

# PVR

18 October 2019

Reuters: PVRL.BO; Bloomberg: PVRL IN

## Strong performance driven by content and F&B

PVR posted stronger-than-expected revenue growth of 37% YoY in 2QFY20 as well as better IndAS 116 adjusted EBITDA margin of 20% (130bps above estimates). The revenue acceleration was a positive surprise as the base quarter was strong too from merger with SPI Cinemas (half the quarter) and had good content. Revenue increase was driven by momentum in the F&B segment (38% YoY growth) as the base quarter was reeling under the F&B PIL controversy and higher convenience fee (41%). String of hit movies like: 'Mission Mangal', 'Batla House', 'Saaho', 'Chhichhore', 'Dream Girl' and 'Kabir Singh' drove footfalls up (25%) and occupancy higher by 320bps to 37.6% (highest ever for the circuit). While screen number was up 13% YoY, comparable screens revenue also grew by a strong 14%, driven by all segments except advertising which only grew modestly (5% YoY) due to slowdown in the economy and muted discretionary spending by corporates. Adjusted for IndAS116, EBITDA margin stood at 20%, 250bps increase YoY due to higher occupancy, control in the exhibition cost, increased SPH (12%) and higher exposure of SPI Cinemas in the revenue mix (better EBITDA margin) as it was accounted for the entire quarter rather than only for half of the base quarter. After acquiring SPI, PVR is not cutting back on expansion. Forty-two new screens have been opened in 1HFY20 with a slightly higher number likely to be added in 2H. After getting good response from Tier-II and Tier-III cities, PVR is also gearing up to expand into lower Tier cities in a major way. Though management highlighted the risk of slowdown in economy leading to possible delayed delivery of screens from real estate players, PVR's confident commentary indicates that it will most likely exceed its initially guided screen opening target of 80 in FY20. Post 2QFY20 results, our estimates for both FY20 and FY21 have been revised upwards on revenue and EBITDA. However, due to higher interest costs and lower other income PAT numbers have been revised lower. We have assigned a target EV/EBITDA multiple of 12.5x for PVR on its September 2021E EBITDA (ex IndAS116), and with an 18% upside, we upgrade the stock to a 'Buy' from 'Accumulate'. The premium commanded by PVR is because of its dominant position in the industry, its market-leading operating metrics in ticket pricing, F&B pricing and also on advertising revenue per screen. While we like both PVR and Inox Leisure, we have held the view that the large valuation gap between Inox and PVR will narrow as Inox tries to address the problems connected with its advertisement and F&B revenue weakness (see our report on this [here](#)). Our investment thesis on the sector is given inside this note.

**Strong start to 3QFY20:** The box office has already seen good content in 3QFY20 with movies like 'War', 'Joker', 'Sye Ra Narasimha Reddy' (a Telugu movie) and 'Asuran' (Tamil) doing well. With 'Housefull 4' and 'Made in China' slated as Diwali releases and positive cyclical of 3Q, 2HFY20 will be carrying forward the good momentum from 1HFY20.

### Exhibit 1: PVR 2QFY20 Results Table

Y/E March (Rsmn)	2QFY19	1QFY20 (adj Ind AS)	2QFY20 (adj Ind AS)	2QFY20 – Reported	YoY (%)	QoQ (%)	2QFY20E	Var (%)
Net revenue	7,086	8,804	9,732	9,732	37.3	10.5	8,794	10.7
Film Exhibition Cost	1,650	1,991	1,980	1,980	20.0	(0.5)	1,906	3.9
Cost of food & beverages consumed	543	716	728	728	34.0	1.6	764	(4.8)
Employee benefit expenses	770	1,057	1,049	1,049	36.3	(0.7)	977	7.5
Rent	2,882	3,453	4,031	2,794	39.9	16.7	3,508	14.9
Total expenditure	5,845	7,217	7,788	6,551	33.2	7.9	7,154	8.9
EBITDA	1,241	1,587	1,944	3,181	56.7	22.5	1,640	18.5
EBITDAM (%)	17.5	18.0	20.0	32.7	-	-	18.7	-
Depreciation	448	549	598	1,395	33.6	8.9	529	13.0
Interest costs	298	414	390	1,111	30.9	(5.8)	414	(5.8)
Other income	61	68	62	62	2.0	(8.1)	190	-
PBT	554	691	1,016	736	83.4	47.0	887	14.6
Tax	212	246	357	258	68.5	44.9	223	-
Net profit	342	445	660	478	92.7	48	663	(0.5)
NPM (%)	4.8	5.1	6.8	4.9	-	-	7.5	-
EPS (Rs)	7.1	9.5	13.7	9.9	92.9	43.3	14.2	(3.8)

