Tree House Education

Global Markets Research

Shaping young minds

Preschool industry on robust growth trajectory

Rapid urbanization, rising aspirations for a quality education, improved affordability and more women joining the workforce are driving strong growth in the preschools segment. The organized preschool market is expected to grow at a 26% CAGR over FY13-18E to INR 42.8bn. To meet this demand, 8,400 new preschools would need to be added to the existing base of 4,300 preschools.

Tree House is on an expansion spree; thrives on asset-light model

Tree House (THEAL IN) management has been on an aggressive expansion spree, adding 80 schools every year over the past four years, at a CAGR of 60%. We have factored in an addition of 230 self-operated schools and 120 franchisees over FY13-16E at less than 70% of the company's target of 513 preschool additions. Consequently, THEAL should register a revenue CAGR of 32% over the same period. Usually, it takes two years to reach stable capacity utilization of 50%, which offers return ratios of 50%. As a higher proportion of centers reach healthy capacity utilization, the preschool ROC should improve from the current 30% to 50%. Further, INR 5mn capex per school offers low investment/earnings ratio, allowing high growth potential.

Asset sale to lighten balance sheet, improve CF and return ratios

Tree House owns K-12 assets worth INR 2.4bn, nearly 50% of the asset base, which has dented return ratios. In line with its asset-light model, the company plans to sell its properties, which should reduce asset size by INR 960mn and recover advances worth INR 1.1bn from trusts. This would lower the asset base by about 50%. Further, 1.5x property value of book assets would raise incremental cash flow of INR 1.45bn, reducing overall K-12 book value to just INR 300mn, which will be amortized over 30 years. The company has completed its K-12 investment, and we are optimistic about its strong annuity business, with potential to make 100%-plus ROC.

Rating: Buy

Target Price: INR 370

Upside: 51%

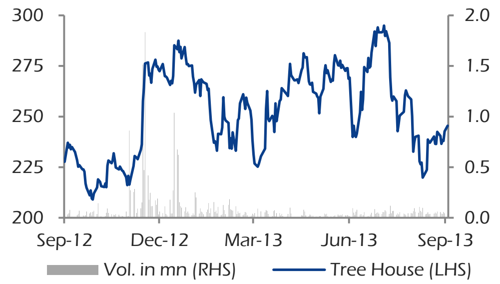
CMP: INR 246 (as on 23 September 2013)

Key data

Bloomberg /Reuters Code	THEAL IN/THEA.BO
Current /Dil. Shares O/S (mn)	36/37.7
Mkt Cap (INR bn/USD mn)	9/141
Daily Vol. (3M NSE Avg.)	29,444
Face Value (INR)	10
1 USD= INR 62.6	

Note: as on 23 September 2013; Source: Bloomberg

Price & Volume



Source: Bloomberg

Shareholding (%)	Q2FY13	Q3FY13	Q4FY13	Q1FY14
Promoter	29.3	27.8	27.8	27.8
Institutional Investors	12.1	12.5	12.1	12.2
Other Investors	49.4	50.2	49.6	49.5
General Public	9.3	9.5	10.5	10.6

Source: BSE

Price performance (%)	3M	6M	12M
Sensex	6.0	6.2	6.1
Tree House	(8.8)	8.2	7.8
Navneet Education	(10.7)	(5.9)	(2.7)

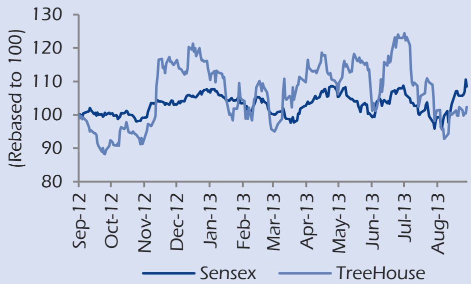
Source: Bloomberg

Valuation

Our two-stage DCF valuation estimates a robust operating profit CAGR of 34% over FY13-16E and marginally tapered EBIT growth of 20% over FY16-20E, deriving a target price of INR 370. We assume a 14.5% WACC and a 4% terminal growth rate.

Our target price gives an implied EV/EBITDA and P/E of 12x and 7x, respectively, on FY16E numbers. This looks reasonable considering the strong growth opportunity, low earnings risk and FCF positive in the current fiscal. We initiate coverage of Tree House with a **Buy** recommendation and a DCF-based target price of INR 370, implying potential upside of 51% from the current levels.

Price performance



Source: Bloomberg

Key Financials

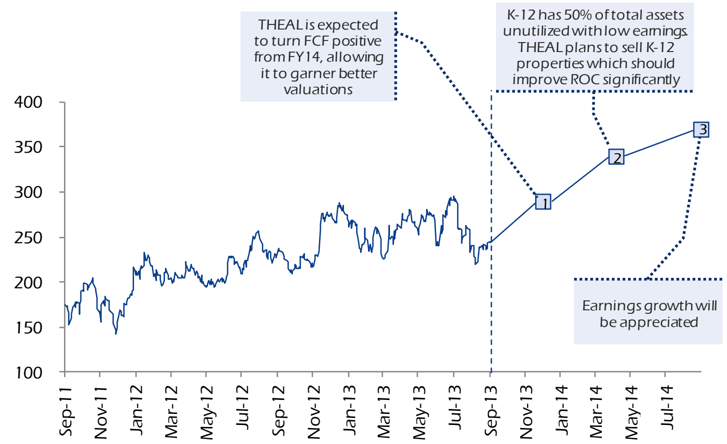
YE March	Revenue (INR mn)	YoY (%)	EBITDA (INR mn)	EBITDA margin (%)	Adj PAT (INR mn)	YoY (%)	Fully DEPS (INR)	ROE (%)	ROCE (%)	P/E (x)	EV/EBITDA (x)
FY12	772	96.8	420	54.4	217	135.5	7.2	11.4	14.3	34.3	23.6
FY13	1,143	48.0	618	54.1	333.3	53.9	9.6	11.1	13.5	25.7	16.1
FY14E	1,593	39.4	870	54.6	434.5	30.4	11.5	11.6	15.3	21.3	11.4
FY15E	2,074	30.2	1,140	55.0	576.2	32.6	15.3	13.4	17.8	16.1	8.7

Note: Pricing as on 23 September 2013; Source: Company, Elara Securities Estimate

Aliasgar Shakir • aliasgar.shakir@elaracapital.com • +91 22 3032 8516

Elara Securities (India) Private Limited

Valuation trigger (INR)



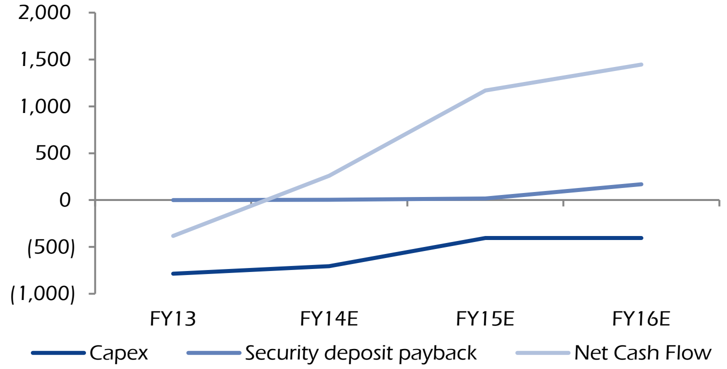
Source: Bloomberg, Elara Securities Estimate

Valuation overview

Particulars (INR mn)	Amount
Gross Asset Value	12,967
Add: Cash & Equivalents	1,661
Less: Debt	667
Market Cap	13,960
Diluted Shares (mn)	37.7
Fair Value per Share (INR)	370
Current Market Price (INR)	246
Upside/(Downside) (%)	51

Note: Pricing as on 23 September 2013; Source: Company, Elara Securities Estimate

Valuation driver – turning cash flow positive (INR mn)



Source: Company, Elara Securities Estimate

Investment summary

- Rising penetration rate, growing urbanization and shift from fragmented unorganized sector to organized is expected to grow the preschool market at a 26% CAGR of over FY13-18E.
- THEAL's aggressive growth plans should drive earnings at an accelerated pace.

