**May 26, 2023**

**Q4FY23 Result Update**

**Change in Estimates**

<table>
<thead>
<tr>
<th>Current FY24E</th>
<th>Previous FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>BUY</td>
</tr>
<tr>
<td>Target Price</td>
<td>240</td>
</tr>
<tr>
<td>Sales (Rs. m)</td>
<td>87,234</td>
</tr>
<tr>
<td>% Chng.</td>
<td>(1.5)</td>
</tr>
<tr>
<td>EBITDA (Rs. m)</td>
<td>13,434</td>
</tr>
<tr>
<td>% Chng.</td>
<td>(17.1)</td>
</tr>
<tr>
<td>EPS (Rs.)</td>
<td>8.0</td>
</tr>
<tr>
<td>% Chng.</td>
<td>(21.0)</td>
</tr>
</tbody>
</table>

**Key Financials - Consolidated**

<table>
<thead>
<tr>
<th>Year Mar</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>81,857</td>
<td>80,879</td>
<td>87,234</td>
<td>95,323</td>
</tr>
<tr>
<td>EBITDA (Rs. m)</td>
<td>17,803</td>
<td>11,011</td>
<td>13,434</td>
<td>17,635</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>21.7</td>
<td>13.6</td>
<td>15.4</td>
<td>18.5</td>
</tr>
<tr>
<td>PAT (Rs. m)</td>
<td>11,908</td>
<td>5,811</td>
<td>7,694</td>
<td>11,315</td>
</tr>
<tr>
<td>EPS (Rs.)</td>
<td>12.4</td>
<td>6.0</td>
<td>8.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Gr. (%)</td>
<td>(0.5)</td>
<td>(51.2)</td>
<td>32.4</td>
<td>47.1</td>
</tr>
<tr>
<td>DPS (Rs.)</td>
<td>3.0</td>
<td>2.0</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Yield (%)</td>
<td>1.7</td>
<td>1.1</td>
<td>1.6</td>
<td>1.6</td>
</tr>
<tr>
<td>RoE (%)</td>
<td>11.4</td>
<td>5.4</td>
<td>7.0</td>
<td>9.7</td>
</tr>
<tr>
<td>RoCE (%)</td>
<td>14.6</td>
<td>7.2</td>
<td>9.1</td>
<td>12.0</td>
</tr>
<tr>
<td>EV/Sales (x)</td>
<td>1.9</td>
<td>2.1</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>EV/EBITDA (x)</td>
<td>9.0</td>
<td>15.1</td>
<td>12.4</td>
<td>9.3</td>
</tr>
<tr>
<td>PE (x)</td>
<td>14.4</td>
<td>29.6</td>
<td>22.3</td>
<td>15.2</td>
</tr>
<tr>
<td>P/BV (x)</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
</tr>
</tbody>
</table>

**Key Data**

ZEE.BO | Z IN

| 52-W High/Low | 87,234 / 80,879 |
| Sensex/Nifty | 61,873 / 13,434 |
| Market Cap | Rs.1,231bn / $18,532 |
| Shares Outstanding | 961m |
| 3M Avg. Daily Value | Rs.2078.27 |

**Shareholding Pattern (%)**

- Promoter’s: 3.99
- Foreign: 36.39
- Domestic Institution: 38.03
- Public & Others: 21.43
- Promoter Pledge (Rs bn): 0.15

**Stock Performance (%)**

<table>
<thead>
<tr>
<th>1M</th>
<th>6M</th>
<th>12M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute</td>
<td>(4.5)</td>
<td>(31.1)</td>
</tr>
<tr>
<td>Relative</td>
<td>(7.2)</td>
<td>(30.6)</td>
</tr>
</tbody>
</table>

---

**Jinesh Joshi**

jineshjoshi@plindia.com | 91-22-66322238

**Stuti Beria**

stutiberia@plindia.com | 91-22-66322246

---

**Zee Entertainment Enterprises (Z IN)**

**Rating:** BUY | CMP: Rs179 | TP: Rs240

**Re-rating hinges on merger timeline**

**Quick Pointers:**

- EBITDA margin succumbs to 7.2% amid higher sports opex, momentary black-out, weak ad-environment and widening losses in ZEE5.

We cut our EPS estimates by ~21% odd over FY24E/FY25E as 1) widening losses in ZEE5 (EBITDA loss has increased from Rs7,534mn in FY22 to Rs11,050mn in FY23) 2) entry into sports (impact visible this quarter given conclusion of I/LT20) and 3) sluggish recovery in ad-environment is likely to dent profitability in near term. Zee Entertainment Enterprise’s (Z IN) operational performance was broadly in-line with EBITDA margin of 7.2% (PLe of 7.9%) but PAT was derailed by an exceptional charge of Rs2,131mn.

In light of the ongoing challenges, we cut our target multiple to 19x (earlier 21x) and roll-forward our valuation to FY25E as NCLT has directed exchanges to re-examine approvals granted earlier and issue an NOC which can cause some delay in merger time-lines. We expect sales CAGR of 9% over next 2 years with EBITDA margin of 15.4%/18.5% in FY24E/FY25E and retain BUY with a revised TP of Rs240 (earlier Rs277). Delay in merger and slower recovery in ad-environment can act as a key overhang in near term.

