Company Update

WELSPUN CORP LTD

PRICE RS.136 **TARGET RS.161** **BUY**

Stock Details

Market cap (Rs mn)	:	36256
52-wk Hi/Lo (Rs)	:	187 / 87
Face Value (Rs)	:	5
3M Avg. daily vol	:	882,872
Shares o/s (m)	:	265

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY19E	FY20E	FY21E
Revenue	99,068	101,566	103,803
Growth (%)	30.6	2.5	2.2
EBITDA	6,787	8,468	8,754
EBITDA margin (%)	6.9	8.3	8.4
PAT	1,835	3,257	3,664
EPS	6.9	12.3	13.8
EPS Growth (%)	20.0	77.5	12.5
BV (Rs/share)	114	126	139
Dividend/share (Rs)	0.5	0.5	0.5
ROE (%)	6.0	9.7	9.8
ROCE (%)	7.1	10.0	9.9
P/E (x)	19.7	11.1	9.8
EV/EBITDA (x)	5.6	4.3	3.8
P/BV (x)	1.2	1.1	1.0

Source: Company, Kotak Securities - PCG

Shareholding Pattern (%)

(%)	Dec-18	Sep-18	Jun-18
Promoters	48.7	48.3	48.3
FII	6.2	5.5	5.9
DII	8.7	8.6	8.3
Others	36.2	37.6	37.6

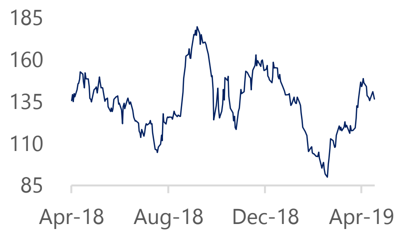
Source: Bloomberg, BSE

Price Performance (%)

(%)	1M	3M	6M
Welspun Corp	17.6	14.0	(1.3)
Nifty	2.9	7.8	12.4

Source: Bloomberg

Price chart (Rs)



Source: Bloomberg

Welspun Corp (WCL) is a leading global manufacturer of large diameter pipes with an installed capacity of 2.4 Mn tonnes. With the execution and addition of the latest order of 180KT, the company order book at the start of FY20 now stands at 1.66 MT (in terms of revenue Rs141 bn), to be executed over next 15-18 months. At the end of FY19, WCL has entered into an agreement to sell PCMD division and 43MW power plant, at a consideration of Rs9.4 bn, this will make balance sheet further leaner, post the completion of the transaction i.e. by the end of Dec'19. With the leaner balance sheet and completion of capex cycle, Free Cash Flow is expected to improve backed by strong operational performance. We continue to maintain our positive view on the stock and reiterate BUY, with an unchanged target price of Rs161.

Note: If we take proceeds of PCMD divestment into consideration, our target price would increase to Rs190.

Key Highlights

- Agreements to divest PCMD and power plant at a consideration of Rs9.4 bn, will make balance sheet leaner. This will also help to improve the return ratios, as PCMD with 37% of capital employed at end of FY19 was having nil contribution at operating level. Ex-PCMD, ROCE is likely to expand by 350bps.
- WCL has received additional pipe orders of 180 KMT on a global basis. Out of these, 136 KMT will be serviced from India, with a major portion to be executed from the new facility in Madhya Pradesh and balance mainly from the Americas. After considering the receipt of new order and execution up to Mar'19, WCL order book stands at Rs141 bn (1.66 MT).
- The current order book is tilted towards overseas market, which accounts for ~85% of the total order book, at the start of FY20. Of this, ~21% are from its America manufacturing plant, having higher profitability. As per management, the US operation is likely to report EBITDA/tonne in the range of $180-$200, thanks to its presence in key markets and low competition, as against our expectation of $150-160.
- Saudi Operations (JV) was making a loss due to execution of fixed price contract, lack of new orders and exposure to the volatility of raw materials. Management expects the operations to report $100 as EBITDA/t in FY20. We expect JV to report profit of Rs200 mn for WCL.
- Having, manufacturing facilities in Gujarat, the company had benefited from focusing water projects in the states. WCL has shifted part of its Anjar facility to Bhopal (Capex of Rs1.5 bn) and now management expects to capture the opportunities from the states of Madhya Pradesh, Uttar Pradesh and Rajasthan.
- We expect improvement in profitability in Q4FY19 backed by execution of high margin order. PAT is expected to increase sequentially to Rs500 mn (excluding Rs3.5 bn impacted of impairment of PCMD assets).