Valuation trigger

1. THEAL is expected to turn FCF positive from FY14, allowing it to garner better valuations.
2. K-12 has 50% of total assets unutilized with low earnings. THEAL plans to sell K-12 properties, which should improve ROC significantly.
3. Earnings growth will be appreciated.

Key risks

- Competition from the fragmented unorganized market could slow growth of organized firms like THEAL.
- Currently, preschools are free from government regulations. Any intervention may have an adverse impact on business.

Our assumptions

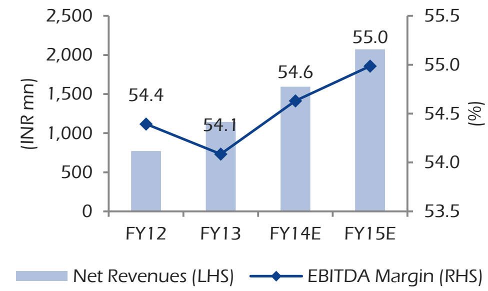
- We have factored in 230 self-operated preschools and 120 franchisees, growing overall centers at a 24% CAGR over FY13-16E.
- Subsequently, revenues and PAT are expected to grow at 32% each over FY13-16E.
- THEAL will start recovering funds allocated to the K-12 segment from FY14. This would make balance sheet asset light, improve cash flow and garner a superior ROC.

Financials (YE March)

Income Statement (INR mn)	FY12	FY13	FY14E	FY15E
Net Revenues	772	1,143	1,593	2,074
EBITDA	**420**	**618**	**870**	**1,140**
Less :- Depreciation & Amortization	78	134	192	254
EBIT	**342**	**484**	**678**	**886**
Less:- Interest Expenses	65	66	75	75
Add:- Non operating Income	39	71	33	33
PBT	**316**	**489**	**637**	**845**
Less :- Taxes	99	155	203	269
PAT	**217**	**333**	**434**	**576**
Balance Sheet (INR mn)	**FY12**	**FY13**	**FY14E**	**FY15E**
Share Capital	337	360	360	360
Reserves	2,227	3,074	3,723	4,186
Borrowings	514	667	667	667
Long Term Liabilites and Provision	3	3	3	3
Deferred Tax Liability	33	44	44	44
Total Liabilities	**3,114**	**4,148**	**4,797**	**5,259**
Gross Block	1,544	1,850	2,952	3,358
Less:- Accumulated Depreciation	174	300	491	745
Net Block	1,371	1,550	2,461	2,612
Add:- Capital work in progress	195	398	0	0
Long Term Loans and Advances	849	1,693	1,690	1,672
Investments	62	100	100	100
Net Working Capital	637	407	546	875
Total Assets	**3,114**	**4,148**	**4,797**	**5,259**
Cash Flow Statement (INR mn)	**FY12**	**FY13**	**FY14E**	**FY15E**
Cash profit adjusted for non cash items	355	445	668	872
Add/Less : Working Capital Changes	(90)	(41)	43	36
Operating Cash Flow	266	403	711	908
Less:- Capex	(819)	(786)	(705)	(406)
Free Cash Flow	(554)	(383)	7	503
Financing Cash Flow	1,135	643	140	(189)
Investing Cash Flow	(1,213)	(1,036)	(668)	(355)
Net change in Cash	**188**	**10**	**183**	**365**
Ratio Analysis	**FY12**	**FY13**	**FY14E**	**FY15E**
Income Statement Ratios				
Revenue Growth	96.8	48.0	39.4	30.2
EBITDA Growth	148.1	47.2	40.8	31.0
PAT Growth	135.5	53.9	30.4	32.6
EBITDA Margin	54.4	54.1	54.6	55.0
Net Margin	28.0	29.2	27.3	27.8
Return & Liquidity Ratios				
Net Debt/Equity (x)	0.0	0.1	(0.0)	(0.1)
ROE (%)	11.4	11.1	11.6	13.4
ROCE (%)	14.3	13.5	15.3	17.8
Per Share data & Valuation Ratios				
Diluted EPS (INR/Share)	7.2	9.6	11.5	15.3
EPS Growth (%)	96.9	33.5	20.5	32.6
DPS (INR/Share)	1.0	1.3	2.1	2.7
P/E Ratio (x)	34.3	25.7	21.3	16.1
EV/EBITDA (x)	23.6	16.1	11.4	8.7
EV/Sales (x)	12.9	8.7	6.2	4.8
Price/Book (x)	3.6	2.7	2.3	2.0
Dividend Yield (%)	0.4	0.5	0.8	1.1

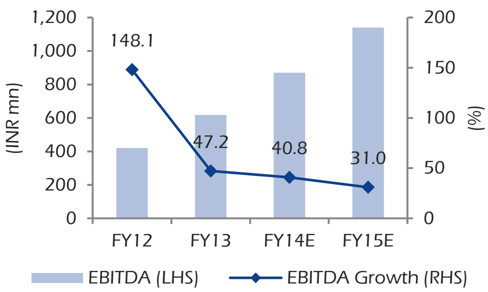
Note: Pricing as on 23 September 2013; Source: Company, Elara Securities Estimate

Revenue & margin growth trend



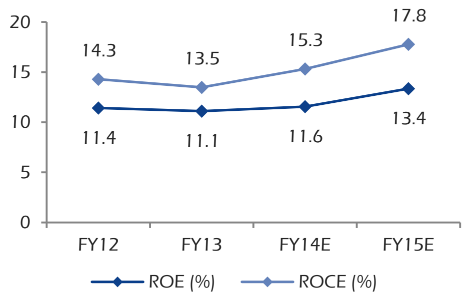
Source: Company, Elara Securities Estimate

Adjusted profit growth trend



Source: Company, Elara Securities Estimate

Return ratios



Source: Company, Elara Securities Estimate

Addition of 230 new self-operated centers will grow top line

ROC to improve to more than 20% with the sale of K12 assets

Investment Rationale

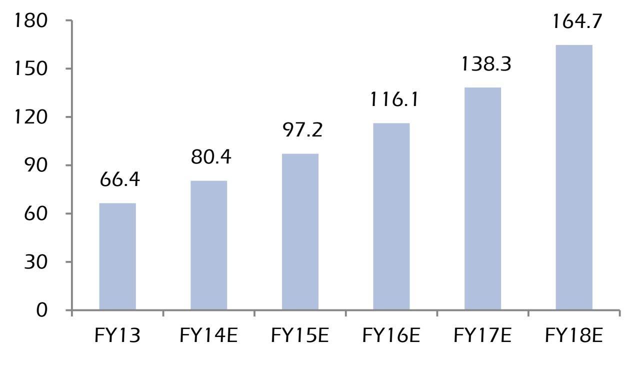
- **Pre-school industry growth holds significant scope**
- **Tree House on an expansion spree; thrives on asset-light model**
- **K-12 property sale to deliver asset light, cash rich and steady return ratios**

Preschool industry on robust growth trajectory

Over the past few years, preschools have gained in popularity. Rising urbanization, growing aspirations for a quality education, improved affordability and more women joining the workforce are factors driving strong growth in this segment. Preschools are a part of the non-formal education system, with current industry size of INR 66.4bn, as per Crisil Research. They cater to children ages 1-6 and offer play group, nursery, junior kindergarten and senior kindergarten classes.