Topline declines by 9.1% YoY: Revenues decreased by 9.1% YoY to Rs21,121mn (PLe Rs19,449mn). Ad revenues declined 10.2% YoY to Rs10,058mn while subscription revenues decreased 0.9% YoY to Rs8,474mn.

EBITDA margin at 7.2% but PAT impacted by one-offs: EBITDA declined 70.0% YoY to Rs1,517mn (PLe Rs1,530mn) with a margin 7.2% (PLe 7.9%). After adjusting for the one-off charge of Rs900mn (employee & legal expenses on merger and due to IPRs), PAT declined 94.7% YoY to Rs171mn (PLe Rs586mn) with a margin of 0.8% (PLe 3.0%). Apart from this, loss from discontinuation of Sugar-Box operations stood at Rs1,231mn.

ZEE5’s revenues grow 36.3% YoY: ZEE5’s revenues increased by 36.3% YoY to Rs2,200mn with global MAUs/DAUs of 113.8mn/11.1mn respectively. 42 new shows/movies were launched in 4QFY23 which included 12 originals and the EBITDA loss stood at Rs3,109mn.

**Con-call highlights:**

1) Ramp-up in ZEE5’s content offering necessitated non-recurring investments in technology, which raised costs and caused greater losses but that will now moderate downwards. 2) NCLT has ordered NSE and BSE to re-evaluate merger approvals and the non-compete clause, before the next hearing on June 16th. 3) NTO tariff hike was implemented as planned and there was no roll-back. 4) Funding towards Margo Networks Private Limited (Sugar-Box) will discontinue (complete write-down pending) driven by capital allocation priorities. 5) Watch time on ZEE5 is the highest ever at 229 minutes in 4QFY23. 6) ZEE5 plans to launch 111 new titles in FY24E. 7) ZEE5’s MAUs/DAUs were at 113.8mn/11.1mn respectively for the quarter. 8) ZEE5’s revenues stood at Rs2,200mn 9) Zee Studio released 2 Hindi and 4 Regional movies in 4QFY23. 10) The network share was up 40bps QoQ to 16.6%.
### Exhibit 1: 4QFY23 Result Overview - Consolidated (Rs mn)

