# Entertainment Network India

## Playing on a high frequency

### Revival in ad cycle augurs well for top line

With the economic revival falling into place, the ad industry has displayed a good volume growth since last couple of quarters, and looks well placed to continue its surge. The company expects to grow the radio business at 15% CAGR over FY10-12E, with the increase in capacity utilization in smaller stations and an improvement in pricing in metros as well as category A stations. ENIL commands a premium pricing of nearly 15% vis-à-vis peers, and as utilization rates start peaking, we expect the company to witness the next phase of the price improvement from Q2FY11E onwards that will translate into higher profitability.

### Strong operating leverage to amplify profit margins

Revenue growth and sustainability of fixed cost are expected to propel the margin expansion of 300bps in FY11E. During FY11E, ENIL's standalone business should witness good volumes and a sustainable price rise which would translate in better profitability. We expect ENIL to command an EBITDA margin of 29% and 34% for FY11E and FY12E respectively.

### Phase III policies, OOH segment may prove white knights

The industry is awaiting Phase III policy proposal that will pan out the industry wide growth. Constructive measures like extending the license period, allowing consolidation, networking and permitting diversity of content will take the radio industry to the next level. We expect an outcome, anytime in the next six months. In such a scenario, ENIL being the market leader and sole profitable player is the best proxy for the radio growth story. The OOH (Out of Home) segment is anticipating a giant shift with major airport properties due for renewal. Our base case scenario expects ENIL to win the airport properties while license fees' share of revenue may come down considerably on account of the revenue sharing model, turning the business profitable.

## Rating : Buy

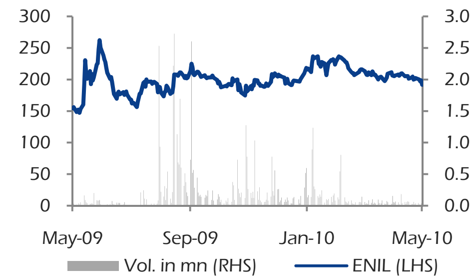
**Target Price : INR272**
**Upside : 42%**
CMP : INR192 (as on 7 May 2010)

**Key data**

| | |
|---|---|
| Bloomberg /Reuters Code | ENIL IN/ ENIL.BO |
| Current /Dil. Shares O/S (mn) | 47.7/47.7 |
| Mkt Cap (INRbn/US$mn) | 9.4/207.3 |
| Daily Vol. (3M NSE Avg.) | 47,765 |
| Face Value (INR) | 10 |
| **1 US$= INR45.6** | |

Source: Bloomberg ; * As on 7 May 2010

**Price & Volume**




Source: Bloomberg

| Share holding (%) | Q1FY10 | Q2FY10 | Q3FY10 | Q4FY10 |
|---|---|---|---|---|
| Promoter | 71.2 | 71.2 | 71.2 | 71.2 |
| Institutional Investors | 18.5 | 10.8 | 11.0 | 11.7 |
| Other Investors | 2.9 | 6.9 | 7.2 | 6.9 |
| General Public | 7.5 | 11.1 | 10.7 | 10.3 |

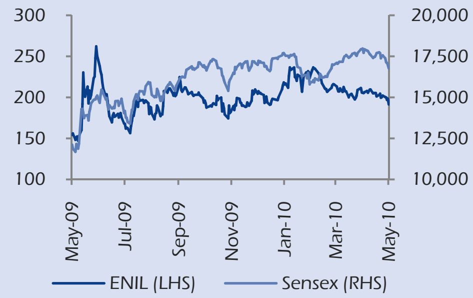
Source: Bloomberg

| Price performance (%) | 3M | 6M | 12M |
|---|---|---|---|
| Sensex | 5.6 | 4.0 | 38.7 |
| ENIL | (14.5) | 6.9 | 26.3 |
| Reliance Media World | (38.0) | - | - |

Source: Bloomberg

## Valuation

We have valued ENIL on SOTP basis. The radio business is valued on a DCF basis which derives per share value of INR227, implying an EV/EBITDA of 11x. The OOH business and Event business is estimated to report revenues of INR2,105 and INR491mn in FY12E respectively. We have valued both the business on EV/sales, with a target multiple of 1x, deriving a combined value of INR2,439mn. We initiate coverage on ENIL, with a **BUY** recommendation and an SOTP based price target of INR272 per share, providing an upside of 42%.




Source: Bloomberg

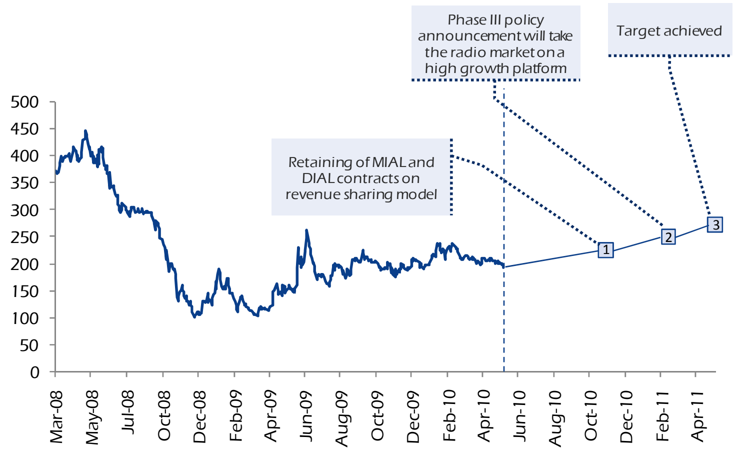
**Key Financials**

| Y/E Mar (INR mn) | Rev | YoY (%) | EBITDA | EBITDA (%) | Adj PAT | YoY (%) | Fully DEPS | RoE (%) | RoCE (%) | P/E (x) | EV/EBITDA (x) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY08 | 4,169 | 75.9 | 355 | 8.5 | (171) | - | (3.6) | (3.6) | | | |
| FY09 | 4,293 | 3.0 | (31) | (1.4) | (603) | N.A | (12.6) | (14.5) | (10.4) | NA | NA |
| FY10E | 4,145 | (3.4) | 243 | 5.9 | (363) | 0% | (7.6) | (8.9) | (6.6) | NA | NA |
| FY11E | 4,919 | 18.7 | 833 | 16.9 | 248 | 0 | 5.2 | 7.2 | 6.8 | 36.8 | 11.7 |
| FY12E | 5,623 | 14.3 | 1,210 | 21.5 | 491 | 97.9 | 10.3 | 11.0 | 14.5 | 18.6 | 8.0 |

Source: Company, Elara Securities Estimate

**Aliasgar Shakir** • aliasgar.shakir@elaracapital.com • +91 22 4062 6816
**Elara Securities (India) Private Limited**

## Valuation trigger




Source: Bloomberg, Elara Securities Estimate

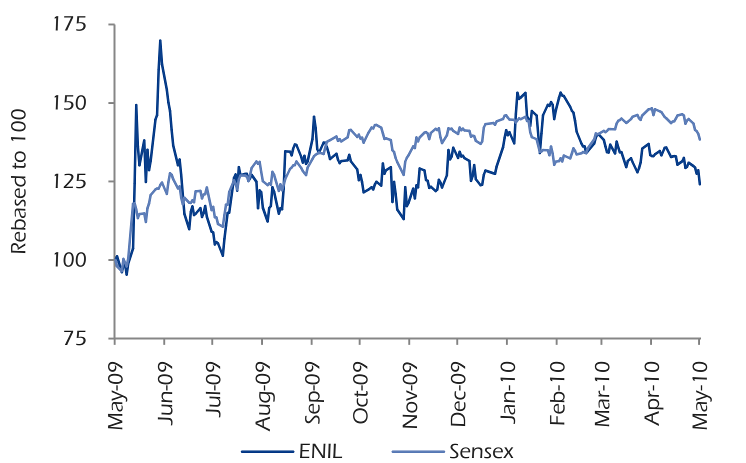
## Valuation overview

| Particulars | INR mn |
|---|---|
| DCF Fair value per share of Radio Business (a) (INR) | 227 |
| OOH Business Probable Valuation (FY12E Sales) | |
| Base Case (50%) | 1,052 |
| Bull Case (30%) | 654 |
| Bear Case (20%) | 241 |
| OOH Business value | 1,947 |
| EV/Sales target Multiple (x) | 1.0 |
| Fair value of OOH Business | 1,947 |
| Event Business (FY12E) Sales | 491 |
| EV/Sales target Multiple (x) | 1.0 |
| Fair value of Event Business Value | 491 |
| Total Enterprise Value (OOH and Event) | 2,439 |
| Less debt | 300.1 |
| Mkt Value | 2,139 |
| No of Shares (mn) | 47.7 |
| Total Value per share (OOH and Events) (b) | 45 |
| Total Value per share (INR) (a + b) | 272 |
| CMP (INR) | 192 |
| Upside (%) | 42 |

Source: Elara Securities Estimate

Figs in INR mn unless specified

## Valuation driver




Source: Elara Securities Research

## Investment summary

- Revival in radio ad market will benefit ENIL
- Fixed cost levers will magnify margins as revenues augment.
- Constructive measures like networking and extension of license period will rationalize costs.

