

Refer to important disclosures at the end of this report

Operational profits still elusive

CMP	Target Price
Rs 106 as of (May 16, 2018)	Rs 108 (▼) 12 months
Rating	Upside
HOLD (■)	2.8 %

- NIIT Ltd declared results below our expectations with revenue growth of 6% yoy and core operational PAT of Rs38mn (we expected 8.3% yoy growth and, core PAT of Rs85mn).
- Traction in Corporate Learning continued with 28% yoy growth - backed organic growth of ~12% yoy and inorganic addition of ~Rs176mn from the integration of Eagle Productivity business it acquired in the quarter. We expect momentum in this segment to drive ~97%/70% incremental revenue/EBITDA of the business over FY18-20E.
- Skills & Career, Schools and Online platforms collectively accounted for ~39% of revenue, but are around break-even levels as of FY18. We expect marginal growth and improved profitability here as management continues to optimize the business offerings.
- The company is still struggling to lift operational profit (core PAT at Rs110mn in FY18) and would see gradual gains as revenue share of Corporate Learning improves. We maintain our HOLD rating with SOTP-based TP of Rs108.

Change in Estimates

EPS Chg FY19E/FY20E (%)	(2.7) / 6.3
Target Price change (%)	(3.1)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY19E	FY20E
Emkay	7.0	9.0
Consensus	7.2	8.9
Mean Consensus TP (12M)	Rs -	

Stock Details

Bloomberg Code	NIIT IN
Face Value (Rs)	2
Shares outstanding (mn)	167
52 Week H/L	125 / 82
M Cap (Rs bn/USD bn)	18 / 0.26
Daily Avg Volume (nos.)	1,495,194
Daily Avg Turnover (US\$ mn)	2.4

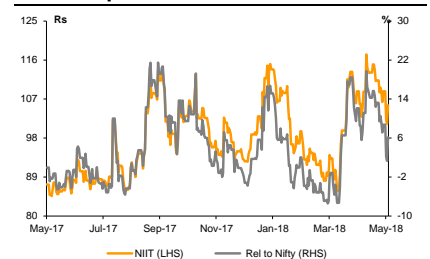
Shareholding Pattern Mar '18

Promoters	31.7%
FIIIs	18.7%
DIIIs	11.3%
Public and Others	38.3%

Price Performance

(%)	1M	3M	6M	12M
Absolute	-	13	11	25
Rel. to Nifty (2)		10	5	11

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Rahul Jain

 rahul.jain@emkayglobal.com
 022-266121253

Devanshu Bansal

 devanshu.bansal@emkayglobal.com
 +91-22-66121385

Corporate Learning business to grow ~20%+; Core earnings to improve

Corporate Learning business (61% of revenue in FY18) continues to drive the overall revenue/EBIDTA traction for the business. The segment is likely to see acceleration in revenue growth as it would gain from the full-year of consolidation of Eagle Productivity business (US\$10.7mn run-rate in 2017) and would see ramp-up in its large deal with RECO (to start Q2FY19 onwards). Overall revenue visibility stood at US\$217mn, up 18% yoy (2x our projected FY20E revenue estimate). We expect the Corporate Learning business to account for 97% of incremental revenue of the business over FY18-20E. However, the company's inability to improve profitability in the segment despite robust growth and scale has been restricting OPM gains. The other businesses continue to languish as the company is optimizing the School business by going asset-light (consciously exiting Govt business, private school affected amid uncertainties over adoption of NCERT curriculum) and sustained pain in Skill & Career (S&C) segment, owing to hiring freeze by key clients in IT/Banking verticals. Online platform continues to grow but is burning cash at the moment. We do not see that changing anytime soon given the dynamics of that segment in the market. Going forward, the pain in these segments may recede to a certain extent, as School business has just one Govt project left and the S&C segment may see some traction following the introduction of new courses (added niche courses around Analytics, Predictive Analytics, Digital Marketing) and new offerings (launched Talent Platform as a Service).

No immediate plans to monetize NITEC stake; Maintain HOLD

We expect revenue traction of ~15% CAGR over FY18-20E and EBIDTA margin gains of 280bps to 11.6% , driven by strong prospects in the learning outsourcing segment. We maintain our HOLD rating on the stock with a TP of Rs108 (valuing it at 10x core PAT of FY18 and Rs73 per share value for its stake in NITEC).

