

November 10, 2017

Rating matrix	
Rating	: Buy
Target	: ₹ 195
Target Period	: 12 months
Potential Upside	: 18%

What's changed?	
Target	Unchanged
EPS FY18E	Unchanged
EPS FY19E	Unchanged
Rating	Unchanged

Quarterly performance					
	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)
Revenue	183.4	171.9	6.6	565.2	-67.6
EBITDA	28.1	28.2	(0.4)	162.4	-82.7
EBITDA (%)	15.3	16.4	-108 bps	28.7	-1341 bps
PAT	16.6	18.6	(10.5)	109.7	-84.8

Key financials				
(₹ crore)	FY16	FY17	FY18E	FY19E
Net Sales	953	1,181	1,323	1,534
EBITDA	206	281	306	362
Net Profit	107	171	193	227
EPS (₹)	4.5	7.3	8.3	9.7

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E	36.6	22.6	20.0	16.9
Target P/E	43.2	26.7	23.6	20.0
EV to EBITDA	19.5	14.2	13.1	11.0
Price to book	6.7	5.6	5.6	4.7
RONW (%)	19.1	26.7	25.6	25.6
ROCE (%)	27.5	34.9	32.7	33.8

Stock data	
Particular	Amount
Market Capitalisation (₹ Crore)	3,854.4
Debt (FY17) (₹ Crore)	159.4
Cash (FY17) (₹ Crore)	9.7
EV (₹ Crore)	4,004.1
52 week H/L	193 / 94
Equity Capital (₹ Crore)	46.7
Face Value (₹)	2

Price performance				
	1M	3M	6M	12M
Navneet Education	-0.3	3.8	-1.5	65.0
Kokuyo Camlin	9.6	11.4	-0.2	12.7

Research Analyst	
Bharat Chhoda	bharat.chhoda@icicisecurities.com
Cheragh Sidhwa	Cheragh.sidhwa@icicisecurities.com

Navneet Education (NAVEDU)

₹ 165

Spill-over revenues to boost H2FY18 growth

- Navneet's Q2FY18 results were below our expectations across all parameters. The revenue growth was lower than our estimates mainly on account of lower than anticipated growth in the publication segment.
- Revenues for the quarter came in at ₹ 183.4 crore (I-direct estimate: ₹ 204.6 crore), up 6.6% YoY. Segment per se, publishing and stationery segment's revenue grew by 7.7% and 9.6% YoY to ₹ 118.0 crore (I-direct estimate: ₹ 137.3 crore) and ₹ 64.5 crore (I-direct estimate: ₹ 62.3 crore), respectively.
- EBITDA for the quarter remained flattish at ₹ 28.1 crore (I-direct estimate: ₹ 36.0 crore). Subsequently, EBITDA margins for the quarter declined 110 bps YoY to 15.3% (I-direct estimate: 17.6%) on account of increase in employee expense, up 17.8% YoY to ₹ 30.1 crore. EBIT margins for the publication segment improved 160 bps YoY to 32.2%, while EBIT losses for the stationery segment widened to ₹ 5.5 crore vs. ₹ 1.4 crore in Q2FY17.
- Subdued operational performance, coupled with decline in other income (down 22.7% YoY) resulted in PAT de-growth of 10.5% YoY to ₹ 16.6 crore (I-direct estimate: ₹ 23.0 crore).

Delay in release of text-books impacts H1FY18 publication revenue

For Navneet's publication segment, revenue season has traditionally been the first half of every financial year, in which it derives ~75 of the total publication revenues. For H1FY18, revenues for the publication segment (excluding Britannica) grew by 9.5% YoY to ₹ 490.2 crore. The reason for this moderate growth rate can be attributed to delay in publication of text books in Maharashtra by the education board in August. Subsequently, release of Navneet's supplementary book got delayed by a month to mid-September. The spillover of revenues is expected to spur the revenue growth in Q3FY18. Hence, we sustain our publication revenue estimates for FY18E and FY19E. We expect publication segment revenue (excluding Britannica) to maintain a higher trajectory with 14.0% CAGR in FY17-19E driven by syllabus changes in Gujarat and Maharashtra. Stationery segment reported decent revenue growth of 9.6% with domestic and export sales growing at the rate of 8% and 10% to ₹ 20.4 crore and ₹ 44.1 crore respectively. Rupee appreciation during the quarter impacted the margins for the stationery segment.

