

Result Update

Stock Details

Market cap (Rs mn)	:	29121
52-wk Hi/Lo (Rs)	:	552 / 333
Face Value (Rs)	:	5
3M Avg. daily volume (mn)	:	71,033
Shares o/s (m)	:	67

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY18	FY19E	FY20E
Revenue	21,497	27,905	33,821
Growth (%)	49.9	29.8	21.2
EBITDA	3,110	4,744	5,919
EBITDA margin (%)	14.5	17.0	17.5
PAT	2,001	2,731	3,429
EPS	29.9	40.8	51.2
EPS Growth (%)	73.1	36.5	25.5
BV (Rs/share)	437	474	522
Dividend/share (Rs)	2.8	3.0	3.3
ROE (%)	7.1	8.9	10.3
ROCE (%)	5.6	8.1	9.2
P/E (x)	14.6	10.7	8.5
EV/EBITDA (x)	10.3	6.8	5.4
P/BV (x)	1.0	0.9	0.8

Source: Kotak Securities - PCG; Company

Shareholding Pattern (%)

(%)	Mar-18	Dec-17	Sep-17
Promoters	60.6	60.3	59.8
FII	3.3	4.4	5.6
DII	7.9	7.4	6.0
Others	28.3	28.0	28.6

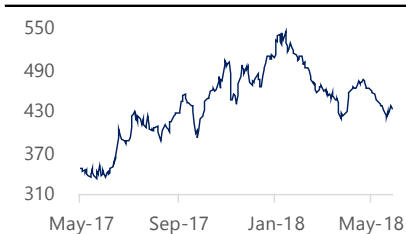
Source: Company

Price Performance (%)

(%)	1M	3M	6M
Mah Seamless	-6.0	(6.5)	-10.5
Nifty	-1.0	1.3	4.0

Source: Bloomberg

Price chart



Source: Bloomberg

Ruchir Khare

ruchir.khare@kotak.com
+91 22 6218 6431

MAHARASHTRA SEAMLESS LIMITED (MSL)

Rs 435

TARGET Rs.615

BUY

MSL Q4FY18 result significantly outperformed our estimates; sales grew on back of improved volumes/realizations in Seamless pipe division. Margins expanded significantly on y/y and sequential basis. We are encouraged by the pricing ability demonstrated by the company and believe that the Q4FY18 quarter signals sustainable recovery in company's financials in foreseeable future, consistent with our investment thesis.

Key Highlights

- MSL revenue reported at Rs 6.3 Bn in Q4FY18 (+39.5% y/y) driven by steel pipes & tubes (seamless pipes & ERW pipes) sales, reported at Rs 6.2 Bn (+27% y/y and +11.9% q/q).
- Seamless pipe division significant jump in EBITDA per MT to Rs 16545 vis-à-vis Rs 8744 in Q4FY17. MSL reported record EBITDA margin at 19.7% in Q4FY18 against 16% in Q4FY17.

Valuation & outlook

We revise our FY20 earnings estimate upwards; believe that MSL valuations can get further rerated on back of strong growth in company's estimated consolidated profits through FY19-20E driven by recovery in demand for seamless pipes in the domestic/international market and 2) company's leadership positioning in Indian market (c.60% market share).

MSL stock continues to trade at attractive valuations at 5.4x FY20 EV/EBITDA. We value MSL stock at 7.5x EV/EBITDA FY20E earnings and maintain BUY with revised target price of Rs 615 per share.

