

August 1, 2022

Q1FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	911		901	
Sales (Rs. m)	9,417	11,959	9,273	11,338
% Chng.	1.5	5.5		
EBITDA (Rs. m)	1,241	1,580	1,206	1,410
% Chng.	2.9	12.1		
EPS (Rs.)	8.5	10.8	8.1	10.2
% Chng.	4.5	5.7		

Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	4,542	6,217	9,417	11,959
EBITDA (Rs. m)	447	946	1,241	1,580
Margin (%)	9.8	15.2	13.2	13.2
PAT (Rs. m)	92	284	559	709
EPS (Rs.)*	3.0	8.7	8.5	10.8
Gr. (%)	NA	189.2	(2.5)	26.7
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	1.6	3.3	5.2	6.2
RoCE (%)	0.9	5.5	6.8	9.0
EV/Sales (x)	3.2	2.1	3.6	2.8
EV/EBITDA (x)	32.6	14.1	27.5	21.4
PE (x)	210.6	72.8	74.7	58.9
P/BV (x)	2.9	2.0	3.8	3.5

EPS Gr. not comparable due to bonus issue

Key Data NAZA.BO | NAZARA IN

52-W High / Low	Rs.1,678 / Rs.475
Sensex / Nifty	58,116 / 17,340
Market Cap	Rs.42bn/ \$ 529m
Shares Outstanding	66m
3M Avg. Daily Value	Rs.316.37m

Shareholding Pattern (%)

Promoter's	19.20
Foreign	10.15
Domestic Institution	5.50
Public & Others	65.15
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.9)	(41.2)	(31.4)
Relative	(10.7)	(40.4)	(38.0)

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Shweta Shekhawat

shwetashekhawat@plindia.com | 91-22-66322256

KPIs stabilize in Kiddopia; concerns subside

Quick Pointers:

- Targeting 50%+ top-line growth with an EBITDA margin of 12-13% in FY23E.

Nazara reported decent set of numbers with a topline beat of 7.9% and an EBITDA margin of 13.5% which was partially impacted by continued investments to fund growth initiatives of Nodwin. Nonetheless, key highlight was stabilization in unit economics (LTV/CAC of 2x) of Kiddopia after taking a price hike of 13% in June. We believe further headroom exists as Kiddopia's monthly subscription plan of US\$8.99 is still at a discount to other players. Further, even on Esports front performance was encouraging with 11.7% sequential growth in top-line despite seasonality effect (typically more events accrue in 2H). However, scaling in Freemium business remains sub-par while RMG segment is under the web of regulatory uncertainty restricting further investments, albeit temporarily.

We have increased our sales estimates by 2%/6% for FY23/FY24 respectively as we fine tune our assumptions for Esports and DataWrkz. Overall, we expect revenue/PAT CAGR of 39%/58% respectively over FY22-24E and believe the growth story remains intact as Nazara's portfolio approach to gaming not only diversifies unforeseen risks (Apple's privacy policy or regulatory uncertainty surrounding RMG) but also creates additional growth levers via inorganic route. Consequently, we retain our BUY rating with a DCF based TP of Rs911. The stock currently trades at EV/sales multiple of 3.6x/2.8x over our FY23/FY24 estimates and provides a good entry point given valuation is now more in sync with global peers (see exhibit 7 for more details) despite better growth prospects.

Revenue increased 70% YoY: Revenue increased 70% YoY to Rs2,231mn. Kiddopia revenue growth was stunted at 0.8% YoY to Rs525mn while E-sports revenue was up 92.3% YoY to Rs1,023mn.

EBITDA margin at 13.5%: EBITDA remained flat YoY at Rs301mn (PLe Rs269mn) with a margin of 13.5% vis-a-vis 22.9% in 1QFY22. PAT increased 117% YoY to Rs115mn with a margin of 5.2%.

