12 September 2012

SELL
TP: INR 165.00
▼ 2.4%

Zee Entertainment

Z IN

Too much optimism all around; downgrade to SELL

We downgrade Zee Entertainment (Zee) from Hold to SELL. Even though Zee will benefit from compulsory digitisation and hence higher subscription revenue, we are negative on the stock given (a) the muted outlook on advertising revenue due to poor macro conditions and limited pricing power, (b) rising content costs which more than offset gains from better ad ratings, (c) growing regional competition and (d) continued underperformance in the sports business. We expect EBITDA margin compression in coming quarters.

- **GRPs volatile – difficult to quantify or time the impact on earnings:** Our study of ratings market share swings over the last 13 quarters for Zee's flagship Hindi channel reveals that: (a) growth in advertising revenue is more a function of macro fundamentals rather than ratings, (b) advertisers decide ad rates based on the overall performance of a broadcaster across genres, and (c) the success of reality shows/sports tournaments can skew short-term ad growth numbers. Hence, over-optimism on Zee's earnings led by the recent improvement in ratings is unwarranted.

- **Increasing content costs to strain EBITDA margins:** Zee's "original" programming hours have begun to increase (up 3hrs this quarter to ~27.5hrs), in line with management's guidance of reaching 33-34 hours by the year end. This will result in an increase in content costs and hence put pressure on margins.

- **Sports business still in investment phase; regional businesses facing competition:** In the sports segment, we think Zee is likely to notch up losses higher than the management's full-year guidance of Rs 650mn–700mn due to continued investments in the business. Further, Zee is facing higher competition in key regional markets (Bengali and Marathi) and this could worsen once the TV18-ETV deal is closed.

- **Downgrade to SELL with TP of Rs 165/sh:** Factoring in fundamental risks to earnings in FY13/FY14, we downgrade the stock to SELL. Valuations (25x FY13E and 21x FY14E EPS) too appear rich in the light of weak growth outlook.

Financial Highlights

Y/E 31 Mar	FY10A	FY11A	FY12A	FY13E	FY14E
Revenue (INR mln)	21,998	30,136	30,406	34,108	38,107
EBITDA (INR mln)	6,135	8,266	7,396	8,702	10,470
Adjusted net profit (INR mln)	6,361	5,879	5,892	6,711	7,910
Adjusted EPS (INR)	6.5	5.8	6.1	7.0	8.2
Adjusted EPS growth (%)	10.4	(10.4)	5.8	13.9	17.9
DPS (INR)	1.7	1.7	1.5	1.7	2.1
ROIC (%)	15.8	22.0	23.2	23.9	25.7
Adjusted ROAE (%)	17.6	17.0	18.1	18.0	18.1
Adjusted P/E (x)	20.3	21.3	20.6	24.2	20.5
EV/EBITDA (x)	19.7	13.3	14.9	17.0	13.7
P/BV (x)	3.4	3.9	3.6	4.0	3.4

Source: Company, Bloomberg, RCML Research

REPORT AUTHORS

Ballabh Modani
+65 6671 8107
ballabh.modani@religare.com

Vamsi Krishna Duvvuri
+91 22 6766 3474
vamsi.duvvuri@religare.com

PRICE CLOSE (11 Sep 12)
INR 169.05

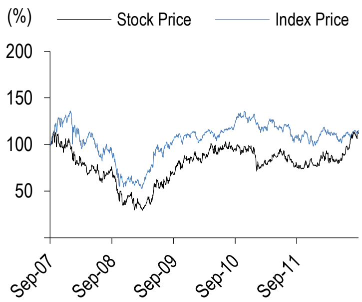
MARKET CAP
INR 162,574 mln
USD 2,936 mln

SHARES O/S
961.7 mln

FREE FLOAT
57.2%

3M AVG DAILY VOLUME./VALUE
2.0 mln/ USD 5.6 mln

52 WK HIGH	52 WK LOW
INR 173.10	INR 112.00



Advertising revenue growth more a function of macro environment than ratings share gain