Standalone Result

	Q4FY18	Q4FY17	YoY %	Q3FY18	QoQ
Income from Operations	6313	4527	39.5	5637	12.0
Decrease/ (Increase) in stock	(303.1)	59.6	(608.6)	303	(200.2)
Material consumed	4045	2842	42.3	3583	
Purchase of traded goods	19	0		114	
Employee expenses	157	162	(3.1)	148	6.1
Other expenses	1152	740	55.6	879	31.1
Total expenditure	5070	3804	33.3	5026	0.9
EBITDA	1243	722	72.2	610	103.7
Other income	156	160	(2.7)	191	(18.1)
Depreciation	192	171	12.2	186	
EBIT	1208	711		615	
Finance cost	(2)	57	(103.5)	46	(104.3)
PBT	1210	655	84.7	568	112.8
Exceptional items	0	0		0	
Reported PBT	1210	655	84.7	568	112.8
Total tax	326	263	23.9	181	80.2
PAT	884	392	125.5	388	128.0
Adjusted PAT	884	392	125.5	388	128.0
EPS Adjusted	13.2	5.9	125.5	5.8	128.0
EBITDA%	19.7	16.0		10.8	
Tax Rate %	26.9	40.1		31.8	
RM/Sales	59.6	64.1		71.0	

Source: Company, Kotak-PCG Research

Result Highlights

Volume/Pricing outlook confirmed; demand from hydrocarbon sector remain buoyant

MSL revenue reported at Rs 6.3 Bn in Q4FY18 (+39.5% y/y) driven by steel pipes & tubes (seamless pipes & ERW pipes) sales, reported at Rs 6.2 Bn (+27% y/y and +11.9% q/q). EBIT margins in Steel pipes & tubes division expanded sharply y/y to 16.7% in Q4FY18 vis-à-vis 10.9% in Q4FY17 due to improved profitability in the seamless pipe business.

Realization at Rs 75369/MT in Seamless pipe division increased 42.7% y/y. Seamless pipe division significant jump in EBITDA per MT to Rs 16545 vis-à-vis Rs 8744 in Q4FY17.

ERW division reported sharp y/y and q/q rise in realizations, reported at Rs 60114/MT in Q4FY18 vis-à-vis Rs 43402/MT in Q4FY17 and Rs 54265/MT in Q3FY18. EBITDA margin for the segment contracted to 2.4% in Q4FY18 vis-à-vis 13.8% in Q4FY17. The drop in EBITDA/MT in ERW business (reported at Rs 1421) is accrued on the execution of low margin legacy order (management highlighted this earlier). MSL reported record EBITDA margin at 19.7% in Q4FY18 against 16% in Q4FY17.

Our prior interactions with the management reveal that such low margin orders are over now and current orders are expected to be much profitable (confirmed by Q4FY18 result). This makes us more confident about our FY19/20 earnings forecasts (key assumptions discussed in the later part of this report) as easily achievable, as we do not expect MSL to face a similar event going ahead, and as a result the negative impact should reverse completely this year.

We maintain our view that MSL continues to benefit from 1/ the imposition of anti-dumping duty on Chinese imports restricting major competition and 2/ limited competition from domestic players who are struggling with their highly leveraged balance sheets.

Order inflows remained strong driven by hydrocarbon sector. MSL reported order book at Rs 9.5 Bn, including Rs 8.8 Bn in Seamless pipe division.

Other income, reported at Rs 156 mn declined 3% y/y. MSL reported PAT of Rs 884 mn in Q4FY18 vis-à-vis Rs 392 mn in Q4FY17

Segment reporting (Standalone)

Segment Revenues (Rs mn)	Q4FY18	Q4FY17	YoY %	Q3FY18	QoQ
Steel pipes & tubes	6233.2	4908	27.0	5571.3	11.9
Power-Electricity	80.2	30.1	166.4	65.3	22.8
Segment EBIT (Rs mn)					
Steel pipes & tubes	1038.4	535	94.1	387.6	167.9
Power-Electricity	13.3	15.5	(14.2)	36.3	(63.4)
EBIT%					
Steel pipes & tubes	16.7	10.9		7.0	
Power-Electricity	16.6	51.5		55.6	

Source: Company, Kotak-PCG Research

Increase in oil prices could boost value of oil rigs

Oil prices have risen significantly in last three months. MSL has invested in six oil rigs, out of which 4 (3 until end of 9MFY18) are currently deployed. Management shared optimism that increasing trend in crude price would likely find improved demand for its remaining three oil rigs. This could also lead to the increase in net asset value of these oil rigs (Note, we do not account for the value of these assets in our valuation model).