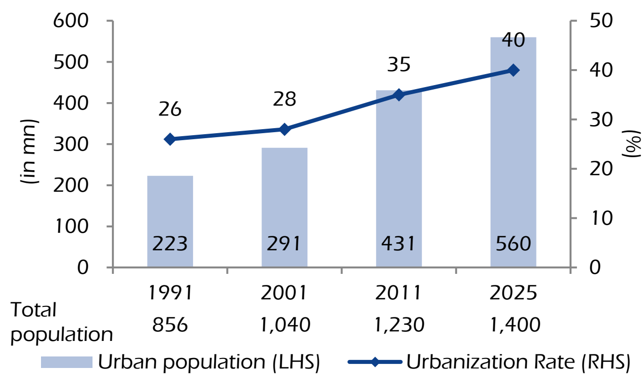
Various studies show that human beings learn and grasp the most until the age of 4. During this time, children learn to assimilate information, express interest and develop cognitive & emotional skills. Hence, preschools play an important role in the overall development of a child's cognitive skills and intelligence.

Exhibit 1: India's preschool market to double by FY18 (INR bn)



Source: Crisil Research

Exhibit 2: Cities to house 40% of population by 2025



Source: UNWUP 2013, Elara India Urbanization Model

Preschool market to grow at a 20% CAGR

CRISIL Research projects the overall preschool market will grow at a CAGR of 20% over 2013-18 from the current market size of INR 66bn to INR 165bn, driven by increasing penetration levels in the industry. Further, the organized market is expected to increase contribution from 20% to 26% over the next four years, owing to rising urbanization. Consequently, the organized preschool market is expected to grow at a CAGR of 26% over FY13-18E to INR 42.8bn from INR 13.2bn currently. If we assume 80 students per preschool, the organized sector would need to add 8,400 preschools, tripling the count to more than 12,700 preschools. India's total students catered by the organized preschool are set to reach 1.02 mn from 0.35 mn currently.

Exhibit 3: Preschool market opportunity

Particulars	Total	Organized	Unorganized
		2013	
Market Size (INR mn)	66,440	13,288	53,152
% of Total		20	80
Preschools	29,415	4,381	25,034
Students/Preschool	80	80	80
Total Students	2,353,223	350,480	2,002,743
Fees/Student (INR)	28,234	37,914	26,540
		2018	
Market Size (INR mn)	164,680	42,817	125,157
% of Total		26	76
CAGR (%)	*20*	*26*	*19*
Preschools	66,193	12,789	53,404
CAGR (%)	*18*	*24*	*16*
New Center Additions	36,778	8,408	28,370
Students/preschool	80	80	80
Total Students	5,295,438	1,023,110	4,272,328
CAGR (%)	*18*	*24*	*16*
Fees/Student (INR)	31,720	41,850	29,295
CAGR (%)	*2.4*	*2.0*	*2.0*

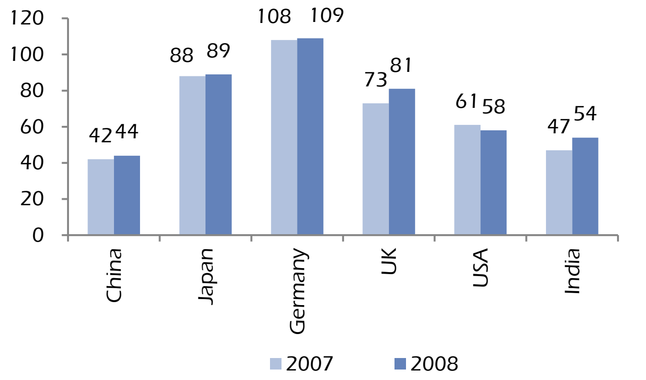
Source: Crisil Research, Company, Elara Securities Research

Increasing penetration in preschools

The gross enrollment ratio of preschool schools in India is lower than other major countries in the world. This number has seen a rise from 47% in 2007 to 54% in 2008, as per UNESCO.

With increased awareness about the necessity for a quality preschool education, the penetration level is set to rise.

Exhibit 4: Preschool GER of major countries (%)



Source: UNESCO

Shift from large unorganized to organized market

Low entry barriers, minimal investment and almost no regulations to oversee the preschool segment have led to a fragmentation. However, the industry is making a shift from an unorganized market to an organized one as awareness rises about the need for a quality preschool education. CRISIL expects the share of organized preschools to increase from 20% in 2012-13 to 26% in 2017-18. Large-scale expansion plans of existing companies and the entry of more organized firms should alleviate supply constraints in the segment. The organized preschool market is expected to grow at a CAGR of 26% over FY113-18E from INR 13.3bn to reach INR 42.8bn.

No regulatory intervention

Unlike K-12 school education and higher educational institutions, which are barred by law from becoming for-profit ventures, preschools are allowed to make profit. Besides, no regulations or standards regarding the curriculum govern the preschool market currently. This makes the industry free to operate on its own terms, which has also led to its highly unorganized nature.

Business models

The two business models, which are currently adopted by the Indian organized preschool firms, are a mix of self-operated schools and franchises. To attain scalability, a majority of firms have adopted the franchise model over the self-operated model.

Franchise model: In this model, the company expands its operations and extends its brand name through a franchise, in lieu of which, it is paid a one-time franchise and a royalty fee. The royalty fee, which is based on total fees generated by the preschool, is in the range of 10-20%. THEAL charges a royalty of 15%. In the franchise model, most preschools have a minimum built-up area requirement of 1,000-2,000 sq ft with a one-time franchise fee, depending on the location. Tree House charges a differentiated franchisee fee as per the tier of the cities, which is far above the peers. This is due to peers' main growth strategy to be franchisee model while THEAL targets self-owned model. Most franchisees break even in the second or third year of operations. Franchising enables a preschool to leverage the brand image, expand at a faster pace and remain asset light. Most preschool chains are adopting the franchise route for rapid growth. THEAL focuses largely on the self-operated model to fuel growth.

Exhibit 5: THEAL franchisee revenue model

Particulars	Revenue driver	FY14 revenues contribution (INR mn)
1. One-time management fees		85
Tier 1	INR 3.5-4.0mn	
Tier 2	INR 1.5-2.0mn	
Tier 3	INR 0.7-1.0mn	
2. Royalty	15-20% of revenues	14
3. Kits	INR 500 income/student	38
Total		137

Source: Company, Elara Securities Research

Company self-operated model

This model helps the company to maintain standardization and quality across its branches. Further, it allows capturing the entire revenue opportunity instead of sharing with the franchisee partner. However, due to higher bandwidth getting blocked, it slows the pace of growth in a number of centers.

Competitive landscape – self-operated vs franchisee advantage against peers

Tree House remains the largest self-operated company in the country with about 330 company-operated centers i.e. over 75% of the preschools. On the other hand, most of the other firms' operate 75% of the centers on franchisee basis. This is one of the key reasons why THEAL has fewer franchisee centers than leaders like Eurokids, Kidzee and Bachpan.

The franchisee model allows accelerating the scale of presence and also holds a significantly asset-light model, with almost nil investment. The major drive for most companies to adopt the franchisee model is tap the sizeable growth opportunity in the market, led by low penetration and made up of mostly unorganized firms. It also offers a 15-20% royalty share, which works out to be about 50% of the profit share, with zero investment, making a robust investment return.

If we compare on a center-wise basis, THEAL's approach has several advantages:

1. It does not require royalty sharing, which increases competitive position vs another center in the region and allows it to increase earnings per center.
2. It gets the advantage of scale to leverage its operating costs and ad spends, thus allowing it to break even with lower students per center metric.
3. It has an easier time attracting a superior talent pool of teachers due to the opportunity to work and scale up with direct company vs a franchisee.
4. Managing franchisee quality is always a constraint due to high profiteering and low influence on the franchisee owners in comparison to a self-operated center, which may be centralized.

These factors improve the competitive intensity of a self-operated model vs a franchisee, offering higher EBITDA per center, and the wherewithal to compete on a regional basis.

THEAL on expansion spree; thrives on asset-light model

Preschools operate on asset-light, annuity model

Tree House operates preschools on leased assets with 379 preschools on an asset base of meager INR 2bn. Preschool capex merely includes a one-time, setup cost of INR 5mn for a 2,000 sq ft property, with capacity for 200 students. The major cost driver remains rent. Thus, the business holds a higher operating leverage as incremental student fees largely flow to the bottom line. (existing fee structure is of about INR 40,000 per student). THEAL centers turn operational break even at just 20% capacity utilization and garner 50%-plus return ratios at just 50% capacity utilization.