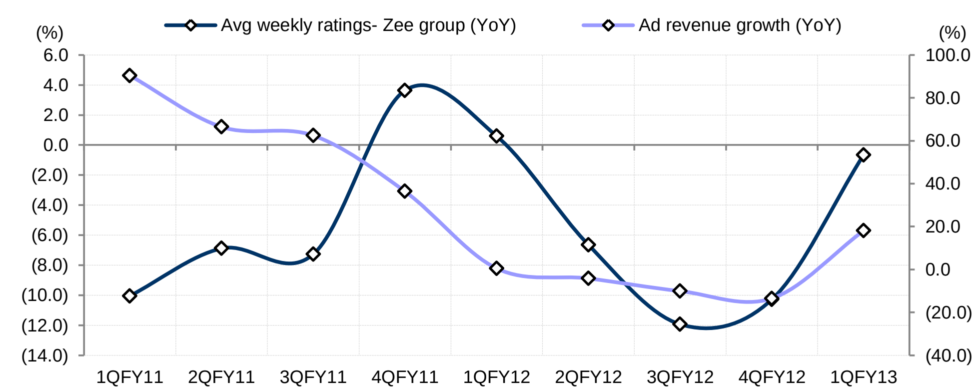
We studied television ratings (GRPs) across regions for the past three years in general and Zee's ratings in particular. We tried to analyse whether an improvement in ratings resulted in higher advertising revenues for Zee. The following are our conclusions:

- Ratings are cyclical. Players who lose market share are likely to turn aggressive with steps such as increased programming hours and high-cost content acquisition (movie rights, etc.), which leads to a recovery in their market share. Zee's ratings share gains in the recent past have also come on the back of high-cost content such as movies (like *Agneepath*) and shows like *Dance India Dance.*

- For Zee, there is a clear dissonance in terms of improvement in weekly ratings and ad revenue growth. This prevents us from being overly optimistic about the recent improvement in Zee's ratings market share as a weak macro environment could more than offset the ratings share gains.

Zee's recent ratings improvement may not translate to ad revenue growth

Fig 1 - Ratings v/s Ad revenues YoY



Source: TAM, Company, RCML Research

Pricing power on ad rates questionable – TRAI proposal to limit ad time on clock-hour basis a key risk

According to recent media reports, Hindustan Unilever (HUVR) has pulled out of advertising on the STAR network of channels for over a month now over on the issue of advertising rates. Procter & Gamble (P&G), had also opted out of advertising on the network over the same issue, but has now come to a settlement. P&G has reportedly been off Sony Entertainment Television (SET) too, for eight months now.

While Zee could be a short-term beneficiary of these developments, we think these incidents clearly indicate elasticity in the advertising market where broadcasters, especially those in the Hindi GEC space, are finding it difficult to hike ad rates. TRAI's recent draft regulations propose to regulate ads on a clock-hour basis from current daily average basis, which would result in decline of prime-time ad inventory. Given the unwillingness of the advertisers to shell out more, there is a clear risk that the decline in prime-time ad inventory may not be compensated by a proportionate increase in ad rates and to this extent, ad revenues could take a beating.

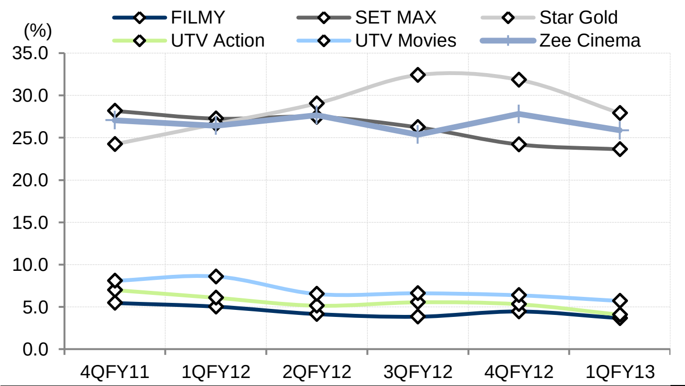
TRAI's proposals to regulate ads on a clock-hour basis would limit prime-time ad inventory

Region-wise GEC market share – Zee losing ground

We note the Zee network market share has been slipping across genres for the past few quarters as competition is intensifying. Zee is at best the No. 2 or 3 player in Bangla, Marathi, Telugu and Kannada, whilst it has failed to gain any meaningful traction in Tamil. The consummation of TV18's acquisition of ETV network could fuel further competition in the regional space as TV18 consolidates its position. We believe that Zee is the most vulnerable to competitive headwinds, owing to its lack of market leadership in most of the regional markets.

