

May 16, 2022

Q4FY22 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	1,747		2,550	
Sales (Rs. m)	8,487	10,114	8,752	10,787
% Chng.	(3.0)	(6.2)		
EBITDA (Rs. m)	1,180	1,385	1,261	1,635
% Chng.	(6.4)	(15.3)		
EPS (Rs.)	16.0	20.2	17.0	24.7
% Chng.	(5.7)	(18.1)		

Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	4,542	6,217	8,487	10,114
EBITDA (Rs. m)	447	946	1,180	1,385
Margin (%)	9.8	15.2	13.9	13.7
PAT (Rs. m)	92	284	520	658
EPS (Rs.)	3.0	8.7	16.0	20.2
Gr. (%)	NA	189.2	83.3	26.4
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	1.6	3.3	4.9	5.8
RoCE (%)	0.9	5.5	7.2	8.4
EV/Sales (x)	7.3	5.3	3.9	3.2
EV/EBITDA (x)	74.3	35.1	28.1	23.6
PE (x)	413.1	142.8	77.9	61.7
P/BV (x)	5.8	3.9	3.7	3.5

Key Data

NAZA.BO | NAZARA IN

52-W High / Low	Rs.3,356 / Rs.1,050
Sensex / Nifty	52,974 / 15,842
Market Cap	Rs.41bn/ \$ 523m
Shares Outstanding	33m
3M Avg. Daily Value	Rs.247.69m

Shareholding Pattern (%)

Promoter's	19.32
Foreign	10.35
Domestic Institution	3.89
Public & Others	66.44
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(23.8)	(45.9)	(25.3)
Relative	(16.1)	(38.4)	(31.3)

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Shweta Shekhawat

shwetashekhawat@plindia.com |

Kiddopia scuffles; ESports now key growth lever

Quick Pointers:

- Kiddopia lost ~19K subscribers in 4QFY22 and management is exploring additional marketing channels to boost growth.
- Board recommends bonus in the ratio of 1:1.

We cut our EPS estimates by 6%/18% for FY23E/FY24E respectively as subscriber acquisition continues to remain a challenge in Kiddopia. While management is exploring additional marketing channels and has ear-marked a higher sum of US\$1.5-1.6mn per month for 1QFY23E; achieving pre-Apple policy era's subscriber addition figures will be difficult in near term. Though Kiddopia is facing growth headwinds, E-Sports and Real Money Gaming (RMG) is expected to grow at a strong pace due to consolidation of OML and OpenPlay respectively. Overall, we expect revenue/PAT CAGR of 28%/52% respectively over FY22-24E and the growth story remains intact despite near term challenges. Consequently, we retain our BUY rating on Nazara with a DCF based TP of Rs1,747 (earlier Rs2,550). The stock currently trades at EV/sales multiple of 3.9x/3.2x our FY23/FY24 estimates and post recent correction, valuation is now more in sync with global peers like Electronic Arts and Zynga which trade at 1 year forward multiple of 3-4x.

Revenue increased 41.9% YoY: Revenue increased 41.9% YoY to Rs1,751mn (PLe Rs1,716mn). Kiddopia revenue was flat at 1.4% YoY to Rs513mn while E-Sports/Freemium revenue was up 88.6%/31.6% YoY to Rs916mn/Rs57mn respectively. Revenue from Telco business was down 17% YoY to Rs148mn largely due to decline in India business while RMG revenue was up 477.2% YoY to Rs117mn due to consolidation of OpenPlay.

EBITDA margin at 8.5%: EBITDA increased 26.6% YoY to Rs149mn (PLe Rs139mn) with a margin of 8.5% (PLe of 8.1%) vis-a-vis 9.5% in 4QFY21. EBITDA margin of GEL/Telco/Freemium/RMG was 18.5%/29.7%/33.3%/15.4% respectively while E-Sports margin got squeezed to 3.5% due to limited offline events. PAT declined 30.2% YoY to Rs22mn (PLe Rs12mn) with a margin of 1.3%.