Jatin Damania
jatin.damania@kotak.com
+91 22 6218 6440

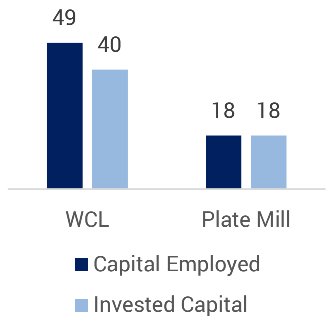
Outlook

Given its strong manufacturing and execution capabilities, strong order backlog coupled with robust bids in the pipeline (~2.3 MT), we believe, WCL is better placed compared to its peers, to take advantage of renewed pipe demand globally and in the domestic market. Going ahead, since a large part of revenues is expected to come from the US should support margins. Backed by improvement in operating performance and decline in interest outgo (focus is on reducing debt), PAT is expected to grow at 31% CAGR during FY18-21E period. At CMP, the stock is trading at 4.3x/3.8x FY20E/FY21E EV/EBITDA and is at a discount to its historical multiple of its last seven years average. We continue to maintain our positive view on the stock and reiterate BUY, with an unchanged target price of Rs161.

Key Risks

Steel price volatility can impact performance; and Low crude price can defer investments in oil and gas industry

Plate mill = 37% of capital employed in 9MFY19 (Rs bn)



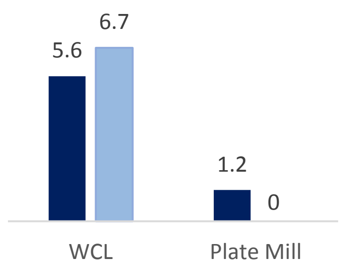
Source: Kotak Securities, Private Client Research

Divestment of its Plate and Coil Mill Division (PCMD) and 43 MW Power division to strengthen balance sheet

WCL undertook restructuring activity in 2013, and demerged its non-pipe business (asset heavy model) to Welspun Enterprises and started focusing on pipe business. Post the de-merger, WCL has become a pure play on the pipe sector. It still has an exposure to the plate segment, which is dragging the overall ratios, PCMD accounted for ~37% of the capital employed at the end of 9MFY19 with a nil contribution at the operating levels.

To focus more on its core business (pipe), the company has entered into agreements to divest (non-core assets) PCMD and 43 MW Power plant at a consideration of Rs9.4bn. The PCMD transaction is expected to complete by end of Dec'19 (power plant by May'19). Post the completion of the transaction, we believe PAT is expected to increase by Rs1 bn in FY20E to Rs4.2 bn and RoCE to improve to 13.5%, as against 10% earlier. Since, the transaction is done on the last day of FY19, we expect the company to report a loss, due to impairment of PCMD assets to the tune of Rs3.5 bn, adjusting to the same PAT will stand at Rs2.6 bn.

Nil contribution to EBITDA (Rs bn)



Source: Kotak Securities, Private Client Research

RoCE to improve by 350bps post the transaction

	FY20E		
(Rs mn)	With PCMD	Ex-PCMD	Change (%)
EBIT	4,948	5,748	16.2
PBT	4,076	5,871	44.0
PAT	3,257	4,545	39.5
RoCE (%)	10.0	13.5	

Source: Kotak Securities, Private Client Research

The transaction will strengthen the company balance sheet by providing enough liquidity and deleverage the balance sheet. The gross debt currently stands at Rs14.86 bn (equally spread between India and U.S) and net debt of ~Rs3 bn. Post the completion of the transaction, the company with have a net cash of Rs9.8 bn at the end of FY20E.