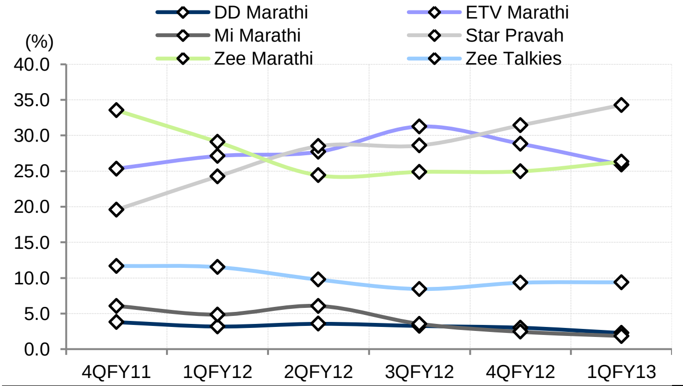
Zee fails to take the lead in most regional markets; TV18-ETV deal to ratchet up competition

Fig 2 - Zee Cinema going steady



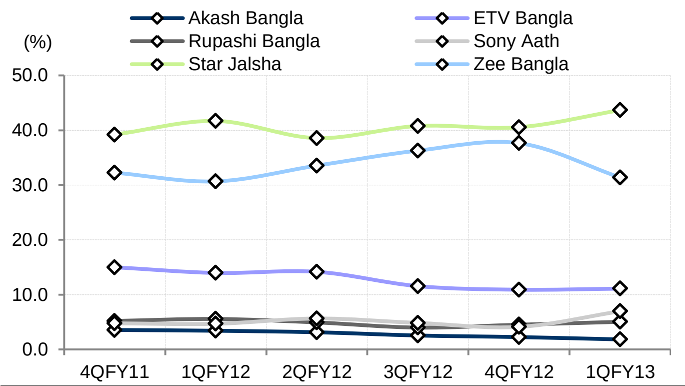
Source: TAM, RCML Research

Fig 3 - Zee Marathi continues to lose ground



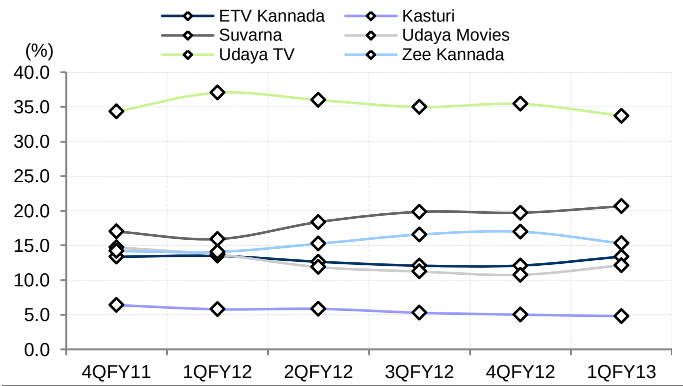
Source: TAM, RCML Research

Fig 4 - Zee Bangla slipping as Star Jalsha breaks away



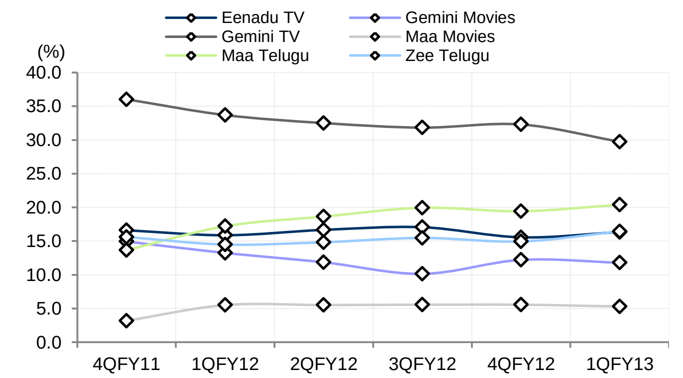
Source: TAM, RCML Research

Fig 5 - Zee Kannada's ratings remain low



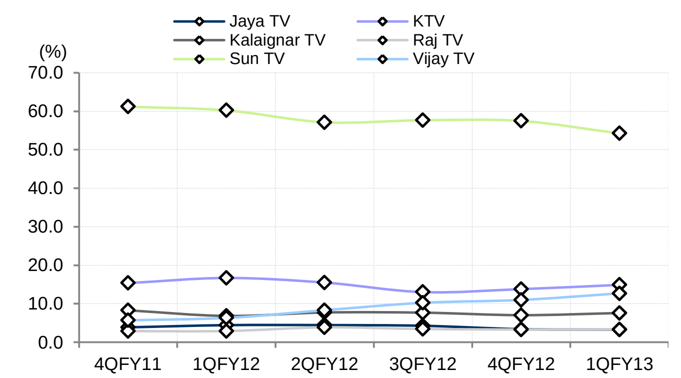
Source: TAM, RCML Research

Fig 6 - Zee Telugu still fighting for the No.3 spot



Source: TAM, RCML Research

Fig 7 - Failing to gain any meaningful traction in Tamil



Source: TAM, RCML Research

Subscription revenue the only sweet spot

Zee should benefit from digitisation in two ways: (a) higher subscription revenues, and (b) lower carriage fees.