This allows the company to expand at a rapid pace, as the center turns operationally profitable from the first year of operations and require limited loss-bearing capacity. The fee structure is linked to lease rentals. Thus, all centers hold similar capacity utilization threshold to profitability ratios despite the variation in rentals.

We have considered three scenarios viz., optimistic, base and bear case to understand operating leverage and potential for growth in return ratios of a preschool.

1. The optimistic scenario is based on a high capacity utilization center (Mahim) which has the potential to generate supernormal revenues.
2. The bear case is the current average number of students per center and capacity utilization calculated based on aggregate THEAL figures.
3. The base case assumes an average of 100 students per center, implying 50% capacity utilization.

Exhibit 6: Business model per center

Particulars (INR mn)	Optimistic case	Base case	Bear case
Student Capacity	250	209	209
Students	206	100	75
Capacity Utilization (%)	82	48	36
Fees (INR)	46,219	41,810	41,810
Total	**9,521,190**	**4,180,986**	**3,131,140**
<u>Costs</u>			
Rent	1,700,000	800,267	800,267
No of Teachers	12	5.1	5.1
Cost per Teacher (INR)	84,500	96,691	96,691
Teacher Cost	1,014,000	492,944	492,944
Security Cost	84,000	71,883	35,941
Consummables/event expenses/misc	200,000	194,745	194,745
Utilities	12,000	86,016	86,016
Total Expenses	**3,010,000**	**1,645,855**	**1,609,914**
Center-level Profit	6,511,190	2,535,131	1,521,226
OPM (%)	68.4	60.6	48.6
<u>Assets</u>			
Fixed Asset	4,500,000	4,500,000	4,500,000
Security Deposit (Owner)	500,000	500,000	500,000
Total assets/center	5,000,000	5,000,000	5,000,000
Asset Turns (x)	1.90	0.84	0.63
ROC* (%)	**130**	**51**	**30**

*excludes depreciation (FY13); Source: Company, Elara Securities Estimate

Optimistic case: We have modeled this case on one of THEAL's profitable centers (Mahim), which runs at 80% capacity with nearly 206 students with total capacity of 250. **With a fixed-cost nature of the business model, the company garners 68% in operating profit and a 130% ROC.** This center has been operational for four years, which is the period required to reach the optimum capacity utilization levels.

Bear Case: This is the current per centre metrics as per our model which indicates about **48% operating margin and 30% ROC at 36% capacity utilization levels.** However, this capacity utilization remains subdued as about 61 centers i.e. 20% are unproductive (will start from 2013-14 or had first year of operations in 2013-14). Excluding them, the average student per center jumps over 90 ie about 45% capacity utilization. A center usually becomes stable generating 50% ROC at 50% capacity utilization levels that can be reached in two years of operations. THEAL has an average number of 110 students per center for every center started before 2011.

Base Case: For the base case, we assume 100 students per center i.e. **50% in capacity utilization as the base case, (which holds true for THEAL centers completed a two-year gestation period) has the potential to garner 60% in operating margin and a 50% ROC.** Centers which have completed the two-year gestation period hover at a similar average. But new centers which have not completed the two-year gestation period drive down the overall average. This indicates the company's per center return remains high, and as a larger number of centers complete the gestation period, the company would be able to generate superior return ratios.

THEAL – Western focus, expanding pan-India

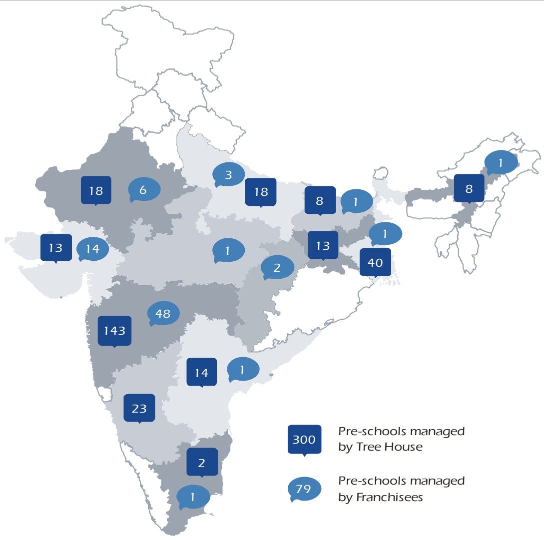
At present, Tree House operations are concentrated in West India. Nearly 50% of 300 self-operated preschools are in Mumbai. The company now plans to tap other regions like Bangalore in South India and Kolkata in East India in the Tier I areas as well as Pune, Udaipur and Bhubaneshwar in the Tier II regions.

Exhibit 7: Center-wise profitability

	FY12		FY13	
Location	Total centers	Profitable	Total centers	Profitable
Ahmedabad	9	9	9	9
Bangalore	18	18	20	19
Baroda			1	1
Chennai	2	2	2	1
Gujarat			1	1
Guwahati	1	0	8	0
Hyderabad	15	10	15	15
Jaipur	15	10	18	18
Kolkata	25	17	30	28
Mumbai	93	83	123	114
Nagpur	2	0	4	3
Patna			8	2
Pune	4	4	16	14
Ranchi			7	4
Total	184	153	262	229

Source: Company, Elara Securities Research

Exhibit 8: Geographic presence



Source: Company

Targets to add over 500 preschools over FY13-16E

Management has been on an expansion spree, adding about 80 preschools per year over the past four years, at about 60% CAGR. It has an ambitious plan to add about 335 preschools over the next three years, more than doubling from the current 300 self-operated ones. Further, it plans to add 178 franchisees on the existing base of just 79.

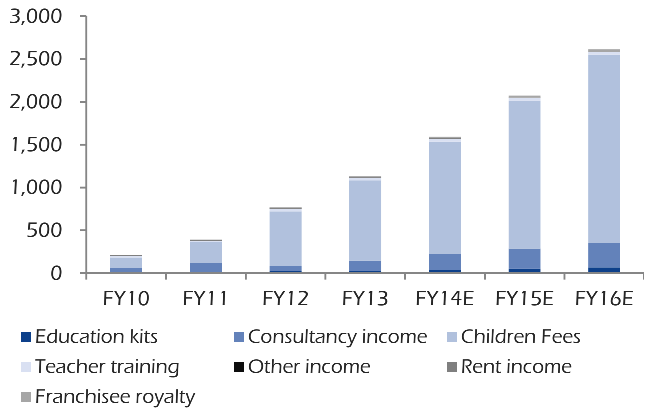
Exhibit 9: Aggressive growth guidance

Particulars	2013-14	2014-15	2015-16
Number of centers			
Self-Operated Tier I Opening	80	105	130
Self-Operated Tier II & III Opening	220	280	355
Additions in Tier II, III cities	30	45	45
Additions in Tier I	15	15	15
Golbal Champs	4	25	50
Under Fitouts (Tier II & III Cities)	30	30	30
Under Fitouts (Tier I)	10	10	10
Total self operated	389	510	635
Franchisees	79	147	197
New Franchise Centers Opened	68	50	60
Total Franchisees	147	197	257
Total Number of Centers	536	707	892

Source: Company

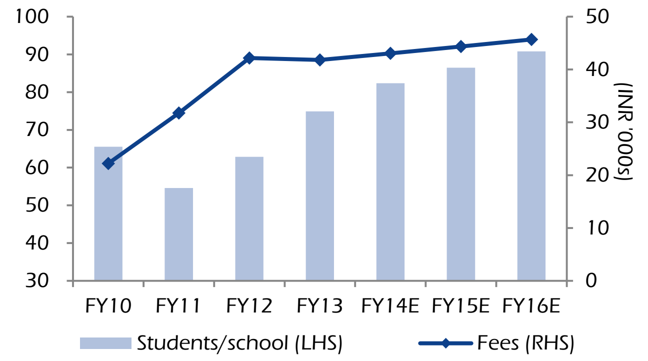
We have factored in an addition of 230 self-operated preschools and 120 franchisees over the next three fiscal less than 70% of the company target. With 8,000 preschools required in the next five years, we believe the industry offers significant growth potential. Capex of INR 5mn per school also does not require heavy investment.