High growth in revenue/PAT to flow into FY19/FY20; recovery in operating margins likely to aid to free cash flow generation

Our positive outlook on MSL is predicated upon the increase in capex by major oil companies in India. We note that New Exploration Licensing policy (NELP) and Hydrocarbon Exploration Policy (HELP), has emphasized on maximizing the domestic exploration of oil and gas to attain self-sufficiency by 2022. We believe that this augers well for company's business as it would entail huge capital expenditure of over Rs 2.3 trillion through FY17-20 by major Hydrocarbon companies, thereby generating robust demand for company's products. Seamless pipes constitutes to nearly 8-11% of overall capex incurred by upstream/downstream companies.

We update our earnings model and maintain revenue projections at 25.4% CAGR between FY18-20 from Rs.21.4 Bn in FY18 to Rs 33.8 Bn in FY20E. Within the revenue stream, we expect seamless pipes divisions to report growth at c.25% CAGR in the same period from Rs 17.8 Bn in FY18 to Rs 27.7 Bn in FY20E. We expect ERW division to grow at c.23% CAGR between FY18-20.

We assume that the wage and input price inflation should get offset by company's higher volumes in seamless pipes (high margin business) and other saving measures ascertained by other ongoing cost saving measures. However, management believes that these factors can more than offset these inflationary pressures.

We set in line our EBITDA per MT forecasts in line with the bottom end of management's guidance of c.Rs 12000-12500 per MT over FY19/20.

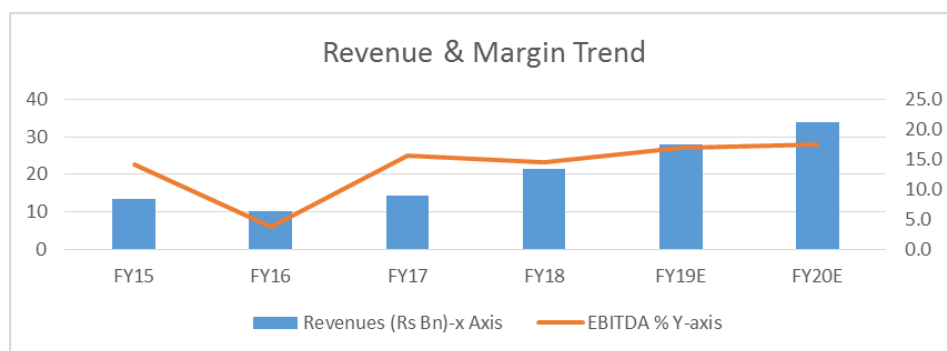
In our estimates we do not ignore the impact of increasing competition from international players, who are finding interest in the Indian market. Note that off late, even Chinese players have started to bid for Indian contracts, however the quoted price has remained in line with the prevailing market price (over USD 900 per MT), unlike in pre anti-dumping era (when quoted price was less than 700 USD per MT). Our assumptions are detailed in the table below.

Rs mn	FY17	FY18E	FY19E	FY20E
Production (MT)				
Seamless	209211	294035	367544	441053
YY (%)	38.3	40.5	25.0	20.0
ERW	71433	57655	69186	83023
YY (%)	17.4	-19.3	20.0	20.0
Dispatch (MT)				
Seamless	209746	294582	367544	441053
YY (%)	40.1	40.4	24.8	20.0
ERW	72331	55744	69186	83023
YY (%)	16.8	-22.9	24.1	20.0

Net Sales Realisation (Rs per MT)