Uptick in subscription due to digitisation likely; May have to improve content and production quality

Management has indicated that domestic cable is expected to see double-digit growth in FY13 owing to contract renegotiations. However, a meaningful spurt in subscription revenues due to digitisation is likely to occur only in FY14 as the current contracts come up for renewal after a year. In order to attract higher subscription, we believe the content and production quality of channels will have to improve, which means higher investment in technology.

Our interactions with various MSOs indicate that though carriage fees (or tiering fees) have come down by 30-40% at an individual channel level, the overall carriage fee would reduce only by 20-25% as the number of channels being carried too increases. We think Zee, with its wide bouquet of channels, will be able to realise benefits only to this lower extent.

Higher content cost to keep margins under pressure

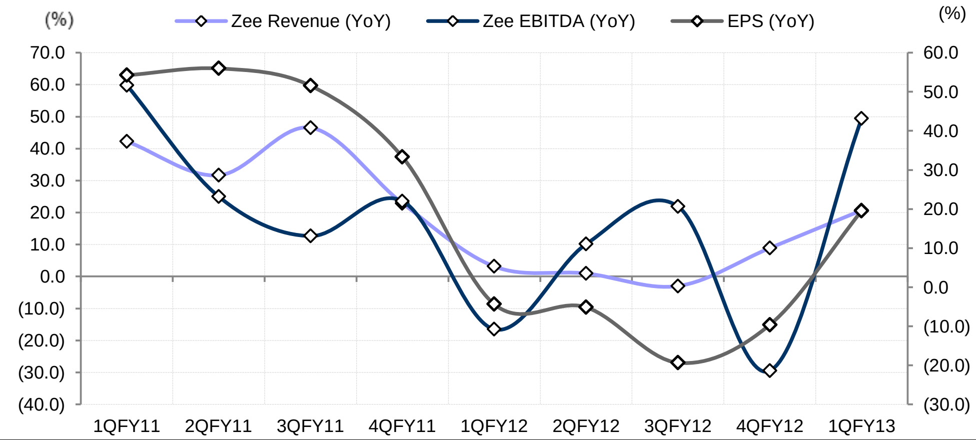
Our analysis of Zee's numbers shows that the full benefits of revenue growth do not flow to the bottom-line due to the high cost of content – a trend we expect will continue.

Recent improvement in ratings came on the back of high-cost content

We note that the recent improvement in Zee's ratings for its flagship GEC channel has been led by an increase in original programming hours (up three hours this quarter), as well as the annual telecast of popular show *Dance India Dance*, both of which could lead to higher content costs. Further, given the management's guidance of taking the original programming hours on the Hindi GEC channel up to 33-34 hours, content costs could remain high. In light of this, we are skeptical that ratings share gains would lead to improved EBITDA generation going forward.

Also, Zee's depreciation policy on movies (straight line depreciation over five years – a longstanding accounting policy) means expensive properties like *Agneepath* have a much more lasting impact on earnings as revenues are typically disproportionately high during the initial screenings of the movie, while the costs are spread out over the years. This partly explains the dissonance between EBITDA and EPS growth in Zee's case.

Fig 8 - Revenue, EBITDA and EPS growth trends (YoY)



Source: Company, RCML Research

Sports business still in investment phase

Zee's record in the sports business over the past couple of years has been quite disappointing. Though sports losses came in lower than expected at Rs 210mn in Q1FY13, we think the bleed will exceed management's full-year guidance of Rs 650mn–700mn due to continued investments in the business and delayed monetisation, as digitisation benefits would occur only in FY14.

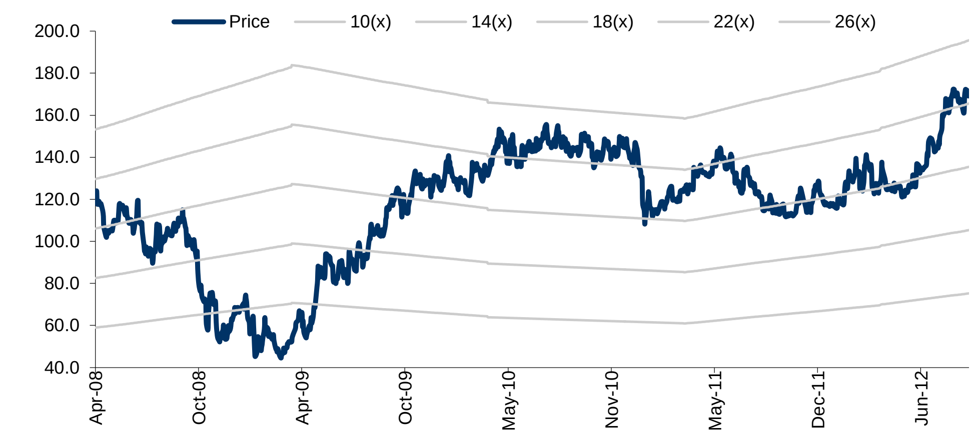
Sports losses could exceed FY13 guidance of Rs 650mn–700mn