## Valuation trigger

1. Retaining of MIAL (Mumbai International Airport Limited) and DIAL (Delhi International Airport Limited) contracts on revenue sharing model
2. Phase III policy announcement will take the radio market on a high growth platform.

## Key risks

- Decline in listenership market share will attract lesser advertisers.
- Unfavorable result on music royalty issue will keep costs at elevated levels and find lower investor interest in radio business.
- Loss of MIAL and DIAL contracts will derail OOH growth plans.

## Our assumptions

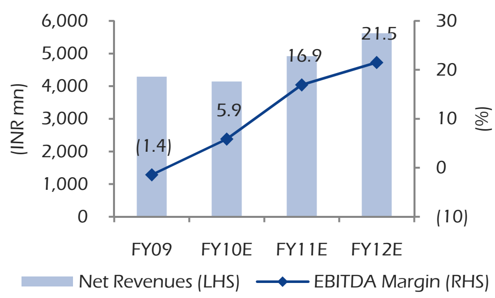
- Higher utilization rates in non-legacy channel.
- Firming ad pricing in legacy channels in the next 3 months.
- OOH business scenario analysis assumes three scenarios for the MIAL and DIAL contracts.
  - Base case – 30-70% revenue share for MIAL and DIAL
  - Bear case – 20-80% revenue share for DIAL, non-renewal of MIAL contract
  - Bull case – DIAL and MIAL contract renewal at 35-65% revenue share

## Financials - Consolidated

| Income Statement | FY09 | FY10E | FY11E | FY12E |
|---|---|---|---|---|
| Net Revenues | 4,293 | 4,145 | 4,919 | 5,623 |
| **EBITDA** | **(61)** | **243** | **833** | **1,210** |
| Add:- Non operating Income | 30 | | | |
| OPBIDTA | (31) | 243 | 833 | 1,210 |
| Less :- Depreciation & Amortization | 526 | 554 | 510 | 475 |
| **EBIT** | **(587)** | **(311)** | **323** | **735** |
| Less:- Interest Expenses | 144 | 124 | 26 | 26 |
| **PBT** | **(731)** | **(435)** | **297** | **710** |
| Less :- Taxes | (3) | - | - | 121 |
| **Reported PAT** | **(729)** | **(435)** | **297** | **588** |
| Minority Interest (16.5%) | (126) | (72) | 49 | 97 |
| **Adjusted PAT** | **(603)** | **(363)** | **248** | **491** |
| **Balance Sheet** | **FY09** | **FY10E** | **FY11E** | **FY12E** |
| Share Capital | 477 | 477 | 477 | 477 |
| Reserves | 3,490 | 3,490 | 3,490 | 3,705 |
| Borrowings | 1,481 | 601 | 601 | 601 |
| Minority Interest | 199 | 127 | 176 | 273 |
| Deferred Tax (Net) | | | | |
| **Total Liabilities** | **5,647** | **4,695** | **4,744** | **5,056** |
| Gross Block | 4,392 | 4,490 | 4,588 | 4,686 |
| Less:- Accumulated Depreciation | 1,346 | 1,900 | 2,410 | 2,885 |
| Net Block | 3,046 | 2,590 | 2,177 | 1,801 |
| Add:- Capital work in progress | 137 | 137 | 137 | 137 |
| Investments | 92 | 92 | 92 | 92 |
| Net Working Capital | 2,210 | 1,352 | 2,061 | 3,027 |
| Other Assets | 162 | 525 | 277 | 0 |
| **Total Assets** | **5,647** | **4,695** | **4,744** | **5,056** |
| **Cash Flow Statement** | **FY09** | **FY10E** | **FY11E** | **FY12E** |
| Cash profit adjusted for non cash items | (206) | 120 | 808 | 1,184 |
| Add/Less : Working Capital Changes | 1,201 | 934 | (557) | (417) |
| Operating Cash Flow | 1,103 | 1,176 | 345 | 854 |
| Less:- Capex | (526) | (98) | (98) | (98) |
| Free Cash Flow | 577 | 1,078 | 247 | 756 |
| Financing Cash Flow | (596) | (1,004) | (26) | (26) |
| Investing Cash Flow | (480) | (98) | (98) | (98) |
| **Net change in Cash** | **27** | **74** | **222** | **730** |
| **Ratio Analysis** | **FY09** | **FY10E** | **FY11E** | **FY12E** |
| **Income Statement Ratios(%)** | | | | |
| Revenue Growth | 3.0 | (3.4) | 18.7 | 14.3 |
| EBITDA Growth | NA | NA | 242.6 | 45.2 |
| PAT Growth | NA | NA | NA | 97.9 |
| EBITDA Margin | (1.4) | 5.9 | 16.9 | 21.5 |
| Net Margin | (14.0) | (8.7) | 5.0 | 8.7 |
| **Return & Liquidity Ratios (%)** | | | | |
| Net Debt/Equity (x) | 0.3 | 0.1 | 0.0 | -0.1 |
| ROE (%) | (14.5) | (8.9) | 7.2 | 11.0 |
| ROCE (%) | (10.4) | (6.6) | 6.8 | 14.5 |
| **Per Share data & Valuation Ratios** | | | | |
| Diluted EPS (INR/Share) | (12.6) | (7.6) | 5.2 | 10.3 |
| EPS Growth (%) | NA | NA | NA | 97.9 |
| DPS (INR/Share) | (12.6) | (7.6) | 5.2 | 10.3 |
| P/E Ratio (x) | NA | NA | 36.8 | 18.6 |
| EV/EBITDA (x) | NA | NA | 11.7 | 8.0 |
| EV/Sales (x) | 2.3 | 2.3 | 2.0 | 1.7 |
| Price/Book (x) | 2.2 | 2.2 | 2.2 | 2.0 |
| Dividend Yield (%) | NA | NA | NA | NA |

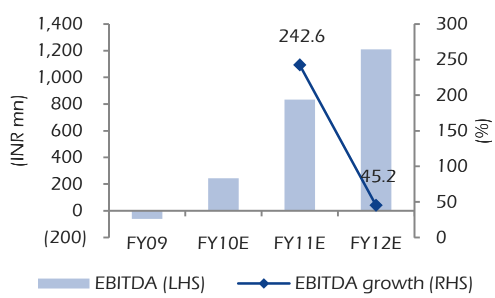
Source: Company, Elara Securities Estimate

### Revenue & margins growth trend



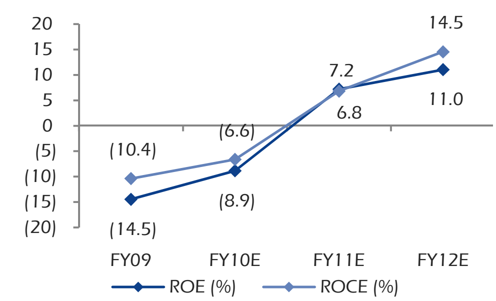

Source: Company, Elara Securities Estimate

### EBITDA growth trend




Source: Company, Elara Securities Estimate

### Return ratios




Source: Company, Elara Securities Estimate

Upturn in radio ad market and OOH properties renewal at favorable terms

Operating levers in radio as well as OOH business propelling margin

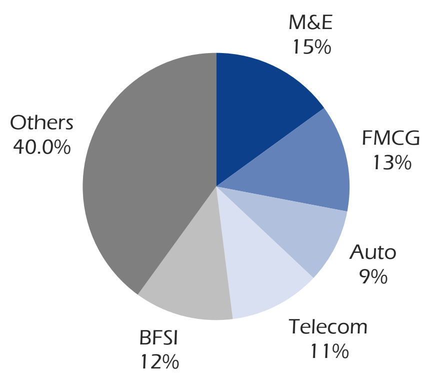
## Investment Rationale

- Growing volume augurs well for top line
- Strong operating leverage to amplify profit margins
- Phase III and OOH segment to be the white knights

## Growing volume augurs well for top line

ENIL has been a major player in the radio industry with ~40% revenue market share and the only radio player to show PAT positive numbers. The company's strong brand image - Radio Mirchi - has enabled it to cultivate listenership loyalty and attract a large pie of the radio market. The company has been in the business since the privatization in 1999, and has steadily grown its base to hold a dominant position in the highly competitive radio market. ENIL's strategy to leap its presence in OOH and Events focuses on being an advertiser's choice, providing above the line as well as below the line advertising services. The company expects to grow the radio business at 15% CAGR over FY10-12, with the increase in capacity utilization in smaller stations and an improvement in pricing in Metro as well as A category stations.

**Exhibit 1: Clients revenue share**




Source: Company

## Ad sale cycle on the upturn

With the economic revival in place, the ad industry has displayed a good volume growth since the last couple of quarters and looks well placed to continue its surge. The industry has moved up in FY10E and this has translated into positive earnings across board. ENIL, the market leader with a ~40% market share, has augmented revenues by about 12% QoQ in the past two quarters, and presently remains the best proxy for the radio play. The third quarter being the biggest quarter of the year has led to a steep increase in utilization rates as the company recorded 58%, the highest in the past two years.