Post the completion of transaction, balance sheet with get strengthen with net cash of Rs9.8 bn at end of FY20E

Target price will increase by Rs30

Proforma Balance sheet

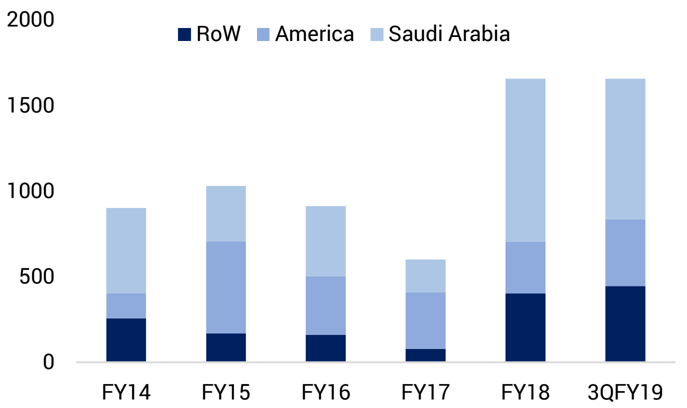
Y/E Mar (Rsmn)	FY20E With PCMD	FY20E Ex-PCMD
Cash & Bank balances	8,331	11,247
Other Current assets	43,891	42,500
Investments	4,876	4,876
Net fixed assets	27,065	15,865
Other non-current assets	1,924	1,924
Total assets	**86,087**	**76,413**
Current liabilities	36,762	33,980
Borrowings	11,843	6,323
Other non-current liabilities	3,433	3,433
Total liabilities	52,039	43,736
Share capital	1,326	1,326
Reserves & surplus	32,307	30,934
Shareholders' funds	33,633	32,261
Minority interest	416	416
Total equity & liabilities	**86,088**	**76,413**

Source: Company, Kotak Securities – Private Client Research

Revenue visibility – backed by global presence

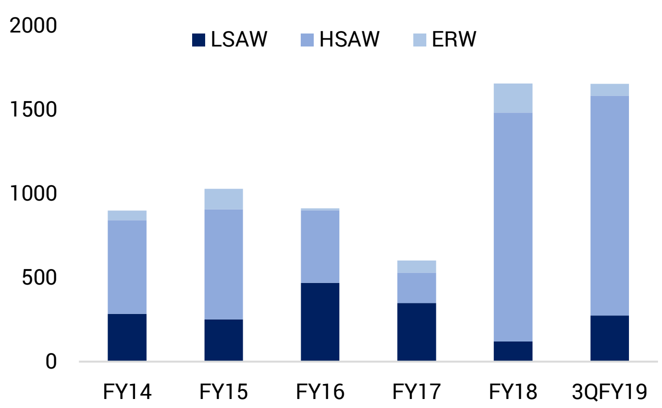
The company's order book stands at Rs141bn (1.66 Mn tonnes), to be executable over the next 15-18 months. This includes receipt of order recently announced by the company of 180KT. FY18 and 9MFY19 revenue was Rs75.9bn and Rs70.36bn, respectively. Given the strong order book, we expect the revenue to increase to Rs101 bn and Rs103bn by end of FY20E and FY21E, respectively.

