

Result Update

ARVIND LTD

Stock Details

Market cap (Rs mn)	:	84529
52-wk Hi/Lo (Rs)	:	479 / 289
Face Value (Rs)	:	10
3M Avg. daily vol (nos)	:	2,375,262
Shares o/s (mn)	:	259

Source: Bloomberg

Financial Summary

Y/E Mar (Rs mn)	FY18	FY19E	FY20E
Revenue	108261	124654	142684
Growth (%)	17.2	15.1	14.5
EBITDA	9650	12124	15528
EBITDA margin (%)	8.9	9.7	10.9
PAT	3158	4459	6271
EPS	12.2	17.2	24.2
EPS Growth(%)	(1)	41	41
Book value (Rs/share)	158	173	194
Dividend per share (Rs)	2.4	2.4	2.4
ROCE (%)	8.8	10.9	14.0
ROE (%)	8.1	10.4	13.2
P/E (x)	26.8	19.0	13.5
EV/EBITDA (x)	11.9	9.6	7.5
P/BV (x)	2.1	1.9	1.7

Source: Company, Kotak Securities - PCG

Shareholding Pattern (%)

(%)	Sep-18	Jun-18	Mar-18
Promoters	43.0	42.9	42.9
FII	21.6	27.1	27.1
DII	16.7	13.8	14.1
Others	18.7	13.8	15.9

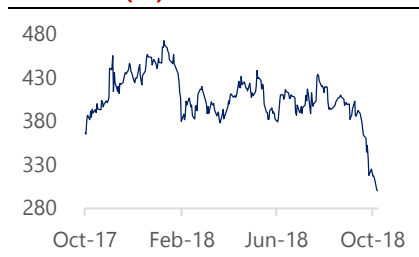
Source: Company

Price Performance (%)

(%)	1M	3M	6M
Arvind Ltd	0.5	(20.9)	(19.8)
Nifty	(4.1)	(6.2)	(1.5)

Source: Bloomberg

Price chart (Rs)



Source: Bloomberg

Pankaj Kumar

pankajr.kumar@kotak.com
+91 22 6218 6434

PRICE Rs.340

TARGET Rs.452

BUY

Arvind reported inline Q2FY19 results on like to like basis with margin in advance materials and apparel business improved on yoy.

Key Highlights

- Consolidated Net Sales (including discontinued operations of branded apparel & engineering) grew by 11.6% to Rs 30.5 bn as compared to our expectation of Rs 28.6 bn, driven by 6% yoy growth in textiles segment, 21% yoy growth in advance material business segment and 13% yoy in branded apparel (on like to like basis, adjusted for Ind AS changes).
- Textiles business grew at slower pace due to decline in denim volume on back of lower demand while growth in Branded apparel business was slower at 13% due to shift in festive season.
- EBITDA margins for the quarter grew by 110 bps yoy on like to like basis to 9.1% driven by sharp improvement in the margin of advance materials by 800 bps, 60 bps improvement in EBITDA margins of branded apparel, etc.
- The company has broadly maintained its guidance at consolidated level including discontinued operations.

Outlook & valuation

- We have updated our estimates based on restated segmental breakup given by the company for all entities.
- The stock is presently trading at FY19E/20E PE of 19.0x/13.5x based on revised EPS of Rs. 17.2/24.2 respectively. We maintain BUY recommendation on the stock with revised SOTP based target price of Rs 452 (Vs Rs 450 earlier).

Quarterly performance table

Year to March (INR Mn.)	Q2FY19	Q2FY18	%Change	Q1FY19	%Change
Net Revenues	17,929	18,096	(0.9)	15,857	13.1
Raw Materials Cost	7,857	8,355	(6.0)	7,314	7.4
Gross Profit	10,072	9,741	3.4	8,543	17.9
Employee Expenses	2,328	2,332	(0.2)	2,256	3.2
Other Expenses	5,922	5,398	9.7	4,882	21.3
Operating Expenses	16,106	16,085	0.1	14,452	11.4
EBITDA	1,823	2,012	(9.4)	1,406	29.7
EBITDA margin	10.2%	11.1%		8.9%	
Depreciation	588	552	6.5	531	10.8
Other income	231	144	60.0	234	(1.3)
Net finance expense	539	488	10.5	419	28.7
Profit before tax	928	1,116	(16.9)	690	34.4
Exceptional/Others	132	84	58.1	44	197.7
Profit before tax (aft Exp)	795	1,033	(23.0)	646	23.1
Provision for taxes	234	280	(16.4)	161	45.3
Reported net profit	561	753	(25.4)	485	15.8
As % of net revenues					
COGS	43.8	46.2		46.1	
Operating expenses	89.8	88.9		91.1	
Reported net profit	3.1	4.2		3.1	
Tax rate (% of PBT)	25.2	25.1		23.3	