Source: Company, Nirmal Bang Institutional Equities Research

## BUY

Sector: Film Exhibition

CMP: Rs1,840

Target price: Rs2,166

Upside: 18%

Girish Pai

Head of Research

girish.pai@nirmalbang.com

+91-22-6273 8017

Seema Nayak

Research Associate

seema.nayak@nirmalbang.com

+91-22-6273 8179

### Key Data

Current Shares O/S (mn)	48.4
Mkt Cap (Rsbn/US\$bn)	89.1/1.3
52 Wk H / L (Rs)	1,898/1,220
Daily Vol. (3M NSE Avg.)	564,220

### Price Performance (%)

	1 M	6 M	1 Yr
PVR	16.6	7.2	40.1
Nifty Index	7.1	(1.7)	10.8

Source: Bloomberg

**Exhibit 2: Key financials: PVR (consolidated, Pre – IndAS 116)**

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	23,341	30,856	38,088	42,561	48,415
YoY %	8.1	32.2	23.4	11.7	13.8
EBITDA	3973	5864	7096	8231	9637
EBITDA (%)	17.0	19.0	18.6	19.3	19.9
Adj. PAT	1247	1890	2259	2723	3592
YoY %	30.2	51.6	19.5	20.6	31.9
FDEPS (Rs)	26.7	40.5	46.8	56.4	74.4
RoE (%)	12.2	16.3	19.1	21.7	23.4
RoCE (%)	15.2	17.5	15.8	16.5	19.6
RoIC (%)	15.8	17.9	16.1	16.6	18.8
P/E(x)	69.0	45.5	39.3	32.6	24.7
P/BV (x)	8.0	6.9	7.9	6.5	5.2
EV/EBTDA	22.9	16.7	14.2	12.4	10.6

Source: Company, Nirmal Bang Institutional Equities Research. Note: Estimates are ex-IndAS116.

**Exhibit 3: Change in Estimates PVR (consolidated, Pre – IndAS 116)**

Y/E March (Rsmn)	New			Old			Deviation (%)		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Revenues	38,088	42,561	48,415	35,604	41,479	-	7.0	2.6	-
EBITDA	7,096	8,231	9,637	6,895	8,192	-	2.9	0.5	-
EBITDA Margin (%)	18.6	19.3	19.9	19.4	19.7	-			-
PAT	2,259	2,723	3,592	2,511	3,026	-	(10.0)	(10.0)	-
FDEPS (Rs)	46.8	56.4	74.4	53.8	64.8	-	(13.0)	(13.0)	-