Exhibit 10: Revenue growth led by preschool fee income (INR mn)



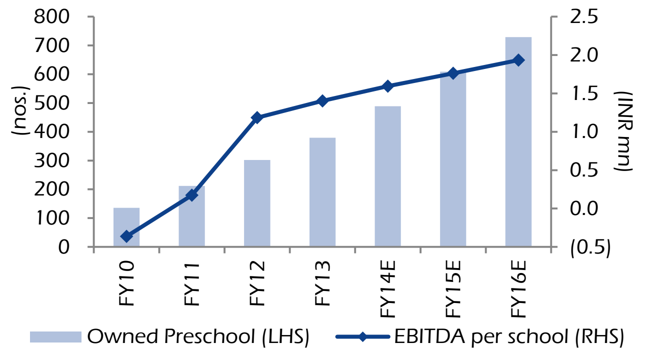
Source: Company, Elara Securities Estimate

Exhibit 11: Student/center to grow 7% over FY12-16E



Source: Company, Elara Securities Estimate

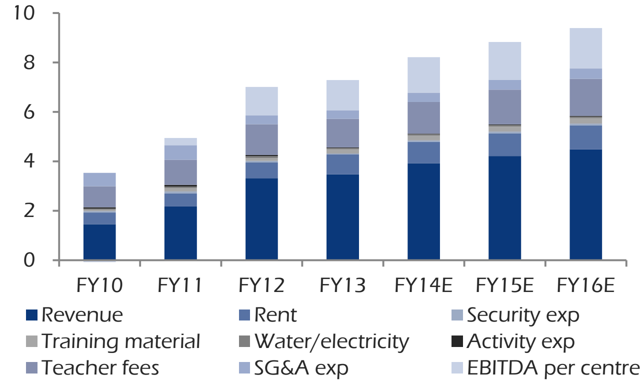
Exhibit 12: Operating leverage kicks in with an increased school base



Source: Company, Elara Securities Estimate

Currently, THEAL has an average of 75 students per preschool, growing from 55 since FY11. It usually takes about two years for the preschool to reach stable state average students level of about 100. This is evident from the THEAL preschools started on or before FY11, which hold an average student per school level of 110, while preschools started on or before FY12 have an average of 88 students per school. We believe as the company's ratio of operational schools to new preschools (before a two-year gestation period) goes up, the average students per school may improve. We have factored in a 7% CAGR increase from 75 to 91 over FY13-16E for the overall self-operated preschool.

Exhibit 13: Fixed cost structure leads operating leverage (INR mn)



Source: Company, Elara Securities Estimate

EBITDA margin has the potential to grow manifold

EBITDA margin grew from 15-18% in FY08-09 to 54.1% over the past four years. This growth was led by operating leverage from fixed selling and admin costs, improving centre profitability and levers on employee costs. We have factored in a marginal improvement in EBITDA margin of about 100bps over the next three years due to rising contribution from K-12 schools and franchisees, which have no respective costs. We have been conservative in our K-12 earnings growth estimate with about 20% lower than guidance. With all schools starting the next fiscal, Tree House has the opportunity to generate higher earnings from the K-12 segment.

The preschool segment also has the potential to surprise us on the positive based on our EBITDA margin expectations, with key levers of average student per preschool growth, SG&A operating leverage and higher cost inflation vs fees inflation. We expect THEAL's students per preschool to grow at a 7% CAGR over the FY13-16E. Any incremental addition can flow to the bottom line due to inherent operating leverage in the business. We have factored in nil operating leverage of SG&A expenses, which contribute 8% of revenues. With A&P spent at 4.5% of revenues, spending INR 51mn in FY13E, we have kept the ratio constant which augments the A&P budget to INR 112mn. This may be lower than expected. We have assumed a high cost inflation of more than 8% in total expenses and employee cost inflation of 10% vs fee growth of 3%. Being a relatively inelastic product, school fees should have the potential to pass on cost inflation, which should provide impetus to EBITDA margin.

Education

Exhibit 14: Competitive landscape

Player	Est since	Business Model	Teaching Method	Current Size	Current Cities	Expansion Plans	Royalty	Teacher/ Student	Owner or Promoter	K -12 presence
Tree House	2003	Company owned model	Montessori, Play-way	410		175 by 2015	15%	01:10	Rajesh Bhatia	24
Euro Kids	1997	Franchisee model	Play-way	880	348	120+ in 1-2 yrs			Gaja Capital	13
Podar Jumbo Kids	1993	Both	Play-way	160			20%	01:12	Podar Intl group	Many cities
Kangaroo Kids	1993	Franchisee model		80	17	150			Lina Ashar	6 Billabong schools
Shemrock	1989	Franchisee model		225		50 centers	15%	01:10	Arora family	Recently entered K-12 (senior secondary school in Punjab
Kidzee	2003	Franchisee model		990	330	500 more in 1-2 years		01:10	Zee group	9 operational, 23 under development
Bachpan	2004	Franchisee model		900						No presence
Little Millenium	2006	Franchisee model	Multiple-intelligence and thematic method	250		Plans to expand in Tier-2 &3 penetrate existing cities.			Educomp	Yes
Serra Intl		Both	Reggio Emilia	30		Plans tie up with real estate cos and grow fast			Edvance - Intl, tie-up with EtonHouse	No presence plan to tie up with real estate cos & grow fast
Time Kids		Both		170					TIME Private Limited which is into Test-Prep with pan India	No presence
Hello Kids		Franchisee model	Montessari	219		500+ branches in 1-2 years	No royalty model	01:10		No presence
Apple Kids		Franchisee model		200						No presence
Total		**Business model**		**4,514**						

Source: Crisil, Company

K-12 sale to deliver asset light, cash rich and steady return ratios

Low ROC a myth – set to rise exponentially

The company's ROC is well below the expected levels despite the asset-light preschool model, allowing it to garner higher return ratios. This is because the company holds substantial investment in K-12 schools.

Exhibit 15: Re-engineering ROC

Particulars (INR mn)	FY13	FY14E	FY15E	FY16E
EBIT	484	678	886	1,153
Net Assets (after K-12 assets sale)	4,444	5,026	5,165	5,514
ROC (%)	10.9	14.3	17.4	21.6

Source: Company, Elara Securities Estimate

Exhibit 16: Preschool return ratios

Particulars (INR mn)	FY13	FY14E	FY15E	FY16E
Revenues	1,067	1,493	1,924	2,415
Invested Assets	1,911	2,127	2,507	3,198
Asset Turn (x)	0.56	0.74	0.83	0.85
EBIT	414	578	736	953
EBIT margin (%)	38.8	38.7	38.3	39.4
ROC (%)	**21.7**	**28.6**	**31.8**	**33.4**

Source: Company, Elara Securities Estimate

In 2010, the company ventured into the K-12 segment. It operates 24 schools, with an overall investment of more than INR 2.4bn i.e. about 50% of the asset base. The company also acquired business commercial rights for INR 250mn to operate 12 schools for the next 30 years; it has invested INR 960mn in land & building and provided security deposit of INR 1.1bn to the trusts to operate schools. This has made significant capital unutilized THEAL. Further, as majority of the assets are underutilized due to the capex stage, return ratios have been significantly hampered, in our view.