Source: Company

Q2FY19 including discontinued operations (AFL & AEL)

(Rs.mn)	Q2-FY19	Q2-FY18	% YoY	Q1-FY19	% QoQ
Net Sales	30528	27348	11.6%	28610	6.7%
EBITDA	2768	2176	27.2%	2463	12.4%
EBITA margin	9.1%	8.0%		8.6%	
Net Profit	730	620	17.7%	643	13.5%

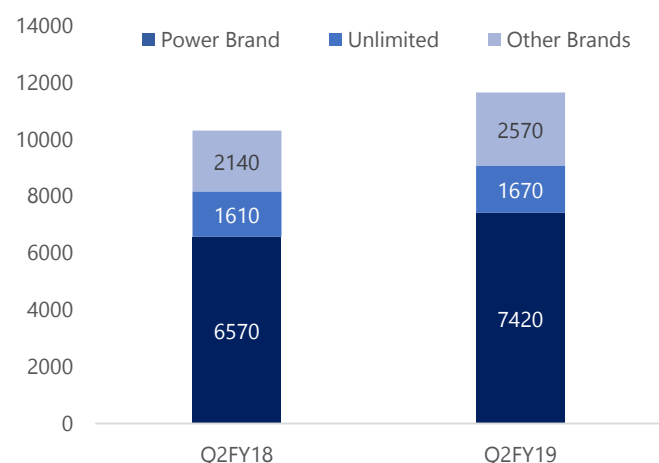
Source: Company

Q2FY19 revenue grew by 11.6%, better than estimates

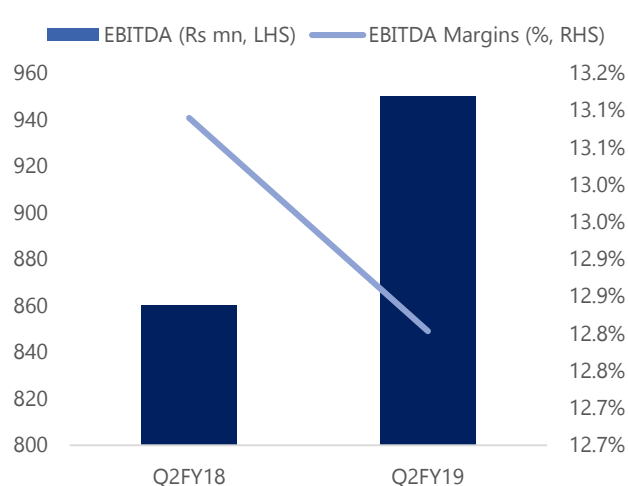
Consolidated Net Sales (including discontinued operation of branded apparel & engineering) grew by 11.6% to Rs 30.5 bn as compared to our expectation of Rs 28.6 bn, driven by 6% yoy growth in textiles segment, 21% yoy growth in advance material business segment, 9% yoy growth in branded apparel (13% on like to like basis, adjusted for Ind AS changes) and 2% in engineering segment and 161% in others segment. Textiles business grew at slower 6% yoy rate led by decline in denim volume while garments segment grew by 15% on yoy basis. Decline in denim business is due to lower consumer demand faced by its customers in the quarter led by high base of last year due to festive season. Further, the industry is facing over supply, aggression in pricing and higher credit offered by some of the peers (who have surplus capacity) which impacted the volumes in the segment.

Branded apparel business remained strong

Branded apparel business grew by 13% yoy on like to like basis to Rs 11.6 bn (Vs reported Rs 12.3 bn). The segmental reported revenue for the quarter stated higher due to IndAS and GST related adjustment. Adjusted EBITDA for the segment grew by 21% to Rs 760 mn. Power brands for the quarter grew at 13% yoy, Unlimited grew by 4% and other brands grew by 20%. In the quarter, the growth in branded apparel business was impacted due to shift in festival season to Q3 from Q2 in last year. As per management, LTL (like to like) was double digit in July, with tepid August and negative LTL in September 2018. The growth in branded apparel business is expected to be strong in H2FY19 particularly in Q3FY19 due to major festivals in the month of October and November 2018. Growth in unlimited is expected to pickup in coming quarter as the company is focusing on increasing sales after rolling out stores aggressively in the previous quarters. The company expects 12% LTL growth in 5 week of festival season as LTL has improved in Dusshera.

