

ZEE ENTERTAINMENT

Industry Media
Bloomberg Z IN
BSE CODE 505537

Strong Topline Growth with Margins Intact

11-Oct-18

RATING **ACCUMULATE**

CMP 460
Price Target 530
Potential Upside 15%

Rating Change

Estimate Change

Target Change

Stock Info

52wk Range H/L 619/411
Mkt Capital (Rs Cr) 44,276
Free float (%) 57%
Avg. Vol 1M (,000) 3,513
No. of Shares 96.05
Promoters Pledged % 22%

Research Analyst
CHINTAN BHINDORA
Chintan.bhindora@narnolia.com
2262701206

Key Highlights -

- Zee Entertainment Enterprises Limited (ZEEL) is amongst the largest producers and aggregators of entertainment content in the world, with an extensive library housing over 250,000 hours of television content.
- Also, with rights to more than 4,200 movie titles from foremost studios and of iconic film stars, ZEEL houses the world's largest Hindi film library.
- ZEEL's new OTT platform ZEE5 became the #2 digital entertainment platform with 41.3 million Monthly Active Users (MAU) in Sep'18, 190% growth since Apr'18.
- The management believes that ZEE5 can contribute to 30% of ZEEL's total revenue over the next 5 years.

2Q FY19 Results-

The company once again reported healthy revenue growth of around 25%YoY in 2QFY19. This was mainly driven by strong growth across all revenue streams viz. Advertisement, Subscription and Other Sales & Services, as these segments grew by 22.7% YoY, 21.3% YoY and 67.3% YoY respectively. The company posted 37.6% YoY growth in EBITDA to Rs.676cr. The company's reported EBITDA margin expanded by 320bps to 34.2% led by operating leverage benefit. PAT for the quarter stood at Rs. 387 cr with -34.6% YoY growth as Q2FY18 had a one time gain on account of sale of sports broadcasting business (135cr) and remeasurement gain in subsidiaries (161cr).

View and Valuation

ZEEL is amongst the largest producers and aggregators of entertainment content in the world, with an extensive library housing over 250,000 hours of television content. Going forward the management is confident of outpacing the industry advertisement growth of 12% for next couple of years considering the strong growth prospects across segments and monetization of newly introduced OTT platform ZEE5. Though increasing number of hours of original content may pose a risk to margins but increasing viewership share and early monetization of ZEE5 will support the margins at 30%+ level. The management expects ZEE5 to contribute 30% of ZEEL's total revenue over the next 5 years. Based on the strong ad growth potential and prospects of ZEE5 going forward, we increase our estimates of revenue, EBITDA and PAT by 1.4%, 3.5% and 2.7% respectively and expect revenue, EBITDA and PAT to grow at 16.1%, 21% and 10.8% CAGR respectively over FY18-20e. We value ZEEL at 28x FY20e EPS to arrive at a target price of Rs.530 and recommend ACCUMULATE.

Key Risks to our rating and target

- EBITDA margin pressure due to increasing hours of original content.
- Delay in the monetization of ZEE5 due to stiff competition, thus delaying the expected breakeven of ZEE5 in 5 years.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	5852	6434	6686	7794	9005
EBITDA	1510	1927	2076	2557	3041
EBIT	1426	1812	1894	2351	2819
PAT	1027	2221	1479	1452	1816
EPS (Rs)	11	23	15	15	19
EPS growth (%)	5%	116%	-33%	-2%	25%
ROE (%)	16%	33%	20%	17%	18%
ROCE (%)	23%	21%	22%	25%	27%
BV	65	70	79	90	105
P/B (X)	5.8	7.6	7.3	5.1	4.4
P/E (x)	35.5	22.9	37.2	30.4	24.3