Con-call highlights: 1) Datawrkz's EBITDA margin is expected to be in the range of 10-12%. 2) Kiddopia's blended ARPU for new/total subscribers is US\$8.4/US\$6.7 respectively. 3) US\$0.9-1mn per month will be spent towards performance marketing in Kiddopia. 4) Kiddopia's CPT to stabilize at US\$38-39 while LTV/CAC to be 2x or higher. 5) Nodwin's top-line growth expectation of 50%+ to remain intact in FY23E despite ban on BGMI as IPs planned for the year were exclusive of it. 6) Nodwin's EBITDA margin to be at 5-6% in FY23E. 7) Revenue run-rate of Wings accessories has improved to Rs35mn per month and has achieved EBITDA breakeven post-acquisition. The yearly run rate will improve from Rs220mn to Rs700mn in FY23E. 8) Within SportsKeeda, the strategy is to add new sports catering to the US markets as US ad-inventory yields are 6x more than India. 9) Two personnel have been hired to explore M&A opportunities in Freemium, Kiddopia and SportsKeeda.

Exhibit 1: Q1FY23 Result Overview (Rs mn)

Consolidated financial table	1QFY23	1QFY22	YoY gr.	4QFY22	QoQ gr.
Net sales	2,231	1,312	70.0%	1,751	27.4%
Content, event & web server	712	213	234.3%	534	33.3%
<i>As a % of sales</i>	<i>31.9%</i>	<i>16.2%</i>		<i>30.5%</i>	
Advertisement Expenses	650	424	53.3%	516	26.0%
<i>As a % of sales</i>	<i>29.1%</i>	<i>32.3%</i>		<i>29.5%</i>	
Commission	121	137	-11.7%	122	-0.8%
<i>As a % of sales</i>	<i>5.4%</i>	<i>10.4%</i>		<i>7.0%</i>	
Employee Cost	284	145	95.9%	270	5.2%
<i>As a % of sales</i>	<i>12.7%</i>	<i>11.1%</i>		<i>15.4%</i>	
Other Expenses	163	92	77.2%	160	1.9%
<i>As a % of sales</i>	<i>7.3%</i>	<i>7.0%</i>		<i>9.1%</i>	
EBITDA	301	301	0.0%	149	102.0%
<i>EBITDA margin</i>	<i>13.5%</i>	<i>22.9%</i>		<i>8.5%</i>	
Depreciation	136	84	61.9%	113	20.4%
EBIT	165	217	-24.0%	36	358.3%
<i>EBIT margin</i>	<i>7.4%</i>	<i>16.5%</i>		<i>2.1%</i>	
Interest cost	4	2	100.0%	4	0.0%
Other income	66	49	34.7%	96	-31.3%
Impairment	-	48	NM	20	NM
Share of P/L of investments accounted using equity method	-	(5)	NM	-	NM
Exceptional items	-	-	NM	-	NM
PBT	227	211	7.6%	108	110.2%
Tax expenses	62	76	-18.4%	59	5.1%
<i>Tax rate</i>	<i>27.3%</i>	<i>36.0%</i>		<i>54.6%</i>	
PAT	165	135	22.2%	49	236.7%
<i>PAT margin</i>	<i>7.4%</i>	<i>10.3%</i>		<i>2.8%</i>	
Minority Interest	50	82	-39.0%	27	85.2%
PAT after MI	115	53	117.0%	22	422.7%
EPS (Rs)	1.8	0.9	101.5%	0.3	415.6%
Adjusted PAT	165	183	-9.8%	69	139.1%