Financial Snapshot (Consolidated)

(Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Net Sales	10,069	8,441	8,446	9,536	11,265
EBITDA	714	733	813	1,004	1,346
EBITDA Margin	7.1	8.7	9.6	10.5	11.9
APAT	675	499	827	1,155	1,490
EPS (Rs)	4.0	3.0	5.0	7.0	9.0
EPS (% chg)	0.0	(24.9)	65.6	39.7	29.0
ROE (%)	8.8	6.0	9.3	12.1	14.2
P/E (x)	26.2	34.9	21.1	15.1	11.7
EV/EBITDA (x)	26.3	24.1	21.3	17.2	12.7
P/BV (x)	2.2	2.0	1.9	1.8	1.6

Source: Company, Emkay Research

Exhibit 1: Actual vs Estimates

(in Rs mn)	Actual	Estimate (Emkay)	Consensus estimate	% variation		Comments
				Emkay	Consensus	
Sales	2,228	2,267	na	-1.7%	na	Result overall was below expectations, both on revenue growth and Core PAT front - impacted by sluggish performance in School and Skills businesses
EBITDA	221	213	na	3.8%	na	
EBITDA, margin %	9.9%	9.4%	na	50 bps	na	
Core business PAT	38.0	55.3	na	-31.3%	na	
PAT	197	242	na	-18.6%	na	

Source: Company, Emkay Research, Bloomberg

Exhibit 2: Quarterly financial performance

Rs mn	Q4FY17	Q3FY18	Q4FY18	YoY (%)	QoQ (%)	FY17	FY18	YoY (%)
Revenue	2,094	2,094	2,228	6.4	6.4	8,451	8,494	0.5
Operating Expenditure	1,913	1,910	2,007	4.9	5.1	7,777	7,748	-0.4
EBITDA	181	184	221	22.1	20.1	674	746	10.7
Depreciation	110	103	92	-16.0	-10.2	457	401	-12.3
EBIT	72	82	129	80.4	58.3	218	346	58.9
Other Income	-20	-7	-63	223.1	869.2	-204	-169	-17.2
PBT	52	75	66	26.9	-12.0	14	177	1,164.3
Total Tax	44	52	69	56.8	32.7	184	201	9.2
Adjusted PAT	8	23	-3	-137.5	-113.0	-170	-24	-85.9
(Profit)/loss from JV's/Ass/MI	242	174	200	-17.4	14.9	580	649	11.9
APAT after MI	250	197	197	-21.2	0.0	410	625	52.4
Extra ordinary items	0	0	0			0	0	
Reported PAT	250	197	197	-21.2	0.0	410	625	52.4
Reported EPS	1.5	1.2	1.2	-21.2	0.0	2	4	52.6

Margins (%)				(bps)	(bps)			(bps)
EBIDTA	8.6	8.8	9.9	128	113	8.0	8.8	81
EBIT	3.4	3.9	5.8	238	190	2.6	4.1	149
EBT	2.5	3.6	3.0	48	(62)	0.2	2.1	192
PAT	11.9	9.4	8.8	(310)	(57)	4.9	7.4	251
Effective Tax rate	85	69	105	1,993	3,521	1314	114	

Source: Company, Emkay Research

Exhibit 3: Change in estimates

Changes in earnings estimates (All fig in Rs mn except %)	FY18E			FY19E			FY20E		
	Old	New	Change	Old	New	Change	Old	New	Change
Sales									
Corporate Learning group	5,147	5,183	0.7%	6,330	6,578	3.9%	7,185	7,990	11.2%
Skills and Career group	2,839	2,670	-5.9%	2,981	2,403	-19.4%	3,130	2,690	-14.1%
Schools business	516	593	14.8%	380	555	46.0%	384	585	52.5%
Total Sales	8,502	8,446	-0.7%	9,691	9,536	-1.6%	10,698	11,265	5.3%
EBITDA									
Corporate Learning group	778	762	-2.1%	950	921	-3.0%	1,078	1,159	7.5%
Skills and Career group	61	35	-42.2%	157	55	-64.8%	219	135	-38.6%
Schools business	-18	16	-188.7%	23	28	21.6%	23	53	128.8%
Total EBITDA	821	813	-1.0%	1,129	1,004	-11.1%	1,320	1,346	2.0%
EBITDA margin									
Corporate Learning group	15.1%	14.7%	-42 bps	15.0%	14.0%	-100 bps	15.0%	14.5%	-50 bps
Skills and Career group	2.1%	1.3%	-82 bps	5.3%	2.3%	-296 bps	7.0%	5.0%	-200 bps
Schools business	-3.5%	2.7%	619 bps	6.0%	5.0%	-100 bps	6.0%	9.0%	300 bps
Company-wide EBITDA margins, %	9.7%	9.6%	-3 bps	11.6%	10.5%	-112 bps	12.3%	11.9%	-39 bps
Net Profit (core business)	116	178	52.7%	406	388	-4.4%	521	624	19.9%
Net Profit (including share from associate)	772	827	7.1%	1,186	1,155	-2.7%	1,401	1,490	6.3%
EPS (in Rs per share)	4.7	5.0	7.1%	7.2	7.0	-2.7%	8.5	9.0	6.3%