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

2Q FY19 Results

Above Estimates

Financials	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	YoY %	QoQ%	FY17	FY18	YoY %
Net Sales	1,582	1,838	1,725	1,772	1,976	24.9%	11.5%	6,434	6,686	3.9%
Other Income	188	6	191	28	37	-80.4%	29.7%	4	434	12286%
Operating Cost	579	673	689	668	726	25.5%	8.7%	2,776	2,528	-8.9%
Employee Cost	181	154	164	171	169	-7.0%	-1.6%	604	666	10.2%
Other Expenses	331	417	366	367	405	22.5%	10.5%	1,127	1,416	25.6%
EBITDA	491	594	506	566	676	37.6%	19.5%	1,927	2,076	7.7%
EBITDA Margin	31.0%	32.3%	29.3%	31.9%	34.2%	3.2%	2.3%	29.9%	31.1%	1.1%
Depreciation	41	50	59	58	59	43.2%	2.1%	115	182	58.1%
Tax	183	226	281	207	262	43%	26.7%	681	841	23.5%
Extra Items	135	-	-	-	-	-100%		1,223	135	-89.0%
Net Profit	591	322	231	326	387	-34.6%	18.5%	1,139	1,080	-5%

Segment Revenue

Revenue Streams	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19
Advertising	959	955	847	966	987	1,202	1,050	1,146	1,211
Subscription	583	593	558	479	501	502	547	519	608
Other Sales & Services	153	90	123	95	94	134	129	107	157

Robust Revenue Growth across all revenue streams

ZEEL has come up with another strong quarterly performance in 2QFY19. The company has posted revenue of INR 1976cr with a growth of 24.9% YoY. This robust growth was supported by strong revenue growth across all revenue streams. The advertisement revenue which comprises of 61% of total revenue in 2QFY19, accounted for 22.7% YoY growth. Subscription revenue grew by 21.3% to INR 608cr driven by two reasons: a) early closure of some of the distribution contracts as compared to last year b) monetization of phase-III subscribers. The other sales & services which includes movie production & distribution, music, etc. posted sales of INR 157cr with a growth of 67.3%YoY.

EBITDA margins expansion led by operational efficiencies

Overall EBITDA margin expanded by 320bps YoY to 34.2% primarily led by operating leverage benefit. Lower employee expenses YoY and only a 25.5% YoY increase in operational cost despite the increasing hours of original content, contributed to the EBITDA margin expansion.

PAT lower YoY due to one offs in Q2FY18

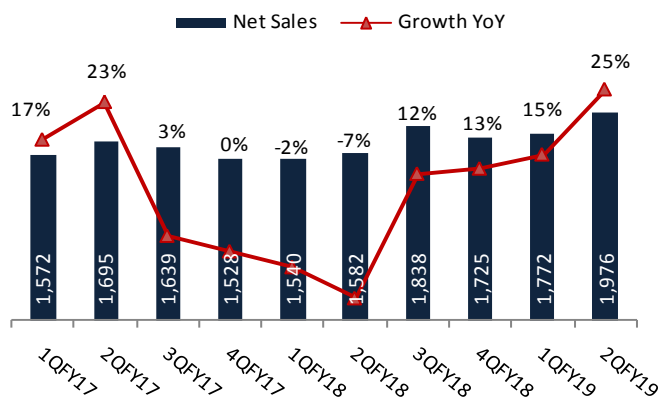
PAT for the quarter stood at INR 387cr with -34.6% YoY growth. This is primarily due to one time gains of 135cr on the sale of sports broadcasting business and 161cr due to re-measurement of equity interests in 2 subsidiaries.