<table>
<thead>
<tr>
<th></th>
<th>Q4FY23</th>
<th>Q4FY22</th>
<th>YoY gr.</th>
<th>Q3FY23</th>
<th>QoQ gr.</th>
<th>FY23</th>
<th>FY22</th>
<th>YoY gr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>21,121</td>
<td>23,221</td>
<td>-9.0%</td>
<td>21,088</td>
<td>0.2%</td>
<td>80,879</td>
<td>81,857</td>
<td>-1.2%</td>
</tr>
<tr>
<td><strong>Operational cost</strong></td>
<td>13,222</td>
<td>12,551</td>
<td>5.3%</td>
<td>11,277</td>
<td>17.2%</td>
<td>44,686</td>
<td>40,418</td>
<td>10.6%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>62.6%</td>
<td>54.0%</td>
<td>53.5%</td>
<td>55.3%</td>
<td>49.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee expenses</strong></td>
<td>2,154</td>
<td>2,091</td>
<td>3.0%</td>
<td>1,994</td>
<td>8.0%</td>
<td>8,238</td>
<td>8,261</td>
<td>-0.3%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>10.2%</td>
<td>9.0%</td>
<td>9.5%</td>
<td>10.2%</td>
<td>10.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other expenses</strong></td>
<td>1,521</td>
<td>1,423</td>
<td>6.9%</td>
<td>1,757</td>
<td>-13.4%</td>
<td>6,390</td>
<td>6,790</td>
<td>-5.9%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>7.2%</td>
<td>6.1%</td>
<td>8.3%</td>
<td>7.9%</td>
<td>8.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>A&amp;P spends</strong></td>
<td>2,707</td>
<td>2,104</td>
<td>28.7%</td>
<td>2,399</td>
<td>12.8%</td>
<td>10,554</td>
<td>8,585</td>
<td>22.9%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>12.8%</td>
<td>9.1%</td>
<td>11.4%</td>
<td>13.0%</td>
<td>10.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>19,604</td>
<td>18,168</td>
<td>7.9%</td>
<td>17,427</td>
<td>12.5%</td>
<td>69,868</td>
<td>64,054</td>
<td>9.1%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,517</td>
<td>5,053</td>
<td>-70.0%</td>
<td>3,660</td>
<td>-58.5%</td>
<td>11,011</td>
<td>17,803</td>
<td>-38.2%</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>7.2%</td>
<td>21.8%</td>
<td>17.4%</td>
<td>13.6%</td>
<td>21.7%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>833</td>
<td>604</td>
<td>38.1%</td>
<td>837</td>
<td>-0.4%</td>
<td>3,128</td>
<td>2,213</td>
<td>41.4%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>684</td>
<td>4,449</td>
<td>14.6%</td>
<td>2,823</td>
<td>13.4%</td>
<td>7,884</td>
<td>15,591</td>
<td>-49.4%</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>3.2%</td>
<td>19.2%</td>
<td>13.4%</td>
<td>9.7%</td>
<td>19.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>396</td>
<td>377</td>
<td>5.2%</td>
<td>130</td>
<td>205.4%</td>
<td>702</td>
<td>438</td>
<td>60.4%</td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>142</td>
<td>377</td>
<td>-62.2%</td>
<td>148</td>
<td>-3.8%</td>
<td>797</td>
<td>1,202</td>
<td>-33.6%</td>
</tr>
<tr>
<td><strong>PBT before exceptional items</strong></td>
<td>430</td>
<td>4,651</td>
<td>-90.8%</td>
<td>2,900</td>
<td>-85.2%</td>
<td>8,037</td>
<td>16,317</td>
<td>-50.7%</td>
</tr>
<tr>
<td><strong>Exceptional items</strong></td>
<td>(900)</td>
<td>(1,002)</td>
<td>NM (1,690)</td>
<td>NM (3,355)</td>
<td>NM (1,333)</td>
<td>NM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share of profit in associates and joint ventures</strong></td>
<td>1</td>
<td>(0)</td>
<td>NM (2)</td>
<td>NM (1)</td>
<td>1</td>
<td>NM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PBT</strong></td>
<td>(469)</td>
<td>3,649</td>
<td>NM 1,208</td>
<td>NM 4,681</td>
<td>14,985</td>
<td>66.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tax</strong></td>
<td>260</td>
<td>1,205</td>
<td>-78.4%</td>
<td>637</td>
<td>-59.2%</td>
<td>2,167</td>
<td>4,448</td>
<td>-51.3%</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>NM 33.0%</td>
<td>52.8%</td>
<td>NM 46.3%</td>
<td>29.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PAT</strong></td>
<td>(729)</td>
<td>2,444</td>
<td>NM 570</td>
<td>NM 2,514</td>
<td>10,538</td>
<td>-76.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAT Margin</td>
<td>NM 10.5%</td>
<td>2.7%</td>
<td>NM 3.1%</td>
<td>12.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>(82)</td>
<td>258</td>
<td>NM 291</td>
<td>NM 970</td>
<td>437</td>
<td>122.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted PAT</strong></td>
<td>171</td>
<td>3,244</td>
<td>-94.7%</td>
<td>2,202</td>
<td>-92.2%</td>
<td>5,811</td>
<td>11,908</td>
<td>-51.2%</td>
</tr>
<tr>
<td><strong>Loss from discontinued operations</strong></td>
<td>(1,231)</td>
<td>(624)</td>
<td>NM (327)</td>
<td>NM (2,036)</td>
<td>(980)</td>
<td>NM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PAT/Loss including discontinued operations</strong></td>
<td>(1,960)</td>
<td>1,819</td>
<td>NM 243</td>
<td>NM 478</td>
<td>9,558</td>
<td>NM</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EPS (Rs)</strong></td>
<td>(2.0)</td>
<td>1.9</td>
<td>NM 0.3</td>
<td>NM 0.5</td>
<td>10.0</td>
<td>-95.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>0.2</td>
<td>3.4</td>
<td>-94.7%</td>
<td>2.3</td>
<td>-92.2%</td>
<td>6.0</td>
<td>12.4</td>
<td>-51.2%</td>
</tr>
</tbody>
</table>

**Source:** Company, PL  
**Note:** Adjusted PAT is prior to losses from discontinued operations
Domestic ad-revenue was under pressure in 4QFY23 (Rs mn)

<table>
<thead>
<tr>
<th>Particulars (Rs mn)</th>
<th>Q4FY23</th>
<th>Q4FY22</th>
<th>YoY gr.</th>
<th>Q3FY23</th>
<th>QoQ gr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic ad-revenue</td>
<td>9,635</td>
<td>10,732</td>
<td>-10.2%</td>
<td>10,150</td>
<td>-5.1%</td>
</tr>
<tr>
<td>As a % of ad-revenue</td>
<td>95.8%</td>
<td>95.8%</td>
<td>95.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International ad-revenue</td>
<td>423</td>
<td>465</td>
<td>-9.0%</td>
<td>484</td>
<td>-12.6%</td>
</tr>
<tr>
<td>As a % of ad-revenue</td>
<td>4.2%</td>
<td>4.2%</td>
<td>4.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total ad-revenue</td>
<td>10,058</td>
<td>11,197</td>
<td>-10.2%</td>
<td>10,634</td>
<td>-5.4%</td>
</tr>
<tr>
<td>Domestic subscription revenue</td>
<td>7,428</td>
<td>7,401</td>
<td>0.4%</td>
<td>7,875</td>
<td>-5.7%</td>
</tr>
<tr>
<td>As a % of subscription-revenue</td>
<td>87.7%</td>
<td>86.6%</td>
<td>88.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International subscription revenue</td>
<td>1,046</td>
<td>1,148</td>
<td>-8.9%</td>
<td>1,069</td>
<td>-2.2%</td>
</tr>
<tr>
<td>As a % of subscription-revenue</td>
<td>12.3%</td>
<td>13.4%</td>
<td>12.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total subscription revenue</td>
<td>8,474</td>
<td>8,549</td>
<td>-0.9%</td>
<td>8,944</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Other sales &amp; services</td>
<td>2,589</td>
<td>3,475</td>
<td>-25.5%</td>
<td>1,510</td>
<td>71.5%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>21,121</td>
<td>23,221</td>
<td>-9.0%</td>
<td>21,088</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Source: Company, PL