Con-call highlights: 1) Offline events to add ~Rs700-800mn to Nodwin's revenue in FY23E. 2) Pre-COVID revenue of IPs like DreamHack/India Premiership/NH7 Weekender/Other OML properties was ~Rs50mn/Rs70mn/Rs300mn/Rs200-250mn respectively 3) Steady state EBITDA margin for Nodwin to remain in the range of ~6-7%. 4) Revenue contribution of SportsKeeda within E-Sports segment is likely to be at ~20-25% 5) Kiddopia's CPT to stay at elevated levels of US\$36. 6) Ad-spend of Kiddopia is likely to increase from US\$800K per month to ~US\$1.5-1.6mn in May and June 2022. Incremental money will be spent on YouTube (~US\$400K) while an amount of US\$300-400K is ear-marked for brand building. 7) Earlier, roughly 60%/30%/10% of the marketing spends of Kiddopia were on Google/Apple/Facebook respectively. However, given change in Apple's privacy policy ad-spends on Google and FB are diverted to alternative channels like IronSource and Unity. 8) OpenPlay's annual revenue rate is ~Rs650mn and the business has been growing 14-15% MoM.

Exhibit 1: Q4FY22 Result Overview (Rs mn)

Consolidated financial table	4QFY22	4QFY21	YoY gr.	3QFY22	QoQ gr.	FY22	FY21	YoY gr.
Net sales	1,751	1,234	41.9%	1,858	-5.8%	6,217	4,542	36.9%
Content, event & web server	534	183	192.0%	484	10.3%	1,396	524	166.2%
<i>As a % of sales</i>	<i>30.5%</i>	<i>14.8%</i>		<i>26.0%</i>		<i>22.5%</i>	<i>11.5%</i>	
Advertisement Expenses	516	538	-4.2%	568	-9.2%	2,017	2,265	-10.9%
<i>As a % of sales</i>	<i>29.5%</i>	<i>43.6%</i>		<i>30.6%</i>		<i>32.4%</i>	<i>49.9%</i>	
Commission	122	143	-14.6%	114	7.0%	504	501	0.6%
<i>As a % of sales</i>	<i>7.0%</i>	<i>11.6%</i>		<i>6.1%</i>		<i>8.1%</i>	<i>11.0%</i>	
Employee Cost	270	152	77.3%	264	2.3%	881	487	80.9%
<i>As a % of sales</i>	<i>15.4%</i>	<i>12.3%</i>		<i>14.2%</i>		<i>14.2%</i>	<i>10.7%</i>	
Other Expenses	160	100	60.6%	125	28.0%	473	318	48.7%
<i>As a % of sales</i>	<i>9.1%</i>	<i>8.1%</i>		<i>6.7%</i>		<i>7.6%</i>	<i>7.0%</i>	
EBITDA	149	118	26.6%	303	-50.8%	946	447	111.6%
<i>EBITDA margin</i>	<i>8.5%</i>	<i>9.5%</i>		<i>16.3%</i>		<i>15.2%</i>	<i>9.8%</i>	
Depreciation	113	75	51.2%	107	5.6%	390	355	9.9%
EBIT	36	43	-16.3%	196	-81.6%	556	92	503.2%
<i>EBIT margin</i>	<i>2.1%</i>	<i>3.5%</i>		<i>10.5%</i>		<i>8.9%</i>	<i>2.0%</i>	
Interest cost	4	1	304.0%	-	NM	6	4	50.0%
Other income	96	22	337.4%	40	140.0%	241	143	68.2%
Impairment	20	23	-14.8%	12	66.7%	87	41	112.3%
Share of P/L of investments accounted using equity method	-	(6)	NM	-	NM	(5)	(24)	NM
Exceptional items	-	-	NM	-	NM	-	-	NM
PBT	108	35	208.7%	224	-51.8%	699	167	319.4%
Tax expenses	59	(7)	NM	53	11.3%	192	31	526.0%
<i>Tax rate</i>	<i>54.6%</i>	<i>NM</i>		<i>23.7%</i>		<i>27.5%</i>	<i>18.4%</i>	
PAT	49	42	15.9%	171	-71.3%	507	136	272.8%
<i>PAT margin</i>	<i>2.8%</i>	<i>3.4%</i>		<i>9.2%</i>		<i>8.2%</i>	<i>3.0%</i>	
Minority Interest	27	11	151.2%	68	-60.3%	223	44	407.0%
PAT after MI	22	32	-30.2%	103	-78.6%	284	92	208.7%
EPS (Rs)	0.7	1.1	-36.8%	3.3	-79.6%	9.1	3.2	184.1%
Adjusted PAT	69	66	4.9%	183	-62.3%	594	177	235.7%

