

August 14, 2024

Q1FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		HOLD	
Target Price	923		878	
Sales (Rs. m)	15,104	18,486	14,898	17,425
% Chng.	1.4	6.1		
EBITDA (Rs. m)	2,131	2,810	2,039	2,694
% Chng.	4.5	4.3		
EPS (Rs.)	18.9	23.8	15.4	19.8
% Chng.	22.8	20.3		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	10,910	11,383	15,104	18,486
EBITDA (Rs. m)	1,098	1,279	2,131	2,810
Margin (%)	10.1	11.2	14.1	15.2
PAT (Rs. m)	414	713	1,446	1,822
EPS (Rs.)	6.3	9.3	18.9	23.8
Gr. (%)	37.5	48.9	102.9	26.0
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	3.9	4.6	7.0	8.2
RoCE (%)	4.0	2.1	6.9	9.2
EV/Sales (x)	5.1	4.9	4.0	3.2
EV/EBITDA (x)	50.4	44.0	28.5	21.2
PE (x)	147.4	99.0	48.8	38.7
P/BV (x)	5.5	3.5	3.3	3.0

Key Data

NAZA.BO | NAZARA IN

52-W High / Low	Rs.1,035 / Rs.591
Sensex / Nifty	79,106 / 24,144
Market Cap	Rs.71bn/ \$ 840m
Shares Outstanding	77m
3M Avg. Daily Value	Rs.895.21m

Shareholding Pattern (%)

Promoter's	10.05
Foreign	6.05
Domestic Institution	16.76
Public & Others	67.13
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.7	9.1	39.2
Relative	3.5	(1.0)	15.1

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria

stutiberia@plindia.com | 91-22-66322246

Dhvanit Shah

dhvanitshah@plindia.com |

Nazara Technologies (NAZARA IN)

Rating: HOLD | CMP: Rs922 | TP: Rs923

Performance of new buyouts under radar

Quick Pointers:

- Cash deployment exercise begins with acquisition of Freaks 4U Gaming, Fuse-Box Games and full buy-out of Paper Boat.

We increase our EPS estimates by 23%/20% for FY25E/FY26E as we 1) incorporate the acquisition of Fuse-Box into our estimates and 2) eliminate minority interest factor post 100% buy-out of Paper Boat (developer of Kiddopia). Nazara reported muted performance as topline declined 1.7% with an EBITDA margin of 10%. The organic growth of Nazara has come under scanner since last 2-3 quarters amid ongoing challenges in Ad-Tech (loss of a large client), Kiddopia (3.3% QoQ fall in subscriber base), and Real Money Gaming (GST levy of 28% on full bet value). However, post the recent fund raise, Nazara is in the execution mode with the acquisition of Freaks 4U Gaming, Fuse-Box Games and full buy-out of Paper Boat. In addition, it received an LoI from resolution professional in connection with the acquisition of Smaaash Entertainment. While a new leg of inorganic growth journey has started, we await execution before turning constructive. We expect sales/EBITDA CAGR of 27%/48% over FY24-FY26E and retain 'HOLD' on the stock with a DCF-based TP of Rs923 (earlier Rs878).

Revenue decreased 1.7% YoY: Revenue decreased 1.7% YoY to Rs2,501mn (PLe Rs2,586mn). E-Sports revenue increased 11.9% YoY to Rs1,319mn (PLe Rs1,397mn), aided by Nodwin's media rights licensing business. Ad-Tech revenue declined 7.1% YoY to Rs257mn (PLe Rs270mn) on account of renunciation of low-margin clients. Gaming revenue was down 14.7% YoY to Rs928mn (PLe Rs919mn).

EBITDA/PAT margin at 10.0%/9.0%: EBITDA decreased 24.7% YoY to Rs249mn (PLe Rs266mn) with a margin of 10.0% (PLe 10.3%). E-Sports/Gaming segment reported EBIT of Rs132mn/Rs70mn, while Ad-Tech reported a loss at the operating level. PAT after MI increased 16.1% YoY to Rs226mn (PLe Rs167mn) due to higher other income of Rs256mn (PLe Rs194mn) with a margin of 9.0% (PLe 6.5%).