Source: Nirmal Bang Institutional Equities Research

**We are positive on the film exhibition sector** (see our sector report: [Indian Film Exhibition Sector- Oligopolistic Business In Its Infancy](#)). We believe that: (1) Indian multiplex industry is an oligopoly (top four players control ~70% of screens) and will remain so as entry barriers are quite formidable and there are no substitutes. This industry's structure will deliver steady revenue growth, and improve margins as well as RoIC over a long period of time. (2) PVR and Inox Leisure (the two large players) can deliver in the next 10 years at least 5%-10% volume/footfall growth (new screen-driven, attracting both single-screen and new generation customers) per year, respectively, with the rise in realisation at 4%-5%. This will result in revenue CAGR of 10%-15% with PAT growing a tad faster. Structurally, expectations of a rise in relevant customer households which can afford this type of entertainment (currently at 8%-11% of total, in our view) is going to drive demand. Same store/screen sales growth (SSG), in our view, will be realisation-led at 4%-6%. We believe that: (1) These players deserve premium valuations, considering the longevity of earnings compounding and good RoICs. (2) Expensive M&A activity in the past five years and consequent weak return ratios are a small price to pay for achieving consolidation in a nascent industry. Over the long run, as organic growth predominates, the benefits of a better industry structure will far outweigh the price paid. We believe the stranglehold over retail real estate (and slow pace of its expansion) will be the key driver of positive industry dynamics. This will lead to a steady increase in capacity, solid pricing power and a high occupancy rate. The key risk to sector earnings tends to be the volatility induced by success of content. This is a very difficult thing to predict. Some movies may look great on paper, but may turn out to be duds at the box office. But increasingly the content risk is being lowered as Hollywood and regional movies (both in their original and dubbed versions) are able to command a greater share of GBOC. Also, of late, the content has been less star-driven and more based on good story lines which may be a structural shift happening in the industry for the better.

## Takeaways from 2QFY20 results and analyst call

### Screen opening guidance maintained

- PVR will most likely exceed the earlier screen opening guidance of 80 screens for FY20. It has opened 42 screens in 1HFY20 and management is confident of ~50-60 screens in 2HFY20. It is the first multiplex to have 800 screens in India. PVR has denied any impact from the slowdown affecting the real estate players and mall operators. Management indicated that it has been choosy in partnering with the real estate players and it believes these players will deliver their projects on time.
- The largest multiplex ever in PVR's history is coming up at Dwarka - New Delhi which will have 12 screens.

### Impact of IndAS116:

- Starting 1 April 2019, PVR has shifted to IndAS116 accounting of operating leases.
- Operating lease model has been converted to finance lease model, leading to capitalization of operating leases.
- PV of future rentals have been recognised as "Right of Use" ("RoU") asset and its corresponding "Lease liability".
- 'RoU' and 'Lease Liability' will continue to increase incrementally as new screens are added.
- There is no economic impact on the business and on cash flow.
- RoU is amortised on a straight-line basis over the lease period and lease payments are apportioned between finance charge and reduction of the lease liability.
- EBITDA margin gets bloated to the extent of the lease rentals that PVR used to pay in the past (17-18% of revenue). But depreciation and interest costs are increased.
- Because lease rentals are being expensed on a straight-line basis in the new accounting methodology (instead of staggered increases in the past), for the same property, the PAT will be depressed initially but will increase as the lease is close to expiration.
- In our numbers, we have decided to stick to projecting numbers on ex-IndAS116 basis for some time so that investors get an understanding about the margins and the ratios on a comparable basis.
- The balance sheet however does have entries of Right of Use" assets and its corresponding "Lease liability".

### Modest advertising revenue growth, revenue driven by F&B momentum

- In 2QFY20, PVR showed strong operational performance. Revenue outperformed our estimates (Rs8794mn) standing at Rs9732mn, an increase of ~37% YoY. The YoY increase was due to heavy increase in footfalls (25%), increase in occupancy (320 bps), increase in F&B revenue (38%), increase in convenience income (41%) and new screen openings (13%, 42 new screens added in 1HFY20). Adjusted EBITDA stood at 20% (vis-à-vis our estimate of 18.7%), which was an increase of 250bps YoY and 200bps QoQ. One should remember the strong growth is also because SPI Cinemas numbers were incorporated into the financials only in the middle of the base quarter and hence the company gets the benefit of a lower base.
- In advertising, which is a high gross margin business (~90-95%), PVR admitted that the rates have been under pressure due to the economic slowdown. Lately, the focus has been on keeping the volume constant. Management said that the portfolio is diversified enough to weather the economic conditions. Excluding the impact of SPI Cinemas lower base, the standalone PVR cinema advertisement income had muted growth of 8-9% YoY only. Strong customer relationships, blockbuster releases in 2QFY20, significant spread of its circuit, attractive packages offered, helped with keeping the advertisement revenue steady in a scenario where B2B clients are holding back their spends.