**Exhibit 2: ENIL's radio presence in all top cities**

| Categories | Total cities | ENIL's Stations |
|---|---|---|
| A+ | 4 | 4 |
| A | 9 | 9 |
| B | 17 | 11 |
| C | 47 | 7 |
| D | 13 | 1 |

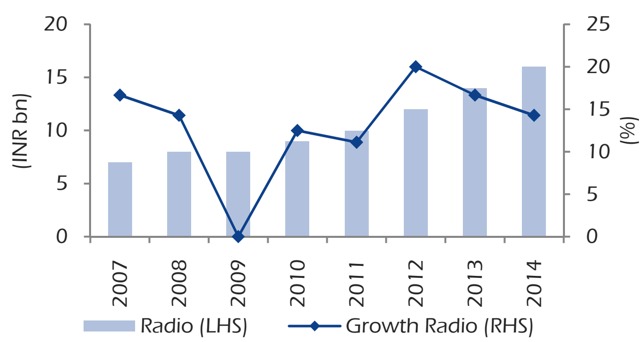
Source: Company, Elara Securities Research

ENIL's capacity utilization in the top eight markets which contribute ~75% to the top line, were at peak levels of about 75%. Ad market typically, picks up in the metros and then moves to smaller stations and thus we can expect the smaller stations to command better volumes in the next fiscal. Currently, in the remaining 24 markets, ENIL's utilization rates are in the range of 40-60%, translating into overall rate of 58% in Q3 FY10 above the YTD (year to date) of about 54%. The Q3 is seasonally the largest quarter of the year and therefore, the QoQ growth is steep. However the YoY growth of 6% despite low pricing is evident that the ad market is displaying good volumes. This is expected to continue in Q4FY10 and despite seasonally a lower quarter, we expect revenues of INR601mn, marginally lower than Q3FY10.

### Radio market dynamics

The overall radio industry stands at approx INR8bn; which is shared by the private sector industry that contributes about INR6bn and All India Radio caters to another INR2bn. The media industry is largely concentrated by the top three players, which attract the bulk of revenues. As per KPMG estimates, the industry is expected to grow at 16% over 2009-14. ENIL is the largest player in the business with a ~40% market share and 46.5mn listeners, and we believe ENIL will be the major benefiter of the industry's growth expectations.

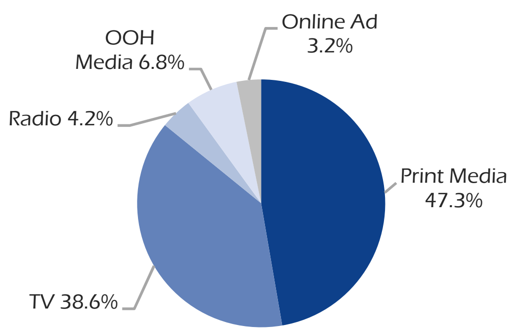
**Exhibit 3: Growing radio ad market**




Source: KPMG-FICCI report, 2010

The radio market currently constitutes 4.2% of the total ad industry, and has been steadily expanding grabbing a larger share of the ad pie. Globally, radio on an average constitutes 8.5% of an advertiser's media mix pie. In India, the radio industry has come a rather long way in terms of top line, but there is significant scope for growth. In the US, radio has a 13% share while European countries have about 9%. Universally, media categories in the growth stage have a share of around 5% and mature categories average around 10-12% of the total advertising expenditure across various media. If the real potential is unlocked in India, commercial radio could account for approximately 8% of media spends in the medium term and up to 10-12% in the long term.

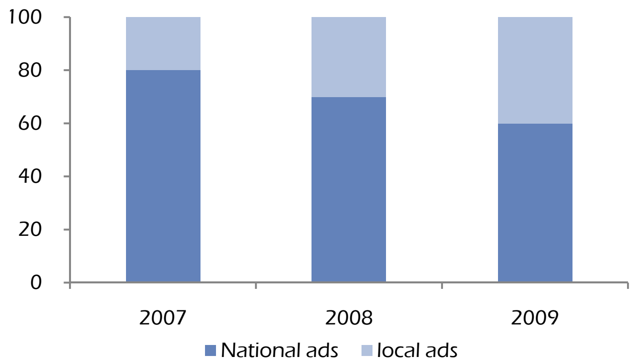
**Exhibit 4: Advertisement mix**




Source: India Media and Entertainment report, PWC

Radio's biggest unique selling point is its reach, which is much higher than print. Also, the frequency is higher for radio which can reach different people at different times rather than print. Radio as medium scores above TV on account of its target to local and state-wide audiences. This opens up a niche target market to advertisers that cater to specific geographies. Currently majority of the advertisers are national players. As we see an increased interest from local advertisers, radio will command a higher scale in the total ad mix.

**Exhibit 5: Rising local ads (%)**

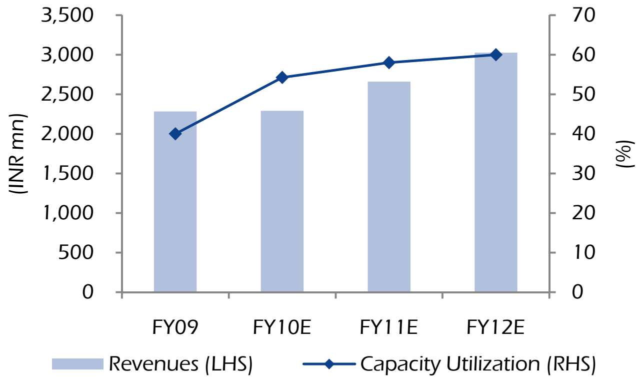



Source: KPMG-FICCI report, 2010

While the industry's top line has remained robust, the companies have had severe stress on account of a significant license fee and other fixed operating costs. The accumulated losses of the radio industry are estimated at around INR24bn, which has put pressure on the bottom line, forcing several companies to discontinue operations. The radio business is a high fixed cost leverage business, and it is fruitful to run only on a high operating base. Thus only ENIL which has cornered the largest market share has been able to remain in the positive territory continuously while the others have witnessed significant losses.

As per the KPMG estimates, radio ad spent is expected to double, over the next five years, reaching INR16bn in 2014 from INR8bn in 2009. In terms of share of ad pie, it is projected that the radio advertising industry will be able to increase its share from 4.2% currently to 5.2 % in 2013, outpacing the other ad mediums. We believe ENIL with its large operating base will be the major benefiter of the industry growth.

**Exhibit 6: Radio business**

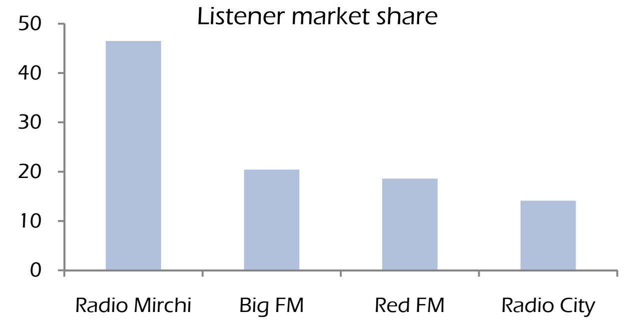



Source: Company, Elara Securities Estimate

## Radio market leader with ~40% revenue share

Currently, there are 280 FM stations from about 40 broadcasters across 90 cities. The players with the highest number of operational stations are Big FM and Sun TV with 45 stations, Radio Mirchi, with 32 stations, Radio City and South Asia FM, with 21 stations each, and My FM, with 17 stations. At present, the radio market is geographically concentrated only in metros and A category cities which hold nearly 75% of the total ad business. Radio Mirchi's dominance in these larger territories has given it a leading position in the radio ad market with market share of ~40%. With its huge reach, Radio Mirchi is uniquely placed to deliver value to its clients – low CPT (cost per thousand) delivery of the advertising message.

**Exhibit 7: Radio Mirchi's dominant position (in mn)**




Source: Indian Readership Survey 1, 2010

As per the Radio Audience Measurement (RAM) data, Radio Mirchi is leader in Delhi, Mumbai, Kolkata and remains a close no. 2 in Bangalore. As per the recently released IRS Q1 2010 data, Radio Mirchi dominates with over 41.2mn listeners across the country. This is almost 100% higher than the next private FM - Big FM, which explains the wide reach of Radio Mirchi brand. Radio Mirchi has the largest cumulative listenership of 15.1 million in the eight key cities of Mumbai, Delhi, Kolkata, Hyderabad, Bangalore, Pune and Ahmedabad.