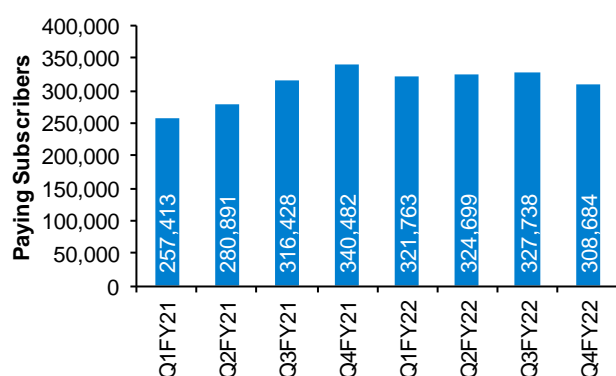
Source: Company, PL

Exhibit 2: Segmental revenue & EBITDA breakdown (Rs mn)

Y/e March	4QFY22	4QFY21	YoY gr.	3QFY22	QoQ gr.
Gamified Early Learning	513	506	1.4%	472	8.7%
<i>As a % of sales</i>	<i>29.3%</i>	<i>41.0%</i>		<i>25.4%</i>	
EBITDA	95	82	15.9%	61	55.7%
<i>EBITDA margin</i>	<i>18.5%</i>	<i>16.2%</i>		<i>12.9%</i>	
E-Sports	916	486	88.6%	1,093	-16.2%
<i>As a % of sales</i>	<i>52.3%</i>	<i>39.4%</i>		<i>58.8%</i>	
EBITDA	32	64	-50.0%	242	-86.8%
<i>EBITDA margin</i>	<i>3.5%</i>	<i>13.2%</i>		<i>22.1%</i>	
Telco Subscription	148	178	-17.0%	129	14.7%
<i>As a % of sales</i>	<i>8.5%</i>	<i>14.5%</i>		<i>6.9%</i>	
EBITDA	44	(6)	NM	11	300.0%
<i>EBITDA margin</i>	<i>29.7%</i>	<i>NM</i>		<i>8.5%</i>	
Freemium	57	43	31.6%	57	0.0%
<i>As a % of sales</i>	<i>3.3%</i>	<i>3.5%</i>		<i>3.1%</i>	
EBITDA	19	8	137.5%	14	35.7%
<i>EBITDA margin</i>	<i>33.3%</i>	<i>18.5%</i>		<i>24.6%</i>	
Real Money Gaming	117	20	477.2%	107	9.3%
<i>As a % of sales</i>	<i>6.7%</i>	<i>1.6%</i>		<i>5.8%</i>	
EBITDA	18	(10)	NM	1	1700.0%
<i>EBITDA margin</i>	<i>15.4%</i>	<i>NM</i>		<i>0.9%</i>	
Total revenues	1,751	1,234	41.9%	1,858	-5.8%