- SPI cinemas standalone performance was average this quarter. There was an average occupancy of 50.7%. The admissions stood at 4 million, increasing 100% YoY, driven by PVR brand equity and addition of seven screens and due to a full quarter rather than half in the base. Adjusted operating margin stood at 21.2%. The ground work of fully integrating SPI with PVR will be completed by 3QFY20. PVR was expecting better momentum from SPI as it brings better average occupancy, but the content from southern regional cinema did not perform as expected.
- Gross ATP at Rs201 declined by ~3% YoY as the GST on tickets was lowered from 28% to 18%. Gross ATP increased for SPI Cinemas on a standalone basis from Rs154 in 2QFY19 to Rs162 in 2QFY20, primarily because of strong traction of Hollywood content as regional content remained weak.

## **SPH picks up in 2QFY20**

- Because of the F&B controversy, PVR had cut F&B prices in Maharashtra in 2QFY19. But the SPH numbers seem to have recovered after being affected by the PIL controversy for three quarters. Gross SPH increased by ~12% YoY (driven 60% by price increase and 40% by product mix change) to Rs99 and the F&B revenue increased by 38% YoY. 2QFY19 was affected adversely by the F&B controversy. Going forward, the SPH is expected to improve even further. The increase in SPH has been driven by better conversion as well as a change in menu to sell premium products.

## **Exploring off-screen advertisement**

- With its average advertisement minutes per show reaching its peak (17min-22mins), PVR is exploring off-screen advertisement as another revenue stream. Currently, it was indicated that off-screen advertising forms about 10% of its total advertising revenue and the hope is to grow this aggressively in the days to come.

## **PVR Pictures - The distribution business**

- PVR has been distributing films for many years under the banner of 'PVR Pictures' and has decided to step up its Hindi/regional language film distribution as its foreign language films distribution has peaked out. 2QFY20 had strong traction from distribution of Indian and Hollywood films. PVR distributed movies like: 'Super30', 'Batla House', 'Saaho' (Tamil), 'Rambo' and 'The Angel has fallen' among others and has received good response. The distribution business is a working capital based business and has a lower PAT margin of 5%-7% but generates good return on capital employed as per management. The revenue from this has also contributed to the 37% YoY increase in 2QFY20.

## **'PVR Talkies' morphs into 'Utsav'**

- 'PVR Talkies' has been the low-cost sub-brand PVR had intended to use to expand into Tier-2, Tier-3 cities. A brand makeover has happened with a soft launch of 'Utsav'. The sub-brand is currently in the pilot stage under which a couple of cinemas are running and operations are being fine-tuned before a larger roll out happens. PVR indicated that it is very bullish on prospects here. PVR is strongly in favor of expanding into Tier-II and Tier III cities. It believes that these small towns hold enormous opportunities for the multiplex market.
- For increasing return ratios in this market segment, PVR is trying to bring down the capex/screen from Rs25mn-Rs30mn in a typical Tier-1 city to Rs17.5mn in a Tier-2 and Tier-3 city. It is targeting an ATP of Rs125-135 for these cities. It is looking for an occupancy level of 25%-30%. The SPH is currently at ~Rs35 but PVR is targeting to take it up to ~Rs100. Advertisement revenue per screen is aimed is ~Rs4.5mn for a property having 2-3 screens, which is actually in line with its existing portfolio number.