**Exhibit 8: ENIL - Only profitable player**

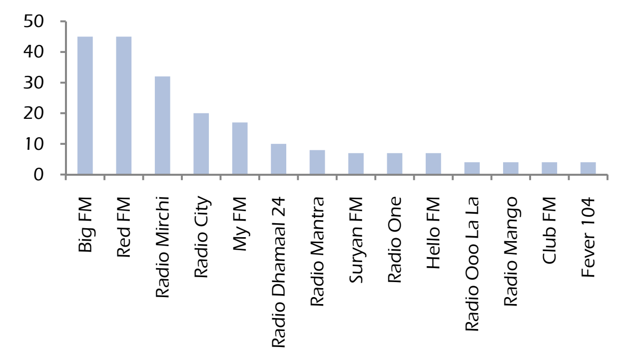
| INR mn | Revenue | EBIT | EBIT Margin (%) |
|---|---|---|---|
| B.A.G Film Media | 33 | (9) | (26.5) |
| HT Media | 288 | (63) | (21.7) |
| Mid Day | 224 | (103) | (45.9) |
| Reliance Media World | 1,194 | (282) | (23.6) |
| SUN TV - Suryan | 389 | NA | NA |
| SUN TV Group | 950 | NA | NA |
| ENIL | 1692 | 169 | 10.0 |

FY10 nine monthly data,

Source: Company filings, Industry

Higher listenership perceptibly has a direct relation with the ad volume growth and provides a competitive edge in airtime sales and weighs heavily with advertisers choice as an advertising medium. Thus this has translated into higher revenue market share for ENIL. Additionally, Radio Mirchi is part of the ToI group which provides access to the large scale national advertisers. These factors will play a key role as the market revives entirely and pricing starts firming.

**Exhibit 9: Private players - No of stations**

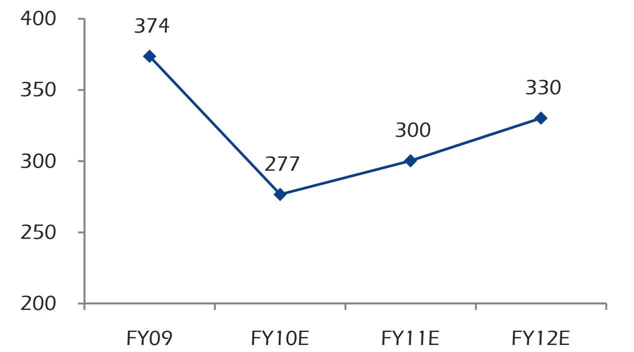



Source: India Media and Entertainment report, PWC

## Pricing bottomed, but scaling utilization may trigger price rise

After the severe meltdown in ad markets, the volumes have settled down and in our view, pricing has hit the bottom. Already Radio Mirchi is nearing its peak levels in the metros and other A category regions. Thus we do not think there is an opportunity for pricing to go any further down. However, it will not be a V shape recovery in pricing. FY09 witnessed aggressive price competition which led to steep erosion in pricing across board. While Mirchi still commands stronger pricing in the market with a premium of ~20%, yet price has gone down by 20-25% since the hay days of FY08-09. Ad pricing prevails at a wide range, with larger towns commanding around INR1,000-1,200 per 10 second ad, while the smaller circles get only about INR100. The company sells the entire package of 32 stations to the national advertisers at nearly INR8,500 per 10 seconds to increase smaller station volumes.

**Exhibit 10: Firming ad rates (INR/10sec)**




Source: Company, Elara Securities Estimate

In the radio business the airtime supply is constant. Therefore as demand starts peaking, we believe the lower price clients will get dropped and therefore the average yield will start moving up. In the last couple of quarters, revenue growth has been fueled by the uptick in volumes. As utilization level reaches higher levels, we will see prices firming up.

Since ad market is a seasonal business, the prices would only firm significantly in the next season that will start from end of Q2 FY11E, or the beginning of Q3 FY11E as utilization rates start nearing peak points in A category regions. We expect pricing to remain flattish till July and then start picking up from August onwards when the next season starts. We believe, in the course of 12 more months, the radio market should recover the lost pricing translating positively on EBITDA margins.

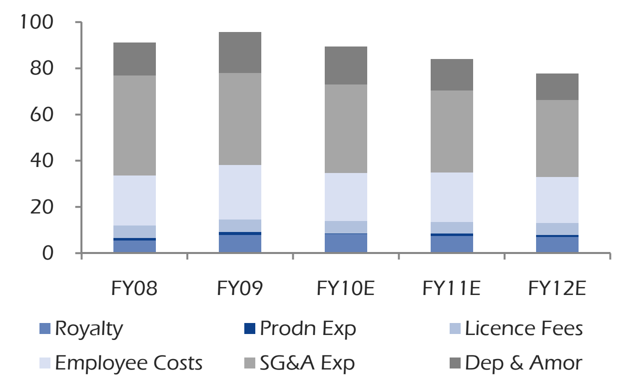
On a longer-term horizon, clearly the radio business stands to gain because the total inventory in the radio industry is limited. Radio advertising rates are merely 15% of television ad rates, thus the low cost advertising will encourage local firms and fuel the growth engine. Over a three-year horizon as the demand for radio increases, price in the radio business will grow sequentially quarter-on-quarter for the next 36 months. We expect the pricing to move up by 5% in FY11E and 10% in FY12E as the ad markets would start firming up which will translate into better EBITDA margins, enhancing the shareholder value.

## Sound operating leverage to amplify profit margins

The cost initiatives that the company undertook four quarters back are now reaping benefits. The fragile ad market and low volumes in the last fiscal forced the company to cut cost by nearly 20% and that has given the steep upside in profitability.

During Q3FY10E, the radio business recorded a healthy EBITDA margin of 33%. A mature radio business makes an average EBITDA of 30-33% in a good business environment and ENIL's reported margin level which is highest in the industry indicates that the company is hitting the sweet spot. However, the significant license fees amortization costs curtails the profitability at PAT levels.

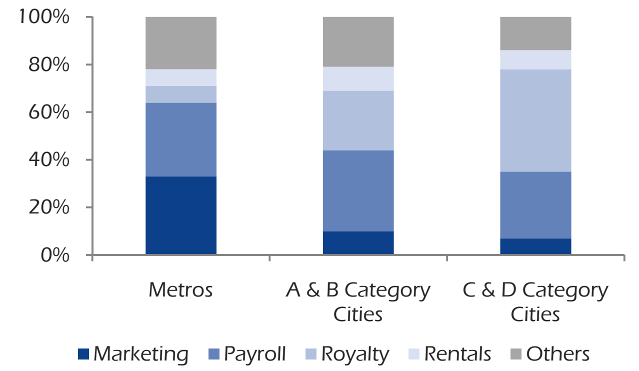
**Exhibit 11: Radio business cost levers (%)**




Source: Company, Elara Securities Estimate

In the last fiscal, as volumes remained fragile, ENIL adopted significant measure to rationalize cost and that will benefit in the coming fiscals. Radio Mirchi reduced its employee bandwidth by ~25% to about 730. This is expected to improve margins by nearly 300bps in Q3 on a QoQ basis. We do not expect SG&A expenses to escalate significantly in the next fiscal, led by a relatively subdued marketing activity across the peer set and operating levers in place. In the past fiscal, ENIL reduced marketing expenses by ~40%, leading to cost saving of around INR200mn. As capacity utilization increases across the industry, there will be higher yields, thus propelling a higher bottom-line growth vis-à-vis the topline.

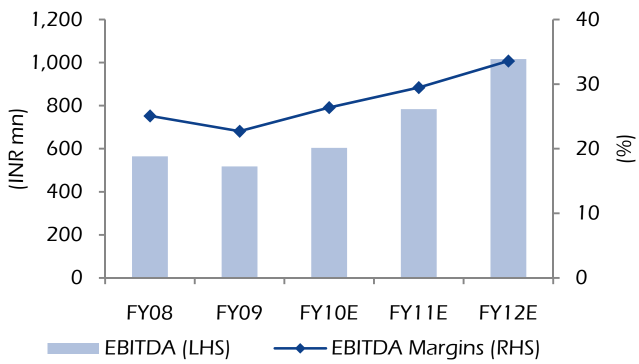
**Exhibit 12: High royalty cost in smaller stations**




Source: Report - FM Radio and Broadcasting Industry India report

Net margin of ENIL's radio business has been extremely volatile in the past 3-4 years due to the economic crisis, and has swung from 1% to a high of 17% recorded in the Q3FY10. Much of the de-growth in the margin happened because ENIL operated on a full network of 32 stations in FY 2008-09 out of which, 22 new stations were operating at significantly lower operating levels. Additionally, the radio business being an operating expense intensive, did not churn good volumes as well as lower pricing from smaller stations that hold high royalty and SG&A expenses.

**Exhibit 13: Radio business augmenting margins**




Source: Company, Elara Securities Estimate

Going forward, the revenue growth and fixed cost leverage will propel margin expansion. We believe the company will record a lower EBITDA margin of 26% in Q4FY10E vis-à-vis 33% on QoQ basis, due to the seasonal factor that could lead to lower ad volumes. During FY11E, ENIL should witness good volumes and a sustainable price rise; at the same time overall expenditure will remain constant or grow at a lower rate. This will translate into better profitability as we expect ENIL to command an EBITDA margin of 29% and 34% respectively in FY11E and FY12E respectively.