Diversification into CBSE curriculum to mitigate seasonality risk ; BUY

We continue to like the company for its, a) stable growth and operational performance, b) superior return ratios and c) Debt/Equity ratio comfortably placed at 0.2x. We expect the publications segment to continue on its strong growth trajectory driven by geographical expansion, entry into CBSE curriculum and change in syllabus for Maharashtra and Gujarat state boards. Acquisition of Indiannica (earlier known as Britannica) would provide a pan India platform for Navneet as it derives ~97% of revenues from outside Maharashtra & Gujarat states while majority of Navneet's publication revenues are derived from these two states. Diversification into the CBSE board would also partially mitigate the seasonality risks since the revenue season for Britannica is in the fourth quarter. We expect revenue and PAT to grow at a CAGR of 14% and 16%, respectively. We maintain our BUY rating on the stock with a target price of ₹ 195, valuing at a multiple of 20.0x FY19E EPS.

Variance analysis

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Revenue	183.4	204.6	171.9	6.6	565.2	-67.6	Revenues were below our estimates mainly on account of lower than anticipated growth in the publication segment
Other Income	4.7	4.6	6.1	-22.7	12.3	-61.7	
Employee Expense	30.1	28.6	25.5	17.8	31.1	-3.1	
Raw Material Expense	84.3	88.8	73.1	15.2	294.9	-71.4	
Other Expenses	40.9	51.2	45.1	-9.3	76.9	-46.8	
EBITDA	28.1	36.0	28.2	-0.4	162.4	-82.7	
EBITDA Margin (%)	15.3	17.6	16.4	-108 bps	28.7	-1341 bps	EBITDA margins for the quarter declined 108 bps YoY on account of increase in employee expense
Depreciation	5.6	5.5	6.2	-8.8	5.3	5.8	
Interest	1.6	0.1	0.0	5,300.0	2.6	-37.0	
PBT	25.6	35.0	28.1	-9.0	166.8	-84.7	
Tax Outgo	8.9	12.0	9.5	-6.1	57.2	-84.4	
PAT	16.6	23.0	18.6	-10.5	109.7	-84.8	Subdued operational performance, coupled with decline in other income resulted in PAT de-growth

Key Metrics
Revenues

Publication Segment	118.0	137.3	109.6	7.7	372.1	-68.3
Stationery Segment	64.5	62.3	58.9	9.6	191.9	-66.4
EBIT Margin						
Publication Segment	32.2	NA	30.6	164 bps	40.1	-789 bps
Stationery Segment	-8.6	NA	-2.3	-623 bps	15.2	-2376 bps

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,323.1	1,323.1	0.0	1,533.6	1,533.6	0.0	Estimates unchanged
EBITDA	305.6	305.6	0.0	361.9	361.9	0.0	
EBITDA Margin (%)	23.1	23.1	0 bps	23.6	23.6	0 bps	
PAT	195.9	195.9	0.0	229.5	229.5	0.0	
EPS (₹)	8.3	8.3	0.0	9.7	9.7	0.0	