## Miscellaneous

- PVR mentioned that the cheaper access to OTT was never a problem for the multiplexes as multiplexes are the peddlers of 'experience' and OTT platforms are the peddlers of only 'content'.
- The regional content in South India did not gain enough momentum in 2QFY20 as the occupancy declined by 390bps YoY. Management is confident of a pick-up in 2HFY20 as some of the regional movies in 3QFY20 have started to do well.
- PVR believes that the inclusion of OTT in the entertainment business is beneficial for the whole sector rather than a deterrent. It opens up new revenue streams for movie producers, which helps more money to be reinvested into making bigger, better and more movies.
- Regarding the new corporate taxation regime, PVR will move to it when the MAT credit gets exhausted. This will take about 24 months more. Until then it would pay the regular tax rate (~35%).
- Debt to equity ratio reached 1.32 in 2QFY20 with the addition of Rs353.5mn post 4QFY19.

**Exhibit 4: EV/EBITDA chart - PVR**



Source: Company, Nirmal Bang Institutional Equities Research



**Financials of PVR (consolidated, P&L and most ratios are ex-IndAS116)**
**Exhibit 5: Income statement**

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Net sales</b>	<b>23,341</b>	<b>30,856</b>	<b>38,088</b>	<b>42,561</b>	<b>48,415</b>
Growth (%)	8.1	32.2	23.4	11.7	13.8
Exhibition costs (distributor share)	5,377	7,019	8,245	9,101	10,405
Food & beverage costs	1,591	2,387	3,176	3,699	4,220
Employee benefit expenses	2,541	3,373	4,481	5,116	6,003
Rent	4,111	5,233	7,431	7,479	8,262
Repairs & maintenance,	922	1,109	-	-	-
Electricity & common area maintenance	2,563	2,860	3,985	4,695	5,189
Other exp. (includes production, distribution & print chgs.)	2,264	3,011	3,674	4,240	4,698
<b>Total expenses</b>	<b>19,368</b>	<b>24,992</b>	<b>30,992</b>	<b>34,330</b>	<b>38,778</b>
<b>EBITDA</b>	<b>3,973</b>	<b>5,864</b>	<b>7,096</b>	<b>8,231</b>	<b>9,637</b>
<b>Growth (%)</b>	<b>10.2</b>	<b>47.6</b>	<b>21.0</b>	<b>16.0</b>	<b>17.1</b>
% of sales	17.0	19.0	18.6	19.3	19.9
Depreciation & amortisation	1,491	1,913	2,341	2,859	2,859
EBIT	2,481	3,951	4,756	5,372	6,778
% of sales	10.6	12.8	12.5	12.6	14.0
Other income (net)	313	331	218	111	(60)
Interest	837	1,280	1,487	1,288	1,186
Exceptional item	6	-	-	-	-
PBT	1,952	3,002	3,487	4,195	5,532
PBT margin (%)	8.4	9.7	9.2	9.9	11.4
Tax	704	1,097	1,226	1,472	1,941
<b>Effective tax rate (%)</b>	<b>36.1</b>	<b>36.5</b>	<b>35.2</b>	<b>35.1</b>	<b>35.1</b>
<b>Net profit</b>	<b>1,247</b>	<b>1,905</b>	<b>2,261</b>	<b>2,723</b>	<b>3,592</b>
Minority interest	7	(11)	-	-	-
<b>Adjusted net profit</b>	<b>1,254</b>	<b>1,895</b>	<b>2,261</b>	<b>2,723</b>	<b>3,592</b>
Growth (%)	14	51	19	20	32
Net profit margin (%)	5.4	6.1	5.9	6.4	7.4