Exhibit 17: K-12 assets

Particulars (INR mn)	Amount
BCR	250
Land and Building	1,026
Security Deposit	1,120
Total K-12 Investment	2,396
Total Assets	5,190
Contribution to Total Assets (%)	46
Revenue	100
Asset Turn (%)	5
ROC (%)	5

Source: Company, Elara Securities Estimate

Property sale to turn balance sheet asset light

The company has realized the importance of thriving on an asset-light model and therefore plans to sell its K-12 properties but hold the school management rights of 24 schools. Currently, the company holds about INR 960mn for four K-12 property on the balance sheet. The company plans to sell all properties over the next 2-3 fiscal, which will reduce balance sheet size by about 20%.

Further, THEAL has provided security deposit of INR 1.12bn to the trusts of 12 schools to build schools, which it is scheduled to recover over the next 6-7 years. This will further reduce the overall balance sheet size by 20%. Thus, out of total K-12 investment of INR 2.4bn, about INR 2.08bn will be recovered, leaving INR 312mn worth of K-12 investment on the books. This will not have a negative impact on earnings potential of K-12 segment, as the company will continue to hold school management servicing rights of the 24 schools. Additionally, the funds can be utilized to repay the INR 667mn debt balance as of FY13.

Cash-rich annuity earnings, sizeable ROC

A majority of the schools have started functioning in the current year and all will be fully operational from FY15. Once the asset reduction process is completed, THEAL will operate 24 schools with just INR 312mn in investment. With K-12 school operations being a steady cash cow business with virtually zero earnings risk, it should have the potential to exceed return on investments and provide ROC of well above 100%.

Exhibit 18: K-12 asset reduction

Particulars (INR mn)	Balance Sheet	Cash Flow
Total K-12 assets	2,396	2,396
Reduction	**(2,084)**	**(2,572)**
Land and Building	(962)	(1,450)
Loans and Advances	(1,122)	(1,122)
Net amount	**312**	**(176)**

Source: Company, Elara Securities Estimate

FCF to turn positive with completion of K-12 capex

THEAL has passed its peak K-12 funding and FY14E would be the last year of K-12 capex with about INR 350mn. With a sizeable base in preschool, the company should turn FCF breakeven in the current fiscal with operating cash flow of INR 711mn, which should be able to meet capex requirement of INR 350mn and INR 355mn for preschool and K-12, respectively. With preschool growth to continue even as K-12 completes the capex mode, Tree House will generate consistent and steady cash flow post FY14.

Asset sale at 1.5x book value adds sizeable cash flow

THEAL has started recovering cash on sale of K-12 properties. It is looking for potential buyers, and, over the next 2-3 fiscal, it should be able to complete the sale of all 4-5 K-12 properties, which will raise total cash of about INR 1.45bn vs a book value of INR962mn, subsequently growing the cash flow position. The company should be able to accumulate net cash of INR 824mn by FY16E, i.e. INR22 per share, which is 10% of the market cap.

Exhibit 19: K-12 properties to recover about 1.5x BV

Location	Year	Expected Value (INR mn)	Book Value (INR mn)
Baroda 1	FY14E	250	163.4
Baroda 2	FY15E	350	228.8
JhunJhunu	FY15E	300	196.1
Kalyan (JV) 50% Share	FY16E	250	163.4
Goregoan	FY16E	300	210.0
Total		1450	962

Source: Elara Securities Estimate

Exhibit 20: K-12 return ratios

Particulars (INR mn)	FY13	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
Elara Revenue Estimates	70	100	150	200	240	288	346	415
Revenue Guidance	70	114	169	243				
Assets	2,046	2,229	1,787	1,244	1,101	893	621	312
Asset Turn (%)	3	5	7	13				
EBIT	70	100	150	200	240	288	346	415
EBIT Margin (%)	100	100	100	100	NA	NA	NA	NA
ROC (%)	3	5	7	13	NA	NA	NA	NA
ROC (Revenue Guidance) (%)	3	5	9	20	22	32	56	133

Source: Company, Elara Securities Estimate

Exhibit 21: Turning FCF positive

Cash flows (INR mn)	FY13	FY14E	FY15E	FY16E	FY17E*	FY18E*	FY19E*	FY20E*
Operating Cash Flow	403	711	908	1,133				
Capex (Preschool)	(410)	(355)	(406)	(406)				
Capex (K-12)	(376)	(350)	-	-				
FCF	**(383)**	**7**	**503**	**728**				
K -12 Sale		250	650	550				
Security Deposit Payback (Loans and Advances)	0	3.5	17.3	169.2	143.1	207.9	272.4	308.7
Net Cash Flow	**(383)**	**260**	**1,170**	**1,447**	**143**	**208**	**272**	**309**

Note: * includes only K-12 asset recovery; Source: Company, Elara Securities Estimate

Exhibit 22: Balance Sheet turning asset light

Particulars (INR mn)	FY13	FY14E	FY15E	FY16E	FY17E*	FY18E*	FY19E*	FY20E*
Total Assets	4,444	5,190	5,754	6,476				
Preschool	1,911	2,127	2,507	3,198				
Cash	487	667	1,018	1,491				
K -12	2,046	2,229	1,787	1,244	1,101	893	621	312
Net Assets (after K-12 Assets Sale)	4,444	5,026	5,165	5,514				
Reduction from Existing Total Asset (%)	0	(3)	(10)	(15)				

Note: * includes only K-12 asset recovery; Source: Company, Elara Securities Estimate

Education

Valuation & Recommendation

- **Scalable model, low earnings beta should garner better valuation**
- **Turning FCF positive, focusing on asset-light model to improve ROC**
- **We initiate coverage with a Buy rating; DCF-based target price of INR 370**

Scalable model, low earnings beta

Tree House has the potential to grow at a rapid pace for a long period, led by a favorable industry scenario. The company operates in an industry which offers high growth opportunity, given low penetration and a shift from a largely unorganized market to an organized one. This should allow it to garner an attractive PEG.

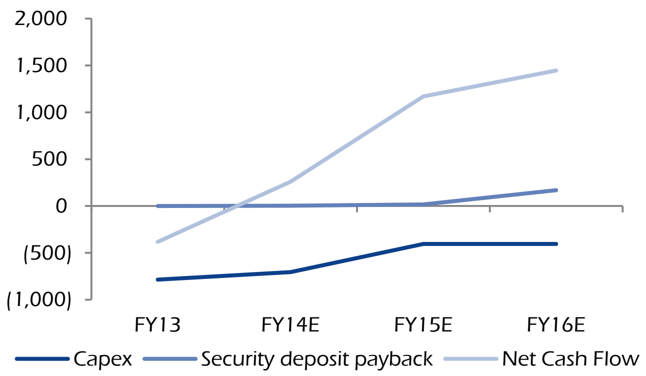
The education sector is characterized by low earnings beta and steady earnings. Subsequently, there is virtually little macro risk attached to earnings, reducing the equity risk premium.

Turns FCF positive; asset-light model to garner better ROC

With an asset-light leased model, the preschool expansion should be without draining cash flow. The K-12 segment has to date incurred heavy capex; however, it has passed its peak capex cycle. FY14E is the last fiscal for further K-12 capex, with an investment of INR 350mn.

The company's plans to sell K-12 assets should allow it to garner robust cash flow over the next 2-3 fiscal and command better valuations.

Exhibit 23: Turning cash flow positive (INR mn)



Source: Company, Elara Securities Estimate

Two-stage DCF based TP of INR 370

Our two-stage DCF valuation estimates a robust operating profit CAGR of 34% over FY13-16E while a tapered EBIT growth of 20% over FY16-20E. Our TP of INR 370 per share assumes a WACC of 14.5% and a terminal growth rate of 4%. Steady terminal growth is on account of preschools nascent stage and THEAL can witness steady growth for an extended period, which would enable it to garner a strong operating cash flow.

Our target price gives an implied EV/EBITDA and P/E of 12x and 7x, respectively, on FY16E numbers. This looks reasonable considering good growth opportunity and low earnings risk. We initiate coverage of Tree House with a **Buy** recommendation and a target price of INR 370, implying upside potential of 51% from the current levels.