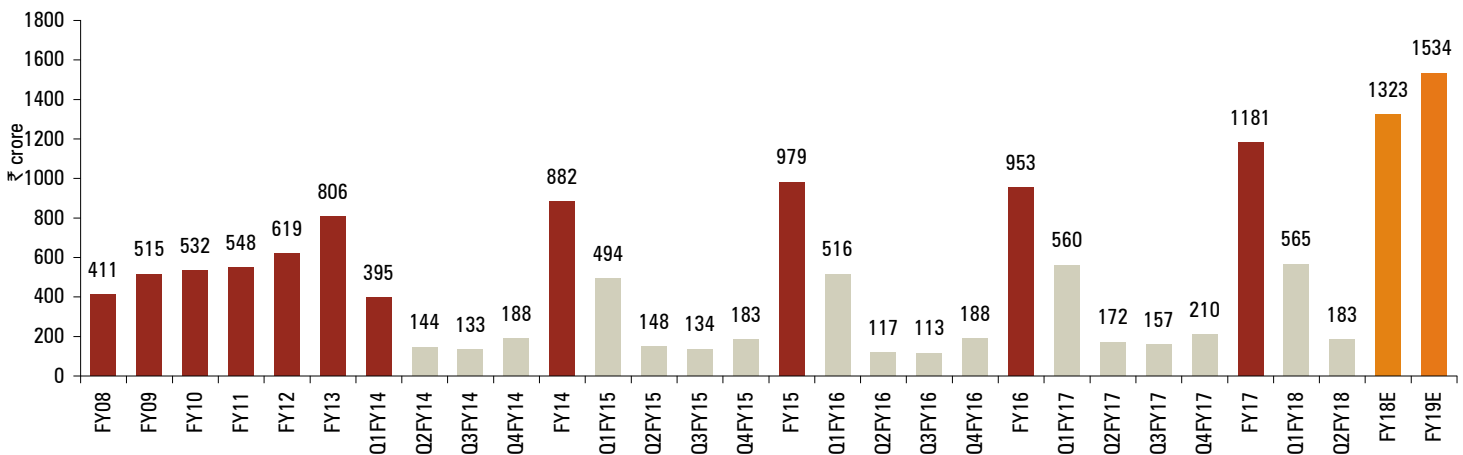
Source: Company, ICICIdirect.com Research.

Company Analysis

Syllabus changes and Acquisition of Britannica to boost revenue growth

Navneet Education is an established player in the supplementary book publishing and stationery segment. It has a market share in excess of 60% in educational publishing in Maharashtra & Gujarat. Navneet has a stable business model with steady revenue growth in the publication business with years that have syllabus change showing strong double digit growth in the publication segment. FY16 registered a weak performance mainly due to lack of government orders and scrapping of scholarship programme in Maharashtra for FY16. FY17 turned out to be a strong year for Navneet with revenue increasing 24% YoY to ₹ 1181 crore. Revenue growth was driven by both publication and stationery segment, up 13% and 20% YoY, respectively. Government orders for FY17 were at ₹ 11.9 crore. Exports for the stationery segment, which constitutes ~47% of total stationery sales, registered robust growth of 34% YoY to ₹ 231.5 crore for FY17.

Exhibit 1: Revenue trend



Source: Company, ICICIdirect.com Research

We expect publication segment revenue (including Britannica) to maintain higher trajectory with 17.6% CAGR in FY17-19E driven by syllabus changes in Gujarat and Maharashtra. Also, the company's foray into CBSE curriculum through acquisition of Indiannica's Indian curriculum business will boost the revenue growth for publication segment. Indiannica derives ~97% of revenues from outside Maharashtra & Gujarat states. This will enable Navneet to diversify its geographical reach as currently majority of Navneet's publication revenues are derived from these two states.

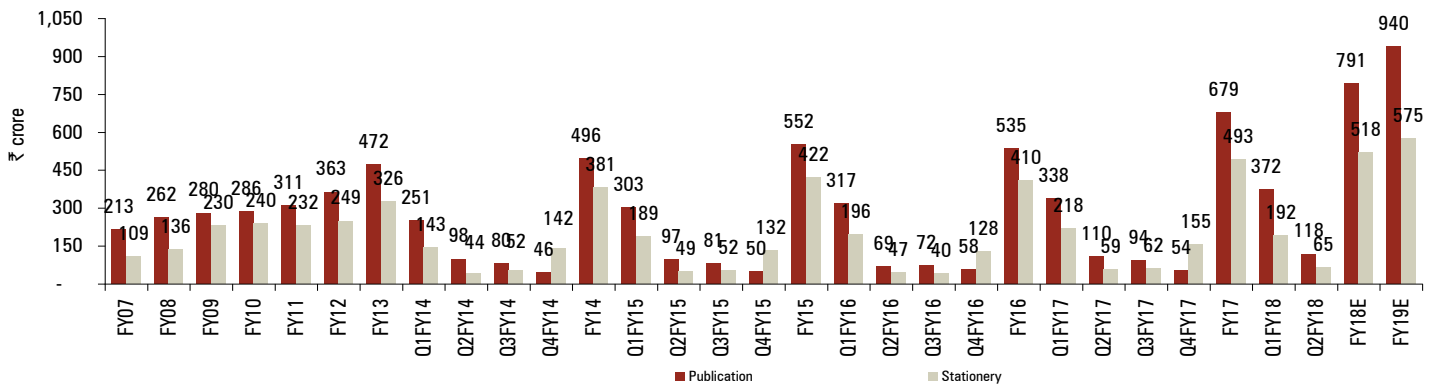
Due to the prevailing uncertainty prior to GST related to old and new taxation rates, various trade channels started downsizing the inventory stocked. This impacted the revenue growth for the stationery segment in Q1FY18. However, decent recovery was visible in with revenue growth of 10%. Management indicated that a strong rupee has impacted the exports, however domestic business is witnessing recovery with gradual re-stocking at the dealers level.