Order book by Region ('000 T)



Source: Company, Kotak Securities – Private Client Research

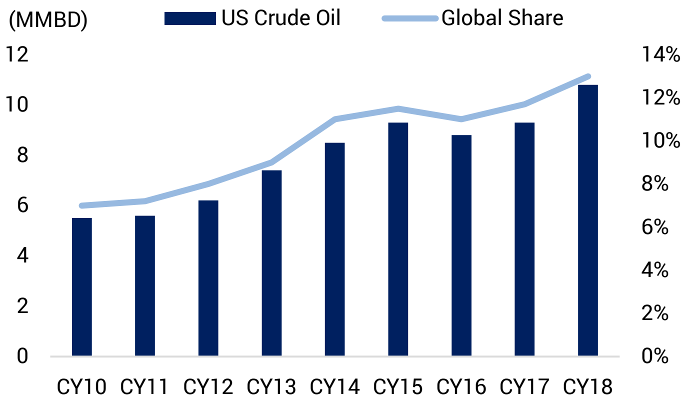
Order book by Type ('000 T)



Source: Company, Kotak Securities – Private Client Research

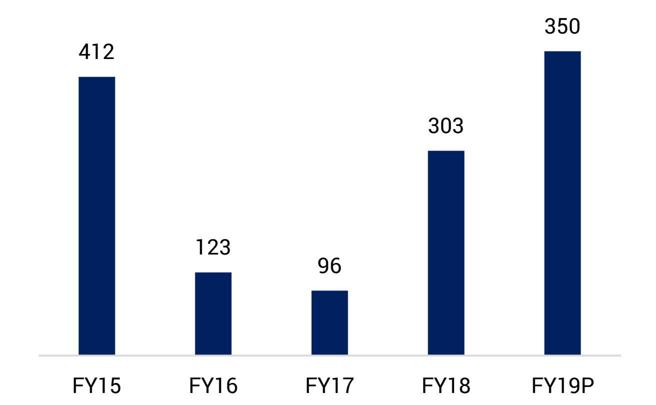
YTD, the company has been a key beneficiary in the U.S. from the increased demand from the spiral pipes, backed by an increase in shale gas production and curb in imports, thereby supporting higher volumes and better EBITDA (Welspun Corp has one of the largest manufacturing facility). U.S market is ~1MT, of which 300-350Kt is imported (prior to the import restrictions). Post restrictions, import in the U.S. stands at ~100KT and Welspun has a market share of 33%. U.S order book stand at 350KT, to be executed over the next four quarters.

US' share of the global oil production…



Source: Company, Kotak Securities – Private Client Research

…reflects in Welspuns' order book ('000 T)



Source: Company, Kotak Securities – Private Client Research

In addition, the company has actively participated in various bids, which are in the pipeline and if converted into the order book, then it could further enhance the revenue visibility in the coming months. The bid books currently stand ~2.3 Mn tonnes, as per management, bid to win ratios stands at ~25%. Besides these, global opportunities of 12,000 KT pipeline are likely to come from the USA and Saudi Arabia, where the company has a strong presence and is one of the strongest contenders. High shale oil/gas production driving demand for pipeline infrastructure (for transporting oil to refining facilities on the Gulf of Mexico and international markets). Demand for gas pipelines are also aided by oil producers to evacuate gas generated. In line with the same majority of leading midstream companies had already planned for additional pipelines

Saudi JV – order book = 2.3x capacity

JV to report EBITDA/T of US$100, backed by execution of high margin order

Management indicated that huge business potential exists in Saudi region, as most of the desalination plants are far from demand area. Management sees strong demand in both, Oil & Gas and Water sectors, driven by Saudi Aramco and SWCC respectively. The current order book in Saudi currently stands at 800KT, which is the 3x installed capacity, which provides huge revenue visibility. Management also indicated that local players get ~10% price preference in addition to the protection.

Given the receipt of fixed price order due to lack of order and volatility in the raw material prices, JV was making a loss in the past two years. Now, since a large portion of the fixed price contract is behind, future order executions are of high margins order. Management expects JV to report EBITDA/T of US$100. We expect JV to report profit of Rs200 mn for WCL.