**Exhibit 14: EBITDA margin (%) sensitivity**

| | | Revenue | | | | |
|---|---|---|---|---|---|---|
| | | -20% | -10% | 2,292 | +10% | +20% |
| Operating Cost | -20% | 26 | 34 | 41 | 46 | 51 |
| | -10% | 17 | 26 | 34 | 40 | 45 |
| | 1,682 | 8 | 18 | **26** | 33 | 38 |
| | +10% | (2) | 10 | 19 | 26 | 32 |
| | +20% | (11) | 2 | 11 | 19 | 26 |

Source: Company, Elara Securities Estimates

Figs in INR mn

We expect the company to record a margin of 26% in FY10E. As per the EBITDA margin sensitivity, if the company records revenue growth of 20% on the back of C&D category stations achieving a good volume growth and firming prices (while costs elevate by 10%), ENIL would command an EBITDA margin of 32%. Radio business is a high scale one and therefore, players with a high operating base would garner a better profit margin due to the cost sustenance capacity. ENIL with its market dominance and wide coverage should benefit from the growing radio industry. The company has a huge upside in terms of operating lever and any growth in volumes will translate into a steep expansion in the margin bracket.

**Liquidity situation**

The radio market is a front ended capex business. With its large capex investment concluded just a couple of years back, ENIL does not have any large requirement as of now though the maintenance capex on an annualized basis would be about INR50mn. The next round of capex for radio business would be a function of phase III expansion that would be on two fronts - the license fee that cannot be estimated at this point and the set up cost - around ~INR10-20mn per station.

ENIL has repaid external debts of INR800mn, thus making the radio business debt free. The company has INR300mn in FY10E debt which has been provided for the OOH business. The radio business is a free cash flow generating business, and during FY10, ENIL's standalone operation is expected to generate INR1,009mn of free cash flow despite the economic downturn. Thus the company has a reasonable liquidity, and is expected to be significantly FCF positive with INR727mn and INR848mn in FY11E and FY12E respectively.

# Phase III expansion, OOH segment to be the white knights

## Phase III licensing to add further growth to the business

The Industry is awaiting the Phase III policy announcement. While the government's stance is known on various issues, the policy announcement will pave the way for the third round of expansion which can add additional 700 frequencies in nearly 300 cities/towns. Radio is a cost intensive business and the new round of bidding will only increase the significant investment in the industry. Assuming a mere INR10mn per station, the overall industry capex would be a sizeble INR7bn. Along with new station bids, Phase III will also guide many constructive measures. However, there are certain glitches that need to be dealt with in order to retain interest of investors in the industry.

The third phase will likely allow broadcasters to own multiple frequencies which will help increase their revenue and profitability by offering more programming options to listeners. Some radio stations would also take advantage of the permission to air news and current affairs. This along with new regulation for transfer of licenses (likely to be reduced to three years from the present five years) will help grow both the top line as well as the profitability of the Industry.

**Factors that will hold the key**

- Extension of the radio license period beyond 10 years: Industry players are proposing the idea of extending the radio license period from 10 years to 15 years to repair the aggregate industry losses of INR24bn. The broadcasting ministry is considering the proposal and this could mean a significant cost saving for companies. At present ENIL incurs license fee amortization cost of over INR200mn every fiscal which curtail margins by nearly 900bps. With five years left for renewal, if the proposal is accepted, the amortization expense would reduce to half and improve margins by ~450bps and provide cost savings of INR100mn.
- Full-scale networking to be permitted. The government is positive on this front and this would improve the viability of the radio operators in smaller towns as it will reduce the capex as well as the opex. Currently, the set up cost ranges between INR10-20mn per station while the operating cost ranges between INR5-10mn for smaller stations. Networking could save more than half of the total capex and opex. This would allow the radio business to operate on a lower asset base as well as trigger an EBITDA margin expansion.
- Allowance of multiple frequencies: The ownership of multiple frequencies would pay attention to a key issue of lack of content differentiation among channel operators. The government has displayed optimistic view as long as three different channels exist in a city and no player has more than 40% of the total frequencies in that city. This will achieve several growth objectives. A second frequency can be operated from the same premises as the main

frequency with minimal increase in capex. Further, the operating costs are much lower as it encourages shared infrastructure and services. Thus the operators will be able to target niche markets at a lower operating base and attain listenership loyalty.

- Tradability of licenses: The government is positive on the issue of a change in ownership to be permitted after three years of operationalization in lieu of the present norm of five years. Radio business is a capital intensive business and therefore players with low operating levels have been facing tremendous cost pressures. We believe the consolidation will pave way for growth as it would reduce the competitive scenario. At the same time, it will also provide better profit margins since it will provide higher appetite for the huge cost levels
- Further increase in FDI limits, allowance of news and current affairs are all measures that will widen the reach of a radio business and allow content differentiation providing growth impetus.

### Concerns

The major headwinds in this case remain the royalty issue and ranges in between INR 5- 7mn per year. The bulk of the new stations of Phase III are in category D towns where the ad potential is very low, viz., INR5mn-15mn. Thus it leaves minimal scope of making any profits.

The current system does not differentiate between population of city and station location, so royalties are constant across stations. Stations currently pay INR660 per needle-hour, equivalent to 45 minutes of broadcast, costing 24-hour stations around INR6mn a year in royalty fees. For a small station, this is ~70% of the total revenues making it totally unviable and loss making. Presently royalties take about 7-8% of ENIL's radio business, vis-à-vis the global average of 3-4%. Radio stations have been clear-cut that there would be no bidding in Phase III without clarity on the royalty issue which remains a stumbling block.

## OOH business seeks reorganization to fuel profit growth

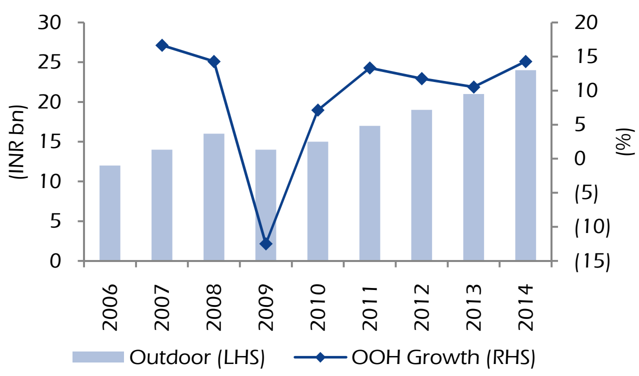
ENIL's Out of Home (OOH) segment currently holds 11% market share of the total industry that stands at INR14-15bn. This is shared by the billboard that contribute 60% of the total industry size, street furniture cater to 16%, while transit materials holding 22% of the industry size. The OOH market is extremely unorganized in nature and has vast growth potential but the business is highly capital intensive with a long return on the investment cycle. The company's strategy has been to corner large premium contracts that derive better pricing and superior profitability.

**Exhibit 15: ENIL's diverse OOH presence**

| | Laqshya | Times OOH | Clear Channel | JC Decaux | BIG Street |
|---|---|---|---|---|---|
| Billboards | • | • | • | | • |
| Street Furniture | • | • | • | • | • |
| Transit | • | • | • | • | • |
| National Presence | | • | | | • |
| Rural | • | | | | |

Source: KPMG-FICCI report, 2010

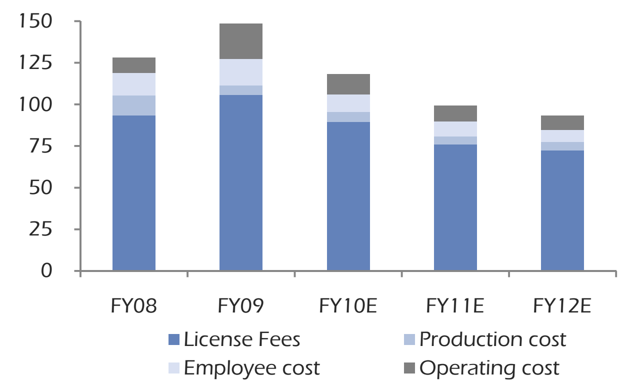
**Exhibit 16: Growing OOH ad market**




Source: KPMG-FICCI report, 2010

The revenue models of the industry are yet to stabilize as many properties operate on huge minimum guarantee amounts that leave limited scope for profit making. In 2007, ENIL purchased Delhi (DIAL) and Mumbai (MIAL) airport properties at a very high fixed license fee of INR3.9bn for the three years. The contract period being mere three years led to significant annual license fee and forced the OOH segment to record huge losses of INR719mn in FY09. However with the ad market on a revival mode, the OOH segment has improved capacity utilizations significantly and ENIL should turn EBITDA profitable by FY11E with EBITDA margin of 7% in FY12E as per our base case estimations

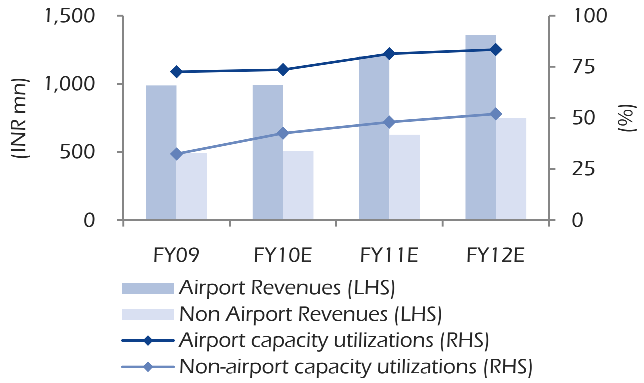
**Exhibit 17: Reducing license fee in OOH business (%)**




Source: Company, Elara Securities Estimate

The DIAL and MIAL properties are due for renewal in June'10 and July'10 respectively and constitute two-third of the OOH business. The bids have been submitted for the DIAL and as per media sources; the company has received letter of intent from the DIAL authorities for a revenue sharing agreement for a period of 20 years. The contours of the deal are yet not released. Globally, the revenue sharing terms are 30-70% in the lessee's books and this should derive an IRR of about 16-17% for the OOH business. The DIAL and MIAL are prestigious properties that command premium advertisers and would thus add value to ENIL's portfolio. Being a long term contract, would also provide earning visibility.