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Net Sales	10,069	8,441	8,446	9,536	11,265
Expenditure	9,355	7,708	7,633	8,532	9,919
EBITDA	714	733	813	1,004	1,346
Depreciation	492	457	401	381	405
EBIT	222	277	413	623	941
Other Income	(146)	(204)	(169)	0	0
Interest expenses	0	0	0	84	60
PBT	76	73	244	539	881
Tax	36	154	67	151	256
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	635	580	649	767	865
Reported Net Income	675	499	827	1,155	1,490
Adjusted PAT	675	499	827	1,155	1,490

Balance Sheet

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
Equity share capital	330	332	332	332	332
Reserves & surplus	7,720	8,245	8,797	9,604	10,646
Net worth	8,050	8,576	9,128	9,936	10,977
Minority Interest	85	106	106	106	106
Loan Funds	1,949	1,510	1,510	1,510	1,510
Net deferred tax liability	(142)	(191)	(191)	(191)	(191)
Total Liabilities	9,943	10,001	10,553	11,360	12,402
Net block	1,074	1,045	1,145	1,264	1,359
Investment	5,820	6,195	6,623	7,169	7,813
Current Assets	6,352	6,640	5,438	5,942	6,818
Cash & bank balance	886	1,270	1,602	1,692	1,800
Other Current Assets	899	708	555	627	741
Current liabilities & Provision	3,321	4,026	2,800	3,161	3,734
Net current assets	3,031	2,614	2,638	2,781	3,083
Misc. exp	0	0	0	0	0
Total Assets	9,943	10,001	10,553	11,361	12,402

Cash Flow

Y/E Mar (Rs mn)	FY16	FY17	FY18	FY19E	FY20E
PBT (Ex-Other income) (NI+Dep)	222	277	413	539	881
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(869)	753	307	(53)	(194)
Operating Cashflow	696	1,085	885	800	895
Capital expenditure	(312)	(557)	(500)	(500)	(500)
Free Cash Flow	384	528	385	300	395
Investments	0	0	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	0	0	(279)	(279)	(279)
Equity Capital Raised	25	1	0	0	0
Loans Taken / (Repaid)	620	(440)	0	0	0
Dividend paid (incl tax)	0	0	(249)	(347)	(448)
Other Financing Cash Flow	(1,319)	(262)	(26)	0	0
Financing Cashflow	(673)	(700)	(274)	(431)	(508)
Net chg in cash	23	385	332	90	108
Opening cash position	863	886	1,270	1,602	1,692
Closing cash position	886	1,270	1,602	1,692	1,800

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY16	FY17	FY18	FY19E	FY20E
EBITDA Margin	7.1	8.7	9.6	10.5	11.9
EBIT Margin	2.2	3.3	4.9	6.5	8.4
Effective Tax Rate	47.4	211.0	27.3	28.0	29.1
Net Margin	0.4	(1.0)	2.1	4.1	5.5
ROCE	0.8	0.7	2.4	5.7	7.9
ROE	8.8	6.0	9.3	12.1	14.2
RoIC	7.9	9.9	18.1	27.5	37.7

Per Share Data (Rs)	FY16	FY17	FY18	FY19E	FY20E
EPS	4.0	3.0	5.0	7.0	9.0
CEPS	7.0	5.8	7.4	9.3	11.5
BVPS	48.0	52.0	55.3	60.2	66.5
DPS	0.0	0.0	1.3	1.7	2.3

Valuations (x)	FY16	FY17	FY18	FY19E	FY20E
PER	26.2	34.9	21.1	15.1	11.7
P/CEPS	15.5	18.6	14.5	11.6	9.4
P/BV	2.2	2.0	1.9	1.8	1.6
EV / Sales	1.9	2.1	2.1	1.8	1.5
EV / EBITDA	26.3	24.1	21.3	17.2	12.7
Dividend Yield (%)	0.0	0.0	1.2	1.7	2.1