ZEE5’s average watch time is highest ever in 4QFY23

<table>
<thead>
<tr>
<th>Particulars</th>
<th>4QFY22</th>
<th>1QFY23</th>
<th>2QFY23</th>
<th>3QFY23</th>
<th>4QFY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global MAU</td>
<td>104.8mn (In Mar-22)</td>
<td>103.3mn (in Jun-22)</td>
<td>112.4mn (in Sep-22)</td>
<td>119.5mn (in Dec-22)</td>
<td>113.8mn</td>
</tr>
<tr>
<td>Global DAU</td>
<td>10.5mn (In Mar-22)</td>
<td>11.3mn (in Jun-22)</td>
<td>11.4mn (in Sep-22)</td>
<td>11.5mn (in Dec-22)</td>
<td>11.1mn</td>
</tr>
<tr>
<td>Average watch time (per viewer/per month)</td>
<td>214 minutes (in 4QFY22)</td>
<td>196 minutes (in 1QFY23)</td>
<td>198 minutes (in 2QFY23)</td>
<td>169 minutes (in 3QFY23)</td>
<td>229 minutes (in 4QFY23)</td>
</tr>
<tr>
<td>Revenue</td>
<td>Rs1,614mn</td>
<td>Rs1,597mn</td>
<td>Rs1,671mn</td>
<td>Rs1,943mn</td>
<td>Rs2,200mn</td>
</tr>
<tr>
<td>EBITDA</td>
<td>Rs(1,952mn)</td>
<td>Rs(2,352mn)</td>
<td>Rs(2,769mn)</td>
<td>Rs(2,820mn)</td>
<td>Rs(3,109mn)</td>
</tr>
<tr>
<td>Number of originals/movies released</td>
<td>64</td>
<td>38</td>
<td>66</td>
<td>50</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Company, PL

Movie rights constitute 64% of the content pie in 4QFY23

<table>
<thead>
<tr>
<th>Particulars (Rs bn)</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
<th>Q1FY22</th>
<th>Q2FY22</th>
<th>Q3FY22</th>
<th>Q4FY22</th>
<th>Q1FY23</th>
<th>Q2FY23</th>
<th>Q3FY23</th>
<th>Q4FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movie Rights</td>
<td>21.0</td>
<td>31.9</td>
<td>39.7</td>
<td>40.1</td>
<td>40.7</td>
<td>40.4</td>
<td>43.9</td>
<td>45.7</td>
<td>46.3</td>
<td>50.5</td>
<td>51.7</td>
<td>50.9</td>
</tr>
<tr>
<td>As % of total</td>
<td>59%</td>
<td>55%</td>
<td>62%</td>
<td>64%</td>
<td>63%</td>
<td>61%</td>
<td>63%</td>
<td>63%</td>
<td>62%</td>
<td>64%</td>
<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td>Shows</td>
<td>2.8</td>
<td>5.2</td>
<td>9.0</td>
<td>8.2</td>
<td>8.4</td>
<td>8.6</td>
<td>9.1</td>
<td>10.2</td>
<td>11.2</td>
<td>11.0</td>
<td>11.1</td>
<td>11.1</td>
</tr>
<tr>
<td>As % of total</td>
<td>8%</td>
<td>9%</td>
<td>14%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Movie production, Music &amp; Others</td>
<td>2.5</td>
<td>1.2</td>
<td>4.5</td>
<td>5.6</td>
<td>5.8</td>
<td>7.3</td>
<td>8.4</td>
<td>8.0</td>
<td>10.4</td>
<td>9.5</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>As % of total</td>
<td>7%</td>
<td>2%</td>
<td>7%</td>
<td>9%</td>
<td>9%</td>
<td>11%</td>
<td>12%</td>
<td>11%</td>
<td>14%</td>
<td>12%</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Content advances &amp; deposits</td>
<td>9.3</td>
<td>19.7</td>
<td>10.9</td>
<td>8.8</td>
<td>9.7</td>
<td>9.9</td>
<td>8.4</td>
<td>8.7</td>
<td>6.7</td>
<td>7.1</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>As % of total</td>
<td>26%</td>
<td>34%</td>
<td>17%</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>12%</td>
<td>12%</td>
<td>9%</td>
<td>9%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Grand Total (Inventory &amp; advances/deposits)</td>
<td>35.6</td>
<td>58.0</td>
<td>64.1</td>
<td>62.7</td>
<td>64.6</td>
<td>66.2</td>
<td>69.7</td>
<td>72.5</td>
<td>74.6</td>
<td>78.9</td>
<td>79.5</td>
<td>79.6</td>
</tr>
</tbody>
</table>