Concall Highlights

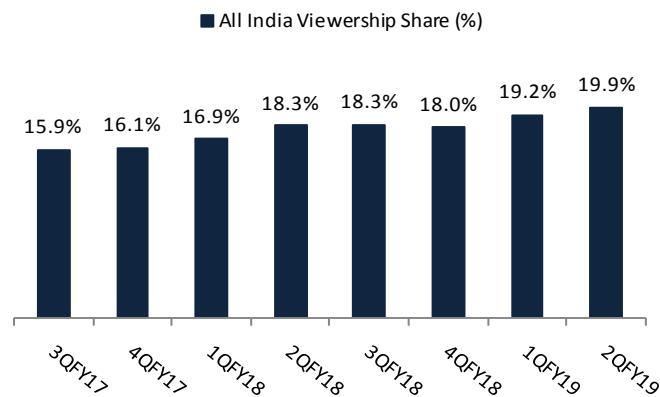
- Management has guided for an increase in inventory of 450cr in FY19 as against 930cr in FY18 despite increase in original content hours as ZEEL had made advance purchase of movie rights in FY18 itself.
- Management has increased its guidance of subscription revenue to high teens in FY19 on the back of strong 15% growth in H1FY19.
- ZEEL also reached an agreement with Jio after breaking up the tie in August 2018. This enhances the reach of ZEEL to 227+ million subscribers of Jio to 37 LIVE TV channels. ZEEL now has content partnership deal with Airtel as well as Jio.
- All India Viewership share increased to 19.9% from 19.2% in Q1FY19.
- Malayalam GEC is expected to be launched in December 2018.
- ZEE5 became the #2 digital entertainment platform with 41.3 million Monthly Active Users (MAU) in Sep'18, 190% growth since Apr'18.
- ZEE5 originals had 29 releases across 6 languages in H2FY19. ZEE5 users currently spend an average of 31 minutes per day on the platform.
- Management is targeting 500-600 hours of original content over the next 18 months as against the current 55 hours of new content.

Exhibit: Net sales (Rs. Crore) and Sales Growth trend

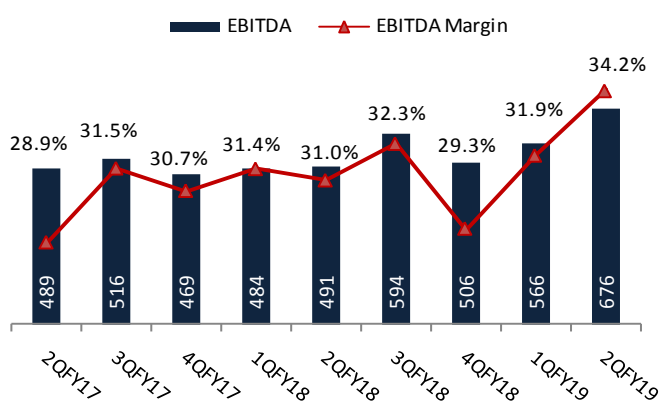
Growth was mainly due to good revenue earned across all revenue streams


Exhibit: Trend in All India Viewership Share%

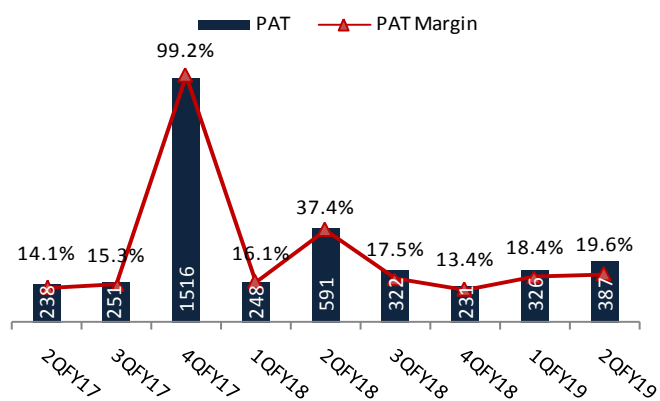
Viewership Share continues to increase with a 70bps improvement QoQ


Exhibit: EBITDA (Rs. Crore) and EBITDA Margin trend

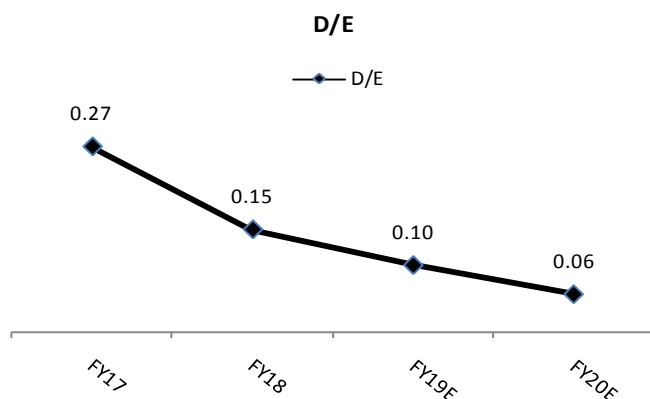
Operating leverage benefit helped to improve margins to 34.2%