**Exhibit 18: Rising capacity utilization in OOH business**




Source: Company, Elara Securities Estimate

The ad market typically lags the overall market rebound, and thus the OOH segment did not see any significant growth in FY10 with mere 1% top line growth expectation. However, FY11E and FY12E will witness good volumes on account of better market conditions. Our base case expects FY11E and FY12E to post a revenue growth of 22% and 15% respectively.

We have done a scenario breakdown to indicate the company's position in three conditions viz., base, bear and bull case view.

Our base case view expects the company to retain the DIAL and MIAL contract with a revenue share of 30-70%, which remains the global average. ENIL is the current contractor and would therefore have preference over the other players. Besides the ad market is not at its peak as was the case in the previous bidding situation. Thus peers may not indulge in aggressive bidding that could outclass ENIL.

**Exhibit 19: Base Case**

| (INR mn) | FY10 | FY11E | FY12E |
|---|---|---|---|
| Revenues | 1,496 | 1,832 | 2,105 |
| EBITDA | (270) | (17) | 139 |
| EBITDA margins (%) | (18) | 1 | 7 |

Source: Company, Elara Securities Estimate

Our base case expects the OOH business to report revenues of INR1,832mn and INR2,105mn for FY11E and FY12E respectively – translating into a growth of 22% and 15%. The Delhi airport will have an additional terminal in place soon that will increase the utilization rate and thus we expect the DIAL property revenues to augment by 39%. Additionally, the 30-70% revenue share would be a significant boost to the company's bottom line which was under severe stress until now on account of the fixed licensee fee. Until now, the OOH business has dragged the overall profits of the company and curtailed EBITDA numbers. Our base case expects the company to turn the OOH business EBITDA positive.

Our bear case scenario expects the company to retain the DIAL property at a low revenue share of 20-80% and lose the MIAL contract. The DIAL and MIAL constitute nearly two-third of the total OOH business and thus the negative impact on these two contracts would curtail the OOH segment revenues by 28%.

**Exhibit 20: Bear case**

| (INR mn) | FY10 | FY11E | FY12E |
|---|---|---|---|
| Revenues | 1,496 | 1,075 | 1,207 |
| EBITDA | (270) | (80) | 12 |
| EBITDA margins (%) | (18) | (7) | 1 |

Source: Company, Elara Securities Estimate

While we believe there is limited likelihood for the company to lose the MIAL contract or retain DIAL at low revenue share since the competitive scenario is much lower compared to the previous bidding phase. Besides, the OOH players have learnt from the past rigorous bidding that low revenue share cannot sustain positive IRRs. Our bear case view expects the airport profits to remain under pressure and allow the OOH segment to become EBITDA positive only by FY12E.

Our bull case view factors a high revenue share of 35-65% for the DIAL and MIAL contracts as well as superior utilization rates of 200bps in FY11E and FY12E respectively. This implies that the OOH business would record revenues growth of 25% and 16% for FY11E and FY12E respectively.

**Exhibit 21: Bull case**

| (INR mn) | FY10 | FY11E | FY12E |
|---|---|---|---|
| Revenues | 1,496 | 1,875 | 2,179 |
| EBITDA | (270) | 83 | 218 |
| EBITDA margins (%) | (18) | 4 | 10 |

Source: Company, Elara Securities Estimate

**Exhibit 22: ENIL's wide geographic coverage**

| City | OOH Property | Contract Expiry |
|---|---|---|
| Mumbai | Mumbai Airport | 2010 |
| | Bus Queue Shelters | 2022 |
| | Patel Bridge | NA |
| Delhi | Delhi Airport | 2010 |
| | Metro Stations (six) | 2011 |
| | Delhi-Noida-Delhi Flyover | 2017 |
| Hyderabad | Bus Queue Shelters | 2018 |
| Bangalore | Bus Queue Shelters | 2013 |

Source: Company

Apart from the airport properties, the OOH portfolio holds other traditional properties viz., billboards and street furniture. Mumbai BQS, DNB flyover and Patel Bridge remain the major property in the non-airport side. The non airport properties currently operate at low utilization rates of around 45%. Being fixed license fee contract, it has put severe pressure on the profitability. In FY10E non airport license fees remain at 108% of revenues, thus pulling down the overall profitability. As the market rebounds, the non-airport properties will provide an impetus to the OOH business. We expect utilization rates to move up to 48% and 52% in FY11E and FY12E respectively, thus bringing down license fee cost to 87% and 77% respectively.

# Valuation & Recommendation

- **The only PAT profitable player in radio business; good proxy for play in Radio**
- **FCF positive and margin expansion will command better valuation; Phase III to be the key trigger**
- **OOH to get a new lease of life with renewal of DIAL, MIAL contracts**

## Initiate coverage, recommending a Buy

We have valued ENIL on an SOTP basis evaluating the radio, OOH and event separately.

### Radio Business

Our two stage DCF valuation estimates a supernormal operating profit CAGR of 67% over FY10-12E while a customary EBIT growth of 10% over FY12-15E. Our price target of INR227 per share assumes a WACC of 13.1% and terminal growth rate of 5%. The higher terminal growth is on account of radio industry's nascent stage and ENIL can witness supernormal growth for an extended period which would enable the company to garner a strong operating cash flow.

Our target price hovers at an EV/EBITDA of 11x its FY12E EBITDA of INR1,016mn which looks reasonable considering the improvement in EBITDA margin in the coming fiscals. Global peers operating in mature markets are trading at one year forward EV/EBITDA multiple of ~10x, despite a negative revenue growth expectation and significantly lower EBITDA margins. Thus we believe, as the radio ad market starts reporting better revenue scales, ENIL will be a key player to attract a larger pie of the revenues and command superior valuations.

**Exhibit 23: Discounted cash flow statement**

| For the year ended (INR mn) | FY 2009 | FY 2010 | FY 2011E | FY 2012E | 2013E | 2014E | 2015E |
|---|---|---|---|---|---|---|---|
| Operating Income | 117 | 229 | 424 | 670 | 737 | 811 | 892 |
| Operating Taxes | (10) | - | - | 121 | 133 | 147 | 161 |
| EBIT (1- t) | 127 | 229 | 424 | 549 | 604 | 664 | 731 |
| Depreciation & Amortization | 401 | 376 | 360 | 346 | 332 | 319 | 306 |
| Changes in WC | 627 | 450 | (9) | 1 | (29) | (32) | (36) |
| Capital Expenditure | (29) | (48) | (48) | (48) | (48) | (48) | (48) |
| Free Cash Flow to Firm | 1,126 | 1,006 | 727 | 848 | 859 | 903 | 953 |
| Terminal Value | | | | | | | 12,310 |
| FCF incl Terminal Value | 1,126 | 1,006 | 727 | 848 | 859 | 903 | 13,264 |
| WACC (%) | 13.1 | | | | | | |
| Terminal Growth rate (%) | 5.0 | | | | | | |

Source: Company, Elara Securities Estimate

**Exhibit 24: Derivation of radio business**

| | |
|---|---|
| Enterprise Value (INR mn) | 10,865 |
| Add: Cash & Equivalents (INR mn) | 270 |
| Less: Debt (INR mn) | 301 |
| Market Cap (INR mn) | 10,834 |
| Diluted Shares (mn) | 47.7 |
| Fair Value per Share of Radio Business | **227** |

Source: Company, Elara Securities Research

**Exhibit 25: Sensitivity of terminal growth and WACC on per share radio business value**

| | | Terminal Growth | | | | |
|---|---|---|---|---|---|---|
| | | 2% | 3% | 5% | 6% | 7% |
| WACC | 11% | 219 | 238 | 297 | 343 | 412 |
| | 12% | 198 | 214 | 257 | 289 | 335 |
| | 13% | 182 | 194 | **227** | 251 | 283 |
| | 14% | 168 | 178 | 204 | 222 | 245 |
| | 15% | 156 | 164 | 185 | 200 | 217 |

Source: Company, Elara Securities Research

**Exhibit 26: Global radio peers**

| Particulars | Mkt Cap (INR Mn) | Rev growth estimate (%) | EV/Next Yr estimate Sales (x) | EBITDA Margin (%) |
|---|---|---|---|---|
| Sirius xm radio | 4622.7 | 48.5 | 10.7 | 23.0 |
| Radio one | 276.4 | (13.1) | 10.1 | 28.6 |
| Entravision communications | 291.6 | (18.5) | 8.7 | 28.7 |
| Salem communications | 118.6 | (10.4) | 7.4 | 26.9 |
| Saga communications | 113.1 | (13.6) | 9.9 | 26.1 |

Source: Bloomberg

## OOH Business

We have valued the OOH business on EV/Sales with a target multiple of 1x on FY12E EBITDA. We have taken 50% probability of the base case sales, 20% probability of bear case sales and 30% probability of bull case sales on account of higher possibility on renewals. The 1x EV/Sales multiple is at a significant discount to global peers, and values the OOH business at an enterprise value of INR1,947mn.