Exhibit 24: Valuation overview

Particulars (INR mn)	Amount
Gross Asset Value	12,967
Add: Cash & Equivalents	1,661
Less: Debt	667
Market Cap	13,960
Diluted Shares (mn)	37.7
Fair Value per Share (INR)	**370**
Current Market Price (INR)	246
Upside/(Downside) (%)	51

Note: Pricing as on 23 September 2013; Source: Bloomberg, Elara Securities Estimate

Exhibit 25: Discounted cash flow model

Particulars (INR mn)	FY13	FY14E	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
Operating Income	484	678	886	1,153	1,383	1,660	1,992	2,390
Operating Taxes	155	203	269	353	424	509	611	733
Tax rate	0	0	0	0	0	0	0	0
EBIT (1- t)	329	476	618	799	959	1,151	1,381	1,657
Depreciation	134	192	254	288	346	415	498	597
Changes in WC	(41)	43	36	46	55	66	79	95
Capital Expenditure	(1,296)	(701)	(388)	(316)	(380)	(456)	(547)	(656)
Free Cash Flow to Firm	(875)	10	520	817	980	1,176	1,411	1,694
Terminal Value								16,601
FCF incl Terminal Value	(875)	10	520	817	980	1,176	1,411	18,295

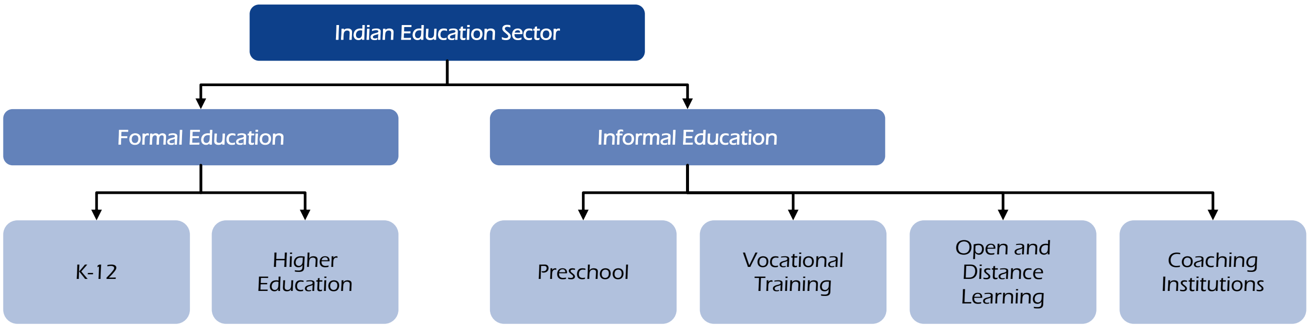
Source: Company, Elara Securities Estimate

Annexure 1: THEAL service offerings

Services Offerings	Description	Age group
Playgroup	This course is offered to children for two hours daily on weekdays. It is based on the playway method with an aim to prepare children to attend a school	1.5 to 2.5 years
Nursery	This course is offered daily for two hours on weekdays to children. In this course, children taught interalia, writing and reading, value education through a combination of the Montessori and playway method. The course is aimed at helping children to undergo a transition to formal school	2.5 to 3.5 years
Vacation Camp	Vacation camps are organized during Summer for a period of four weeks or Diwali or Christmas holidays for children. Various activities are conducted during the camp to ensure that children utilize their time doing constructive things and learning	2 to 12 years
Junior KG	This three-hour course is offered daily on weekdays to children. This course is taught through a combination of Montessori and the playway method to prepare children for reading, writing and mathematics	3.5 to 4.5 years
Senior KG	This three-hour course is offered daily on weekdays to children. Children are taught English, mathematics and general knowledge to prepare them for formal education to build their inter-personal skills and develop independence	4.5 to 5.5 years
Activity or Hobby Class	Various activities including dance (Western / Indian / Classical), music, art and craft, yoga, spoken English and Mathematics workshops are offered at some select preschools	All
Day Care Services	We offer day care services at some of the self-operated preschools under the brand name, *Muskaan*. These services are usually offered for children who attend our preschools and remain at our preschools after their course 8ntil such time their parents are able to attend to them	All
Teacher Training	The three-month course is offered to women only. The course comprises theory classes and practical internship at preschools. Additionally, workshops are conducted and provide interactive learning for candidates. The course provides qualifications to be a teacher at a preschool	

Source: Company

Annexure 2: Structure of India's education sector



Source: Crisil Research

Annexure 3: Various teaching methods followed by preschools in India

Teaching Methods	Focus	Child Centric/ Teacher Directed	Firms
Montessori Education	Four important components: practical life, sense organs, language and math skills	Child-centric approach w ith focus on natural grow th of child and teacher acts as a guide in the process	Tree House, Little Millenium, ABC Montessori
Waldorf Method	Imaginative and more practical activities.	More of teacher directed as teacher is involved in implementing new ideas and creative stuff	Big Umbrella
Reggio Emilia Method	Conditions that motivates a child to think on his own and learn through curiosity	Both child-centric and teacher directed as childs abilities along with suggestion from teacher play important role in child's development	Serra International
Playw ay Method	Learning through play activities. Math, language, social studies are all taught with the help of various playing techniques. Formal reading and math skills.	Child-centric method w hich suits natural interest of child. Teacher acts as a guide in the activities	Tree House, Podar Jumbo Kids, Little Millenium, Sunshine Kids
Academic Traditional Method	Play is also part of curriculum but limited time is alloted to the activity	Teacher directs child on what to do and guides him in learning the skills	
Multiple Intelligence	Eight intelligences: spatial, linguistic, logical, mathematical, bodily-kinesthetic, musical, interpersonal, intrapersonal and naturalistic	Role of teacher is greater in determining what the child likes	Little Millenium, Fastrack International

Source: CRISIL Research

Annexure 4: Geographic-wise profitable centers

Particulars	Total	Profitable	Total	Profitable	Total	Profitable	Total	Profitable	Total	Profitable	Total	Profitable
Location	Centers Opened Upto 2009		2010		2011		2012		2013			
Ahmedabad	2	2	5	5			2	2				
Bangalore			13	13	5	5	2	1				
Baroda	1	1										
Chennai			2	2								
Gujarat							1	1				
Guwahati							8	0				
Hyderabad			2	2	2	2	11	11				
Jaipur					18	18						
Kolkata							28	27	2	1		
Mumbai	39	39	14	14	4	4	49	48	17	9		
Nagpur							4	3				
Patna							8	2				
Pune			1	1			12	12	3	1		
Ranchi							6	3	1	1		
Total	**42**	**42**	**37**	**37**	**29**	**29**	**131**	**110**	**23**	**12**	**262**	**230**

* Only operational centers

Source: Company

Company Description

Tree House Education & Accessories is a provider of educational services. It focuses on operations primarily through self-operated preschools. The company offers playschool and nursery facilities, junior kindergarten (KG), Senior KG, vacation camps, mother-toddler classes, hobby classes, teacher training, daycare facilities and teacher training courses at its preschools. It provide a range of educational services to K-12 schools, which include designing curriculum and providing teaching aids, supplying methods for imparting education, organizing extracurricular activities for students and teacher training. The K-12 segment represents 24 K-12 schools providing education from KG to class XII. In June 2013, Tree House Education and Accessories gained ownership of the Brainworks Learning Systems Priva along with all assets.

Board of Directors & Management

Rajesh Bhatia

Rajesh Bhatia is the managing director. He holds a bachelor's degree in engineering in computer science from MS University, Baroda and a master's in business administration from Pune University. Rajesh has about seven years of experience in the education industry. He has been associated with the company since its inception. Rajesh oversees the day-to-day operations.

Vishal Shah

Vishal Shah has six years of experience in the education industry. He has worked with Apple Finance as a trainee in 1994-96. In 1996, he joined Indsec Securities and Finance as an assistant vice president. Vishal has been with the company since its inception in 2007. He oversees the marketing & administration department. His responsibilities include marketing, setting up of new centers, identifying properties for expansion, appointing franchisees and procurement.

