%) | 29.1 | (6.4) | 9.9 | 14.7 |
| Margin (%) | 13.0 | 14.4 | 12.7 | 12.9 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 1,973 | 1,846 | 2,030 | 2,329 |
| Equity Shares O/s (m) | 229 | 229 | 229 | 229 |
| EPS (Rs) | 8.6 | 6.2 | 8.9 | 10.2 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 5,322 | 6,004 | 6,734 | 7,414 |
| Tangibles | 4,519 | 5,171 | 5,871 | 6,521 |
| Intangibles | 803 | 833 | 863 | 893 |
| Acc: Dep / Amortization | 3,205 | 3,728 | 4,306 | 4,959 |
| Tangibles | 2,710 | 3,183 | 3,708 | 4,308 |
| Intangibles | 496 | 546 | 597 | 651 |
| Net fixed assets | 2,525 | 2,633 | 2,786 | 2,813 |
| Tangibles | 2,218 | 2,346 | 2,520 | 2,571 |
| Intangibles | 307 | 287 | 265 | 242 |
| Capital Work In Progress | 57 | 38 | 38 | 38 |
| Goodwill | 457 | 457 | 457 | 457 |
| Non-Current Investments | 1,109 | 1,671 | 1,710 | 1,770 |
| Net Deferred tax assets | 97 | 94 | 111 | 130 |
| Other Non-Current Assets | 78 | 80 | 81 | 83 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 4,710 | 4,739 | 6,130 | 7,151 |
| Trade receivables | 2,679 | 2,808 | 3,721 | 4,439 |
| Cash & Bank Balance | 101 | 931 | 400 | 250 |
| Other Current Assets | 525 | 656 | 787 | 866 |
| Total Assets | 12,897 | 14,830 | 17,025 | 18,877 |
| Equity | | | | |
| Equity Share Capital | 458 | 458 | 458 | 458 |
| Other Equity | 8,170 | 10,016 | 11,335 | 12,849 |
| Total Network | 8,628 | 10,474 | 11,793 | 13,307 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | 341 | 271 | 271 | 271 |
| Provisions | 10 | 11 | 11 | 12 |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | 2,442 | 2,609 | 3,029 | 3,218 |
| Trade payables | 463 | 421 | 744 | 888 |
| Other current liabilities | 1,009 | 1,024 | 1,156 | 1,160 |
| Total Equity & Liabilities | 12,897 | 14,830 | 17,026 | 18,877 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|--------------------------------------|----------------|----------------|--------------|--------------|
| PBT | 2,719 | 1,919 | 2,714 | 3,114 |
| Add. Depreciation | 469 | 473 | 526 | 599 |
| Add. Interest | 171 | 170 | 210 | 230 |
| Less Financial Other Income | 224 | 160 | 250 | 270 |
| Add. Other | 40 | (96) | (150) | (162) |
| Op. profit before WC changes | 3,398 | 2,466 | 3,300 | 3,781 |
| Net Changes-WC | 195 | (443) | (2,046) | (1,722) |
| Direct tax | (761) | (434) | (634) | (735) |
| Net cash from Op. activities | 2,832 | 1,589 | 619 | 1,324 |
| Capital expenditures | (12,717) | (618) | (678) | (626) |
| Interest / Dividend Income | 38 | 96 | 150 | 162 |
| Others | 12,090 | (44) | (39) | (60) |
| Net Cash from Inv. activities | (589) | (565) | (567) | (524) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | 11,373 | (35) | 420 | 190 |
| Dividend paid | (1,104) | (809) | - | (710) |
| Interest paid | (140) | (170) | (210) | (230) |
| Others | (12,138) | 0 | - | - |
| Net cash from Fin. activities | (2,009) | (1,014) | 210 | (751) |
| Net change in cash | 235 | 10 | 262 | 49 |
| Free Cash Flow | (9,906) | 971 | (59) | 698 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY20 | FY21E | FY22E | FY23E |
|----------------------------|--------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 8.6 | 6.2 | 8.9 | 10.2 |
| CEPS | 10.7 | 8.3 | 11.2 | 12.8 |
| BVPS | 37.7 | 45.7 | 51.5 | 58.1 |
| FCF | (43.3) | 4.2 | (0.3) | 3.0 |
| DPS | 3.5 | - | 3.1 | 3.6 |
| Return Ratio(%) | | | | |
| RoCE | 25.5 | 16.9 | 20.6 | 21.0 |
| ROIC | 24.3 | 16.2 | 18.8 | 19.5 |
| RoE | 23.9 | 14.9 | 18.2 | 18.6 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | 0.3 | 0.2 | 0.2 | 0.2 |
| Net Working Capital (Days) | 167 | 203 | 208 | 217 |
| Valuation(x) | | | | |
| PER | 9.2 | 12.7 | 8.9 | 7.8 |
| P/B | 2.1 | 1.7 | 1.5 | 1.4 |
| P/CEPS | 7.4 | 9.6 | 7.1 | 6.2 |
| EV/EBITDA | 6.6 | 8.3 | 6.6 | 5.8 |
| EV/Sales | 1.4 | 1.6 | 1.3 | 1.2 |
| Dividend Yield (%) | 4.5 | - | 3.9 | 4.5 |