Gearing Ratio (x)	FY16	FY17	FY18	FY19E	FY20E
Net Debt/ Equity	0.1	0.0	0.0	0.0	0.0
Net Debt/EBIDTA	1.5	0.3	(0.1)	(0.2)	(0.2)
Working Cap Cycle (days)	77.8	58.1	44.8	41.7	41.6

Growth (%)	FY16	FY17	FY18	FY19E	FY20E
Revenue	5.2	(16.2)	0.1	12.9	18.1
EBITDA	131.1	2.7	10.9	23.5	34.1
EBIT	0.0	24.5	49.2	51.0	51.0
PAT	0.0	(26.1)	65.6	39.7	29.0

Quarterly (Rs mn)	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Revenue	3,611	2,088	2,084	2,094	2,228
EBITDA	172	163	178	184	221
EBITDA Margin (%)	4.8	7.8	8.5	8.8	9.9
PAT	303	130	159	233	238
EPS (Rs)	1.8	0.8	1.0	1.4	1.4

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Promoters	34.2	34.2	34.2	31.7	31.7
FIs	13.0	16.8	17.2	17.3	18.7
DIs	9.7	10.0	10.2	10.6	11.3
Public and Others	43.2	39.1	38.4	40.5	38.3

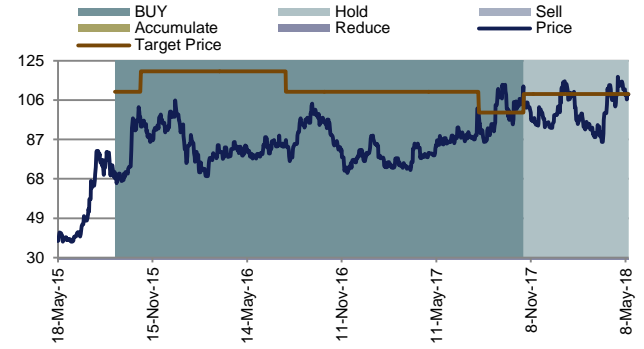
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
25-Oct-17	103	109	12m	Hold	Ruchi Burde
31-Jul-17	98	100	12m	Buy	Ruchi Burde
17-May-17	89	110	12m	Buy	Ruchi Burde
10-Apr-17	78	110	12m	Buy	Ruchi Burde
20-Jan-17	78	110	12m	Buy	Ruchi Burde
20-Oct-16	90	110	12m	Buy	Ruchi Burde
27-Jul-16	87	110	12m	Buy	Ruchi Burde
11-May-16	81	120	12m	Buy	Ruchi Burde
21-Jan-16	84	120	12m	Buy	Ruchi Burde
23-Oct-15	93	120	12m	Buy	Ruchi Burde
5-Oct-15	82	110	12m	Buy	Ruchi Burde
4-Sep-15	68	110	12m	Buy	Ruchi Burde

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

Completed Date:

Dissemination Date:

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. 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.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. 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 EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.

- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

GENERAL DISCLOSURE/DISCLAIMER BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

This report is solely intended for the clients of DBS Bank Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies. Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report. This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that: (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein. Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBSVUSA, a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of May 16, 2018
 2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
 4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of May 16, 2018.
 5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the May 16, 2018
 6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
 7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
 8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the May 16, 2018

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY DBS BANK LTD AS DISTRIBUTOR OF THE RESEARCH REPORT

1. DBS Bank Ltd., DBS HK, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), DBSV HK or their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 30 Apr 2018.
2. Neither DBS Bank Ltd, DBS HK nor DBSV HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBSVUSA, does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

Disclosure of previous investment recommendation produced:

4. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates in the preceding 12 months.

RESTRICTIONS ON DISTRIBUTION

General	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.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at PO Box 506538, 3rd Floor, Building 3, East Wing, Gate Precinct, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

SINGAPORE**DBS Bank Ltd**

Contact: Janice Chua
12 Marina Boulevard, Marina Bay Financial Centre Tower 3
Singapore 018982
Tel. 65-6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

THAILAND**DBS Vickers Securities (Thailand) Co Ltd**

Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Nagkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand

INDONESIA**PT DBS Vickers Sekuritas (Indonesia)**

Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel. 62 21 3003 4900
Fax: 62 21 3003 4943
e-mail: research@id.dbsvickers.com



Rahul Jain, BCOM, CFA (ICFAI)

rahul.jain@emkayglobal.com

022-266121253