Exhibit: PAT (Rs. Crore) and PAT Margin trend

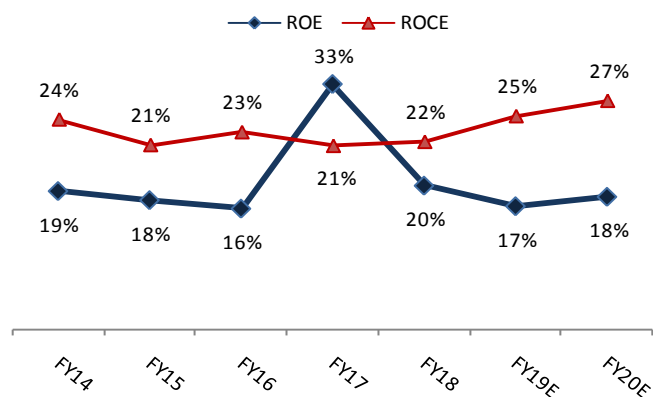
PAT margin improved QoQ on account of improved operational efficiencies.


Exhibit: Debt Equity Ratio

With the increase in profitability debt to equity ratio will improve profitability improves further


Exhibit: Return Ratios

Return ratios to improve going ahead as the profitability improves



Financial Details

Balance Sheet

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital ²	96	96	96	96	96	96	96
Preference Share Capital ²	2,017	2,019	2,017	1,526	1,144	858	572
Reserves	2,625	3,435	4,119	6,594	7,466	8,549	9,962
Networth	4,738	5,550	6,232	8,217	8,706	9,503	10,630
Debt	2	1	1	295	1	1	1
Other Non Current Liab	72	77	94	78	103	99	96
Total Capital Employed	4,812	5,628	6,326	8,589	8,810	9,603	10,727
Net Fixed Assets (incl CWIP)	411	437	581	804	1,021	1,133	1,189
Non Current Investments	294	146	305	156	159	159	159
Other Non Current Assets	1,116	1,443	1,621	1,170	1,359	1,359	1,359
Non Current Assets	1,820	2,026	2,507	2,130	2,540	2,652	2,708
Inventory	1,174	1,188	1,316	1,696	2,628	2,883	3,207
Debtors	1,028	1,069	1,325	1,242	1,537	1,610	1,860
Cash & Bank	564	1,301	2,274	4,888	6,499	8,105	10,207
Other Current Assets	1,446	1,987	1,773	2,576	2,814	2,985	3,235
Current Assets	4,212	4,980	5,387	8,127	8,590	9,083	10,405
Creditors	505	420	519	834	1,150	835	965
Provisions	331	459	413	130	119	119	119
Other Current Liabilities	384	498	636	704	1,051	1,178	1,302
Curr Liabilities	1,220	1,378	1,568	1,669	2,319	2,132	2,386
Net Current Assets	2,991	3,603	3,819	6,459	6,271	6,951	8,019
Total Assets	6,032	7,006	7,894	10,258	11,130	11,735	13,113

Income Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Revenue from Operation	4,422	4,884	5,852	6,434	6,686	7,794	9,005
<i>Change (%)</i>		10.4%	19.8%	10.0%	3.9%	16.6%	15.5%
Other Income	181	228	202	4	434	139	131
EBITDA	1,204	1,254	1,510	1,927	2,076	2,557	3,041
<i>Change (%)</i>		4.1%	20.4%	27.7%	7.7%	23.1%	18.9%
<i>Margin (%)</i>	27.2%	25.7%	25.8%	29.9%	31.1%	32.8%	33.8%
Depr & Amor.	50	67	84	115	182	206	222
EBIT	1,154	1,187	1,426	1,812	1,894	2,351	2,819
Int. & other fin. Cost	16	10	12	137	145	101	72
EBT	1,319	1,404	1,615	1,678	2,183	2,389	2,878
Exp Item- Gain/(Loss)	-	-	(33)	1,223	135	-	-
Tax	429	429	553	681	841	941	1,064
Minority Int & P/L share of Ass.	(2)	(9)	1	(2)	(0)	0	(2)
Reported PAT	892	977	1,027	2,221	1,479	1,452	1,816
<i>Change (%)</i>		9.6%	5.0%	116.4%	-33.4%	-1.8%	25.1%
<i>Margin(%)</i>	20.2%	20.0%	17.5%	34.5%	22.1%	18.6%	20.2%

