

October 17, 2018

## Q2FY19 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY19E	FY20E	FY19E	FY20E
Rating	BUY		BUY	
Target Price	39		39	
Sales (Rs. m)	5,918	7,102	5,918	7,102
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,225	1,640	1,225	1,640
% Chng.	-	-	-	-
EPS (Rs.)	1.0	1.6	1.0	1.6
% Chng.	-	-	-	-

### Key Financials

	FY17	FY18	FY19E	FY20E
Sales (Rs. m)	3,981	5,102	5,918	7,102
EBITDA (Rs. m)	857	1,025	1,225	1,640
Margin (%)	21.5	20.1	20.7	23.1
PAT (Rs. m)	419	406	483	734
EPS (Rs.)	1.0	0.9	1.0	1.6
Gr. (%)	89.5	(9.4)	18.9	52.0
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	6.7	6.1	6.9	9.6
RoCE (%)	6.7	6.4	7.4	9.9
EV/Sales (x)	3.0	2.6	2.2	1.8
EV/EBITDA (x)	14.0	13.1	10.6	7.8
PE (x)	27.3	30.1	25.3	16.7
P/BV (x)	1.8	1.8	1.7	1.5

### Key Data

ZEEN.BO | ZEEN IN

52-W High / Low	Rs.50 / Rs.22
Sensex / Nifty	34,780 / 10,453
Market Cap	Rs.12bn / \$ 166m
Shares Outstanding	471m
3M Avg. Daily Value	Rs.26.62m

### Shareholding Pattern (%)

Promoter's	67.02
Foreign	6.35
Domestic Institution	0.73
Public & Others	25.90
Promoter Pledge (Rs bn)	5.99

### Stock Performance (%)

	1M	6M	12M
Absolute	(6.3)	(31.9)	(36.0)
Relative	1.3	(32.7)	(40.0)

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

## On cusp of growth acceleration

**ZMCL reported topline/adjusted bottom-line growth of 35.5%/138.7% YoY led by strong performance across national & regional channels. Aided by increase in effective rate (ER) and inventory utilization (regional channels), we expect standalone sales to grow at a CAGR of 18.0% over FY18-20E. The bottom-line growth is expected to be much higher at 35.1% over the same period as 1) new launches have broken even sooner than expected and 2) operating leverage benefits coming in from increase in ERs. The stock currently trades at 18.1x and 12.4x FY19E and FY20E EPS and appears to be attractively priced. We maintain BUY with a TP of Rs39 per share (18x core TV broadcasting business and 22x Zee Akaash News Pvt Ltd).**

**National channel portfolio seeing strong traction led by Zee News:** All the national channels except WION (global channel) namely Zee News, Zee Business, and Zee Hindustan are witnessing strong traction both in terms of yields and average time spent (ATS). Flagship channel, Zee News, has maintained its market share among the top 2 news channels. Even Zee Hindustan (launched last year) has seen increase in inventory utilization (~70%) and effective rate (ER). Post induction of Anil Singhvi, the ATS on Zee Business has increased from 8-9 minutes per hour to about 12-13 minutes per hour while the market share has increased from 17.3% in 4QFY18 to 33.6% in 2QFY19.

**Regional channel portfolio to aid margins:** Except for Zee Kalinga which is into marginal losses the entire regional channel portfolio is showing strong traction. For instance, Zee Madhya Pradesh Chhattisgarh (MPCG) is ranked 1 for 100 consecutive weeks, a feat which only Aaj Tak has been able to achieve till date. ZMCL's most profitable regional channel, 24 Ghanta continues to do well and has an EBITDA margin in the range of 40-45%. Zee Salaam which was launched last year has witnessed operational break-even as well. Overall, we believe that the regional channel portfolio is at a cusp of an earnings turn-around (from EBITDA losses in FY16, regional channels posted a margin of 23.1% in FY18) amid increase in ATS and channel rankings.

**Concall highlights:** 1) The radio deal is technically called off with the MoU deadline getting extended (we had already excluded the radio business from our valuation piece; [see our report here](#)) 2) Global channel WION is still into losses (Rs280-300mn per year) 3) TV18 is the closest competitor for ZMCL's regional channels 4) Ad inventory utilization for legacy channels ranges between 18-22 minutes per hour (close to near peak), however, there is enough scope to scale inventory in regional channels 5) Zee News' ER is range bound between Rs3,300-3,500; while for Zee Hindustan it is in the range of Rs1200-1600 6) Carriage cost of all channels is Rs500mn 7) National channels are available on DD Free Dish but not the regional ones 8) Most regional channels have ER in the range of Rs300-850 9) No new investment is lined up for new channels 10) Subscription income is not going to see any change post TRAI's new tariff order.