Downside risk to current earnings expectations

We see downside risks to consensus EPS expectations given that (a) ad revenues are likely to remain muted as a weak macro (and limited pricing power in ad markets) is likely to more than offset gains in ratings market share, (b) increasing content costs would result in EBITDA margin compression from Q1FY13 levels, and (c) competition is heating up in regional markets while the sports business remains in investment phase. We believe the risk-reward is unfavourable at current valuations (25x FY13E and 21x FY14E EPS) and recommend that investors reduce exposure in the name. We recommend Dish TV as a direct play on the compulsory digitisation theme.

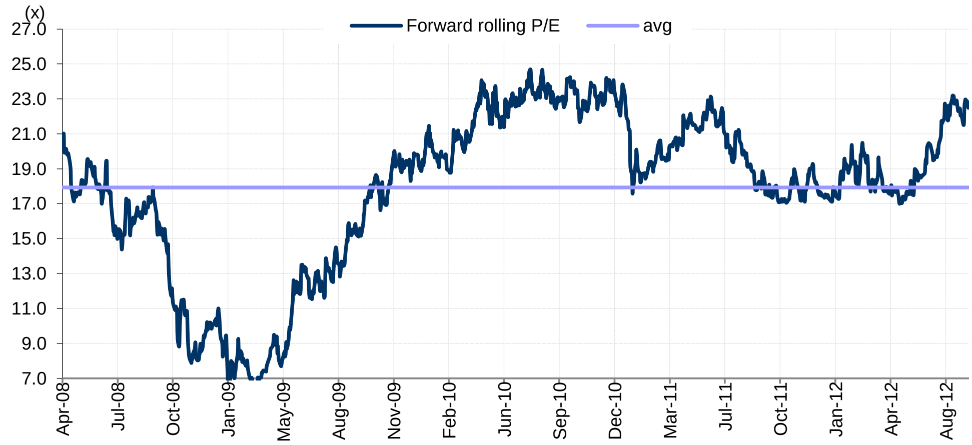
We prefer Dish TV as a direct play on the compulsory digitisation theme

Fig 9 - P/E band (1-year forward)



Source: Bloomberg, RCML Research

Fig 10 - Average P/E



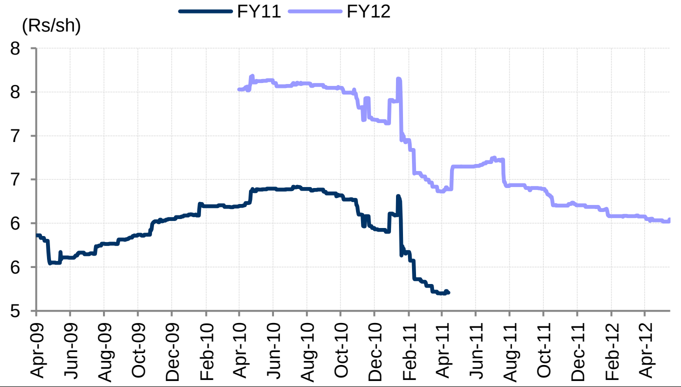
Source: Bloomberg, RCML Research

Fig 11 - Religare vs. Consensus

	FY13			FY14		
(Rs mn)	Religare	Consensus	Diff (%)	Religare	Consensus	Diff (%)
Revenue	34,108	34,635	-1.5%	38,107	39,241	-2.9%
EBITDA	8,702	9,064	-4.0%	10,470	10,800	-3.1%
EBITDA Margin	*25.5%*	*26.2%*		*27.5%*	*27.5%*	
EPS	7	7.1	-1.4%	8.2	8.4	-2.4%