Source: Company, PL
# Financials

## Income Statement (Rs m)

<table>
<thead>
<tr>
<th>Y/e Mar</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenues</td>
<td>81,857</td>
<td>80,879</td>
<td>87,234</td>
<td>95,323</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>5.9</td>
<td>(1.2)</td>
<td>7.9</td>
<td>9.3</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>40,418</td>
<td>44,886</td>
<td>47,106</td>
<td>50,045</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>41,439</td>
<td>36,193</td>
<td>40,128</td>
<td>45,279</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>50.6</td>
<td>44.7</td>
<td>46.0</td>
<td>47.5</td>
</tr>
<tr>
<td>Employee Cost</td>
<td>8,261</td>
<td>8,238</td>
<td>8,898</td>
<td>9,246</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>6,790</td>
<td>6,390</td>
<td>6,891</td>
<td>7,435</td>
</tr>
<tr>
<td>EBITDA</td>
<td>17,803</td>
<td>11,011</td>
<td>13,434</td>
<td>17,635</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(0.5)</td>
<td>(38.2)</td>
<td>22.0</td>
<td>31.3</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>21.7</td>
<td>13.6</td>
<td>15.4</td>
<td>18.5</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>2,213</td>
<td>3,128</td>
<td>3,228</td>
<td>3,336</td>
</tr>
<tr>
<td>EBIT</td>
<td>15,591</td>
<td>7,884</td>
<td>10,206</td>
<td>14,298</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>19.0</td>
<td>9.7</td>
<td>11.7</td>
<td>15.0</td>
</tr>
<tr>
<td>Net Interest</td>
<td>438</td>
<td>702</td>
<td>436</td>
<td>334</td>
</tr>
<tr>
<td>Other Income</td>
<td>1,164</td>
<td>855</td>
<td>1,221</td>
<td>1,430</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>14,984</td>
<td>4,682</td>
<td>10,991</td>
<td>15,395</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>18.3</td>
<td>5.8</td>
<td>12.6</td>
<td>16.2</td>
</tr>
<tr>
<td>Total Tax</td>
<td>4,448</td>
<td>2,167</td>
<td>3,297</td>
<td>4,080</td>
</tr>
<tr>
<td>Effective tax rate (%)</td>
<td>29.7</td>
<td>46.3</td>
<td>30.0</td>
<td>26.5</td>
</tr>
<tr>
<td>Profit after tax</td>
<td>10,537</td>
<td>2,515</td>
<td>7,694</td>
<td>11,315</td>
</tr>
<tr>
<td>Minority interest</td>
<td>(88)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share Profit from Associate</td>
<td>1</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Adjusted PAT</td>
<td>11,908</td>
<td>5,811</td>
<td>7,694</td>
<td>11,315</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>(0.5)</td>
<td>(51.2)</td>
<td>32.4</td>
<td>47.1</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>14.5</td>
<td>7.2</td>
<td>8.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Extra Ord. Income / (Exp)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reported PAT</td>
<td>10,626</td>
<td>2,514</td>
<td>7,694</td>
<td>11,315</td>
</tr>
<tr>
<td>YoY gr. (%)</td>
<td>32.8</td>
<td>(76.3)</td>
<td>206.1</td>
<td>47.1</td>
</tr>
<tr>
<td>Margin (%)</td>
<td>13.0</td>
<td>3.1</td>
<td>8.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>437</td>
<td>970</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>11,062</td>
<td>3,484</td>
<td>7,694</td>
<td>11,315</td>
</tr>
<tr>
<td>Equity Shares O/s (m)</td>
<td>961</td>
<td>961</td>
<td>961</td>
<td>961</td>
</tr>
<tr>
<td>EPS (Rs)</td>
<td>12.4</td>
<td>6.0</td>
<td>8.0</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Source: Company Data, PL Research