	52940	60466	62280	62903
Seamless				
YY (%)	3.7	14.2	3	1
ERW	40107	52232	53277	53809
YY (%)	12.6	30.2	2	1
EBITDA (Rs per MT)				
Seamless	8171	9191.0	12000.0	12000.0
YY (%)	480.3	12.5	30.6	0.0
ERW	4594	2800.0	5327.7	5380.9
YY (%)	5502.4	-39.1	90.3	1.0

Source: Kotak PCG-Research



Source: Kotak PCG-Research

Change in estimates

Change in Estimates (Rs mn)	FY19E			FY20E		
	New	Old	% change	New	Old	% change
Revenues	27905	27,213	2.5	33821	32,982	2.5
EBITDA	4744	4,463	6.3	5919	5,442	8.8
PAT	2731	2,601	5.0	3429	3,187	7.6
EPS	40.8	38.8	5.0	51.2	47.6	7.6

Valuation and Recommendation; Rs 615 TP suggests 41% upside

At current price of Rs.435, MSL stock is trading at 8.5x P/E and 5.4x EV/EBITDA on FY20E earnings.

We revise our FY20 earnings estimate upwards; value MSL stock at 7.5x EV/EBITDA FY20E earnings and maintain 'BUY' rating with revised target price of Rs 615.

FY20 (E) EBITDA (Rs)	5919
EV/EBITDA (x)	7.5
Enterprise Value (E) Rs mn	44391
Add: Investments, intercompany deposits, cash & FDs Rs mn	3088
less Gross debt Rs mn	6264
Target Market Cap Rs mn	41214
Target Price (Rs)	615

Source: Kotak-PCG Research

Note: MSL has Rs 11.7 Bn worth of investments JVs/associate companies which are not contributing to cash flows as of now. We are not taking value of these investments into our valuation model. Monetization/deployment of these assets (mainly coal mines and oil rigs) could add to further upside to our target price.

About the company

Maharashtra Seamless Ltd. (MSL) is a part of DP Jindal group is market leader in Indian seamless pipe industry. The company was conceived after noticing huge demand and supply gap in the seamless pipe market, which was earlier met mostly through imports. Over the last three decades, MSL is market leader with over 60% market share in seamless and ERW pipes in India. Mr Saket Jindal, the elder son of Mr D.P Jindal is currently the 'Managing Director' of the company. Under his leadership, company has constantly moved up the value chain and has undergone incessant transition in terms of getting vertically & horizontally integrated. MSL activities are spread mainly across three areas-1/Seamless pipes 2/ ERW (Electric Resistant Welded) pipes and 3/ Renewable energy.

Financials - Standalone

Profit and Loss Statement (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
Revenues	14,342	21,497	27,905	33,821
% change yoy	40.8	49.9	29.8	21.2
EBITDA	2,249	3,110	4,744	5,919
% change yoy	15.7	14.5	17.0	17.5
Depreciation	710	762	790	810
EBIT	2,303	2,998	4,654	5,810
% change yoy	304.9	30.2	55.2	24.8
Net Interest	339	417	450	450
Earnings Before Tax	1,961	2,921	4,202	5,358
% change yoy	536.4	31.5	62.9	27.5
Tax	805	920	1,471	1,929
Effective tax rate (%)	41.0	31.5	35.0	36.0
XO Items	-	-	-	-
Recurring PAT	1,156	2,001	2,731	3,429
% change yoy	nm	73.1	36.5	25.5
Shares outstanding (m)	67	67	67	67
EPS (Rs)	17.3	29.9	40.8	51.2
DPS (Rs)	2.5	2.8	3.0	3.3
CEPS	27.8	41.2	52.6	63.3