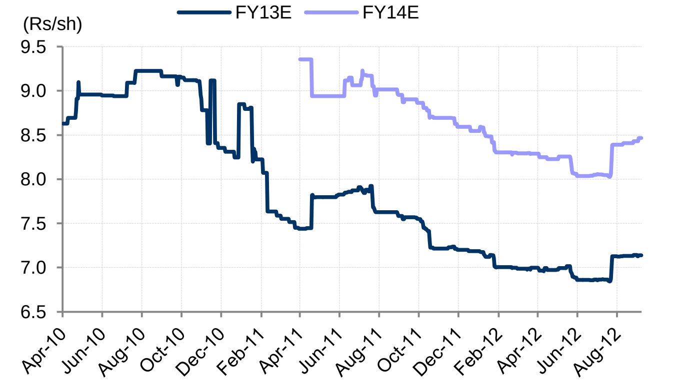
Source: Bloomberg, RCML Research

Fig 12 - Zee's earnings revision for FY11 and FY12



Source: Bloomberg, RCML Research

Fig 13 - Zee's earnings revision for FY13E and FY14E



Source: Bloomberg, RCML Research

Per Share Data

Y/E 31 Mar (INR)	FY10A	FY11A	FY12A	FY13E	FY14E
Reported EPS	6.5	6.0	6.1	7.0	8.2
Adjusted EPS	6.5	5.8	6.1	7.0	8.2
DPS	1.7	1.7	1.5	1.7	2.1
BVPS	39.2	31.6	35.7	42.0	49.1

Valuation Ratios

Y/E 31 Mar (x)	FY10A	FY11A	FY12A	FY13E	FY14E
EV/Sales	5.5	3.6	3.6	4.3	3.8
EV/EBITDA	19.7	13.3	14.9	17.0	13.7
Adjusted P/E	20.3	21.3	20.6	24.2	20.5
P/BV	3.4	3.9	3.6	4.0	3.4

Financial Ratios

Y/E 31 Mar	FY10A	FY11A	FY12A	FY13E	FY14E
Profitability & Return Ratios (%)					
EBITDA margin	27.9	27.4	24.3	25.5	27.5
EBIT margin	26.6	26.5	23.3	24.5	26.5
Adjusted profit margin	28.9	19.5	19.4	19.7	20.8
Adjusted ROAE	17.6	17.0	18.1	18.0	18.1
ROCE	13.4	15.7	15.3	15.7	16.2
YoY Growth (%)					
Revenue	1.0	37.0	0.9	12.2	11.7
EBITDA	11.9	34.7	(10.5)	17.7	20.3
Adjusted EPS	10.4	(10.4)	5.8	13.9	17.9
Invested capital	(18.9)	(34.1)	13.8	15.2	9.8
Working Capital & Liquidity Ratios					
Receivables (days)	116	100	106	105	111
Inventory (days)	2	1	1	1	1
Payables (days)	112	89	97	90	77
Current ratio (x)	2.9	3.0	2.7	3.4	3.8
Quick ratio (x)	2.9	2.9	2.7	3.4	3.8
Turnover & Leverage Ratios (x)					
Gross asset turnover	6.0	8.4	7.8	7.6	7.5
Total asset turnover	0.5	0.7	0.7	0.7	0.7
Net interest coverage ratio	17.6	77.0	142.9	98.6	119.1
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

DuPont Analysis

Y/E 31 Mar (%)	FY10A	FY11A	FY12A	FY13E	FY14E
Tax burden (Net income/PBT)	94.4	67.4	70.1	70.8	70.8
Interest burden (PBT/EBIT)	115.2	109.4	118.9	113.2	110.5
EBIT margin (EBIT/Revenue)	26.6	26.5	23.3	24.5	26.5
Asset turnover (Revenue/Avg TA)	46.9	70.1	74.4	74.5	72.8
Leverage (Avg TA/Avg equities)	129.8	124.1	125.4	123.0	119.8
Adjusted ROAE	17.6	17.0	18.1	18.0	18.1

Income Statement

Y/E 31 Mar (INR mln)	FY10A	FY11A	FY12A	FY13E	FY14E
Total revenue	**21,998**	**30,136**	**30,406**	**34,108**	**38,107**
EBITDA	6,135	8,266	7,396	8,702	10,470
EBIT	5,849	7,977	7,073	8,370	10,113
Net interest income/(expenses)	(331)	(104)	(50)	(85)	(85)
Other income/(expenses)	1,220	851	1,384	1,194	1,143
Exceptional items	0	0	0	0	0
EBT	6,738	8,725	8,407	9,479	11,172
Income taxes	(572)	(2,671)	(2,500)	(2,844)	(3,352)
Extraordinary items	0	(490)	0	0	0
Min. int./Inc. from associates	195	118	(16)	76	89
Reported net profit	**6,361**	**5,682**	**5,892**	**6,711**	**7,910**
Adjustments	0	197	0	0	0
Adjusted net profit	**6,361**	**5,879**	**5,892**	**6,711**	**7,910**