## Balance Sheet Abstract (Rs m)

<table>
<thead>
<tr>
<th>Y/e Mar</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-CURRENT Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Block</td>
<td>21,425</td>
<td>26,630</td>
<td>29,350</td>
<td>32,316</td>
</tr>
<tr>
<td>Tangibles</td>
<td>14,445</td>
<td>17,768</td>
<td>19,338</td>
<td>21,054</td>
</tr>
<tr>
<td>Intangibles</td>
<td>6,980</td>
<td>8,862</td>
<td>10,012</td>
<td>11,262</td>
</tr>
<tr>
<td>Acc: Dep / Amortization</td>
<td>13,707</td>
<td>16,835</td>
<td>20,062</td>
<td>23,398</td>
</tr>
<tr>
<td>Tangibles</td>
<td>8,620</td>
<td>10,653</td>
<td>12,751</td>
<td>14,919</td>
</tr>
<tr>
<td>Intangibles</td>
<td>5,087</td>
<td>6,182</td>
<td>7,311</td>
<td>8,479</td>
</tr>
<tr>
<td>Net fixed assets</td>
<td>8,801</td>
<td>10,296</td>
<td>9,789</td>
<td>9,418</td>
</tr>
<tr>
<td>Tangibles</td>
<td>6,908</td>
<td>7,616</td>
<td>7,088</td>
<td>6,635</td>
</tr>
<tr>
<td>Intangibles</td>
<td>1,893</td>
<td>2,680</td>
<td>2,701</td>
<td>2,783</td>
</tr>
<tr>
<td>Capital Work In Progress</td>
<td>871</td>
<td>191</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3,450</td>
<td>3,302</td>
<td>3,302</td>
<td>3,302</td>
</tr>
<tr>
<td>Non-Current Investments</td>
<td>760</td>
<td>919</td>
<td>853</td>
<td>807</td>
</tr>
<tr>
<td>Net Deferred tax assets</td>
<td>3,080</td>
<td>4,229</td>
<td>2,418</td>
<td>2,771</td>
</tr>
<tr>
<td>Other Non-Current Assets</td>
<td>3,960</td>
<td>4,410</td>
<td>3,802</td>
<td>3,731</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>242</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>63,862</td>
<td>73,079</td>
<td>75,284</td>
<td>77,042</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>17,375</td>
<td>16,088</td>
<td>18,164</td>
<td>20,109</td>
</tr>
<tr>
<td>Cash &amp; Bank Balance</td>
<td>12,733</td>
<td>8,040</td>
<td>7,151</td>
<td>10,598</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>12,172</td>
<td>11,433</td>
<td>13,085</td>
<td>14,298</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,32,395</td>
<td>1,37,265</td>
<td>1,39,609</td>
<td>1,48,202</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Share Capital</td>
<td>961</td>
<td>961</td>
<td>961</td>
<td>961</td>
</tr>
<tr>
<td>Other Equity</td>
<td>1,07,667</td>
<td>1,06,258</td>
<td>1,12,029</td>
<td>1,20,515</td>
</tr>
<tr>
<td>Total Networth</td>
<td>1,08,628</td>
<td>1,07,219</td>
<td>1,12,989</td>
<td>1,21,476</td>
</tr>
<tr>
<td>Non-CURRENT Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term borrowings</td>
<td>556</td>
<td>2,167</td>
<td>2,167</td>
<td>2,167</td>
</tr>
<tr>
<td>Provisions</td>
<td>1,040</td>
<td>1,362</td>
<td>1,309</td>
<td>1,525</td>
</tr>
<tr>
<td>Other non current liabilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST Debt / Current of LT Debt</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade payables</td>
<td>13,719</td>
<td>17,494</td>
<td>16,013</td>
<td>16,192</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>8,453</td>
<td>8,829</td>
<td>6,937</td>
<td>6,648</td>
</tr>
<tr>
<td>Total Equity &amp; Liabilities</td>
<td>1,32,396</td>
<td>1,37,070</td>
<td>1,39,415</td>
<td>1,48,008</td>
</tr>
</tbody>
</table>

Source: Company Data, PL Research
### Quarterly Financials (Rs m)

<table>
<thead>
<tr>
<th>Y/e Mar</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>14,155</td>
<td>4,681</td>
<td>10,991</td>
<td>15,395</td>
</tr>
<tr>
<td>Add. Depreciation</td>
<td>2,459</td>
<td>3,413</td>
<td>3,228</td>
<td>3,336</td>
</tr>
<tr>
<td>Add. Interest</td>
<td>226</td>
<td>707</td>
<td>436</td>
<td>334</td>
</tr>
<tr>
<td>Less Financial Other Income</td>
<td>1,164</td>
<td>855</td>
<td>1,221</td>
<td>1,430</td>
</tr>
<tr>
<td>Add. Other</td>
<td>478</td>
<td>(896)</td>
<td>(1,178)</td>
<td>(1,568)</td>
</tr>
<tr>
<td>Op. profit before WC changes</td>
<td>17,318</td>
<td>7,905</td>
<td>13,477</td>
<td>17,497</td>
</tr>
<tr>
<td>Net Changes-WC</td>
<td>(9,638)</td>
<td>(2,722)</td>
<td>(5,762)</td>
<td>(3,524)</td>
</tr>
<tr>
<td>Direct tax</td>
<td>(4,965)</td>
<td>(3,893)</td>
<td>(3,297)</td>
<td>(4,080)</td>
</tr>
<tr>
<td>Net cash from Op. activities</td>
<td>2,714</td>
<td>1,291</td>
<td>4,417</td>
<td>9,893</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(2,286)</td>
<td>(2,560)</td>
<td>(2,720)</td>
<td>(2,966)</td>
</tr>
<tr>
<td>Interest / Dividend Income</td>
<td>217</td>
<td>403</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>7,925</td>
<td>141</td>
<td>(227)</td>
<td>(317)</td>
</tr>
<tr>
<td>Net Cash from Inv. activities</td>
<td>5,856</td>
<td>(2,016)</td>
<td>(2,947)</td>
<td>(3,283)</td>
</tr>
<tr>
<td>Issue of share cap. / premium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt changes</td>
<td>(4,025)</td>
<td>24</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(2,401)</td>
<td>(2,882)</td>
<td>(1,924)</td>
<td>(2,829)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(49)</td>
<td>(80)</td>
<td>(436)</td>
<td>(334)</td>
</tr>
<tr>
<td>Others</td>
<td>(678)</td>
<td>(1,145)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net cash from Fin. activities</td>
<td>(7,153)</td>
<td>(4,082)</td>
<td>(2,360)</td>
<td>(3,162)</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>1,417</td>
<td>(4,807)</td>
<td>(889)</td>
<td>3,447</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>353</td>
<td>(1,386)</td>
<td>1,697</td>
<td>6,927</td>
</tr>
</tbody>
</table>