Source: Company, Kotak Securities – Private Client Research

Cash Flow Statement (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
PBT	1961	2921	4202	5358
Depreciation	710	762	790	810
Current liabilities incl provisions	135	(124)	1848	935
Inc in inventory	147	(254)	(2244)	(1486)
Inc in sundry Debtors	(420)	(891)	(1757)	(1308)
Inc in advances	(637)	(484)	614	(1)
Tax Paid	(805)	(920)	(1471)	(1929)
Other Adjustments	455	(449)	0	0
Net cash from operations	1547	562	1983	2378
Purchase of fixed Assets	(450)	(2,151)	(1,490)	(1,510)
Net investments	(718)	0	0	0
Other investment activities	(857)	2,053	(340)	2
Net cash from investing	(2,025)	(98)	(1,830)	(1,508)
Borrowings	692	(135)	0	0
Dividend Paid	(202)	(224)	(246)	(271)
Net Cash from financing	490	(359)	(246)	(271)
Net Cash Flow	12	105	(93)	599
Cash at the end of year	70	175	81	681

Source: Company, Kotak Securities – Private Client Research

Balance sheet (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
Cash and cash equivalents	70	175	81	681
Accounts receivable	3,086	3,977	5,734	7,042
Loans & advances	2,230	2,714	2,100	2,101
Inventories	4,842	5,096	7,340	8,826
Other current Assets	553.5	1048.8	1048.8	1048.8
Current Assets	10,712	12,836	16,222	19,018
Investments	2,722	1,496	1,496	1,496
Net fixed assets	10,949	12,337	13,037	13,737
Current Liabilities	2,164	2,041	3,888	4,823
Other non-current assets	9,780	9,541	5,845	3,976
Total Assets	36,396	38,426	40,571	43,731
Debt	6,400	6,264	6,264	6,264
Other liabilities	2,533	2,862	2,522	2,523
Equity & reserves	27,464	29,300	31,785	34,943
Total Liabilities	36,396	38,426	40,571	43,731
BVPS (Rs)	410	437	474	522

Source: Company, Kotak Securities – Private Client Research

Ratio Analysis

(Year-end March)	FY17	FY18	FY19E	FY20E
EBITDA margin (%)	15.7	14.5	17.0	17.5
EBIT margin (%)	16.1	13.9	16.7	17.2
Net profit margin (%)	8.1	9.3	9.8	10.1
Adjusted EPS growth (%)	8.1	9.3	9.8	10.1
Receivables (days)	79	68	75	76
Inventory (days)	192	133	150	150
Sales / Net Fixed Assets (x)	1.3	1.8	2.2	2.5
Interest coverage (x)	6.8	7.2	10.3	12.9
Debt/ equity ratio	0.2	0.2	0.2	0.2
ROE (%)	4.3	7.1	8.9	10.3
ROCE (%)	4.2	5.6	8.1	9.2
EV/ Sales	2.2	1.5	1.2	1.0
EV/EBITDA	14.3	10.3	6.8	5.4
Price to earnings (P/E)	25.2	14.6	10.7	8.5
Price to book value (P/B)	1.1	1.0	0.9	0.8
Price to cash earnings	15.6	10.5	8.3	6.9

Source: Company, Kotak Securities – Private Client Research

Financials - Standalone

Profit and Loss Statement (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
Revenues	14,342	21,497	27,905	33,821
% change yoy	40.8	49.9	29.8	21.2
EBITDA	2,249	3,110	4,744	5,919
% change yoy	15.7	14.5	17.0	17.5
Depreciation	710	762	790	810
EBIT	2,303	2,998	4,654	5,810
% change yoy	304.9	30.2	55.2	24.8
Net Interest	339	417	450	450
Earnings Before Tax	1,961	2,921	4,202	5,358
% change yoy	536.4	31.5	62.9	27.5
Tax	805	920	1,471	1,929
Effective tax rate (%)	41.0	31.5	35.0	36.0
XO Items	-	-	-	-
Recurring PAT	1,156	2,001	2,731	3,429
% change yoy	nm	73.1	36.5	25.5
Shares outstanding (m)	67	67	67	67
EPS (Rs)	17.3	29.9	40.8	51.2
DPS (Rs)	2.5	2.8	3.0	3.3
CEPS	27.8	41.2	52.6	63.3