Balance Sheet

Y/E 31 Mar (INR mln)	FY10A	FY11A	FY12A	FY13E	FY14E
Accounts payables	5,399	5,315	6,885	5,687	6,043
Other current liabilities	0	0	0	0	0
Provisions	2,441	2,486	1,933	2,640	3,111
Debt funds	1,195	17	58	58	58
Other liabilities	(22)	(119)	(31)	(106)	(196)
Equity capital	978	978	959	959	959
Reserves & surplus	37,322	29,970	33,255	39,277	46,147
Shareholders' fund	38,300	30,948	34,214	40,236	47,105
Total liabilities and equities	**47,312**	**38,647**	**43,059**	**48,514**	**56,122**
Cash and cash eq.	5,866	3,858	3,283	5,759	9,955
Accounts receivables	7,488	8,955	8,690	10,915	12,194
Inventories	42	27	31	34	38
Other current assets	10,993	10,187	12,238	11,858	12,567
Investments	3,203	6,964	8,182	8,182	8,182
Net fixed assets	2,080	1,920	2,197	2,465	2,709
CWIP	1,108	399	399	399	399
Intangible assets	16,399	6,144	7,710	8,710	9,710
Deferred tax assets, net	133	192	337	192	192
Other assets	0	0	0	0	175
Total assets	**47,312**	**38,646**	**43,068**	**48,514**	**56,122**

Cash Flow Statement

Y/E 31 Mar (INR mln)	FY10A	FY11A	FY12A	FY13E	FY14E
Net income + Depreciation	6,646	6,167	6,214	7,043	8,266
Interest expenses	331	104	50	85	85
Non-cash adjustments	0	0	0	0	0
Changes in working capital	8,563	(774)	(1,959)	(1,244)	(1,637)
Other operating cash flows	(1,611)	(1,170)	(888)	(1,458)	(1,086)
Cash flow from operations	**13,929**	**4,327**	**3,416**	**4,426**	**5,628**
Capital expenditures	(328)	0	(600)	(600)	(600)
Change in investments	(1,932)	(3,062)	(360)	0	0
Other investing cash flows	3,425	851	859	1,194	1,143
Cash flow from investing	**1,165**	**(2,210)**	**(101)**	**594**	**543**
Equities issued	1,306	0	0	0	0
Debt raised/repaid	(4,562)	(1,596)	(1,499)	0	0
Interest expenses	(331)	(104)	(50)	(85)	(85)
Dividends paid	(1,018)	(2,270)	(1,969)	(1,383)	(1,549)
Other financing cash flows	(6,549)	(156)	(372)	(1,075)	(341)
Cash flow from financing	**(11,154)**	**(4,125)**	**(3,889)**	**(2,544)**	**(1,975)**
Changes in cash and cash eq	**3,940**	**(2,009)**	**(575)**	**2,476**	**4,196**
Closing cash and cash eq	**5,866**	**3,858**	**3,283**	**5,759**	**9,955**

Important Disclosures

This report was prepared, approved, published and distributed solely by a Religare Capital Markets ("RCM") group company located outside of the United States (a "non-US Group Company"), which excludes Religare Capital Markets Inc. ("RCM Inc.") and Religare Capital Markets (USA) LLC ("RCM USA"). This report has not been reviewed or approved by RCM Inc. or RCM USA. This report may only be distributed in the U.S. to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through RCM Inc. Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or FINRA or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization.

Subject to any applicable laws and regulations at any given time, non-US Group Companies, their affiliates or companies or individuals connected with RCM (together, "Connected Companies") may make investment decisions that are inconsistent with the recommendations or views expressed in this report and may have long or short positions in, may from time to time purchase or sell (as principal or agent) or have a material interest in any of the securities mentioned or related securities or may have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. Any particular arrangements or relationships are disclosed below. As a result, recipients of this report should be aware that Connected Companies may have a conflict of interest that could affect the objectivity of this report.

See "Special Disclosures" for certain additional disclosure statements, if applicable.

This report is only for distribution to investment professionals and institutional investors.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Analysts and strategists are paid in part by reference to the profitability of RCM which includes investment banking revenues.