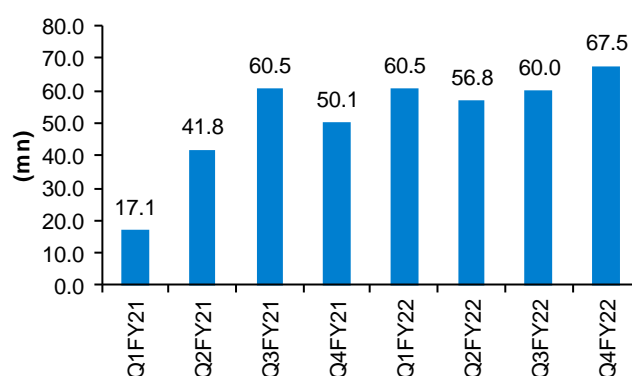
Source: Company, PL

Exhibit 3: Apple's policy change curtails Kiddopia growth



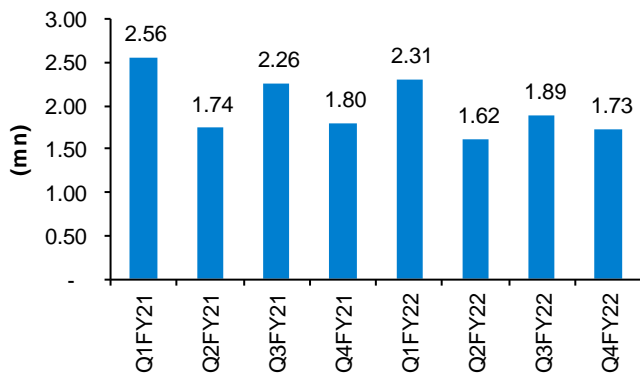
Source: Company, PL

Exhibit 4: SportsKeeda MAU's is linked to sporting events



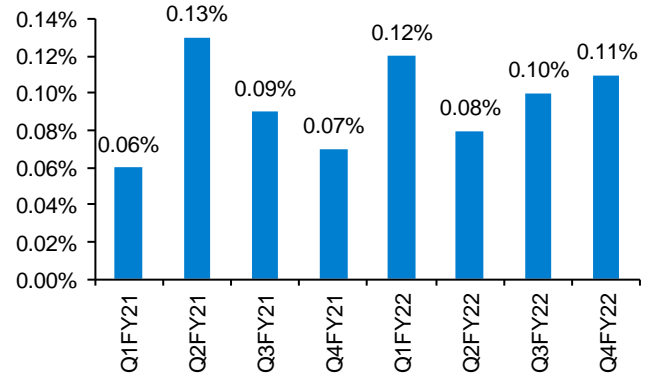
Source: Company, PL

Exhibit 5: Freemium DAU's stable over the quarters

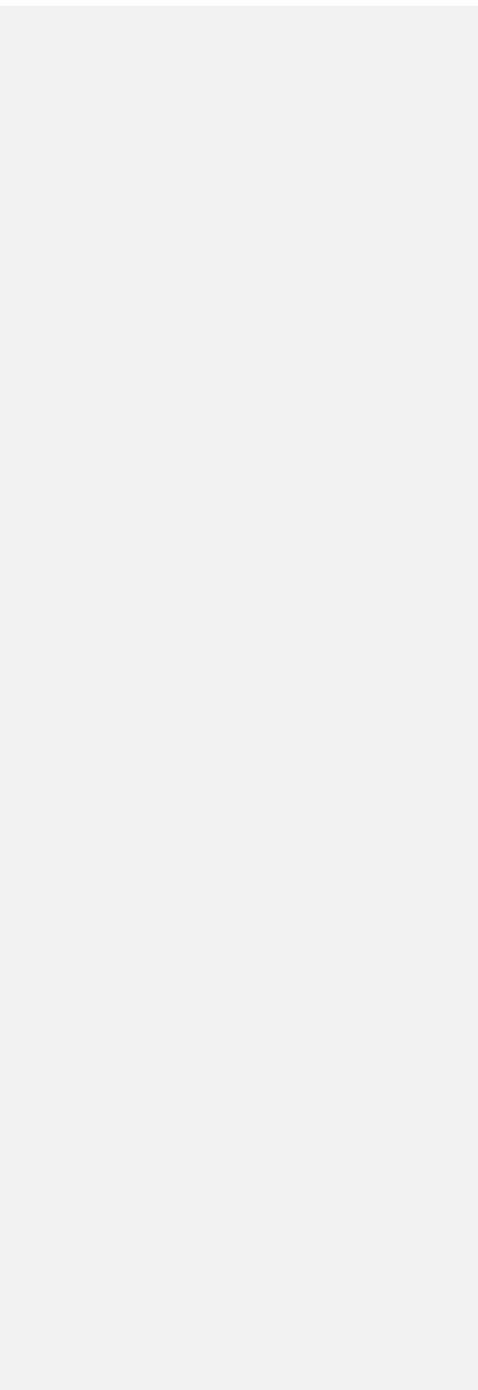


Source: Company, PL

Exhibit 6: IAP conversion trend of WCC3



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	4,542	6,217	8,487	10,114
YoY gr. (%)	83.5	36.9	36.5	19.2
Cost of Goods Sold	-	-	-	-
Employee Cost	487	881	976	1,113
Other Expenses	318	473	764	860
EBITDA	447	946	1,180	1,385
YoY gr. (%)	NA	111.6	24.7	17.4
Margin (%)	9.8	15.2	13.9	13.7
Depreciation and Amortization	355	390	412	438
EBIT	51	469	768	948
Margin (%)	1.1	7.5	9.0	9.4
Net Interest	4	6	9	9
Other Income	143	241	255	273
Profit Before Tax	190	704	1,014	1,212
Margin (%)	4.2	11.3	11.9	12.0
Total Tax	31	192	253	303
Effective tax rate (%)	16.1	27.3	25.0	25.0
Profit after tax	160	512	760	909
Minority interest	44	223	240	251
Share Profit from Associate	(24)	(5)	-	-
Adjusted PAT	92	284	520	658
YoY gr. (%)	NA	208.7	83.3	26.4
Margin (%)	2.0	4.6	6.1	6.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	92	284	520	658
YoY gr. (%)	NA	208.7	83.3	26.4
Margin (%)	2.0	4.6	6.1	6.5