Valuation

Given its strong manufacturing and execution capabilities, with strong order backlog coupled with robust bids in the pipeline, we believe that, WCL is better placed compared to its peers, to take advantage of increasing pipe demand globally and in the domestic market. Besides these, its leaner balance sheet has helped the company to sail through the touch times and should be able to withstand the pressure in the domestic market (low margin) as compared to its peers, who had to trim or shut down their operations. Going ahead, since a large part of revenues are expected to come from US and Saudi (low margin legacy orders are on the verge of completion), which would give support to the margin. Backed by improvement in operating performance and decline in interest outgo (focus is on reducing debt), PAT is expected to grow at 31% CAGR during FY18-21E period. At CMP, the stock is trading at 4.3x/3.8x FY20E/FY21E EV/EBITDA, is attractive in our view.

EV/EBITDA: Trading at steep discount to its last 7years average

Source: Company, Bloomberg, Kotak Securities – Private Client Research

Financials: Consolidated

Profit and Loss Statement (Rs mn)

(Year-end Mar)	FY18	FY19E	FY20E	FY21E
Net sales	**75,873**	**99,068**	**101,566**	**103,803**
growth (%)	25.7	30.6	2.5	2.2
Operating expenses	69,039	92,281	93,098	95,050
EBITDA	**6,834**	**6,787**	**8,468**	**8,754**
growth (%)	33.4	-0.7	24.8	3.4
Depreciation &amortisation	3,793	3,457	3,520	3,603
EBIT	**3,041**	**3,330**	**4,948**	**5,151**
Other income	1,312	2,000	845	1,040
Interest paid	1,852	1,862	1,717	1,572
PBT	**2,501**	**3,468**	**4,076**	**4,619**
Exceptional	0	0	0	0
Tax	112	832	1,019	1,155
Effective tax rate (%)	4.5	24.0	25.0	25.0
Net profit	**2,389**	**2,635**	**3,057**	**3,464**
Share of J.V	(859)	(800)	200	200
Net profit	1,530	1,835	3,257	3,664
growth (%)	1,412.4	20.0	77.5	12.5

Source: Company, Kotak Securities – Private Client Research

Balance sheet (Rs mn)

(Year-end Mar)	FY18	FY19E	FY20E	FY21E
Cash & Bank balances	6,279	7,476	8,331	10,659
Other Current assets	33,251	42,933	43,891	47,593
Investments	4,876	4,876	4,876	4,876
Net fixed assets	30,602	29,803	27,065	24,496
Other non-current assets	1,924	1,924	1,924	1,924
Total assets	**76,933**	**87,012**	**86,087**	**89,548**
Current liabilities	31,546	39,944	36,762	37,559
Borrowings	12,847	12,843	11,843	10,843
Other non-current liabilities	3,434	3,434	3,434	3,434
Total liabilities	48,393	56,636	52,455	52,252
Share capital	1,326	1,326	1,326	1,326
Reserves & surplus	27,214	29,050	32,307	35,971
Shareholders' funds	28,540	30,376	33,633	37,297
Minority interest	566	416	416	416
Total equity & liabilities	**76,933**	**87,012**	**86,087**	**89,548**

Source: Company, Kotak Securities – Private Client Research

Cash flow Statement (Rs mn)

(Year-end Mar)	FY18	FY19E	FY20E	FY21E
Pre-tax profit	2,501	3,468	4,076	4,619
Depreciation	3,793	3,457	3,520	3,603
Chg in working capital	2,653	(1,284)	(4,140)	(2,905)
Total tax paid	(458)	(832)	(1,019)	(1,155)
Other operating activities	1,682	908	1,917	1,772
Operating CF	**10,172**	**5,717**	**4,354**	**5,934**
Capital expenditure	487	(2,657)	(783)	(1,033)
Chg in investments	1,898	0	0	0
Other investing activities	555	0	0	0
Investing CF	**2,939**	**(2,657)**	**(783)**	**(1,033)**
Equity raised/(repaid)	0	0	0	0
Debt raised/(repaid)	(5,865)	0	(1,000)	(1,000)
Dividend (incl. tax)	0	0	0	0
Other financing activities	(3,261)	(1,862)	(1,717)	(1,572)
Financing CF	**(9,126)**	**(1,862)**	**(2,717)**	**(2,572)**
Net chg in cash & bank bal.	3,985	1,197	855	2,328
Closing cash & bank bal	**6,279**	**7,476**	**8,331**	**10,659**