Source: Company Data, PL Research

### Key Financial Metrics

<table>
<thead>
<tr>
<th>Y/e Mar</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24E</th>
<th>FY25E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Share(Rs)</td>
<td>12.4</td>
<td>6.0</td>
<td>8.0</td>
<td>11.8</td>
</tr>
<tr>
<td>EPS</td>
<td>14.7</td>
<td>9.3</td>
<td>11.4</td>
<td>15.3</td>
</tr>
<tr>
<td>CEPS</td>
<td>113.1</td>
<td>111.6</td>
<td>117.6</td>
<td>126.5</td>
</tr>
<tr>
<td>BVPS</td>
<td>0.4</td>
<td>(1.4)</td>
<td>1.8</td>
<td>7.2</td>
</tr>
<tr>
<td>FCF</td>
<td>3.0</td>
<td>-</td>
<td>2.0</td>
<td>2.9</td>
</tr>
<tr>
<td>DPS</td>
<td>14.6</td>
<td>7.2</td>
<td>9.1</td>
<td>12.0</td>
</tr>
<tr>
<td>Return Ratio(%)</td>
<td>11.7</td>
<td>4.2</td>
<td>6.8</td>
<td>9.7</td>
</tr>
<tr>
<td>RoE</td>
<td>11.4</td>
<td>5.4</td>
<td>7.0</td>
<td>9.7</td>
</tr>
<tr>
<td>RoCE</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>0.0</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Net Working Capital (Days)</td>
<td>301</td>
<td>323</td>
<td>324</td>
<td>310</td>
</tr>
<tr>
<td>Valuation(x)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PER</td>
<td>14.4</td>
<td>29.6</td>
<td>22.3</td>
<td>15.2</td>
</tr>
<tr>
<td>P/B</td>
<td>1.6</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>P/CEPS</td>
<td>12.2</td>
<td>19.2</td>
<td>15.7</td>
<td>11.7</td>
</tr>
<tr>
<td>EV/EBITDA</td>
<td>9.0</td>
<td>15.1</td>
<td>12.4</td>
<td>9.3</td>
</tr>
<tr>
<td>EV/Sales</td>
<td>1.9</td>
<td>2.1</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Dividend Yield (%)</td>
<td>1.7</td>
<td>-</td>
<td>1.1</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Source: Company Data, PL Research

### Balance Sheet

- Net Debt : Equity (x) (0.1) (0.1) 0.0 (0.1)
- Net Working Capital (Days) 301 323 324 310
- Valuation(x)
  - PER 14.4 29.6 22.3 15.2
  - P/B 1.6 1.6 1.5 1.4
  - P/CEPS 12.2 19.2 15.7 11.7
  - EV/EBITDA 9.0 15.1 12.4 9.3
  - EV/Sales 1.9 2.1 1.9 1.7
  - Dividend Yield (%) 1.7 - 1.1 1.6

Source: Company Data, PL Research

### Annual Financials

- **Net Revenue**: FY22 18,457, FY23 20,284, FY24E 21,088, FY25E 21,121
- **YoY gr. (%)**: 4.0, 2.5, (0.2), (9.0)
- **Raw Material Expenses**: FY22 10,026, FY23 10,173, FY24E 11,277, FY25E 13,222
- **Gross Profit**: FY22 8,431, FY23 10,111, FY24E 9,811, FY25E 7,899
- **Margin (%)**: FY22 45.7, FY23 49.8, FY24E 46.5, FY25E 37.4
- **EBITDA**: FY22 2,507, FY23 2,973, FY24E 3,660, FY25E 1,517
- **YoY gr. (%)**: FY22 (27.1), FY23 (27.9), FY24E (23.6), FY25E (70.0)
- **Margin (%)**: FY22 13.6, FY23 14.7, FY24E 17.4, FY25E 7.2
- **Depreciation / Depletion**: FY22 778, FY23 816, FY24E 837, FY25E 833
- **EBIT**: FY22 1,729, FY23 2,157, FY24E 2,823, FY25E 684
- **Margin (%)**: FY22 9.4, FY23 10.6, FY24E 13.4, FY25E 3.2
- **Net Interest**: FY22 81, FY23 97, FY24E 130, FY25E 396
- **Other Income**: FY22 338, FY23 176, FY24E 206, FY25E 142
- **Profit before Tax**: FY22 1,687, FY23 1,770, FY24E 1,210, FY25E (470)
- **Margin (%)**: FY22 9.1, FY23 8.7, FY24E 5.7, FY25E (2.2)
- **Margin (%)**: FY22 621, FY23 641, FY24E 637, FY25E 260
- **Effective tax rate (%)**: FY22 36.8, FY23 36.2, FY24E 52.7, FY25E (55.3)
- **Profit after Tax**: FY22 1,065, FY23 1,129, FY24E 573, FY25E (730)
- **Minority interest**: FY22 - , FY23 - , FY24E - , FY25E -
- **Share Profit from Associates**: FY22 1, FY23 (1), FY24E (2), FY25E 1
- **Adjusted PAT**: FY22 1,365, FY23 1,595, FY24E 2,202, FY25E 171
- **YoY gr. (%)**: FY22 (38.6), FY23 (44.8), FY24E (31.1), FY25E (94.7)
- **Margin (%)**: FY22 7.4, FY23 7.9, FY24E 10.4, FY25E 0.8
- **Extra Ord. Income / (Exp)**: FY22 - , FY23 - , FY24E - , FY25E -
- **Reported PAT**: FY22 1,066, FY23 1,129, FY24E 570, FY25E (729)
- **YoY gr. (%)**: FY22 (50.1), FY23 (58.2), FY24E (80.9), FY25E (129.8)
- **Margin (%)**: FY22 5.8, FY23 5.6, FY24E 2.7, FY25E (3.5)
- **Other Comprehensive Income**: FY22 416, FY23 345, FY24E 291, FY25E (82)
- **Total Comprehensive Income**: FY22 1,482, FY23 1,474, FY24E 861, FY25E (111)
- **Avg. Shares O/s (m)**: FY22 961, FY23 961, FY24E 961, FY25E 961
- **EPS (Rs)**: FY22 1.1, FY23 1.2, FY24E 0.3, FY25E (2.0)