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 7: Balance sheet**

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
Equity capital	467	467	484	484	484
Reserves & surplus	10,286	11,928	10,834	13,266	16,451
Networth	10,754	12,395	11,318	13,750	16,934
Minority Interest	8	2,566	2	2	2
Other liabilities	106	3,409	2,705	2,705	2,705
Total Debt	6,614	11,039	10,408	9,608	8,808
Lease Liabilities	-	-	34,815	34,815	34,815
<b>Total liabilities</b>	<b>17,482</b>	<b>29,409</b>	<b>59,248</b>	<b>60,880</b>	<b>63,264</b>
Net Fixed Assets	12,309	17,119	18,190	20,190	22,690
Intangible assets	4,550	11,116	10,520	10,520	10,520
Goodwill on consolidation	79	1,992	1,982	1,982	1,982
Long term loans and advances	2,144	2,301	2,631	2,607	2,972
Deferred tax asset	156	107	2,299	2,299	2,299
Other non-current assets	6,821	14,489	12,729	12,708	13,014
Cash & bank balances	656	341	1,063	(685)	(1,997)
Current Investment	11	11	12	12	12
Right-of-use assets	-	-	27,416	27,416	27,416
Current assets	2,311	3,581	4,554	4,522	5,009
Current liabilities	7,005	10,532	11,629	10,171	10,133
Net current assets	(4,694)	(6,951)	(7,074)	(5,649)	(5,124)
<b>Total assets</b>	<b>17,482</b>	<b>29,409</b>	<b>59,248</b>	<b>60,880</b>	<b>63,264</b>

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 6: Cash flow**

Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
EBIT	2,481	3,951	4,756	5,372	6,778
(Inc.)/dec. in working capital	748	2,257	123	(1,425)	(525)
<b>Cash flow from operations</b>	<b>3,229</b>	<b>6,207</b>	<b>4,879</b>	<b>3,947</b>	<b>6,253</b>
Other income	313	331	218	111	(60)
Depreciation & amortisation	1,491	1,913	2,341	2,859	2,859
Financial expenses	837	1,280	1,487	1,288	1,186
Tax paid	704	1,097	1,226	1,472	1,941
Dividends paid	93	0	233	291	407
<b>Net cash from operations</b>	<b>3,399</b>	<b>6,075</b>	<b>4,492</b>	<b>3,866</b>	<b>5,518</b>
Capital expenditure	2,060	12,418	3,765	5,157	6,098
Increase in other non-current assets	(9)	7,775	762	(45)	671
<b>Net cash after capex</b>	<b>1,348</b>	<b>(14,118)</b>	<b>(36)</b>	<b>(1,245)</b>	<b>(1,251)</b>
Inc./(dec.) in debt	(687)	4,425	(631)	(800)	(800)
(Inc.)/dec. in investments	1	0	2	0	0
Equity Issuance	(50)	(264)	(3,105)	0	0
<b>Cash from financial activities</b>	<b>(739)</b>	<b>(1,497)</b>	<b>(1,458)</b>	<b>(1,457)</b>	<b>(1,457)</b>
Others	1,413	(3,221)	1,926	445	(471)
Opening cash balance	669	634	1,255	1,197	1,197
Closing cash balance	656	341	1,092	(615)	(1,531)
Change in cash balance	(13)	(293)	(163)	(1,812)	(2,728)