Con-call highlights: **1)** Nazara will integrate globally popular IP characters into Kiddopia (latest by 4QFY25), and transition from a pure user acquisition model to boost organic traffic. **2)** The IP royalty for licensing content in Fuse-Box Games ranges from 12-20%. **3)** Nazara owns 40% in BrandScale with an exposure of Rs530mn odd. The business is struggling and is looking to raise external capital. So far, no impairment has been taken, but there is a potential risk of write-down. **4)** No provision is required for the GST notice of ~Rs11.2bn received by Nazara's subsidiaries. **5)** The BGMI Master Series is likely to boost media rights licensing revenue of Nodwin. **6)** Nazara is promoting FAU-G Domination with a goal of 5mn pre-registrations for a Diwali launch. **7)** The IP "Love Island" accounts for ~90% of Fuse-Box's revenue, with a new IP game, "Big Brother" set to launch by the end of FY25E.

Exhibit 1: Q1FY25 Result Overview (Rs mn)

Consolidated financial table	Q1FY25	Q1FY24	YoY gr.	Q4FY24	QoQ gr.	FY25E	FY24	YoY gr.
Net sales	2,501	2,544	-1.7%	2,662	-6.1%	15,104	11,383	32.7%
Content, event & web server	850	863	-1.5%	1,092	-22.2%	5,909	4,703	25.6%
<i>As a % of sales</i>	<i>34.0%</i>	<i>33.9%</i>		<i>41.0%</i>		<i>39.1%</i>	<i>41.3%</i>	
Advertisement Expenses	409	457	-10.5%	433	-5.6%	2,341	1,775	31.9%
<i>As a % of sales</i>	<i>16.3%</i>	<i>18.0%</i>		<i>16.3%</i>		<i>15.5%</i>	<i>15.6%</i>	
Commission	163	178	-8.1%	164	-0.3%	917	686	33.5%
<i>As a % of sales</i>	<i>6.5%</i>	<i>7.0%</i>		<i>6.1%</i>		<i>6.1%</i>	<i>6.0%</i>	
Employee Cost	513	454	13.1%	442	16.0%	2,417	1,860	29.9%
<i>As a % of sales</i>	<i>20.5%</i>	<i>17.8%</i>		<i>16.6%</i>		<i>16.0%</i>	<i>16.3%</i>	
Other Expenses	317	262	20.9%	239	32.6%	1,390	1,079	28.8%
<i>As a % of sales</i>	<i>12.7%</i>	<i>10.3%</i>		<i>9.0%</i>		<i>9.2%</i>	<i>9.5%</i>	
EBITDA	249	331	-24.7%	292	-14.7%	2,131	1,279	66.6%
<i>EBITDA margin</i>	<i>10.0%</i>	<i>13.0%</i>		<i>11.0%</i>		<i>14.1%</i>	<i>11.2%</i>	
Depreciation	152	152	-0.1%	215	-29.3%	698	670	4.2%
EBIT	97	179	-45.6%	77	25.7%	1,434	609	135.3%
<i>EBIT margin</i>	<i>3.9%</i>	<i>7.0%</i>		<i>2.9%</i>		<i>9.5%</i>	<i>5.4%</i>	
Interest cost	6	13	-55.5%	8	-30.5%	83	68	21.9%
Other income	256	117	117.8%	377	-32.2%	755	796	-5.2%
Impairment	0	1	-71.4%	257	-99.9%	0	283	-99.9%
Share of P/L of investments accounted using equity method	(7)	-	NM	(20)	NM	-	(20)	NM
Exceptional items	-	-	NM	(169)	NM	-	(147)	NM
PBT	340	283	20.4%	1	NM	2,106	887	137.3%
Tax expenses	104	74	40.5%	(1)	NM	526	140	276.6%
<i>Tax rate</i>	<i>30.6%</i>	<i>26.2%</i>		<i>NM</i>		<i>25.0%</i>	<i>15.8%</i>	
PAT	236	209	13.2%	2	NM	1,579	748	111.3%
<i>PAT margin</i>	<i>9.4%</i>	<i>8.2%</i>		<i>0.1%</i>		<i>10.5%</i>	<i>6.6%</i>	
Minority Interest	10	14	-27.2%	87	-88.6%	133	182	-26.7%
PAT after MI	226	195	16.1%	83	171.0%	1,446	713	102.9%
EPS (Rs)	3.0	3.0	0.3%	1.1	164.3%	18.9	10.3	83.8%
Adjusted PAT	236	209	12.9%	427	-44.6%	1,580	1,178	34.1%