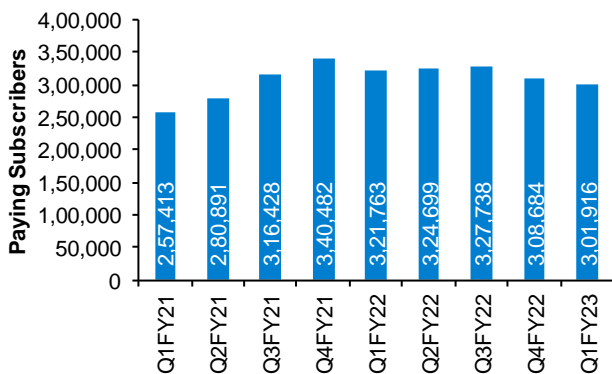
Source: Company, PL

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

Y/e March	1QFY23	1QFY22	YoY gr.	4QFY22	QoQ gr.
Gamified Early Learning	525	521	0.8%	513	2.3%
<i>As a % of sales</i>	<i>23.5%</i>	<i>39.7%</i>		<i>29.3%</i>	
EBITDA	97	207	-53.1%	95	2.1%
<i>EBITDA margin</i>	<i>18.5%</i>	<i>39.7%</i>		<i>18.5%</i>	
E-Sports	1,023	532	92.3%	916	11.7%
<i>As a % of sales</i>	<i>45.9%</i>	<i>40.5%</i>		<i>52.3%</i>	
EBITDA	110	89	23.6%	32	243.8%
<i>EBITDA margin</i>	<i>10.8%</i>	<i>16.7%</i>		<i>3.5%</i>	
Ad tech - Datawrlz	321	-	NM	-	NM
<i>As a % of sales</i>	<i>14.4%</i>	<i>NM</i>		<i>NM</i>	
EBITDA	34	-	NM	-	NM
<i>EBITDA margin</i>	<i>10.6%</i>	<i>NM</i>		<i>NM</i>	
Telco Subscription	150	179	-16.2%	148	1.4%
<i>As a % of sales</i>	<i>6.7%</i>	<i>13.6%</i>		<i>8.5%</i>	
EBITDA	45	38	18.4%	44	2.3%
<i>EBITDA margin</i>	<i>30.0%</i>	<i>21.2%</i>		<i>29.7%</i>	
Freemium	74	58	27.6%	57	29.8%
<i>As a % of sales</i>	<i>3.3%</i>	<i>4.4%</i>		<i>3.3%</i>	
EBITDA	26	15	73.3%	19	36.8%
<i>EBITDA margin</i>	<i>35.1%</i>	<i>25.9%</i>		<i>33.3%</i>	
Real Money Gaming	138	22	527.3%	117	17.9%
<i>As a % of sales</i>	<i>6.2%</i>	<i>1.7%</i>		<i>6.7%</i>	
EBITDA	23	(11)	NM	18	27.8%
<i>EBITDA margin</i>	<i>16.7%</i>	<i>NM</i>		<i>15.4%</i>	
Total revenues	2,231	1,312	70.0%	1,751	27.4%