Exhibit 2: Syllabus change to drive revenue growth

Academic Year	Maharashtra Standard	Subjects	Gujarat Standard	Subjects
2016-17	VI	All subjects(All medium)	IX	All subjects (Gujarati medium)
	IX	Marathi & Hindi	XI	All subjects (Gujarati medium)
	X	Marathi & Hindi		
2017-18	VII	All subjects(All medium)	X	All subjects except Maths & Science (All medium)
	IX	All subjects(All medium)	XII	All commerce & Arts subject (All medium)
2018-19	VIII	All subjects(All medium)		Not yet announced
	X	All subjects(All medium)		

Source: Company, ICICIdirect.com Research

Exhibit 3: Segmental revenue trend

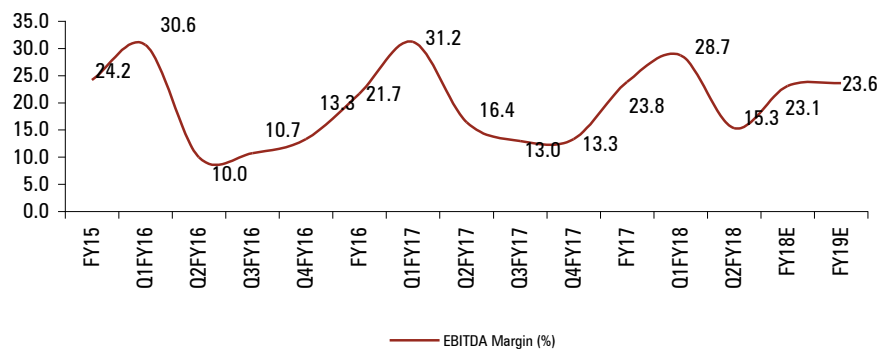


Source: Company, ICICIdirect.com Research

Margins expected in range of 23-24%

In the last several years, Navneet has sustained operating margins in the range of 20-24%. Healthy topline growth in FY17 led to positive operating leverage, which resulted in an EBITDA growth of 36% YoY to ₹ 281 crore with margin expansion of 210 bps YoY to 23.8%. Segment per se, EBIT margins for publication segment expanded 200 bps while EBIT margins for stationery segment grew 250 bps on improved product mix in FY17