**Exhibit 1: Segmental breakdown**

Consolidated (Rs mn)	Q2FY19	Q2FY18	YoY gr.	Q1FY19	QoQ gr.
Advertising revenue	1,494	1,111	34.5%	1,370	9.1%
<i>As a % of sales</i>	<i>88.6%</i>	<i>89.2%</i>		<i>88.5%</i>	
Subscription revenue	131	117	11.8%	111	18.2%
<i>As a % of sales</i>	<i>7.8%</i>	<i>9.4%</i>		<i>7.2%</i>	
Other sales & services	61	17	263.7%	66.2	-7.7%
<i>As a % of sales</i>	<i>3.6%</i>	<i>1.3%</i>		<i>4.3%</i>	
<b>Total sales</b>	<b>1,687</b>	<b>1,245</b>	<b>35.5%</b>	<b>1,547</b>	<b>9.0%</b>

Source: Company, PL

**Exhibit 2: Q2FY19 Result Overview - Standalone (Rs m)**

Y/e March	Q2FY19	Q2FY18	YoY gr.	Q1FY19	QoQ gr.
<b>Net Sales</b>	<b>1,487</b>	<b>1,089</b>	<b>36.5%</b>	<b>1,372</b>	<b>8.3%</b>
Operational cost	232	182	27.3%	234	-0.9%
<i>As a % of sales</i>	<i>15.6%</i>	<i>16.7%</i>		<i>17.0%</i>	
Employee expenses	348	288	20.9%	322	8.0%
<i>As a % of sales</i>	<i>23.4%</i>	<i>26.4%</i>		<i>23.5%</i>	
Marketing & distribution expenses	220	143	54.2%	200	9.9%
<i>As a % of sales</i>	<i>14.8%</i>	<i>13.1%</i>		<i>14.6%</i>	
Other expenses	389	287	35.9%	345	13.0%
<i>As a % of sales</i>	<i>26.2%</i>	<i>26.3%</i>		<i>25.1%</i>	
Expenditure	1,189	899	32.2%	1,101	8.0%
<b>EBITDA</b>	<b>298</b>	<b>190</b>	<b>56.4%</b>	<b>272</b>	<b>9.6%</b>
<i>EBITDA Margin</i>	<i>20.0%</i>	<i>17.5%</i>		<i>19.8%</i>	
Depreciation	114	88	30.4%	115	-0.9%
<b>EBIT</b>	<b>184</b>	<b>103</b>	<b>78.5%</b>	<b>157</b>	<b>17.3%</b>
<i>EBIT Margin</i>	<i>12.3%</i>	<i>9.4%</i>		<i>11.4%</i>	
Interest	43	35	23.0%	35	23.9%
Other income	19	20	-6.2%	26	-27.1%
Exceptional items	-	-		-	
<b>PBT</b>	<b>159</b>	<b>88</b>	<b>81.5%</b>	<b>147</b>	<b>8.1%</b>
Tax	56	29	93.1%	51	9.2%
<i>Tax Rate</i>	<i>34.9%</i>	<i>32.9%</i>		<i>34.6%</i>	
Other comprehensive income	1.7	0.4	325.0%	0.5	240.0%
P/L from discontinued operations	-	-		-	
<b>PAT</b>	<b>105</b>	<b>59</b>	<b>77.5%</b>	<b>97</b>	<b>8.7%</b>
<i>PAT Margin</i>	<i>7.1%</i>	<i>5.4%</i>		<i>7.1%</i>	
<b>EPS (Rs)</b>	<b>0.22</b>	<b>0.13</b>	<b>77.5%</b>	<b>0.20</b>	<b>11.7%</b>