ENIL's OOH business has been bleeding losses due to the fixed license fee model that has left limited prospect for profitability. But as the company nears the renewal period for its airport properties that constitute a sizeable two-third revenues, we believe, the company will be in a very good position to reap benefits.

**Exhibit 27: OOH global peers**

| Particulars | Mkt cap (INR Mn) | Rev – growth est (%) | Ev/1 yr forward sales (x) |
|---|---|---|---|
| Clear channel outdoor | 4163.3 | (18.0) | 2.2 |
| Lamar advertising co | 3417.6 | (11.9) | 5.2 |

Source: Bloomberg

## Event Business

The event business caters to the below the line (BTL) advertisement. The company generates revenue through its eight owned properties and the management of outsourced events. Currently over 75% of revenues are derived from managed properties but the company plans to develop its own properties in order to create value for the business. The event business will contribute INR371mn i.e mere 9% of the total revenues in FY10E and would witness revenue CAGR of 15% over FY10-12E, largely fueled by the managed event. The business is at a very nascent stage and is expected to record an EBITDA margin of 8% and 11% in FY11E and FY12E respectively.

We have valued the business on EV/Sales with a target multiple of 1x, due to its nascent stage position. This gives us a value of INR491mn, i.e. a per share value of INR10 on FY12E EBITDA. While presently the business does not contribute significantly to the company's top line, it will play a key role in providing the client a complete gamut of ad services including above the line as well as below the line ad services.

Thus based on our SOTP valuation, we initiate coverage on ENIL with a **BUY** recommendation and a target price of **INR272**, providing an upside potential of **42%**.

**Exhibit 28: SOTP based valuation**

| Particulars | INR mn |
|---|---|
| DCF Fair value per share of Radio Business (a) (INR) | 227 |
| OOH Business Probable Valuation (FY12E Sales) | |
| Base Case (50%) | 1,052 |
| Bull Case (30%) | 654 |
| Bear Case (20%) | 241 |
| OOH Business value | 1,947 |
| EV/Sales target Multiple (x) | 1.0 |
| Fair value of OOH Business | 1,947 |
| Event Business (FY12E) Sales | 491 |
| EV/Sales target Multiple (x) | 1.0 |
| Fair value of Event Business Value | 491 |
| Total Enterprise Value (OOH and Event) | 2,439 |
| Less debt | 300.1 |
| Mkt Value | 2,139 |
| No of Shares (mn) | 47.7 |
| Total Value per share (OOH and Events) (b) | 45 |
| Total Value per share (INR) (a + b) | 272 |
| CMP (INR) | 192 |
| Upside (%) | 42 |

Source: Company, Elara Securities Estimate

## Annexure

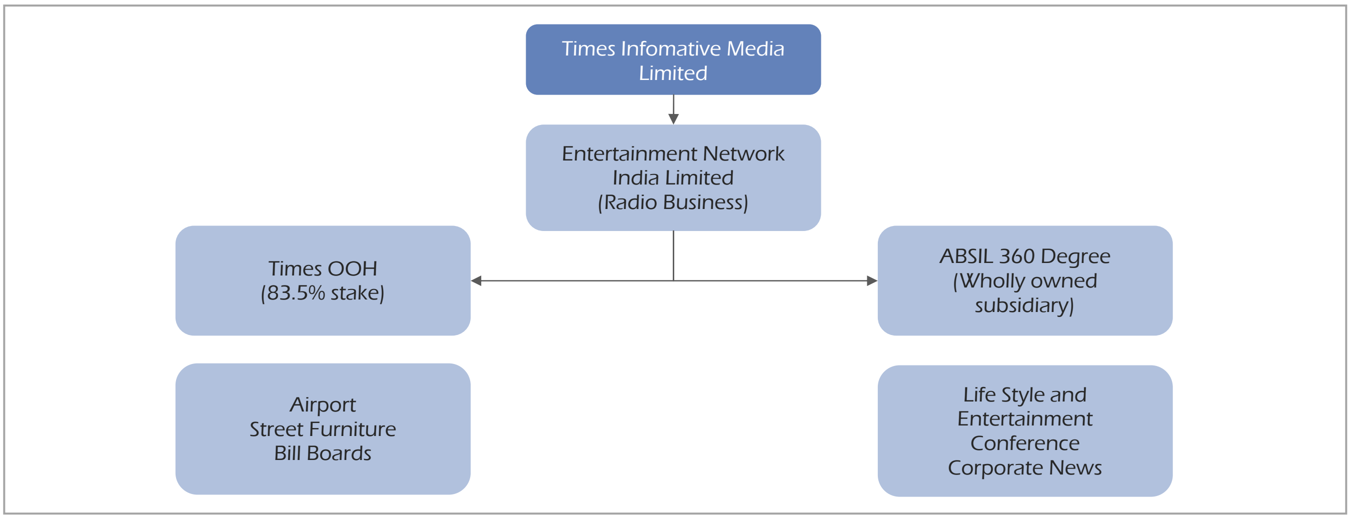
### Exhibit 29: Segment wise breakup

| | FY09 | Q1 FY10 | Q2 FY10 | Q3 FY10 | Q4 FY10 | FY10E | FY11E | FY12E |
|---|---|---|---|---|---|---|---|---|
| Revenues (INR mn) | | | | | | | | |
| Radio | 2,279 | 500 | 558 | 633 | 601 | 2,292 | 2,660 | 3,027 |
| TIM (OOH) | 1,482 | 309 | 365 | 428 | 394 | 1,496 | 1,832 | 2,105 |
| Airport | 988 | 206 | 243 | 280 | 261 | 990 | 1204 | 1357 |
| Non Airport | 494 | 103 | 122 | 148 | 133 | 506 | 627 | 747 |
| Events | 502 | 67 | 66 | 108 | 130 | 371 | 427 | 491 |
| | | | | | | | | |
| EBITDA (INR mn) | | | | | | | | |
| Radio | 495 | 90 | 144 | 209 | 156 | 599 | 784 | 1,016 |
| TIM | (719) | (126) | (125) | 6 | (25) | (270) | 17 | 139 |
| Events | 132 | (17) | (12) | (3) | 18 | (15) | 34 | 54 |
| | | | | | | | | |
| EBITDA (%) | | | | | | | | |
| Radio | 21.7 | 18.0 | 25.7 | 33.0 | 26.0 | 26.1 | 29.5 | 33.6 |
| TIM | (48.5) | (40.9) | (34.3) | 1.4 | (6.3) | (18.1) | 1.0 | 6.6 |
| Events | 26.4 | (25.5) | (18.5) | (3.0) | 13.8 | (4.0) | 8.0 | 11.0 |

Source: Company, Elara Securities Estimate

## Company Description

Entertainment Network India Ltd (ENIL) operates in three business segments. Under the radio broadcasting segment, ENIL operates FM radio broadcasting stations under the Radio Mirchi brand through 32 stations across 14 states in 10 different languages. The company operates in the radio space since the privatization of radio industry in 1999. The Events segment manages large-format events, as well as own event brands. The Outdoors segment comprises activities relating to advertising on leading airports – Mumbai and Delhi, bus queue shelters, light emitting diode, metro stations and flyovers. Times Out-of-Home Media operations are conducted through its subsidiary, Times Innovative Media Ltd. The Experiential Marketing and below the line solutions of Event business is carried under the brand 360o operating through ENIL's subsidiary, Alternate Brand Solutions (India) Limited.




## Board of Directors & Management

**Vineet Jain, Chairman & Non- Executive Director**

As the Managing Director of Bennett, Coleman & Co. Ltd., Jain has transformed the Times Group from a publishing house to a diversified media conglomerate. Vineet Jain – Non Executive Director (ENIL) holds a Bachelor's degree (B.Sc) in International Business Administration in Marketing from Switzerland.