Revenue breakup of Branded Apparel

Source: Company

Power brand EBITDA & Margin

Source: Company

EBITDA margins improved in apparel segment

EBITDA margins for the quarter grew by 110 bps yoy to 9.1% resulting EBITDA growth of 27.2% on yoy. This was driven by sharp improvement in the margin of advance materials segment (by 800 bps), 60 bps improvement in EBITDA margins of branded apparel and other segment reporting positive margins as against loss in the last year same quarter. Branded apparel business reported improved margins on account improvement in margins in other brands and unlimited business. The margins in power brand was 30 bps lower in the quarter due to increased ad spend by 90 bps while sales grew at slower pace for the segment. But the management is positive on improving margins in power brand to ~15% by FY20E in the longer run. The company has maintained its guidance of 100bps improvement in margins in branded apparel segment with its brands turning profitable or breaking even at operating level, except GAP which is reporting losses.

The margins in the textiles segment declined by 70 bps yoy on account of lower drawback rate, decline in volume of denim segment and lower margins in Euthopia due to low price currency hedge. As per management, the margins in H2FY19 in the textiles segment would improve as realization would be near to market rate.

Maintained FY19E guidance at broader level

The company has maintained revenue guidance of ~10% for Arvind Ltd (the continued business of textiles, advance materials and others) with slower growth rate of 5-6% in textiles due to lower denim sales. On the other hand, Advance materials segment is expected to grow at 24% on yoy. The company has maintained 100bps improvement in EBITDA margins in Arvind led by sharp improvement in margins of advance material segment (from -1% in FY18 to 9% in FY19E) while textiles margins is expected to be lower by 80bps.

The company has guided for ~20% growth in branded apparel business (Arvind Fashions) as against earlier guidance of 20-24% yoy growth driven by Power Brands to maintain momentum, improved sales in Unlimited and traction in Innerwear business on full year basis. The company expects 100 bps improvement in margins in the business despite increase in marketing investment by about 0.5%. Revenue growth guidance for engineering business is maintained at 10-12% with flattish margins.

Segmental finance

(Rs mn)	Q2FY19	Q2FY18	YoY Grth (%)
Revenue			
Textiles	14880	13990	6%
Branded Apparels	12270	11280	9%
Advance Materials	1450	1200	21%
Engineering	480	470	2%
Others	1670	640	161%
Intersegment	220	220	0%
EBITDA			
Textiles	1840	1830	1%
Branded Apparels	760	630	21%
Advance Materials	140	20	600%
Engineering	180	110	64%
Others	110	-180	-161%
EBITDA Margin (%)			
Textiles	12.4%	13.1%	
Branded Apparels	6.2%	5.6%	
Advance Materials	9.7%	1.7%	
Engineering	37.5%	23.4%	
Others	6.6%	-28.1%	

Source: Company

Other highlights

- As per company, Certified order from NCLT expected in 1st week of November 18 and expect the demerger to become effective by end of November 18 with 29th November likely to be the record date. Likely listing of Arvind Fashions & Anup Engineering is expected in early February 2019.
- The company has reported strong performance in advance material which was earlier part of textiles and others segment. The segment is expected to grow at over 20% in the longer run and has potential to achieve Rs 10 bn revenue.
- The company has net debt of Rs 35.6 bn at the end of Q2FY19. As per management, the debt across businesses is expected to remain at these level by the end of FY19 on consolidated basis.
- The company has maintained capex guidance of Rs 15 bn for continued operations.

Outlook and valuation

We have updated our estimates based on restated segmental breakup given by the company for all entities. In our projections, we have included performance/ estimates of discontinued operation for like to like comparison based on the breakup given by the company for discontinued operations of branded apparel and engineering. We will come out with separate financial numbers for each of the businesses once demerger process gets completed and branded retail business under Arvind Fashions Ltd and engineering business under Anup Engineering Ltd gets listed.

We expect company's revenue and PAT to grow at a CAGR of 14.8% and 40.9%, respectively in FY18-20E driven by revenue CAGR of 9.1% CAGR in Arvind (continued operations), 18% in Arvind Fashions and 12.5% in Anup Engineering with EBITDA CAGR of 11.9% in Arvind, 38% in Arvind Fashions and 8.3% in Anup Engineering.

The stock is presently trading at FY19E/20E PE of 19.0x/13.5x based on revised EPS of Rs. 17.2/24.2 respectively. We have valued Arvind on sum of the parts basis (SOTP) where we have assigned FY20E EV/EBITDA multiple of 15x to the branded apparel business, 8x to the textile business and 12x to the engineering business. We maintain BUY recommendation on the stock with revised SOTP based target price of Rs 452 (Vs Rs 450 earlier).