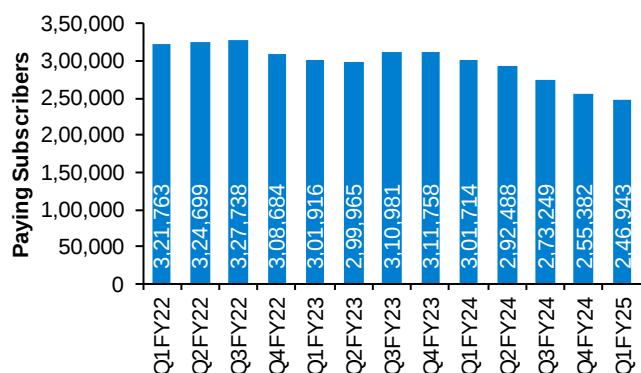
Source: Company, PL

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

Y/e March	Q1FY25	Q1FY24	YoY gr.	Q4FY24	QoQ gr.
Gamified Early Learning	726	796	-8.8%	749	-3.1%
As a % of sales	29.0%	31.3%		28.1%	
EBITDA	142	211	-32.7%	146	-2.7%
EBITDA margin	19.6%	26.5%		19.5%	
E-Sports	1,319	1,178	11.9%	1,482	-11.0%
As a % of sales	52.7%	46.3%		55.5%	
EBITDA	183	109	67.9%	186	-1.6%
EBITDA margin	13.9%	9.2%		12.6%	
Ad tech - Datawrkz	257	276	-7.1%	275	-6.7%
As a % of sales	10.3%	10.9%		10.3%	
EBITDA	7	13	-46.2%	17	-58.8%
EBITDA margin	2.7%	4.7%		6.2%	
Telco Subscription	84	108	-22.2%	75	12.0%
As a % of sales	3.4%	4.2%		2.8%	
EBITDA	13	31	-58.1%	8	62.5%
EBITDA margin	15.5%	28.7%		10.7%	
Freemium	65	72	-9.7%	39	66.7%
As a % of sales	2.6%	2.8%		1.5%	
EBITDA	(3)	25	NM	(3)	NM
EBITDA margin	NM	34.7%		NM	
Real Money Gaming	53	112	-52.7%	48	10.4%
As a % of sales	2.1%	4.4%		1.8%	
EBITDA	(11)	2	NM	14	NM
EBITDA margin	NM	1.8%		29.2%	
Total revenues	2,503	2,543	-1.5%	2,668	-6.2%

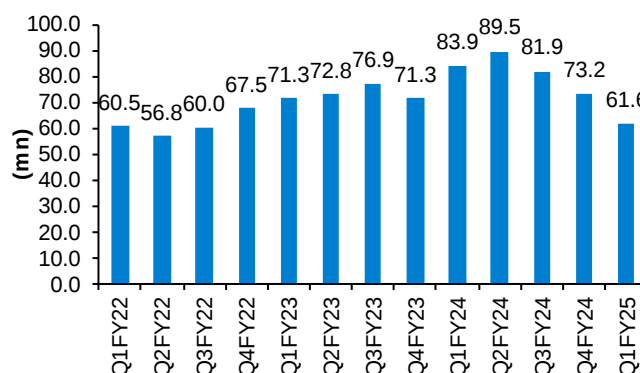
Source: Company, PL Note: Figures of erstwhile quarters are not restated and due to rounding errors segmental revenue may not match with total revenue.

Exhibit 3: Kiddopia's subs stood at 2,46,943 for 1QFY25



Source: Company, PL

Exhibit 4: SportsKeeda MAUs stood at 61.6mn in 1QFY25



Source: Company, PL



Exhibit 5: CPT of Kiddopia decreased to US\$38.6 in Q1FY25

Key Metrics	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
CPT (\$)	\$39.3	\$38.9	\$40.9	\$39.0	\$38.6
Marketing Spend (Mn)	\$2.6	\$2.7	\$2.3	\$2.4	\$2.4
Avg. Activation Rate	68%	66%	67%	66%	67%
Avg. ARPU	\$6.77	\$6.63	\$6.82	\$6.89	\$6.92
Avg. Churn	5.9%	6.2%	6.7%	7.3%	6.6%
Subscribers	3,01,714	2,92,488	2,73,249	2,55,382	2,46,943
Subs. Growth (QoQ)	-3.2%	-3.1%	-6.6%	-6.5%	-3.3%