Source: Company, Nirmal Bang Institutional Equities Research

**Exhibit 8: Key ratios**

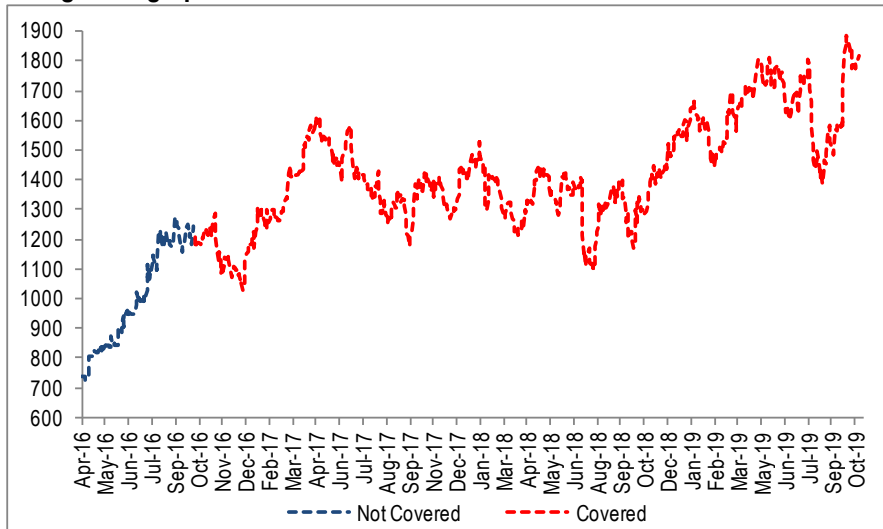
Y/E March (Rsmn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Per share (Rs)</b>					
FDEPS	26.7	40.5	46.8	56.4	74.4
Dividend per share	2.0	0.0	4.0	5.0	7.0
Dividend yield (%)	0.1	0.0	0.2	0.3	0.4
Book value	230	265	234	285	351
Dividend payout ratio (incl. DT)	7.5	0.0	10.3	10.7	11.3
<b>Return ratios (%)</b>					
RoE	12.2	16.3	19.1	21.7	23.4
RoCE	15.2	17.5	15.8	16.5	19.6
RoIC	15.8	17.9	16.1	16.6	18.8
<b>Turnover ratios</b>					
Asset turnover	1.4	1.4	1.3	1.3	1.4
Debtor days	24	22	19	17	17
Working capital cycle days	(73)	(82)	(68)	(48)	(39)
<b>Solvency ratios</b>					
Net debt/equity	0.5	1.0	1.0	0.9	0.8
Net debt/EBITDA	1.2	2.1	1.7	1.6	1.4
<b>Valuation ratios (x)</b>					
P/E	69.0	45.5	39.3	32.6	24.7
P/BV	8.0	6.9	7.9	6.5	5.2
EV/EBITDA	22.9	16.7	14.2	12.4	10.6
EV/Sales	3.9	3.2	2.6	2.4	2.1
M-cap/Sales	3.7	2.8	2.3	2.1	1.8

Source: Company, Nirmal Bang Institutional Equities Research

## Rating track: PVR

Date	Rating	Market price (Rs)	Target price (Rs)
5 October 2016	Buy	1,235	1,416
1 November 2016	Buy	1,223	1,446
6 December 2016	Buy	1,069	1,275
6 February 2017	Accumulate	1,298	1,315
14 February 2017	Accumulate	1,298	1,433
22 May 2017	Accumulate	1,514	1,469
31 May 2017	Accumulate	1,448	1,494
27 July 2017	Accumulate	1,357	1,453
30 October 2017	Accumulate	1,420	1,458
1 February 2018	Accumulate	1,460	1,590
7 May 2018	Buy	1,425	1,776
27 July 2018	Buy	1,119	1,746
29 October 2018	Buy	1,296	1,785
28 January 2019	Buy	1,562	1,796
9 April 2019	Buy	1,681	2,005
14 May 2019	Buy	1,730	2,017
26 July 2019	Accumulate	1,790	2,017
18 October 2019	Buy	1,840	2,166

## Rating track graph





**DISCLOSURES**

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

**Analyst Certification:** I, Girish Pai, research analyst and Seema Nayak Research Associate the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

## Disclaimer

### Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website [www.nirmalbang.com](http://www.nirmalbang.com)

**Access all our reports on Bloomberg, Thomson Reuters and Factset.**

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Pradeep Kasat	Dealing Desk	pradeep.kasat@nirmalbang.com	+91 22 6273 8100/8101, +91 22 6636 8831
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

## Nirmal Bang Equities Pvt. Ltd.

### Correspondence Address

B-2, 301/302, Marathon Innova,  
 Nr. Peninsula Corporate Park,  
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010