Source: Company, Kotak Securities – Private Client Research

Ratio Analysis

(Year-end Mar)	FY18	FY19E	FY20E	FY21E
Profitability and return ratios (%)				
EBITDAM	9.0	6.9	8.3	8.4
EBITM	4.0	3.4	4.9	5.0
NPM	2.0	1.9	3.2	3.5
RoE	5.4	6.0	9.7	9.8
RoCE	6.7	7.1	10.0	9.9
Per share data (Rs)				
O/s shares	265.2	265.2	265.2	265.2
EPS	5.8	6.9	12.3	13.8
FDEPS	5.8	6.9	12.3	13.8
CEPS	20.1	20.0	25.6	27.4
BV	107.6	114.0	125.8	139.1
DPS	0.5	0.5	0.5	0.5
Valuation ratios (x)				
PE	23.6	19.7	11.1	9.8
P/BV	1.3	1.2	1.1	1.0
EV/EBITDA	5.7	5.6	4.3	3.8
EV/Sales	0.5	0.4	0.4	0.3
D/E (x)	0.4	0.4	0.4	0.3

Source: Company, Kotak Securities – Private Client Research

RATING SCALE

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

FUNDAMENTAL RESEARCH TEAM

Rusmik Oza
Head of Research
rusmik.oza@kotak.com
+91 22 6218 6441

Arun Agarwal
Auto & Auto Ancillary
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Cyndrella Carvalho
Pharmaceuticals
cyndrella.carvalho@kotak.com
+91 22 6218 6426

Ledo Padinjarathala, CFA
Research Associate
ledo.padinjarathala@kotak.com
+91 22 6218 7021

Sanjeev Zarbade
Cap. Goods & Cons. Durables
sanjeev.zarbade@kotak.com
+91 22 6218 6424

Ruchir Khare
Cap. Goods & Cons. Durables
ruchir.khare@kotak.com
+91 22 6218 6431

Jatin Damania
Metals & Mining, Midcap
jatin.damania@kotak.com
+91 22 6218 6440

Krishna Nain
M&A, Corporate actions
krishna.nain@kotak.com
+91 22 6218 7907

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Teena Virmani
Construction, Cement, Buildg Mat
teena.virmani@kotak.com
+91 22 6218 6432

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

Pankaj Kumar
Midcap
pankajr.kumar@kotak.com
+91 22 6218 6434

Deval Shah
Research Associate
deval.shah@kotak.com
+91 22 6218 6423

TECHNICAL RESEARCH TEAM

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Faisal Shaikh, FRM, CFTe
Research Associate
faisalf.shaikh@kotak.com
+91 22 62185499

Siddhesh Jain
Research Associate
siddhesh.jain@kotak.com
+91 22 62185498

DERIVATIVES RESEARCH TEAM

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 6607 2231

Malay Gandhi
malay.gandhi@kotak.com
+91 22 6218 6420

Prashanth Lalu
prashanth.lalu@kotak.com
+91 22 6218 5497

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6625 9810

Disclosure/Disclaimer

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited. Kotak Securities is one of India's largest brokerage and distribution house.

Kotak Securities Limited is a corporate trading and clearing member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and Portfolio Management.

Kotak Securities Limited is also a depository participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority as Corporate Agent for Kotak Mahindra Old Mutual Life Insurance Limited and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). We are registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise/warning/deficiency letters/ or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to clients as well as our prospects.