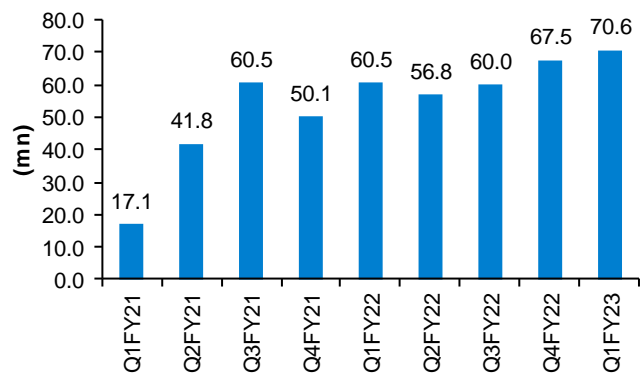
Source: Company, PL

Exhibit 3: Apple's policy change curtails Kiddopia growth



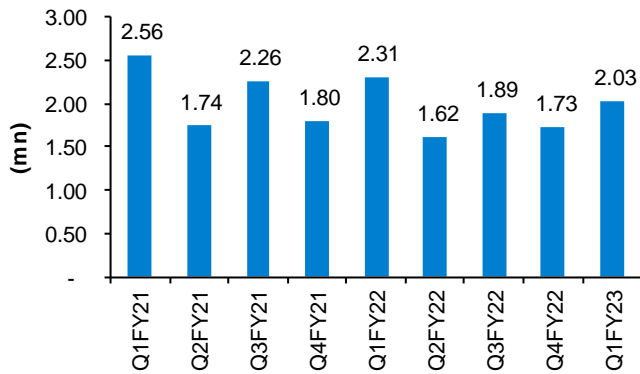
Source: Company, PL

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



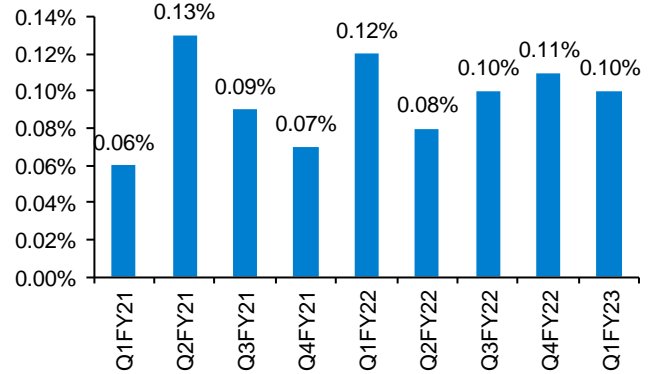
Source: Company, PL

Exhibit 5: Freemium DAU's stable over the quarters



Source: Company, PL

Exhibit 6: IAP conversion trend of WCC3



Source: Company, PL

Exhibit 7: Global Peer Valuation

Company	EV/Sales		
	CY2022	CY2023	CY2024
Tencent holdings	4.5	3.9	3.5
Activision Blizzard	7.0	5.9	5.6
Ubisoft Entertainment*	2.4	2.2	2.0
Take Two Interactive*	3.7	2.8	2.5
Electronic Arts*	4.5	4.2	3.9
International Games Sysytem	3.2	3.0	NA
NetEase	3.4	3.0	2.7
Rovio Entertainment	1.2	1.2	1.1
Ten Square games SA	1.0	1.0	1.0
Average	3.4	3.0	2.8
Nazara (Consensus estimates)	3.8	2.9	2.2
Nazara (PL estimates)	3.6	2.8	2.3

Source: Bloomberg, PL *Financial Year End

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	4,542	6,217	9,417	11,959
YoY gr. (%)	83.5	36.9	51.5	27.0
Cost of Goods Sold	-	-	292	371
Employee Cost	487	881	1,130	1,351
Other Expenses	318	473	659	837
EBITDA	447	946	1,241	1,580
YoY gr. (%)	NA	111.6	31.2	27.4
Margin (%)	9.8	15.2	13.2	13.2
Depreciation and Amortization	355	390	511	549
EBIT	51	469	729	1,031
Margin (%)	1.1	7.5	7.7	8.6
Net Interest	4	6	13	13
Other Income	143	241	283	323
Profit Before Tax	190	704	999	1,341
Margin (%)	4.2	11.3	10.6	11.2
Total Tax	31	192	250	335
Effective tax rate (%)	16.1	27.3	25.0	25.0
Profit after tax	160	512	749	1,006
Minority interest	44	223	190	297
Share Profit from Associate	(24)	(5)	-	-
Adjusted PAT	92	284	559	709
YoY gr. (%)	NA	208.7	97.0	26.7
Margin (%)	2.0	4.6	5.9	5.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	92	284	559	709
YoY gr. (%)	NA	208.7	97.0	26.7
Margin (%)	2.0	4.6	5.9	5.9
Other Comprehensive Income	(47)	30	-	-
Total Comprehensive Income	45	314	559	709
Equity Shares O/s (m)	30	33	66	66
EPS (Rs)*	3.0	8.7	8.5	10.8

Source: Company Data, PL Research

*EPS for FY23&24 adjusted for bonus issue

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	2,138	2,858	3,196	3,544
Tangibles	221	345	483	630
Intangibles	1,917	2,513	2,713	2,913
Acc: Dep / Amortization	860	1,250	1,761	2,311
Tangibles	182	268	380	501
Intangibles	678	982	1,381	1,809
Net fixed assets	1,278	1,608	1,434	1,233
Tangibles	39	77	102	129
Intangibles	1,239	1,531	1,332	1,104
Capital Work In Progress	24	11	11	11
Goodwill	1,684	2,632	2,632	2,632
Non-Current Investments	168	397	410	433
Net Deferred tax assets	(214)	(264)	(292)	(311)
Other Non-Current Assets	215	237	404	490
Current Assets				
Investments	1,060	4,093	4,093	4,093
Inventories	-	13	13	13
Trade receivables	686	847	1,677	2,195
Cash & Bank Balance	3,724	3,228	3,496	3,920
Other Current Assets	307	269	377	538
Total Assets	10,227	14,098	16,063	17,484
Equity				
Equity Share Capital	122	130	263	263
Other Equity	6,460	10,283	10,842	11,551
Total Network	6,582	10,413	11,105	11,814
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	35	51	61	78
Other non current liabilities	2	10	10	10
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	640	499	1,316	1,671
Other current liabilities	1,496	1,232	1,624	1,923
Total Equity & Liabilities	10,227	14,098	16,063	17,484