Source: Company, Kotak Securities – Private Client Research

Cash Flow Statement (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
PBT	1961	2921	4202	5358
Depreciation	710	762	790	810
Current liabilities incl provisions	135	(124)	1848	935
Inc in inventory	147	(254)	(2244)	(1486)
Inc in sundry Debtors	(420)	(891)	(1757)	(1308)
Inc in advances	(637)	(484)	614	(1)
Tax Paid	(805)	(920)	(1471)	(1929)
Other Adjustments	455	(449)	0	0
Net cash from operations	1547	562	1983	2378
Purchase of fixed Assets	(450)	(2,151)	(1,490)	(1,510)
Net investments	(718)	0	0	0
Other investment activities	(857)	2,053	(340)	2
Net cash from investing	(2,025)	(98)	(1,830)	(1,508)
Borrowings	692	(135)	0	0
Dividend Paid	(202)	(224)	(246)	(271)
Net Cash from financing	490	(359)	(246)	(271)
Net Cash Flow	12	105	(93)	599
Cash at the end of year	70	175	81	681

Source: Company, Kotak Securities – Private Client Research

Balance sheet (Rs mn)

(Year-end March)	FY17	FY18	FY19E	FY20E
Cash and cash equivalents	70	175	81	681
Accounts receivable	3,086	3,977	5,734	7,042
Loans & advances	2,230	2,714	2,100	2,101
Inventories	4,842	5,096	7,340	8,826
Other current Assets	553.5	1048.8	1048.8	1048.8
Current Assets	10,712	12,836	16,222	19,018
Investments	2,722	1,496	1,496	1,496
Net fixed assets	10,949	12,337	13,037	13,737
Current Liabilities	2,164	2,041	3,888	4,823
Other non-current assets	9,780	9,541	5,845	3,976
Total Assets	36,396	38,426	40,571	43,731
Debt	6,400	6,264	6,264	6,264
Other liabilities	2,533	2,862	2,522	2,523
Equity & reserves	27,464	29,300	31,785	34,943
Total Liabilities	36,396	38,426	40,571	43,731
BVPS (Rs)	410	437	474	522

Source: Company, Kotak Securities – Private Client Research

Ratio Analysis

(Year-end March)	FY17	FY18	FY19E	FY20E
EBITDA margin (%)	15.7	14.5	17.0	17.5
EBIT margin (%)	16.1	13.9	16.7	17.2
Net profit margin (%)	8.1	9.3	9.8	10.1
Adjusted EPS growth (%)	8.1	9.3	9.8	10.1
Receivables (days)	79	68	75	76
Inventory (days)	192	133	150	150
Sales / Net Fixed Assets (x)	1.3	1.8	2.2	2.5
Interest coverage (x)	6.8	7.2	10.3	12.9
Debt/ equity ratio	0.2	0.2	0.2	0.2
ROE (%)	4.3	7.1	8.9	10.3
ROCE (%)	4.2	5.6	8.1	9.2
EV/ Sales	2.2	1.5	1.2	1.0
EV/EBITDA	14.3	10.3	6.8	5.4
Price to earnings (P/E)	25.2	14.6	10.7	8.5
Price to book value (P/B)	1.1	1.0	0.9	0.8
Price to cash earnings	15.6	10.5	8.3	6.9

Source: Company, Kotak Securities – Private Client Research

TECHNICAL RESEARCH TEAM

Shrikant Chouhan

shrikant.chouhan@kotak.com
91 22 6218 5408

Amol Athawale

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

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 Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE). 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. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Equities Research Group of Kotak Securities Limited.

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 our website ie www.kotak.com

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
 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

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 www.nseindia.com 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: NSE INB/INF/INE 230808130, BSE INB 010808153/INF 011133230, MSE INE 260808130/INB 260808135/INF 260808135, 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: Online Customers - 30305757 (by using your city STD code as a prefix) or Toll free numbers 18002099191 / 1800222299, Offline Customers - 18002099292
- **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.