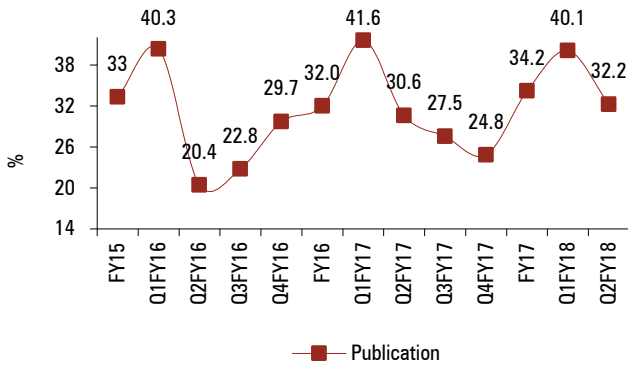
Exhibit 4: Operating margin trend



Source: Company, ICICIdirect.com Research

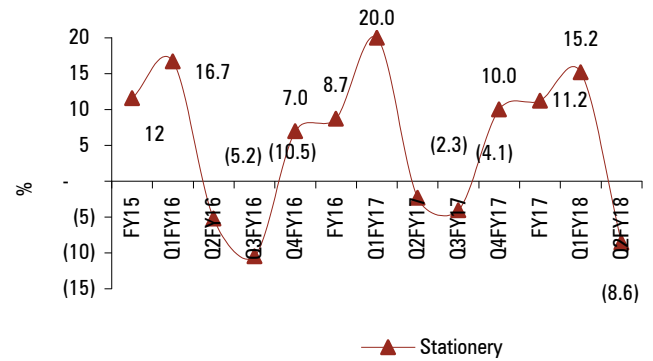
While the publication segment has had sustainable margins over the years, the stationery segment is subject to currency fluctuations considering the exposure to exports. We expect operating margins to decline marginally from 23.8% in FY17 to 23.1% in FY18E mainly on account of increase in royalty expense and decline in stationery exports leading to negative operating leverage.

Exhibit 5: Publication segment EBIT margin



Source: Company, ICICIdirect.com Research

Exhibit 6: Stationery segment EBIT margin

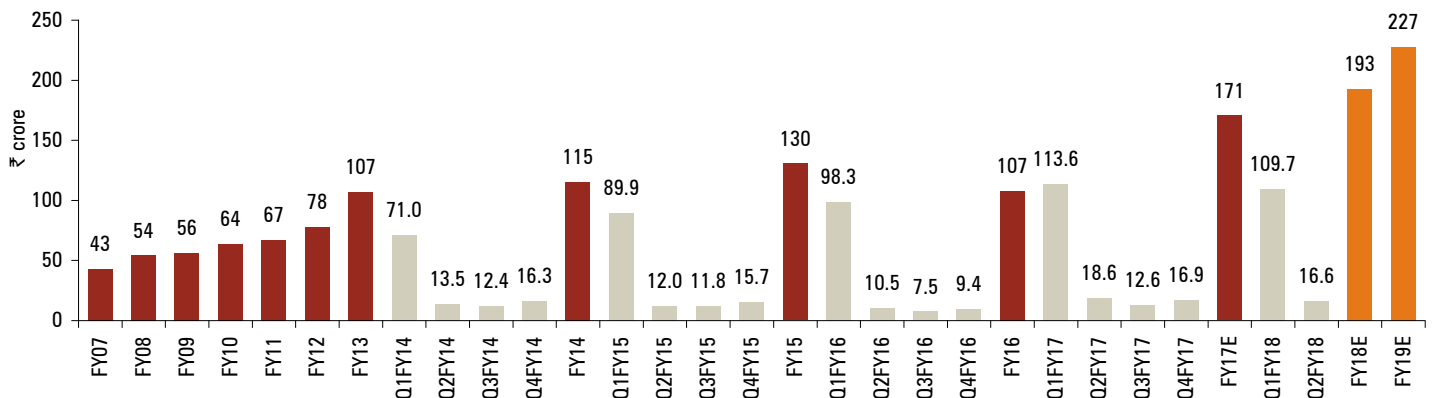


Source: Company, ICICIdirect.com Research

Strong operational performance to aid PAT growth

Navneet reported robust PAT growth of 59% YoY in FY17 to ₹ 171 crore led by healthy topline growth and better cost efficiencies. On the back of consistent revenue growth and a stable margin profile, we expect PAT to grow steadily to ₹ 193 crore and ₹ 227 crore in FY18E and FY19E, respectively.

Exhibit 7: Net profit trend



Source: Company, ICICIdirect.com Research

Valuation

In the publication and e-learning business, content is king. Navneet has over five decades of experience in developing content. It has an asset base of over 185 authors who create content and update the same timely. Even as an established player in this business it takes almost two years for Navneet to enter newer markets and even longer for it to set up, create content and build distribution channels.

Navneet has a long standing relationship with state boards and also schools. This is very important in this business as state boards recommend which workbooks, guides, etc. should be used. Navneet also has a strong distribution channel, which enables easy distribution and supply of its products.