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	10,910	11,383	15,104	18,486
YoY gr. (%)	75.5	4.3	32.7	22.4
Cost of Goods Sold	542	803	18	22
Gross Profit	10,368	10,580	15,086	18,464
Margin (%)	95.0	92.9	99.9	99.9
Employee Cost	1,490	1,860	2,417	2,773
Other Expenses	876	1,079	1,390	1,701
EBITDA	1,098	1,279	2,131	2,810
YoY gr. (%)	16.0	16.5	66.6	31.8
Margin (%)	10.1	11.2	14.1	15.2
Depreciation and Amortization	572	670	698	755
EBIT	440	326	1,434	2,055
Margin (%)	4.0	2.9	9.5	11.1
Net Interest	47	68	83	85
Other Income	495	796	755	776
Profit Before Tax	868	907	2,106	2,746
Margin (%)	8.0	8.0	13.9	14.9
Total Tax	254	140	526	687
Effective tax rate (%)	29.3	15.4	25.0	25.0
Profit after tax	614	768	1,579	2,060
Minority interest	220	182	133	238
Share Profit from Associate	-	(20)	-	-
Adjusted PAT	414	713	1,446	1,822
YoY gr. (%)	45.7	72.2	102.9	26.0
Margin (%)	3.8	6.3	9.6	9.9
Extra Ord. Income / (Exp)	(20)	(147)	-	-
Reported PAT	394	566	1,446	1,822
YoY gr. (%)	38.7	43.6	155.6	26.0
Margin (%)	3.6	5.0	9.6	9.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	394	566	1,446	1,822
Equity Shares O/s (m)	66	77	77	77
EPS (Rs)	6.3	9.3	18.9	23.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	4,071	4,458	4,984	5,596
Tangibles	358	540	715	928
Intangibles	3,713	3,919	4,269	4,669
Acc: Dep / Amortization	1,649	2,319	3,017	3,772
Tangibles	210	308	411	522
Intangibles	1,439	2,010	2,606	3,250
Net fixed assets	2,422	2,139	1,967	1,824
Tangibles	148	231	304	406
Intangibles	2,274	1,908	1,663	1,419
Capital Work In Progress	2	-	-	-
Goodwill	3,407	3,942	3,942	3,942
Non-Current Investments	1,007	2,416	7,608	7,649
Net Deferred tax assets	(367)	(187)	(453)	(555)
Other Non-Current Assets	168	58	378	462
Current Assets				
Investments	2,668	2,242	2,242	2,242
Inventories	246	21	21	21
Trade receivables	1,861	2,749	2,483	3,292
Cash & Bank Balance	3,292	12,097	7,588	8,883
Other Current Assets	689	839	680	739
Total Assets	17,018	27,617	28,989	31,506
Equity				
Equity Share Capital	265	306	306	306
Other Equity	10,784	19,680	21,126	22,948
Total Network	11,049	19,986	21,432	23,254
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	53	53	98	120
Other non current liabilities	52	127	127	127
Current Liabilities				
ST Debt / Current of LT Debt	304	93	-	-
Trade payables	1,982	2,401	1,241	1,519
Other current liabilities	1,057	1,328	2,202	2,479
Total Equity & Liabilities	17,018	27,617	28,989	31,506

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	888	887	1,446	1,822
Add. Depreciation	572	670	698	755
Add. Interest	47	68	83	85
Less Financial Other Income	495	796	755	776
Add. Other	(309)	(324)	(147)	(132)
Op. profit before WC changes	1,197	1,302	2,080	2,530
Net Changes-WC	(856)	99	(893)	(531)
Direct tax	(260)	(406)	-	-
Net cash from Op. activities	81	995	1,187	1,999
Capital expenditures	(1,418)	(689)	(526)	(612)
Interest / Dividend Income	84	242	-	-
Others	382	(4,822)	(4,995)	(7)
Net Cash from Invt. activities	(952)	(5,268)	(5,520)	(619)
Issue of share cap. / premium	163	9,220	-	-
Debt changes	(7)	(34)	(93)	-
Dividend paid	-	-	-	-
Interest paid	(111)	(68)	(83)	(85)
Others	100	(38)	-	-
Net cash from Fin. activities	145	9,080	(176)	(85)
Net change in cash	(723)	4,807	(4,509)	1,295
Free Cash Flow	(2)	727	662	1,386