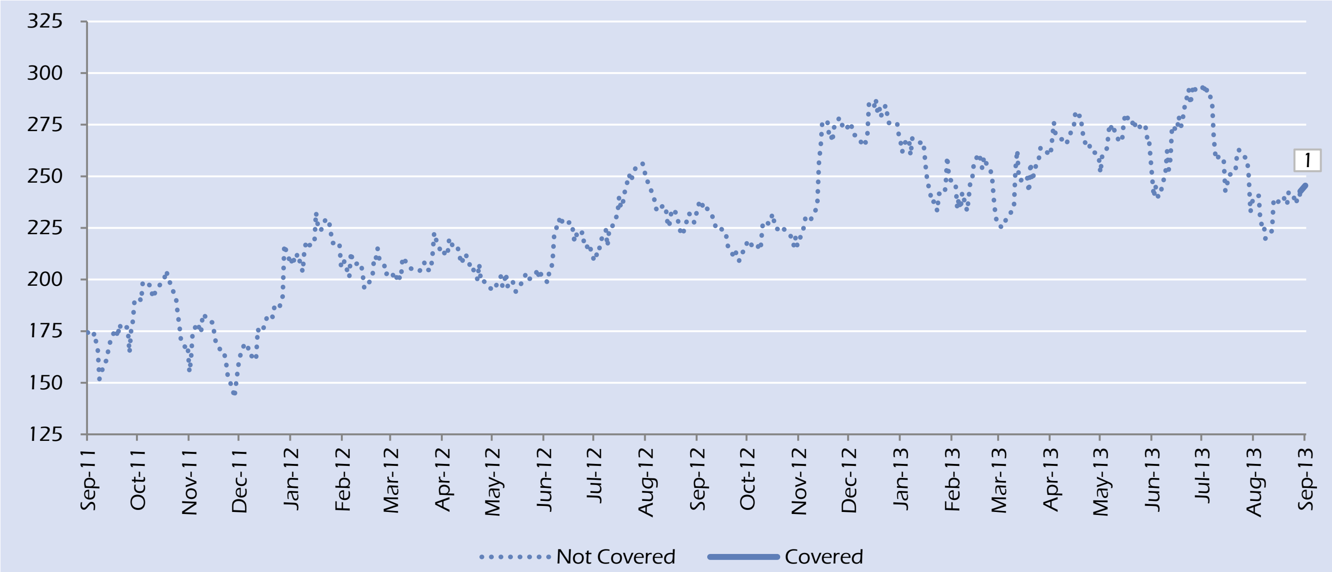
Sanjaya Kulkarni

Sanjaya Kulkarni has 30 years of experience in the financial services and consumer durables industry. He has worked for Citibank, India from 1973-80 and was involved in investment banking and managing corporate relationships. He was also the chairman of the Equipment Leasing Association from 1993-95. Sanjaya previously managed Century Direct Fund, one of the earliest private equity funds for investment in growth companies in India and also promoted 20th Century Finance Corporation.

Geeta Bhatia

Geeta Bhatia is a non-executive director. She holds a bachelor's degree in commerce from Mumbai University. Geeta has seven years of experience in the education industry. She has been awarded order of merit for Montessori education by the Indian Council of Management Executives, Mumbai, and has been honored by the Indian Council of Management Executives, Mumbai, as a *Samajshri* in recognition of services rendered to the public.

Coverage History



	Date	Rating	Target Price	Closing Price
1	23-Sep-2013	Buy	INR 370	INR246

Guide to Research Rating

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

Disclosures & Confidentiality for non U.S. Investors

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

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

Disclaimer for non U.S. Investors

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

Disclosures for U.S. Investors

The research analyst did not receive compensation from Tree House Education Education & Accessories Limited.

Elara Capital Inc.'s affiliate did not manage an offering for Tree House Education Education & Accessories Limited.

Elara Capital Inc.'s affiliate did not receive compensation from Tree House Education Education & Accessories Limited in the last 12 months.

Elara Capital Inc.'s affiliate does not expect to receive compensation from Tree House Education Education & Accessories Limited in the next 3 months.

Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.

Elara Securities (India) Private Limited

ElaraCapital

India	Europe	USA	Asia / Pacific
Elara Securities (India) Pvt. Ltd. Indiabulls Finance Centre, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 3032 8500	Elara Capital Plc. 29 Marylebone Road, London NW1 5JX, United Kingdom Tel : +4420 7486 9733	Elara Securities Inc. 477 Madison Avenue, 220, New York, NY 10022, USA Tel :212-430-5870	Elara Capital (Singapore) Pte.Ltd. 30 Raffles Place #20-03, Chevron House Singapore 048622 Tel : +65 6536 6267

Harendra Kumar	Managing Director		harendra.kumar@elaracapital.com	+91 22 3032 8571
Sales				
Anuja Sarda	London	+44 77 3819 6256	anuja.sarda@elaracapital.com	+44 20 7299 2577
Amit Mamgain	India	+91 98676 96661	amit.mamgain@elaracapital.com	+91 22 3032 8543
Himani Singh	India	+91 99875 56244	himani.singh@elaracapital.com	+91 22 3032 8501
Manan Thakkar	India	+91 98193 81181	manan.thakkar@elaracapital.com	+91 22 3032 8542
Prashin Lalvani	India	+91 98334 77685	prashin.lalvani@elaracapital.com	+91 22 3032 8544
Sales Trading & Dealing				
Manan Joshi	India	+91 98704 72678	manan.joshi@elaracapital.com	+91 22 3032 8555
Manoj Murarka	India	+91 99675 31422	manoj.murarka@elaracapital.com	+91 22 3032 8551
Vishal Thakkar	India	+91 98694 07973	vishal.thakker@elaracapital.com	+91 22 3032 8552

Research				
Aarthisundari Jayakumar	Analyst	Pharmaceuticals	aarthi.jayakumar@elaracapital.com	+91 22 3032 8510
Abhinav Bhandari	Analyst	Construction, Infrastructure	abhinav.bhandari@elaracapital.com	+91 22 3032 8507
Aliasgar Shakir	Analyst	Mid caps & Telecom	aliasgar.shakir@elaracapital.com	+91 22 3032 8516
Ashish Kejriwal	Analyst	Metals & Mining	ashish.kejriwal@elaracapital.com	+91 22 3032 8505
Ashish Kumar	Economist		ashish.kumar@elaracapital.com	+91 22 3032 8536
Aashish Upganlawar	Analyst	FMCG	aashish.upganlawar@elaracapital.com	+91 22 3032 8546
Deepak Agrawala	Analyst	Power and Capital Goods	deepak.agrawala@elaracapital.com	+91 22 3032 8523
Henry Burrows	Analyst	Derivative Strategist	henry.burrows@elaracapital.com	+91 22 3032 8554
Mohan Lal	Analyst	Media , Automobiles	mohan.lal@elaracapital.com	+91 22 3032 8502
Mona Khetan, FRM	Analyst	Banking & Financials, Strategy	mona.khetan@elaracapital.com	+91 22 3032 8514
Rakesh Kumar	Analyst	Banking & Financials	rakesh.kumar@elaracapital.com	+91 22 3032 8559
Ravi Sodah	Analyst	Cement	ravi.sodah@elaracapital.com	+91 22 3032 8517
Sumant Kumar	Analyst	Travel & Hospitality, Paper	sumant.kumar@elaracapital.com	+91 22 3032 8503
Pooja Sharma	Associate	Automobiles	pooja.sharma@elaracapital.com	+91 22 3032 8519

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

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

Member (NSE, BSE)
Regn Nos: CAPITAL MARKET SEBI REGN. NO.: BSE: INB 011289833, NSE: INB231289837 DERIVATIVES SEBI REGN. NO.: NSE: INF 231289837
CLEARING CODE: M51449.
Website: www.elaracapital.com Investor Grievance Email ID: investor.grievances@elaracapital.com