Stock Ratings are defined as follows

Recommendation Interpretation (Recommendation structure changed with effect from March 1, 2009)

Recommendation	Expected absolute returns (%) over 12 months
Buy	More than 15%
Hold	Between 15% and –5%
Sell	Less than –5%

Expected absolute returns are based on the share price at market close unless otherwise stated. Stock recommendations are based on absolute upside (downside) and have a 12-month horizon. Our target price represents the fair value of the stock based upon the analyst's discretion. We note that future price fluctuations could lead to a temporary mismatch between upside/downside for a stock and our recommendation.

Stock Ratings Distribution

As of 1 September 2012, out of 303 rated stocks in the RCM coverage universe, 174 have BUY ratings (including 4 that have been investment banking clients in the last 12 months), 79 are rated HOLD and 50 are rated SELL.

Research Conflict Management Policy

RCM research has been published in accordance with our conflict management policy, which is available at http://www.religarecm.com/

Disclaimers

This report is not directed to, 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 or regulation or which would subject RCM to any registration or licensing requirement within such jurisdiction(s). This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to RCM. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of RCM. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of RCM or its affiliates, unless specifically mentioned otherwise.

The information, tools and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. RCM has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. RCM will not treat recipients as its customers by virtue of their receiving the report. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

Information and opinions presented in this report were obtained or derived from sources that RCM believes to be reliable, but RCM makes no representations or warranty, express or implied, as to their accuracy or completeness or correctness. RCM accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to RCM. This report is not to be relied upon in substitution for the exercise of independent judgment. RCM may have issued, and may in the future issue, a trading call regarding this security. Trading calls are short term trading opportunities based on market events and catalysts, while stock ratings reflect investment recommendations based on expected absolute return over a 12-month period as defined in the disclosure section. Because trading calls and stock ratings reflect different assumptions and analytical methods, trading calls may differ directionally from the stock rating.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by RCM and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments. Investors in securities such as ADR's, the values of which are influenced by currency volatility, effectively assume this risk.

This report is distributed in India by Religare Capital Markets Limited, which is a registered intermediary regulated by the Securities and Exchange Board of India. Where this report is distributed by Religare Capital Markets (Europe) Limited ("RCM Europe") or Religare Capital Markets (EMEA) Ltd, those entities are authorised and regulated by the Financial Services Authority in the United Kingdom. In Dubai, it is being distributed by Religare Capital Markets (Europe) Limited (Dubai Branch) which is licensed and regulated by the Dubai Financial Services Authority. In Singapore, it is being distributed (i) by Religare Capital Markets (Singapore) Pte. Limited ("RCMS") (Co. Reg. No. 200902065N) which is a holder of a capital markets services licence and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as ""institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations (the "FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to RCMS when providing any financial advisory service to an accredited investor~~,~~ or "overseas investor" (as defined in regulation 36 of the FAR). Persons in Singapore should contact RCMS in respect of any matters arising from, or in connection with this publication/communication. In Hong Kong, it is being distributed by Religare Capital Markets (Hong Kong) Limited ("RCM HK"), which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In Australia, it is being distributed by RCMHK or by RCM Europe, both of which are approved under ASIC Class Orders. In South Africa, this report is distributed through Religare Capital Markets (Pty) Ltd and Religare Noah Capital Markets (Pty) Ltd. Religare Capital Markets (Pty) Ltd is a licensed financial services provider (FSP No. 31530). Religare Noah Capital Markets (Pty) Ltd is a licensed financial services provider (FSP No. 7655) and a member of the JSE Limited. In Sri Lanka, it is being distributed by Bartleet Mallory Stockbrokers, which is licensed under Securities and Exchange Commission of Sri Lanka. If you wish to enter into a transaction please contact the RCM entity in your home jurisdiction unless governing law provides otherwise. In jurisdictions where RCM is not registered or licensed to trade in securities, transactions will only be effected in accordance with applicable securities legislation which may vary from one jurisdiction to another and may require that the trade be made in accordance with applicable exemptions from registration or licensing requirements.

Religare Capital Markets does and seeks to do business with companies covered in our research report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of research produced by Religare Capital Markets. Investors should consider our research as only a single factor in making their investment decision.

Any reference to a third party research material or any other report contained in this report represents the respective research organization's estimates and views and does not represent the views of RCM and RCM, its officers, employees do not accept any liability or responsibility whatsoever with respect to its accuracy or correctness and RCM has included such reports or made reference to such reports in good faith. This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to material on RCM's own website, RCM takes no responsibility whatsoever for the contents therein. Such addresses or hyperlinks (including addresses or hyperlinks to RCM's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this report. Accessing such website or following such link through this report or RCM's website shall be at your own risk.

Special Disclosures (if applicable)

Not Applicable