Financials (Entity wise)

	FY18	FY19E	FY20E
Revenue	112900	125191	143221
Arvind	68000	72775	80997
Arvind Fashions	42660	49952	59391
Anup Engineering	2240	2464	2834
Revenue Growth%			
Arvind	10.4%	7.0%	11.3%
Arvind Fashions	47.2%	17.1%	18.9%
Anup Engineering	25.1%	10.0%	15.0%
EBITDA	10380	11955	14431
Arvind	7510	8151	9396
Arvind Fashions	2290	3212	4355
Anup Engineering	580	591	680
EBITDA Margin%	9.2%	9.5%	10.1%
Arvind	11.0%	11.2%	11.6%
Arvind Fashions	5.4%	6.4%	7.3%
Anup Engineering	25.9%	24.0%	24.0%
EBITDA Growth%			
Arvind	-8.3%	8.5%	15.3%
Arvind Fashions	57.9%	40.3%	35.6%
Anup Engineering	7.4%	2.0%	15.0%

Source: Company, Kotak PCG Research

SOTP Valuation

Segment	Parameter	FY20E	Multiple	Value	Per Share
Textiles	EV/EBITDA	9396	8	75165	291
Apparels	EV/EBITDA	4355	15	65328	253
Engineering	EV/EBITDA	680	12	8161	32
Net Debt				31798	123
Value				116855	452

Source: Kotak Securities – Private Client Research

Revision in estimates

Particulars (Rs Mn)	Previous		Revised		% Chg	
	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Revenue	1,18,735	1,35,018	1,24,654	1,42,684	5.0	5.7
EBITDA	10,888	13,713	12,124	15,528	11.4	13.2
EBITDA margin (%)	9.2	10.2	9.7	10.9	50 bps	70 bps
PAT	3,771	5,735	4,459	6,271	18.2	9.3
EPS (Rs)	14.6	22.2	17.2	24.2	18.1	9.2

Source: Kotak Securities – Private Client Research

Company background

Arvind Ltd, founded in 1931 by Lalbhai family, is a leading textiles company with interest in Textiles, Branded Apparel and Accessories, Engineering, etc. The company manufactures and sells about 300 million meters (mn mtr) of fabrics and over 30 mn pieces of garments (FY18). In branded apparels business, the company's own brands such as Flying Machine, Colt, Ruggers and Excalibur, etc. It also has a portfolio of licensed brands which includes US Polo Association, Arrow, Tommy Hilfiger (TH), Gap, Calvin Klein (CK), Hanes, Gant, Nautica, Izod, Ed Hardy, Elle, Cherokee, The Children's Place, Aeropostale, etc. It also owns the value chain 'Unlimited' and is the franchise partner of the world's largest beauty retailer 'Sephora'. In engineering business, it designs and manufactures critical process equipment for petrochemical, fertilizer, power and other process industries.

Financials: Consolidated

Profit and Loss Statement (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Revenues	92,355	108,261	124,654	142,684
% change yoy	15.3	17.2	15.1	14.5
Raw Materials	42,094	52,738	59,975	68,650
Employees expenses	10,963	12,647	13,912	15,303
Other Expenses	29,893	33,227	38,643	43,203
Total Expenditure	82,950	98,612	112,530	127,156
EBITDA	9,406	9,650	12,124	15,528
% change yoy	(1)	3	26	28
Depreciation	2,943	3,593	3,995	4,386
EBIT	6,463	6,056	8,129	11,142
Other Income	780	626	726	826
Interest	2,884	2,579	2,811	2,811
Profit Before Tax	4,197	3,904	5,844	8,958
% change yoy	(4.8)	(7.0)	49.7	53.3
Tax	997	746	1,385	2,687
as % of EBT	23.7	19.1	23.7	30.0
PAT	3,201	3,158	4,459	6,271
% change yoy	1.2	(1.3)	41.2	40.6
Shares outstanding (mn)	258	259	259	259
EPS (Rs)	12.4	12.2	17.2	24.2
DPS (Rs)	2.4	2.4	2.4	2.4
CEPS (Rs)	23.8	26.1	32.7	41.2
BVPS (Rs)	143.8	158.1	172.5	193.9