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	167	699	559	709
Add. Depreciation	355	390	511	549
Add. Interest	4	6	13	13
Less Financial Other Income	143	241	283	323
Add. Other	3	(3)	(571)	(318)
Op. profit before WC changes	528	1,092	512	953
Net Changes-WC	311	(281)	(13)	(163)
Direct tax	(160)	(190)	-	-
Net cash from Op. activities	680	621	499	790
Capital expenditures	(354)	(1,407)	(338)	(348)
Interest / Dividend Income	40	60	-	-
Others	(2,366)	(2,149)	(13)	(5)
Net Cash from Inv. activities	(2,680)	(3,496)	(351)	(353)
Issue of share cap. / premium	2,228	3,393	-	-
Debt changes	(53)	(38)	-	-
Dividend paid	-	-	-	-
Interest paid	(4)	(5)	(13)	(13)
Others	-	(3)	133	-
Net cash from Fin. activities	2,171	3,347	120	(13)
Net change in cash	170	472	268	424
Free Cash Flow	648	498	161	442

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Net Revenue	1,296	1,858	1,751	2,231
YoY gr. (%)	17.8	42.5	41.9	70.0
Raw Material Expenses	-	-	-	57
EBITDA	195	303	149	301
YoY gr. (%)	-	10.8	26.6	-
Margin (%)	15.0	16.3	8.5	13.5
Depreciation / Depletion	96	107	113	136
EBIT	92	184	16	165
Margin (%)	7.1	9.9	0.9	7.4
Net Interest	1	-	4	4
Other Income	56	40	96	66
Profit before Tax	147	224	108	227
Margin (%)	11.3	12.1	6.2	10.2
Total Tax	2	53	59	62
Effective tax rate (%)	1.4	23.7	54.6	27.3
Profit after Tax	145	171	49	165
Minority interest	44	68	27	50
Share Profit from Associates	-	-	-	-
Adjusted PAT	101	103	22	115
YoY gr. (%)	(58.8)	1.0	(30.2)	117.0
Margin (%)	7.8	5.5	1.3	5.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	101	103	22	115
YoY gr. (%)	(58.8)	1.0	(30.2)	117.0
Margin (%)	7.8	5.5	1.3	5.2
Other Comprehensive Income	(2)	28	29	29
Total Comprehensive Income	99	131	51	144
Avg. Shares O/s (m)	30	32	33	66
EPS (Rs)	3.3	3.2	0.7	1.8

Source: Company Data, PL Research

*EPS for 1QFY23 adjusted for bonus issue

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	3.0	8.7	8.5	10.8
CEPS	14.7	20.7	16.3	19.2
BVPS	216.1	320.4	169.1	179.9
FCF	21.3	15.3	2.5	6.7
DPS	-	-	-	-
Return Ratio(%)				
RoCE	0.9	5.5	6.8	9.0
ROIC	4.2	29.0	17.3	22.4
RoE	1.6	3.3	5.2	6.2
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.7)	(0.7)	(0.7)
Net Working Capital (Days)	-	21	15	16
Valuation(x)				
PER	210.6	72.8	74.7	58.9
P/B	2.9	2.0	3.8	3.5
P/CEPS	43.4	30.7	39.0	33.2
EV/EBITDA	32.6	14.1	27.5	21.4
EV/Sales	3.2	2.1	3.6	2.8
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-22	BUY	901	635
2	24-Jun-22	BUY	1,813	1,044
3	16-May-22	BUY	1,747	1,248
4	08-Apr-22	BUY	2,550	1,695
5	14-Feb-22	BUY	2,544	1,884
6	10-Jan-22	BUY	3,125	2,413
7	01-Nov-21	BUY	3,125	2,520
8	07-Oct-21	UR	-	2,704
9	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	180
2	Indian Railway Catering and Tourism Corporation	Hold	648	583
3	Inox Leisure	BUY	668	523
4	Music Broadcast	Hold	24	23
5	Navneet Education	BUY	121	97
6	Nazara Technologies	BUY	901	635
7	PVR	BUY	2,330	1,915
8	S Chand and Company	BUY	156	115
9	Safari Industries (India)	BUY	1,288	931
10	V.I.P. Industries	BUY	857	650
11	Zee Entertainment Enterprises	BUY	358	223

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