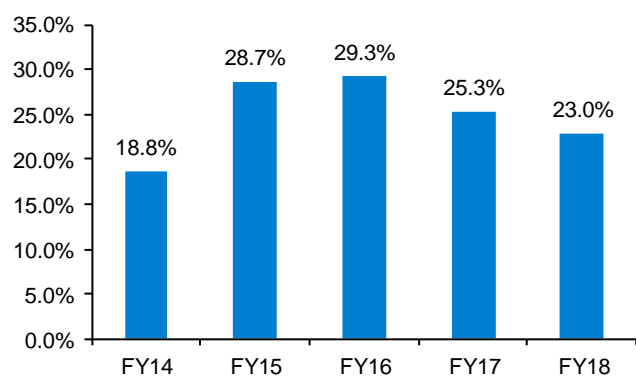
Source: Company, PL

**Exhibit 3: Q2FY19 Result Overview – Consolidated (Rs m)**

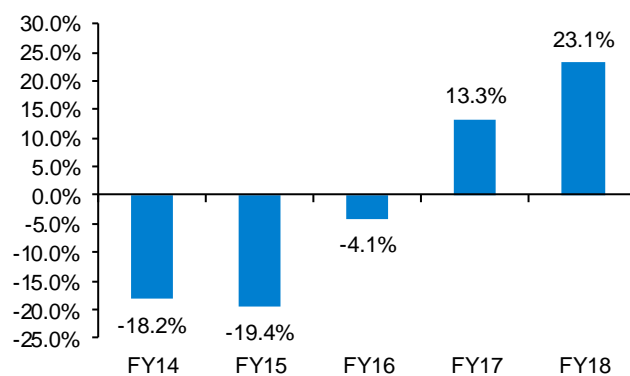
Y/e March	Q2FY19	Q2FY18	YoY gr.	Q1FY19	QoQ gr.
<b>Net Sales</b>	<b>1,687</b>	<b>1,245</b>	<b>35.5%</b>	<b>1,547</b>	<b>9.0%</b>
Operational cost	245	195	25.9%	255	-3.9%
<i>As a % of sales</i>	<i>14.5%</i>	<i>15.6%</i>		<i>16.5%</i>	
Employee expenses	374	311	20.3%	348	7.3%
<i>As a % of sales</i>	<i>22.2%</i>	<i>24.9%</i>		<i>22.5%</i>	
Marketing & distribution expenses	230	156	47.7%	208	10.9%
<i>As a % of sales</i>	<i>13.7%</i>	<i>12.5%</i>		<i>13.4%</i>	
Other expenses	429	317	35.5%	377	13.7%
<i>As a % of sales</i>	<i>25.4%</i>	<i>25.4%</i>		<i>24.4%</i>	
Expenditure	1,278	978	30.7%	1,188	7.6%
<b>EBITDA</b>	<b>409</b>	<b>268</b>	<b>52.8%</b>	<b>359</b>	<b>13.9%</b>
<i>EBITDA Margin</i>	<i>24.2%</i>	<i>21.5%</i>		<i>23.2%</i>	
Depreciation	126	90	40.0%	126	0.2%
<b>EBIT</b>	<b>282</b>	<b>177</b>	<b>59.3%</b>	<b>233</b>	<b>21.3%</b>
<i>EBIT Margin</i>	<i>16.7%</i>	<i>14.2%</i>		<i>15.0%</i>	
Interest	44	36	21.5%	35	23.9%
Other income	20	22	-9.1%	19	8.1%
Exceptional items	-	-		412	-
<b>PBT</b>	<b>259</b>	<b>163</b>	<b>58.4%</b>	<b>628</b>	<b>-58.8%</b>
Tax	83	55	51.5%	73	13.9%
<i>Tax Rate</i>	<i>32.2%</i>	<i>33.7%</i>		<i>11.7%</i>	
<b>PAT#</b>	<b>175</b>	<b>18</b>	<b>844.8%</b>	<b>351</b>	<b>-50.3%</b>
<i>PAT Margin</i>	<i>10.3%</i>	<i>1.5%</i>		<i>22.7%</i>	
<b>EPS (Rs)</b>	<b>0.37</b>	<b>0.04</b>	<b>825.0%</b>	<b>0.75</b>	<b>-50.7%</b>

Source: Company, PL

#PAT is after accounting for minority interest, share of profit from associates, OCI and losses from discontinued operations etc