Other Comprehensive Income	(47)	30	-	-
Total Comprehensive Income	45	314	520	658
Equity Shares O/s (m)	30	33	33	33
EPS (Rs)	3.0	8.7	16.0	20.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	2,138	2,858	3,172	3,502
Tangibles	221	345	459	589
Intangibles	1,917	2,513	2,713	2,913
Acc: Dep / Amortization	860	1,250	1,662	2,100
Tangibles	182	268	359	455
Intangibles	678	982	1,304	1,645
Net fixed assets	1,278	1,608	1,510	1,402
Tangibles	39	77	100	134
Intangibles	1,239	1,531	1,409	1,268
Capital Work In Progress	24	11	11	11
Goodwill	1,684	2,632	2,632	2,632
Non-Current Investments	168	397	401	416
Net Deferred tax assets	(214)	(264)	(263)	(263)
Other Non-Current Assets	215	237	364	415
Current Assets				
Investments	1,060	4,093	4,093	4,093
Inventories	-	13	13	13
Trade receivables	686	847	1,511	1,857
Cash & Bank Balance	3,724	3,228	3,320	3,713
Other Current Assets	307	269	339	455
Total Assets	10,227	14,098	15,561	16,635
Equity				
Equity Share Capital	122	130	130	130
Other Equity	6,460	10,283	10,803	11,461
Total Network	6,582	10,413	10,933	11,591
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	35	51	55	66
Other non current liabilities	2	10	10	10
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	640	499	1,186	1,413
Other current liabilities	1,496	1,232	1,467	1,631
Total Equity & Liabilities	10,227	14,098	15,561	16,635