**A. P. Parigi, Non- Executive Director**

Parigi serves on the Boards of several companies including Bennett, Coleman & Company Limited, Times Global Broadcasting Company Limited., Absolute Radio, UK etc. An alumnus of the Delhi School of Economics and Faculty of Management Studies, of the University of Delhi, he has for the past 2 decades held senior positions in various industries. Prior to joining the Times Group, he was the CEO of BPL Mobile, Mumbai.

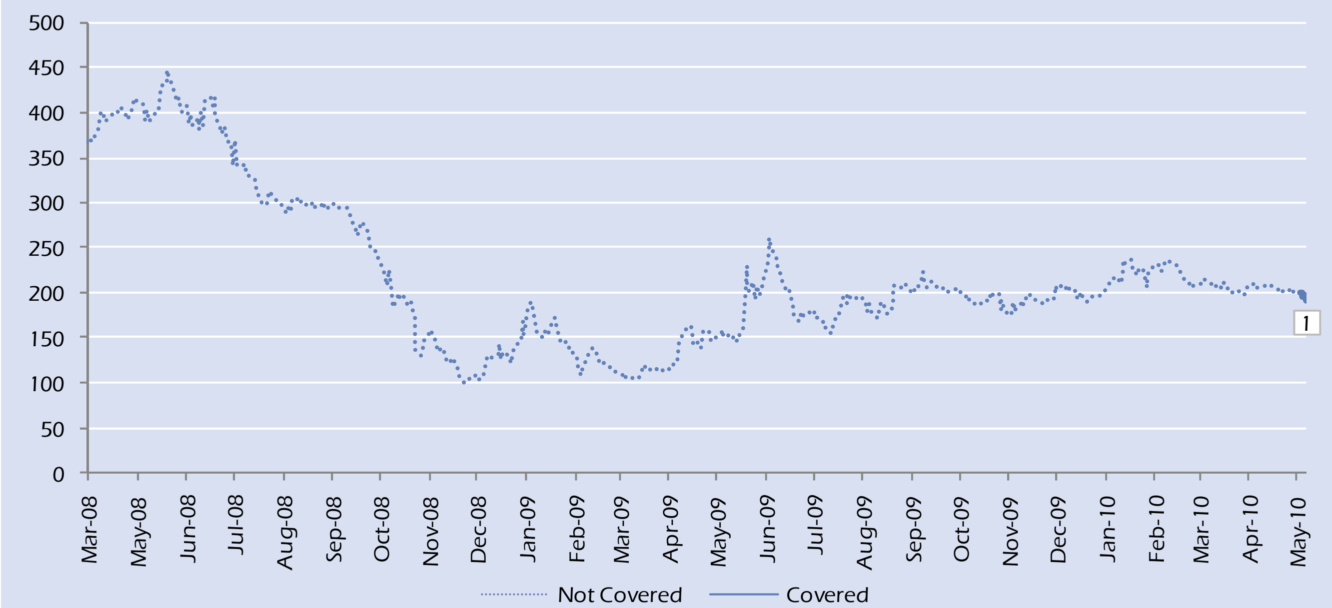
**Prashant Panday - Chief Executive Officer**

Joined Radio Mirchi in September 2000, Prashant Pandey holds a Bachelors Degree in Electronics and Communications Engineering from Gujarat University and a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore. He has 18 years of experience in sales, marketing and advertising industries and has held various other senior positions.

**N. Subramanian - Group Chief Financial Officer**

Joined ENIL in December 2006 and currently remains the Company's Group CFO. Before joining ENIL, he was the Chief Financial Officer of SBI Life Insurance Company Limited and has an experience of around 18 years in the field of finance and management domain.

## Coverage History




| | Date | Rating | Target Price | Closing Price |
|---|---|---|---|---|
| 1 | 7-May-2010 | Buy | INR272 | INR192 |

## Guide to Research Rating

| | |
|---|---|
| BUY | Absolute Return >+20% |
| ACCUMULATE | Absolute Return +5% to +20% |
| REDUCE | Absolute Return -5% to +5% |
| SELL | Absolute Return < -5% |

## Disclosures & Confidentiality

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara is under no obligation to update or keep the information current. Neither Elara nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst 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.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited / the company.

## Disclaimer

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

# Elara Securities (India) Private Limited

ElaraCapital


**India**
Kalpataru Synergy, 6th Level, East Wing,
Opp Grand Hyatt, Santacruz East,
Mumbai – 400 055, India
Tel : +91 22 4062 6868

**Europe**
29 Marylebone Road,
London NW1 5JX,
United Kingdom
Tel : +44 20 7486 9733

**USA**
535 Fifth Avenue
29th Floor
New York, NY 10017
Tel : 646-884-7130

**Asia / Pacific**
20, RAFFLES PLACE,
# 14-02 OCEAN TOWERS,
Singapore 048620
Tel : +65 6536 6267


| | | | | |
|---|---|---|---|---|
| Harendra Kumar | Head - Institutional Equities & Global Research | | harendra.kumar@elaracapital.com | +91 22 4062 6871 |
| **Sales** | | | | |
| Joseph K. Mammen | Global Head Sales & Trading | | | |
| | London | +44 78 5057 7329 | joseph.mammen@elaracapital.com | +44 20 7467 5578 |
| David Somekh | London | +44 75 9527 9712 | david.somekh@elaracapital.com | +44 20 7299 2577 |
| Jonathan Camissar | London | +44 79 1208 7272 | jonathan.camissar@elaracapital.com | +44 20 7299 2575 |
| Sandeep Chhajed | India | +91 99877 05913 | sandeep.chhajed@elaracapital.com | +91 22 4062 6842 |
| Prashin Lalvani | India | +91 98334 77685 | prashin.lalvani@elaracapital.com | +91 22 4062 6844 |
| Koushik Vasudevan | India | +91 98676 96668 | koushik.vasudevan@elaracapital.com | +91 22 4062 6841 |
| Amit Mamgain | India | +91 98676 96661 | amit.mamgain@elaracapital.com | +91 22 4062 6843 |
| **Sales Trading & Dealing** | | | | |
| Ananthanarayan Iyer | India | +91 98334 99217 | ananthanarayan.iyer@elaracapital.com | +91 22 4062 6856 |
| Vishal Thakkar | India | +91 98694 07973 | vishal.thakker@elaracapital.com | +91 22 4062 6857 |
| **Research** | | | | |
| Abhinav Bhandari | Analyst | Construction, Infrastructure | abhinav.bhandari@elaracapital.com | +91 22 4062 6807 |
| Aliasgar Shakir | Analyst | Mid caps | aliasgar.shakir@elaracapital.com | +91 22 4062 6816 |
| Alok Deshpande | Analyst | Oil & Gas | alok.deshpande@elaracapital.com | +91 22 4062 6804 |
| Amol Bhutada | Analyst | Auto & Auto Ancillaries | amol.bhutada@elaracapital.com | +91 22 4062 6806 |
| Himani Singh | Analyst | FMCG, Hotels, Hospitals | himani.singh@elaracapital.com | +91 22 4062 6801 |
| Mohan Lal | Analyst | Media & Retail | mohan.lal@elaracapital.com | +91 22 4062 6802 |
| Pralay Das | Analyst | Information Technology | pralay.das@elaracapital.com | +91 22 4062 6808 |
| Ravindra Deshpande | Analyst | Metals & Cement | ravindra.deshpande@elaracapital.com | +91 22 4062 6805 |
| Ravi Sodah | Analyst | Cement | ravi.sodah@elaracapital.com | +91 22 4062 6817 |
| Satyender Khatter | Analyst | Banking & Telecom | satyender.khatter@elaracapital.com | +91 22 4062 6809 |
| Sumant Kumar | Analyst | FMCG | sumant.kumar@elaracapital.com | +91 22 4062 6803 |
| Surajit Pal | Analyst | Pharmaceuticals | surajit.pal@elaracapital.com | +91 22 4062 6810 |
| Kavitha Rajan | Associate | Telecom | kavitha.rajan@elaracapital.com | +91 22 4062 6814 |
| Pooja Sharma | Associate | | pooja.sharma@elaracapital.com | +91 22 4062 6819 |
| Saira Ansari | Associate | | saira.ansari@elaracapital.com | +91 22 4062 6812 |
| Tarun Kapila | Associate | | tarun.kapila@elaracapital.com | +91 22 4062 6811 |
| Sreevalsan Menon | Editor | | sreevalsan.menon@elaracapital.com | +91 22 4062 6813 |
| Gurunath Parab | Production | | gurunath.parab@elaracapital.com | +91 22 4062 6815 |

Access our reports on Bloomberg: Type **ESEC <GO>**

Also available on **Thomson** & **Reuters**


Member (NSE, BSE)
Regn Nos: CAPITAL MARKET SEBI REGN. NO.: BSE: INB 011289833, NSE: INB 231289837 DERIVATIVES SEBI REGN. NO.: NSE: INF 231289837
CLEARING CODE: M51449.
Website: www.elaracapital.com Investor Grievance Email ID: investor.grievances@elaracapital.com