**Exhibit 4: WION putting a dent on national channel margins**


Source: Company, PL

**Exhibit 5: Regional channel margins are recovering**


Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Net Revenues</b>	<b>3,981</b>	<b>5,102</b>	<b>5,918</b>	<b>7,102</b>
YoY gr. (%)	3.8	28.2	16.0	20.0
Cost of Goods Sold	-	-	-	-
Gross Profit	-	-	-	-
Margin (%)	-	-	-	-
Employee Cost	870	1,180	1,450	1,669
Other Expenses	902	1,305	1,420	1,648
<b>EBITDA</b>	<b>857</b>	<b>1,025</b>	<b>1,225</b>	<b>1,640</b>
YoY gr. (%)	47.5	19.6	19.5	33.9
Margin (%)	21.5	20.1	20.7	23.1
Depreciation and Amortization	263	401	438	483
<b>EBIT</b>	<b>594</b>	<b>625</b>	<b>787</b>	<b>1,158</b>
Margin (%)	14.9	12.2	13.3	16.3
Net Interest	148	174	189	206
Other Income	152	138	112	128
<b>Profit Before Tax</b>	<b>598</b>	<b>588</b>	<b>710</b>	<b>1,079</b>
Margin (%)	15.0	11.5	12.0	15.2
Total Tax	179	182	227	345
Effective tax rate (%)	29.9	31.0	32.0	32.0
<b>Profit after tax</b>	<b>419</b>	<b>406</b>	<b>483</b>	<b>734</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>419</b>	<b>406</b>	<b>483</b>	<b>734</b>
YoY gr. (%)	89.5	(3.1)	18.9	52.0
Margin (%)	10.5	8.0	8.2	10.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>419</b>	<b>406</b>	<b>483</b>	<b>734</b>
YoY gr. (%)	89.5	(3.1)	18.9	52.0
Margin (%)	10.5	8.0	8.2	10.3
Other Comprehensive Income	(1)	(4)	-	-
Total Comprehensive Income	418	402	483	734
<b>Equity Shares O/s (m)</b>	<b>440</b>	<b>471</b>	<b>471</b>	<b>471</b>
<b>EPS (Rs)</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>1.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>2,613</b>	<b>3,582</b>	<b>4,144</b>	<b>4,783</b>
Tangibles	2,100	2,985	3,459	3,992
Intangibles	512	596	685	792
<b>Acc: Dep / Amortization</b>	<b>1,208</b>	<b>1,519</b>	<b>1,957</b>	<b>2,440</b>
Tangibles	1,015	1,298	1,649	2,035
Intangibles	192	221	308	405
<b>Net fixed assets</b>	<b>1,405</b>	<b>2,063</b>	<b>2,187</b>	<b>2,344</b>
Tangibles	1,085	1,687	1,810	1,957
Intangibles	320	376	377	387
Capital Work In Progress	226	60	60	60
Goodwill	-	-	-	-
Non-Current Investments	5,442	5,540	5,540	5,540
Net Deferred tax assets	109	161	156	194
Other Non-Current Assets	250	193	220	262
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	0	-	-	-
Trade receivables	1,248	1,596	1,865	2,296
Cash & Bank Balance	347	43	746	951
Other Current Assets	303	337	385	447
<b>Total Assets</b>	<b>9,355</b>	<b>10,023</b>	<b>11,191</b>	<b>12,126</b>
<b>Equity</b>				
Equity Share Capital	440	471	471	471
Other Equity	6,011	6,309	6,792	7,526
<b>Total Network</b>	<b>6,451</b>	<b>6,780</b>	<b>7,263</b>	<b>7,997</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	479	628	878	878
Provisions	144	161	195	206
Other non current liabilities	68	15	95	107
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	431	606	606	606
Trade payables	362	426	489	524
Other current liabilities	1,329	1,306	1,542	1,667
<b>Total Equity &amp; Liabilities</b>	<b>9,355</b>	<b>10,023</b>	<b>11,191</b>	<b>12,126</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY17	FY18	FY19E	FY20E
PBT	542	588	710	1,079
Add. Depreciation	264	401	438	483
Add. Interest	145	130	189	206
Less Financial Other Income	152	138	112	128
Add. Other	(142)	(2)	102	(54)
Op. profit before WC changes	809	1,118	1,440	1,715
Net Changes-WC	238	(265)	(206)	(396)
Direct tax	2	(197)	(227)	(345)
<b>Net cash from Op. activities</b>	<b>1,049</b>	<b>655</b>	<b>1,006</b>	<b>973</b>
Capital expenditures	(637)	(818)	(562)	(639)
Interest / Dividend Income	94	52	-	-
Others	(461)	(225)	-	-
<b>Net Cash from Invt. activities</b>	<b>(1,005)</b>	<b>(991)</b>	<b>(562)</b>	<b>(639)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(90)	(17)	250	-
Dividend paid	(85)	(129)	-	-
Interest paid	(145)	-	(189)	(206)
Others	-	-	199	77
<b>Net cash from Fin. activities</b>	<b>(321)</b>	<b>(147)</b>	<b>259</b>	<b>(129)</b>
<b>Net change in cash</b>	<b>(276)</b>	<b>(482)</b>	<b>703</b>	<b>205</b>
Free Cash Flow	407	(163)	444	334