Recently, Navneet has taken several initiatives like entry into CBSE books business, enhancing its presence in digital content. Through its enhanced content it is looking to enter new states in India and gradually establish itself in new states. These steps should enable it to improve its revenue growth over the next few years.

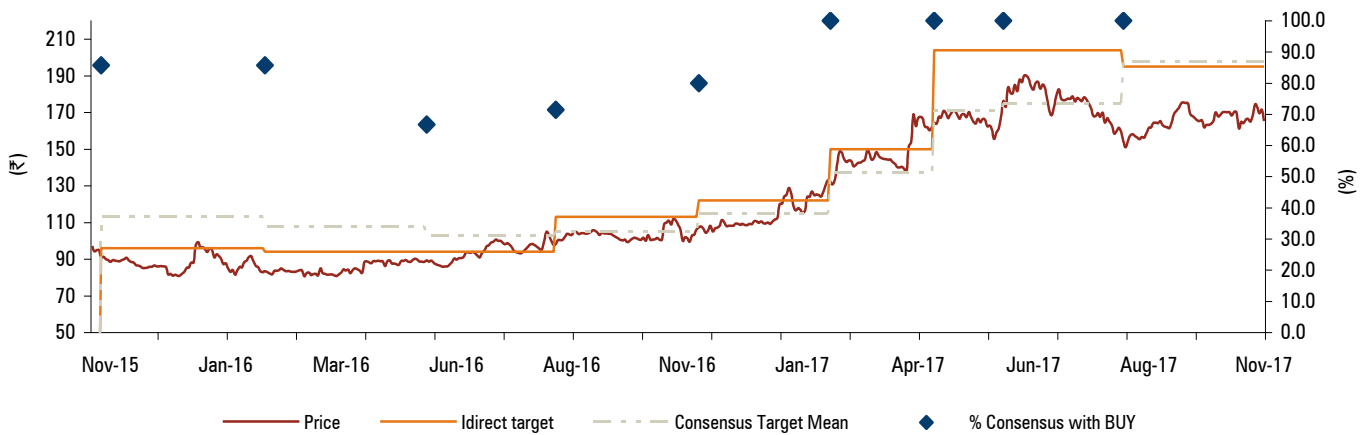
We continue to like the company for its, a) stable growth and operational performance, b) superior return ratios and c) Debt/Equity ratio comfortably placed at 0.2x. We expect the publications segment to continue on its strong growth trajectory driven by geographical expansion, entry into CBSE curriculum and change in syllabus for Maharashtra and Gujarat state boards. Acquisition of Indiannica (earlier known as Britannica) would provide a pan India platform for Navneet as it derives ~97% of revenues from outside Maharashtra & Gujarat states while majority of Navneet's publication revenues are derived from these two states. Diversification into the CBSE board would also partially mitigate the seasonality risks since the revenue season for Britannica is in the fourth quarter. We expect revenue and PAT to grow at a CAGR of 14% and 16%, respectively. We maintain our BUY rating on the stock with a target price of ₹ 195, valuing at a multiple of 20.0x FY19E EPS.

Exhibit 8: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	952.6	-2.7	4.5	-17.0	36.6	19.5	19.1	27.5
FY17E	1181.3	24.0	7.3	61.9	22.6	14.2	26.7	34.9
FY18E	1323.1	12.0	8.3	13.1	20.0	13.1	25.6	32.7
FY19E	1533.6	15.9	9.7	17.9	16.9	11.0	25.6	33.8

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
May-09	Operating margin bounces back to 20% range (after slipping marginally below 20% in FY09). Despite a flattish topline growth, PAT increases 13.4% YoY
Jul-09	Announces bonus issue (3:2)
Oct-10	After two consecutive years of flattish topline growth, the company returns to early teen topline growth in FY12
Sep-11	Continues its growth trajectory, led by well rounded growth in both segments - publication & stationery
Dec-12	Reports 30%+ topline and bottomline growth in FY13
Jun-14	The stock rallies in anticipation of strong Q1FY15 results
Oct-15	Company reported disappointing set of results in Q2FY16 with Revenue, EBITDA & PAT declining by 20.5%, 55% & 12% respectively
Oct-16	Acquired Britannica's Indian curriculum business for a consideration of ~ ₹ 90 crore
Jan-17	Bought back 46.6 lakh shares at ₹ 125/ share