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	167	699	520	658
Add. Depreciation	355	390	412	438
Add. Interest	4	6	9	9
Less Financial Other Income	143	241	255	273
Add. Other	3	(3)	(538)	(251)
Op. profit before WC changes	528	1,092	403	854
Net Changes-WC	311	(281)	22	(118)
Direct tax	(160)	(190)	-	-
Net cash from Op. activities	680	621	426	736
Capital expenditures	(354)	(1,407)	(314)	(330)
Interest / Dividend Income	40	60	-	-
Others	(2,366)	(2,149)	(11)	(3)
Net Cash from Inv. activities	(2,680)	(3,496)	(325)	(334)
Issue of share cap. / premium	2,228	3,393	-	-
Debt changes	(53)	(38)	-	-
Dividend paid	-	-	-	-
Interest paid	(4)	(5)	(9)	(9)
Others	-	(3)	-	-
Net cash from Fin. activities	2,171	3,347	(9)	(9)
Net change in cash	170	472	92	393
Free Cash Flow	648	498	112	405

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	3.0	8.7	16.0	20.2
CEPS	14.7	20.7	28.7	33.7
BVPS	216.1	320.4	336.4	356.7
FCF	21.3	15.3	3.4	12.5
DPS	-	-	-	-
Return Ratio(%)				
RoCE	0.9	5.5	7.2	8.4
ROIC	4.2	29.0	17.7	20.6
RoE	1.6	3.3	4.9	5.8
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.7)	(0.7)	(0.7)
Net Working Capital (Days)	-	21	15	16
Valuation(x)				
PER	413.1	142.8	77.9	61.7
P/B	5.8	3.9	3.7	3.5
P/CEPS	85.1	60.2	43.5	37.0
EV/EBITDA	74.3	35.1	28.1	23.6
EV/Sales	7.3	5.3	3.9	3.2
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Net Revenue	1,312	1,296	1,858	1,751
YoY gr. (%)	45.0	17.8	42.5	41.9
Raw Material Expenses	-	-	-	-
EBITDA	301	195	303	149
YoY gr. (%)	NA	-	10.8	26.6
Margin (%)	22.9	15.0	16.3	8.5
Depreciation / Depletion	84	96	107	113
EBIT	169	92	184	16
Margin (%)	12.9	7.1	9.9	0.9
Net Interest	2	1	-	4
Other Income	49	56	40	96
Profit before Tax	216	147	224	108
Margin (%)	16.5	11.3	12.1	6.2
Total Tax	76	2	53	59
Effective tax rate (%)	35.2	1.4	23.7	54.6
Profit after Tax	140	145	171	49
Minority interest	82	44	68	27
Share Profit from Associates	(5)	-	-	-
Adjusted PAT	53	101	103	22
YoY gr. (%)	NA	(58.8)	1.0	(30.2)
Margin (%)	4.0	7.8	5.5	1.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	53	101	103	22
YoY gr. (%)	NA	(58.8)	1.0	(30.2)
Margin (%)	4.0	7.8	5.5	1.3
Other Comprehensive Income	30	(2)	28	29
Total Comprehensive Income	83	99	131	51
Avg. Shares O/s (m)	30	30	32	33
EPS (Rs)	1.7	3.3	3.2	0.7

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-22	BUY	2,550	1,695
2	14-Feb-22	BUY	2,544	1,884
3	10-Jan-22	BUY	3,125	2,413
4	01-Nov-21	BUY	3,125	2,520
5	07-Oct-21	UR	-	2,704
6	02-Sep-21	BUY	2,342	1,794

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Entertainment Network (India)	Hold	184	204
2	Indian Railway Catering and Tourism Corporation	Hold	727	791
3	Inox Leisure	BUY	681	493
4	Music Broadcast	Hold	24	26
5	Navneet Education	BUY	128	108
6	Nazara Technologies	BUY	2,550	1,695
7	PVR	BUY	2,227	1,706
8	S Chand and Company	BUY	159	114
9	Safari Industries (India)	BUY	1,288	898
10	V.I.P. Industries	BUY	825	726
11	Zee Entertainment Enterprises	BUY	413	286

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, Ms. Shweta Shekhawat- MBA Finance & MCom 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 a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

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, Ms. Shweta Shekhawat- MBA Finance & MCom 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