This document is not for public distribution and has been furnished to you solely for your information and must not be reproduced or redistributed to any other person. Persons into whose possession this document may come are required to observe these restrictions.

This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It is for the general information of clients of Kotak Securities Ltd. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

We have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable though its accuracy or completeness cannot be guaranteed. Neither Kotak Securities Limited, nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions -including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Kotak Securities Limited has two independent equity research groups: Institutional Equities and Private Client Group. This report has been prepared by the Private Client Group.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Kotak Securities Limited (KSL) may have proprietary long/short position in the above mentioned scrip(s) and therefore may be considered as interested. The views provided herein are general in nature and does not consider risk appetite or investment objective of particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with KSL. Kotak Securities Limited is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independent of the PCG research and accordingly PMS may have positions contrary to the PCG research recommendation. Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing.

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.

No part of this material may be duplicated in any form and/or redistributed without Kotak Securities' prior written consent.

Details of Associates are available on www.kotak.com

1. "Note that the research analysts contributing to the research report may not be registered/qualified as research analysts with FINRA; and
2. Such research analysts may not be associated persons of Kotak Mahindra Inc and therefore, may not be subject to NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account

Any U.S. recipients of the research who wish to effect transactions in any security covered by the report should do so with or through Kotak Mahindra Inc. (Member FINRA/SIPC) and (ii) any transactions in the securities covered by the research by U.S. recipients must be effected only through Kotak Mahindra Inc. (Member FINRA/SIPC)at 369 Lexington Avenue 28th Floor NY NY 10017 USA (Tel:+1 212-600-8850).

Kotak Securities Limited and its non US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non US issuers, prior to or immediately following its publication. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. This research report and its respective contents do not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services. Accordingly, any brokerage and investment services including the products and services described are not available to or intended for Canadian persons or US persons."

Research Analyst has served as an officer, director or employee of subject company(ies): No

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) in the past 12 months: No

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report. Our associates may have financial interest in the subject company(ies).

Research Analyst or his/her relative's financial interest in the subject company(ies): No

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Nature of financial interest is holding of equity shares or derivatives of the subject company.

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No.

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

By referring to any particular sector, Kotak Securities Limited does not provide any promise or assurance of favourable view for a particular industry or sector or business group in any manner. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and take professional advice before investing. Such representations are not indicative of future results.

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

"A graph of daily closing prices of securities is available at https://www.nseindia.com/ChartApp/install/charts/mainpage.jsp and http://economictimes.indiatimes.com/markets/stocks/stock-quotes. (Choose a company from the list on the browser and select the "three years" icon in the price chart)."

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com/www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137 (Member of NSE, BSE, MSE, MCX & NCDEX), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-NSDL-23-97. Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing. Investments in securities market are subject to market risks, read all the related documents carefully before investing. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. Compliance Officer Details: Mr. Manoj Agarwal. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com.

In case you require any clarification or have any concern, kindly write to us at below email ids:

- **Level 1**: For Trading related queries, contact our customer service at 'service.securities@kotak.com' and for demat account related queries contact us at ks.demat@kotak.com or call us on: Toll free numbers 18002099191 / 1860 266 9191
- **Level 2:** If you do not receive a satisfactory response at Level 1 within 3 working days, you may write to us at ks.escalation@kotak.com or call us on 022-42858445 and if you feel you are still unheard, write to our customer service HOD at ks.servicehead@kotak.com or call us on 022-42858208.
- **Level 3:** If you still have not received a satisfactory response at Level 2 within 3 working days, you may contact our Compliance Officer (Mr. Manoj Agarwal) at ks.compliance@kotak.com or call on 91- (022) 4285 8484.
- **Level 4:** If you have not received a satisfactory response at Level 3 within 7 working days, you may also approach CEO (Mr. Kamlesh Rao) at ceo.ks@kotak.com or call on 91- (022) 4285 8301.