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Investor Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Navneet Trust	30-Jun-17	39.63%	92.57	0.00
2	HDFC Asset Management Co., Ltd.	30-Sep-17	8.48%	19.80	0.00
3	UTI Asset Management Co. Ltd.	30-Jun-16	2.74%	6.41	0.00
4	Somerset Capital Management, L.L.P.	30-Sep-17	2.38%	5.55	0.00
5	Gala (Gnanesh D)	30-Jun-17	1.80%	4.20	0.00
6	Gala (Kalpesh H)	30-Jun-17	1.55%	3.61	0.00
7	Gala (Ranjanaben B)	30-Jun-17	1.54%	3.60	2.79
8	Franklin Templeton Asset Management (India) Pvt. Ltd.	30-Jun-17	1.45%	3.39	-0.08
9	Kotak Mahindra Asset Management Company Ltd.	30-Jun-17	1.44%	3.36	0.12
10	Gala (Anil Dunganarshi)	30-Jun-17	1.41%	3.29	0.00

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Promoter	61.8	61.8	61.8	61.8	61.8
FII	7.3	4.5	6.2	6.3	6.2
DII	15.2	14.8	15.5	15.8	16.8
Others	15.7	19.0	16.5	16.1	15.3

Recent Activity

BUY			SELL		
Investor name	Value (Mn)	Shares (Mn)	Investor name	Value (Mn)	Shares (Mn)
Gala (Ranjanaben B)	7.75	2.79	Gala (Amarchand R)	-0.92	-0.32
Gala (Ketan B)	5.94	2.14	FIL Investment Management (Singapore) Ltd.	-0.83	-0.30
Invesco Asset Management (India) Private Limited	0.79	0.31	Franklin Templeton Asset Management (India) Pvt. Ltd.	-0.21	-0.08
Gala (Bipin A)	0.44	0.16	Nuveen LLC	-0.04	-0.01
Kotak Mahindra Asset Management Company Ltd.	0.34	0.12	State Street Global Advisors Ltd. (Canada)	-0.02	-0.01

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Total operating Income	952.6	1,181.3	1,323.1	1,533.6	
Growth (%)	-2.8	24.0	12.0	15.9	
Raw Material Expenses	459.7	544.7	621.8	720.8	
Employee Expenses	99.4	118.7	132.3	145.7	
Royalty Expenses	17.9	26.0	31.8	36.8	
Manufacturing Expenses & Other	169.2	210.8	231.5	268.4	
Total Operating Expenditure	746.2	900.1	1,017.4	1,171.7	
EBITDA	206.4	281.2	305.6	361.9	
Growth (%)	-12.9	36.3	8.7	18.4	
Depreciation	29.7	28.4	32.3	38.8	
EBIT	176.7	252.9	273.3	323.1	
Interest	3.6	4.3	3.9	4.6	
Other Income	16.7	15.2	23.8	27.6	
PBT	189.9	263.8	293.3	346.1	
Total Tax	69.7	82.7	97.4	116.6	
PAT	120.2	181.1	195.9	229.5	
Share of associates	-12.7	-10.5	-3.0	-2.0	
PAT after Share of Associates	107.5	170.6	192.9	227.5	
Growth (%)	-17.6	58.7	13.1	17.9	
EPS (₹)	4.5	7.3	8.3	9.7	