Financial Details

Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
ROE	18.8%	17.6%	16.5%	33.2%	19.6%	16.8%	18.1%
ROCE	24.4%	21.4%	22.9%	21.3%	21.8%	24.7%	26.5%
Asset Turnover	0.7	0.7	0.7	0.6	0.6	0.7	0.7
Debtor Days	42	78	75	73	76	75	75
Inv Days	48	88	78	85	118	135	130
Payable Days	21	35	29	38	54	39	39
Int Coverage	73	115	116	13	13	23	39
P/E	28	33	35	23	37	30	24
Price / Book Value	5.3	5.8	5.8	7.6	7.3	5.1	4.4
EV/EBITDA	21.5	25.7	24.1	25.3	25.5	16.4	13.5

Cash Flow Statement

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	1,319	1,404	1,615	2,901	2,319	2,389	2,878
(inc)/Dec in Working Capital	(490)	(224)	(263)	(604)	(855)	(687)	(572)
Non Cash Op Exp	92	71	62	332	244	206	222
Int Paid (+)	8	2	-	7	10	101	72
Tax Paid	(424)	(416)	(583)	(681)	(830)	(941)	(1,064)
others	(121)	(157)	(105)	(1,215)	(334)	(139)	(131)
CF from Op. Activities	383	681	725	741	554	929	1,405
(inc)/Dec in FA & CWIP	(147)	(109)	(272)	(270)	(315)	(318)	(278)
Free Cashflow	236	572	454	470	240	611	1,127
(Pur)/Sale of Inv	(3)	(297)	(61)	1,535	(784)	-	-
others	(56.6)	39.7	347.2	132.4	48.6	139.2	130.8
CF from Inv. Activities	(206)	(366)	14	1,397	(1,050)	(179)	(147)
inc/(dec) in NW	78	-	-	-	-	-	-
inc/(dec) in Debt	0	(101)	(3)	-	(697)	(286)	(286)
Int. Paid	(3)	(7)	(3)	(7)	(10)	-	-
Div Paid (inc tax)	(224)	(235)	(405)	(261)	(240)	(369)	(403)
others	5	-	6	(146)	(144)	(101)	(72)
CF from Fin. Activities	(144)	(343)	(405)	(414)	(1,090)	(756)	(762)
Inc(Dec) in Cash	33	(28)	335	1,724	(1,586)	(6)	496
Add: Opening Balance	531	563	535	860	2,512	935	929
Add: Forex and Other Adjustments	-	-	(0.7)	(71.7)	8.4	-	-
Closing Balance	563	535	870	2,512	935	929	1,425

Disclosures: Narnolia Financial Advisors Ltd.* (NFAL) (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300002407 valid till 01.12.2020. NFALis engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at www.narnolia.com
No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, it's associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and it's associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest which may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Terms & Conditions: This report has been prepared by NFAL and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. 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 his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.

Analyst Certification The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement-

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com.

*The name of the Company has been changed from “Microsec Capital Limited” to “Narnolia Financial Advisors Limited” pursuant to change of control. The change in name has been duly effected in the records of the Registrar of Companies (ROC). The application for fresh registration in the new name of “Narnolia Financial Advisors Limited” pursuant to change of control is under process with SEBI.

Correspondence Office Address: Arch Waterfront, 5th Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; www.narnolia.com.
Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AIC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish K Agarwal, Email Id: mkagarwal@narnolia.com, Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFIRegistered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited-MCX/NCDEX Commodities Broker: INZ000051636 || Narnolia Velox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited-IRDA Licensed Direct Insurance Broker (Life & Non-Life) License No.134 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. 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. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MCL, its associates, 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 report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report 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 MCL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sell in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MCL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. 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. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MCL, its associates, 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 report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report 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 MCL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sell in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MCL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MCL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MCL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.