Source: Company Data, PL Research

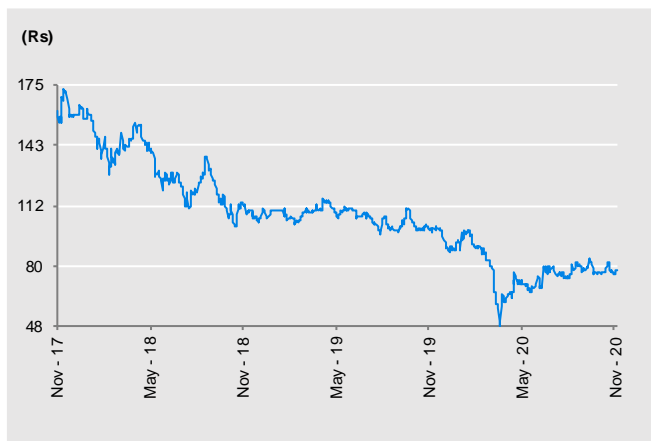
Quarterly Financials (Rs m)

| Y/e Mar | Q3FY20 | Q4FY20 | Q1FY21 | Q2FY21 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Net Revenue | 1,928 | 2,072 | 3,249 | 1,599 |
| YoY gr. (%) | 6.2 | (15.6) | (59.1) | (35.2) |
| Raw Material Expenses | 862 | 795 | 1,692 | 757 |
| Gross Profit | 1,066 | 1,277 | 1,557 | 842 |
| Margin (%) | 55.3 | 61.6 | 47.9 | 52.6 |
| EBITDA | 222 | 327 | 778 | 92 |
| YoY gr. (%) | 41.4 | 16.0 | (66.4) | (71.1) |
| Margin (%) | 11.5 | 15.8 | 23.9 | 5.7 |
| Depreciation / Depletion | 91 | 94 | 83 | 87 |
| EBIT | 131 | 233 | 695 | 5 |
| Margin (%) | 6.8 | 11.3 | 21.4 | 0.3 |
| Net Interest | 5 | 38 | 36 | 16 |
| Other Income | 60 | 29 | 23 | 43 |
| Profit before Tax | 187 | 224 | 682 | 32 |
| Margin (%) | 9.7 | 10.8 | 21.0 | 2.0 |
| Total Tax | 54 | 62 | 175 | 10 |
| Effective tax rate (%) | 29.0 | 27.8 | 25.7 | 29.9 |
| Profit after Tax | 132 | 162 | 507 | 23 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 132 | 162 | 507 | 23 |
| YoY gr. (%) | 75.6 | 10.0 | (65.6) | (94.7) |
| Margin (%) | 6.9 | 7.8 | 15.6 | 1.4 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 132 | 162 | 507 | 23 |
| YoY gr. (%) | 75.6 | 10.0 | (65.6) | (94.7) |
| Margin (%) | 6.9 | 7.8 | 15.6 | 1.4 |
| Other Comprehensive Income | 8 | (98) | 71 | 43 |
| Total Comprehensive Income | 140 | 64 | 577 | 65 |
| Avg. Shares O/s (m) | 229 | 229 | 229 | 229 |
| EPS (Rs) | 0.6 | 0.7 | 2.2 | 0.1 |

Source: Company Data, PL Research

Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 09-Oct-20 | Accumulate | 95 | 76 |
| 2 | 13-Aug-20 | Accumulate | 94 | 81 |
| 3 | 08-Jul-20 | Accumulate | 89 | 78 |
| 4 | 18-Jun-20 | Accumulate | 89 | 79 |
| 5 | 19-Apr-20 | BUY | 82 | 66 |
| 6 | 03-Feb-20 | BUY | 108 | 91 |
| 7 | 03-Jan-20 | BUY | 142 | 92 |
| 8 | 14-Nov-19 | BUY | 142 | 98 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---|------------|---------|------------------|
| 1 | Dish TV India | NR | - | 74 |
| 2 | Entertainment Network (India) | Accumulate | 185 | 146 |
| 3 | Indian Railway Catering and Tourism Corporation | BUY | 1,647 | 1,356 |
| 4 | Inox Leisure | BUY | 322 | 267 |
| 5 | Music Broadcast | Hold | 20 | 21 |
| 6 | Navneet Education | Accumulate | 95 | 76 |
| 7 | PVR | Accumulate | 1,435 | 1,255 |
| 8 | S Chand and Company | BUY | 89 | 66 |
| 9 | V.I.P. Industries | Accumulate | 333 | 292 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Jinesh Joshi- MS(Finance) and CFA 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.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com