Source: Company, ICICIdirect.com Research

Balance sheet		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	47.6	46.7	46.7	46.7	
Reserve and Surplus	535.4	647.1	769.2	912.6	
Total Shareholders funds	583.0	693.8	815.9	959.3	
Total Debt	103.5	159.4	154.0	152.1	
Deferred Tax Liability	4.1	(0.1)	0.5	1.2	
Minority Interest / Others	0.1	0.1	0.1	0.1	
Total Liabilities	690.6	853.1	970.4	1,112.6	
Assets					
Gross Block	386.4	426.1	461.1	496.1	
Less: Accu Depreciation	222.8	239.7	272.0	310.8	
Net Block	163.6	186.4	189.1	185.3	
Capital WIP	0.8	2.8	2.5	2.2	
Total Fixed Assets	164.4	189.2	191.6	187.5	
Goodwill on Consolidation	-	45.7	45.0	45.0	
Investments	49.4	44.7	54.7	60.0	
Other Non-Current Assets	12.2	11.5	31.5	41.5	
Inventory	307.4	384.3	424.1	495.8	
Debtors	186.8	278.1	271.9	315.1	
Loans and Advances	20.2	27.6	37.0	42.9	
Other Current Assets	23.1	30.0	45.0	55.0	
Cash	5.8	9.7	10.4	27.8	
Total Current Assets	543.3	729.6	788.4	936.7	
Creditors	29.7	76.0	42.6	43.4	
Provisions	10.5	27.7	32.0	38.0	
Other Current Liabilities	38.6	63.9	66.2	76.7	
Total Current Liabilities	78.8	167.6	140.7	158.1	
Application of Funds	690.6	853.1	970.4	1,112.6	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	107.5	170.6	192.9	227.5	
Add: Depreciation	29.7	28.4	32.3	38.8	
(Inc)/dec in Current Assets	48.4	-182.5	-58.0	-130.8	
Inc/(dec) in CL and Provisions	-52.9	88.8	-26.8	17.4	
Others	-0.3	0.0	0.0	0.0	
CF from operating activities	132.3	105.3	140.4	152.9	
(Inc)/dec in Investments	-0.2	4.8	-10.0	-5.3	
(Inc)/dec in Fixed Assets	-23.3	-96.8	-34.3	-35.0	
(Inc)/dec in CWIP	3.2	-1.9	0.3	0.2	
Others	-11.7	0.7	-20.0	-10.0	
CF from investing activities	-32.0	-93.3	-64.1	-50.1	
Issue/(Buy back) of Equity	-0.3	-0.9	0.0	0.0	
Inc/(dec) in loan funds	-40.1	55.9	-5.4	-1.9	
Others	-66.7	-63.2	-70.2	-83.4	
CF from financing activities	-107.1	-8.1	-75.6	-85.3	
Net Cash flow	-6.9	3.8	0.7	17.5	
Opening Cash	12.7	5.8	9.7	10.4	
Closing Cash	5.9	9.7	10.4	27.8	

Source: Company, ICICIdirect.com Research

Key ratios		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Per share data (₹)					
EPS	4.5	7.3	8.3	9.7	
Cash EPS	6.3	9.0	9.0	9.8	
BV	24.5	29.7	29.7	34.9	
Cash Per Share	0.2	0.4	0.4	1.2	
Operating Ratios					
EBITDA Margin (%)	21.7	23.8	23.1	23.6	
PBT Margin (%)	19.9	22.3	22.2	22.6	
PAT Margin (%)	12.6	15.3	14.8	15.0	
Inventory days	117.8	118.7	117.0	118.0	
Debtor days	71.6	85.9	75.0	75.0	
Creditor days	23.6	24.3	25.0	22.0	
Return Ratios (%)					
RoE	19.1	26.7	25.6	25.6	
RoCE	27.5	34.9	32.7	33.8	
RoIC	32.2	34.8	34.8	33.4	
Valuation Ratios (x)					
P/E	36.6	22.6	20.0	16.9	
EV / EBITDA	19.5	14.2	13.1	11.0	
EV / Net Sales	4.2	3.4	3.0	2.6	
Market Cap / Sales	4.1	3.3	2.9	2.5	
Price to Book Value	6.7	5.6	5.6	4.7	
Solvency Ratios					
Debt/EBITDA	0.5	0.6	0.5	0.4	
Debt / Equity	0.2	0.2	0.2	0.2	
Current Ratio	6.9	4.4	5.6	5.9	
Quick Ratio	5.5	4.9	4.8	5.0	

Source: Company, ICICIdirect.com Research

RATING RATIONALE

ICICIdirect.com endeavours to provide objective opinions and recommendations. ICICIdirect.com assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

We /I, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. 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 of ICICI Securities. While we would endeavor to update the information herein on a reasonable basis, ICICI Securities under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. 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. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA, Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA, Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale 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.