Source: Company, Kotak Securities – Private Client Research

Cash flow Statement (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Pre-Tax Profit	4,197	3,904	5,844	8,958
Depreciation	2,971	3,593	3,995	4,386
Change in WC	(3,137)	(4,141)	(2,796)	(4,930)
Other operating activities	1,404	1,833	1,426	123
Operating Cash Flow	5,435	5,189	8,469	8,537
Capex	(4,426)	(5,509)	(5,000)	(5,000)
Free Cash Flow	854	(320)	3,469	3,537
Change in Investments	4,720	-	-	-
Investment cash flow	294	(5,509)	(5,000)	(5,000)
Equity Raised	6,347	3	-	-
Debt Raised/Repaid	(8,536)	2,384	-	-
Dividend	(740)	(726)	(726)	(726)
Interest & Others	(2,885)	(1,156)	(2,811)	(2,811)
CF from Financing	(5,815)	505	(3,537)	(3,537)
Change in Cash	(86)	185	(68)	(0)
Opening Cash	296	209	395	327
Closing Cash	209	395	327	327

Source: Company, Kotak Securities – Private Client Research

Balance sheet (Rs mn)

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Equity	37,184	40,881	44,614	50,159
Equity Share Capital	2,584	2,586	2,586	2,586
Other Equity	33,086	35,242	38,975	44,520
Liabilities	49,496	61,703	61,065	64,937
Non-current liabilities	10,207	10,655	11,655	11,655
Financial Liabilities	8,016	8,927	9,927	9,927
Provisions	407	618	618	618
Other non-current liabilities	355	402	402	402
Current liabilities	39,289	51,048	49,410	53,282
Financial Liabilities	37,892	48,800	46,821	50,319
Provisions	168	258	297	340
Other current liabilities	1,229	1,990	2,292	2,623
Total Equities & Liabilities	86,680	102,584	105,679	115,096
Non-current assets	45,846	47,190	48,325	49,076
Property, Plant and Equipment	34,801	36,255	37,260	37,874
Capital work-in-progress	497	897	897	897
Goodwill, intangible & Others	2,381	3,632	3,632	3,632
Investment & other financial assets	5,183	3,392	3,522	3,659
Deferred Tax Assets (Net)	2,242	2,205	2,205	2,205
Other non-current tax assets (Net)	742	808	808	808
Current assets	40,834	55,394	57,354	66,019
Inventories	23,828	26,194	30,395	35,573
Financial Assets	12,622	22,220	25,076	28,291
Receivable	7,948	17,670	20,345	23,288
Cash & Bank Balance	209	395	327	327
Others	4,465	4,156	4,403	4,676
Other current assets	4,384	6,980	1,883	2,156
Total Assets	86,680	102,584	105,679	115,096

Source: Company, Kotak Securities – Private Client Research

Ratio Analysis

(Year-end Mar)	FY17	FY18	FY19E	FY20E
Profitability Ratios				
EBITDA margin (%)	10.2	8.9	9.7	10.9
EBIT margin (%)	7.0	5.6	6.5	7.8
Net profit margin (%)	3.5	2.9	3.6	4.4
Adjusted EPS growth (%)	1.2	(1.3)	41.2	40.6
Balance Sheet Ratios:				
Receivables (days)	31	60	60	60
Inventory (days)	94	88	89	91
Payable (days)	56	72	55	55
Working capital (days)	97	105	104	105
Asset Turnover	2.0	2.2	2.3	2.4
Net Debt/ Equity	0.7	0.8	0.7	0.6
Return Ratios:				
RoCE (%)	10.2	8.8	10.9	14.0
RoE (%)	10.0	8.1	10.4	13.2
Valuation Ratios:				
P/E (x)	26.4	26.8	19.0	13.5
P/BV (x)	2.3	2.1	1.9	1.7
EV/EBITDA (x)	11.9	11.9	9.6	7.5
EV/Sales (x)	1.2	1.1	0.9	0.8

RATING SCALE

Definitions of ratings

- BUY** – We expect the stock to deliver more than 12% returns over the next 12 months
- ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 12 months
- REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 12 months
- SELL** – We expect the stock to deliver negative 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.ozakotak.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	Nipun Gupta Information Tech, Midcap nipun.gupta@kotak.com +91 22 6218 6433	Deval Shah Research Associate deval.shah@kotak.com +91 22 6218 6423
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	Cyndrella Carvalho Pharmaceuticals cyndrella.carvalho@kotak.com +91 22 6218 6426	Ledo Padinjarathala Research Associate ledo.padinjarathala@kotak.com +91 22 6218 7021
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	Jayesh Kumar Economist kumar.jayesh@kotak.com +91 22 6218 5373	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				

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 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

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.