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	6.3	9.3	18.9	23.8
CEPS	14.9	18.1	28.0	33.7
BVPS	167.0	261.1	280.0	303.8
FCF	0.0	9.5	8.6	18.1
DPS	-	-	-	-
Return Ratio(%)				
RoCE	4.0	2.1	6.9	9.2
ROIC	6.3	20.0	9.8	13.7
RoE	3.9	4.6	7.0	8.2
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.7)	(0.5)	(0.5)
Net Working Capital (Days)	4	12	31	35
Valuation(x)				
PER	147.4	99.0	48.8	38.7
P/B	5.5	3.5	3.3	3.0
P/CEPS	61.9	51.0	32.9	27.4
EV/EBITDA	50.4	44.0	28.5	21.2
EV/Sales	5.1	4.9	4.0	3.2
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

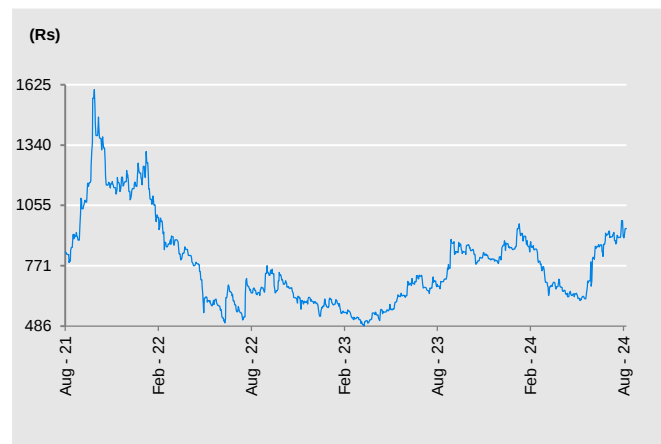
Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	2,972	3,204	2,662	2,501
YoY gr. (%)	12.7	1.8	(8.0)	(1.7)
Raw Material Expenses	458	205	34	3
Gross Profit	2,515	2,999	2,628	2,498
Margin (%)	84.6	93.6	98.7	99.9
EBITDA	279	377	292	249
YoY gr. (%)	30.4	23.6	5.1	(24.7)
Margin (%)	9.4	11.8	11.0	10.0
Depreciation / Depletion	151	152	215	152
EBIT	116	211	(179)	97
Margin (%)	3.9	6.6	NA	3.9
Net Interest	27	20	8	6
Other Income	123	179	377	256
Profit before Tax	212	376	23	347
Margin (%)	7.1	11.7	0.9	13.9
Total Tax	(13)	80	(1)	104
Effective tax rate (%)	(5.9)	21.2	(5.3)	30.0
Profit after Tax	225	296	24	243
Minority interest	44	38	87	10
Share Profit from Associates	-	-	(20)	(7)
Adjusted PAT	181	254	86	226
YoY gr. (%)	99.8	53.9	61.6	16.1
Margin (%)	6.1	7.9	3.2	9.0
Extra Ord. Income / (Exp)	-	5	(169)	-
Reported PAT	181	259	(83)	226
YoY gr. (%)	99.8	56.8	NA	16.1
Margin (%)	6.1	8.1	(3.1)	9.0
Other Comprehensive Income	-	-	1	2
Total Comprehensive Income	181	259	(82)	228
Avg. Shares O/s (m)	66	73	77	77
EPS (Rs)	2.7	3.5	1.1	3.0

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	Hold	878	919
2	04-Jul-24	Hold	878	913
3	29-May-24	BUY	806	698
4	09-Apr-24	BUY	826	671
5	08-Feb-24	Hold	833	871
6	08-Jan-24	Hold	835	849
7	09-Nov-23	Hold	840	820
8	04-Oct-23	Hold	836	834

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	887	836
2	Imagicaaworld Entertainment	BUY	116	79
3	Indian Railway Catering and Tourism Corporation	Reduce	811	1,026
4	Inox Leisure	BUY	587	502
5	InterGlobe Aviation	Accumulate	4,958	4,493
6	Lemon Tree Hotels	BUY	159	126
7	Navneet Education	Accumulate	167	156
8	Nazara Technologies	Hold	878	919
9	PVR Inox	Hold	1,474	1,430
10	S Chand and Company	BUY	312	216
11	Safari Industries (India)	BUY	2,476	2,237
12	V.I.P. Industries	Hold	454	451
13	Zee Entertainment Enterprises	Hold	157	149

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. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA 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. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA 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