Source: Company Data, PL Research

### Zee Entertainment Enterprises

May 26, 2023
Zee Entertainment Enterprises

Price Chart

Recommendation History

<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Rating</th>
<th>TP (Rs.)</th>
<th>Share Price (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>11-Apr-23</td>
<td>BUY</td>
<td>277</td>
<td>211</td>
</tr>
<tr>
<td>2</td>
<td>14-Feb-23</td>
<td>BUY</td>
<td>277</td>
<td>218</td>
</tr>
<tr>
<td>3</td>
<td>06-Jan-23</td>
<td>BUY</td>
<td>309</td>
<td>238</td>
</tr>
<tr>
<td>4</td>
<td>12-Nov-22</td>
<td>BUY</td>
<td>308</td>
<td>266</td>
</tr>
<tr>
<td>5</td>
<td>06-Oct-22</td>
<td>BUY</td>
<td>302</td>
<td>280</td>
</tr>
<tr>
<td>6</td>
<td>13-Aug-22</td>
<td>BUY</td>
<td>308</td>
<td>242</td>
</tr>
<tr>
<td>7</td>
<td>07-Jul-22</td>
<td>BUY</td>
<td>358</td>
<td>223</td>
</tr>
<tr>
<td>8</td>
<td>27-May-22</td>
<td>BUY</td>
<td>358</td>
<td>230</td>
</tr>
</tbody>
</table>

Analyst Coverage Universe

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Company Name</th>
<th>Rating</th>
<th>TP (Rs)</th>
<th>Share Price (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chalet Hotels</td>
<td>BUY</td>
<td>504</td>
<td>401</td>
</tr>
<tr>
<td>2</td>
<td>Entertainment Network (India)</td>
<td>Hold</td>
<td>180</td>
<td>126</td>
</tr>
<tr>
<td>3</td>
<td>Indian Railway Catering and Tourism Corporation</td>
<td>Hold</td>
<td>672</td>
<td>582</td>
</tr>
<tr>
<td>4</td>
<td>Inox Leisure</td>
<td>BUY</td>
<td>587</td>
<td>502</td>
</tr>
<tr>
<td>5</td>
<td>InterGlobe Aviation</td>
<td>BUY</td>
<td>2,565</td>
<td>2,257</td>
</tr>
<tr>
<td>6</td>
<td>Music Broadcast</td>
<td>Hold</td>
<td>18</td>
<td>11</td>
</tr>
<tr>
<td>7</td>
<td>Navneet Education</td>
<td>BUY</td>
<td>152</td>
<td>113</td>
</tr>
<tr>
<td>8</td>
<td>Nazara Technologies</td>
<td>BUY</td>
<td>804</td>
<td>566</td>
</tr>
<tr>
<td>9</td>
<td>PVR Inox</td>
<td>BUY</td>
<td>1,879</td>
<td>1,435</td>
</tr>
<tr>
<td>10</td>
<td>S Chand and Company</td>
<td>BUY</td>
<td>228</td>
<td>219</td>
</tr>
<tr>
<td>11</td>
<td>Safari Industries (India)</td>
<td>BUY</td>
<td>2,790</td>
<td>2,415</td>
</tr>
<tr>
<td>12</td>
<td>V.I.P. Industries</td>
<td>BUY</td>
<td>900</td>
<td>623</td>
</tr>
<tr>
<td>13</td>
<td>Zee Entertainment Enterprises</td>
<td>BUY</td>
<td>277</td>
<td>211</td>
</tr>
</tbody>
</table>

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)

Well, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance 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 in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or its relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or its 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 its 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 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 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 certify 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 or 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 from 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.

May 26, 2023

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

Amnish Aggarwal