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY17	FY18	FY19E	FY20E
<b>Per Share(Rs)</b>				
EPS	1.0	0.9	1.0	1.6
CEPS	1.5	1.7	2.0	2.6
BVPS	14.7	14.4	15.4	17.0
FCF	0.9	(0.3)	0.9	0.7
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	6.7	6.4	7.4	9.9
ROIC	4.9	4.5	5.4	7.4
RoE	6.7	6.1	6.9	9.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.1	0.2	0.1	0.1
Net Working Capital (Days)	81	84	85	91
<b>Valuation(x)</b>				
PER	27.3	30.1	25.3	16.7
P/B	1.8	1.8	1.7	1.5
P/CEPS	1.6	1.8	2.0	2.7
EV/EBITDA	14.0	13.1	10.6	7.8
EV/Sales	3.0	2.6	2.2	1.8
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

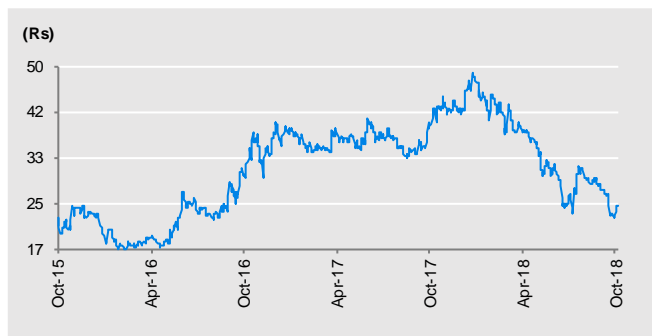
Y/e Mar	Q3FY18	Q4FY18	Q1FY19	Q2FY19
<b>Net Revenue</b>	<b>1,429</b>	<b>1,590</b>	<b>1,372</b>	<b>1,487</b>
YoY gr. (%)	47.4	33.7	38.1	36.5
Raw Material Expenses	-	-	-	-
Gross Profit	-	-	-	-
Margin (%)	-	-	-	-
<b>EBITDA</b>	<b>386</b>	<b>279</b>	<b>272</b>	<b>298</b>
YoY gr. (%)	102.5	(27.7)	(2.5)	-
Margin (%)	27.0	17.5	19.8	20.0
Depreciation / Depletion	113	119	115	114
<b>EBIT</b>	<b>272</b>	<b>160</b>	<b>157</b>	<b>184</b>
Margin (%)	19.1	10.0	11.4	12.3
Net Interest	37	52	35	43
Other Income	11	79	26	19
<b>Profit before Tax</b>	<b>246</b>	<b>188</b>	<b>147</b>	<b>159</b>
Margin (%)	17.2	11.8	10.7	10.7
Total Tax	86	44	51	56
Effective tax rate (%)	34.8	23.5	34.6	34.9
<b>Profit after Tax</b>	<b>160</b>	<b>143</b>	<b>96</b>	<b>104</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>160</b>	<b>143</b>	<b>96</b>	<b>104</b>
YoY gr. (%)	31.4	(14.8)	120.3	75.8
Margin (%)	11.2	9.0	7.0	7.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>160</b>	<b>143</b>	<b>96</b>	<b>104</b>
YoY gr. (%)	39.6	(13.9)	120.3	75.8
Margin (%)	11.2	9.0	7.0	7.0
Other Comprehensive Income	3	(3)	1	2
<b>Total Comprehensive Income</b>	<b>163</b>	<b>141</b>	<b>97</b>	<b>105</b>
Avg. Shares O/s (m)	471	471	471	471
<b>EPS (Rs)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>

Source: Company Data, PL Research



## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	19-Jan-18	BUY	65	44
2	02-Feb-18	BUY	67	44
3	17-May-18	BUY	56	33
4	10-Jul-18	BUY	56	25
5	23-Jul-18	BUY	46	27
6	01-Oct-18	BUY	39	23
7	05-Oct-18	BUY	39	24

## Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Dish TV India	NR	-	74
2	Entertainment Network (India)	BUY	843	640
3	Music Broadcast	BUY	409	309
4	Navneet Education	BUY	146	107
5	Zee Media Corporation	BUY	39	24

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: 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](http://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](http://www.plindia.com) | Bloomberg Research Page: PRLD <GO>