



**Fundamental
Muhurat Picks**
Samvat - 2076



23rd October 2019

Wishing everyone Happy Diwali and a Prosperous Samvat 2076 !

Samvat 2075 is ending with a happy note, though the year has been a mixed bag with Nifty delivering 9% return whereas the NSE Mid Cap Index & BSE Small Cap Index down by 7% & 10%, respectively. The rise in Nifty has been concentrated benefiting only handful of stocks. Although economic activity remains subdued and will take few more months to revive, the recent corporate tax rate cut, roll back of enhanced surcharge on FPIs and announcement of privatisation have improved investors sentiment. Investors would now look to 'buy on declines' as compared to earlier thinking of 'sell on rise'. A hefty 'above normal' rainfall is a boon for Indian economy and equity markets. The cumulative measures taken by the Government and the RBI in Samvat 2075 should help us reap the benefits in Samvat 2076.

The key drivers for the market in Samvat 2076 will be revival in consumption spending led by higher rural income (on the back of better rabi crop output) & falling interest rates, enhanced earnings (due to steep cut in corporate tax rate) and lower base effect playing out from Mar'20 quarter. Most central banks including RBI are cutting interest rates to revive growth and beat the slowdown. This trend could continue in the near future. ECB and Fed would look to infuse liquidity by again buying bonds and expanding their balance sheets. In this background, we can expect FPI flows to resume and increase further in emerging markets. We can expect better FPI flows in India in Samvat 2076 on the back of better earnings visibility and bolder reforms like Privatisation taking place.

Breaking the last two year's trend we can expect Mid & Small caps to outperform the Nifty/Sensex in Samvat 2076 because of their beaten down nature and valuations. Post the recent tax cut, investors interest in broader markets should revive gradually as earnings could improve with immediate effect while revenue growth could come with a lag of one or two quarters. Many companies have deleveraged their balance sheets and the recent tax cut could enhance their Return of Equity (RoE). This should help in improving valuations for many companies which have been paying full tax rate. The beaten down prices of select large and mid caps offers reasonable time window to cherry pick and accumulate good quality stocks from a 2 year perspective. Given current sentiment and high perceived risk towards corporate governance issues, it is best to avoid poorly governed companies with question mark on financials. Focus more on companies paying full corporate tax as earnings would get an instant leg-up.

Based on parameters like earnings growth, return ratios and valuations many companies from the following sectors are likely to outperform in Samvat 2076 are: Private Sector Banks, Larger NBFCs, Life Insurance, Capital Goods, Power, Gas Distribution, Home Textiles and Healthcare. Sectors likely to underperform in Samvat 2076 are: Automobiles, Auto Ancillaries, Smaller NBFCs, Information Technology, Metals and Real Estate.

Rusmik Oza

Head of Fundamental Research

Kotak Private Client Group

rusmik.oza@kotak.com / +91 22 62186441

Muhurat Pick – Valuation Summary

Company	Sector	Source	Price	Target	Upside	Mkt	EPS (Rs)		EPS gth (%)		PE/PBV# (x)		RoE (%)	
			(Rs) 22 Oct 19	Price (Rs)	(%)	Cap (Rs bn)	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Cipla Ltd.	Pharmaceuticals	KIE *	454	570	26	365.8	23.2	32.0	22.5	37.0	20.0	14.2	11.7	13.7
Federal Bank Ltd. #	Banking	KIE *	84	120	43	166.6	8.4	10.2	33.3	22.5	1.2	1.1	11.9	13.3
HDFC Ltd. #	NBFC	KIE *	2,115	2,375	12	3,651.7	69.8	68.6	22.5	(2.0)	4.3	4.0	14.8	13.5
Petronet LNG Ltd.	Oil & Gas	KIE *	275	320	16	412.5	18.4	21.1	22.5	14.8	14.9	13.0	25.8	26.5
PNC Infratech Ltd.	Construction	Kotak PCG	172	264	53	44.1	17.3	18.6	84.5	7.1	9.9	9.2	14.5	17.2
Power Grid Corp	Power	KIE *	205	235	16	1,042.7	20.6	23.0	8.0	11.2	10.0	8.9	17.3	17.4
VIP Industries Ltd.	Luggage	Kotak PCG	471	555	18	66.6	13.2	15.0	34.7	13.6	35.7	31.4	27.5	26.0

Source: Kotak PCG & KIE* (Kotak Institutional Equities); # Federal Bank & HDFC Bank are valued on PBV or Price/BV while rest of the stocks are valued on PE.; Source: KIE India Daily dated 23rd Oct'19 and Stock Recco report of Kotak PCG dated 22nd Oct'19.

CIPLA: BUY

CMP: Rs.454 Fair Value: Rs.570 Market Cap: Rs.366 Bn

- The FDA released the contents of Form 483 issued to Cipla for its Goa facility after inspection concluded on 27 Sep'19. Cipla's Goa facility has 10 units. Based on KIE analysis most of the 12 observations cited in the Form 483 are 'low to moderate' in criticality, and see an escalation to OAI or warning letter as unlikely.
- Cipla has received several interesting approvals over the past few quarters, including injectable products. KIE expects FY21 to maintain launch momentum given partner launches for CiproDex, and Truvada/Atripla, with FY22 likely to have generic Advair (filing on track for 4QFY20) as well as Abraxane launches.
- KIE expects FY20 revenue in domestic and exports to grow by 5% each. It expects domestic sales and exports to grow by 11% and 13%, respectively in FY21. As per KIE estimates domestic and exports sales should account for 39% and 55%, respectively in FY20.
- KIE expects EBITDA margins to improve from 18.9% in FY19 to 20.3% in FY20 and 23.1% in FY21. With better margins KIE expects EPS to grow by 22% in FY20 and by 37% in FY21. As per KIE estimates RoAE and RoCE are expected to improve from 10.2% & 7.7% in FY19 to 14.4% & 13.9% in FY21, respectively.
- Post the recent sharp correction, Cipla is now trading at 14x FY21 P/E (17X adjusted for exclusivities), and ~8x and ~7x FY21/22 EV/EBITDA, which KIE believes is very attractive, given the strength of the domestic franchise. Market is hardly ascribing any value to the US business. Above valuations are based on KIE update dated 14th Oct'19.

Note: The above is brief note on the company, based on the research report and update available (dated: 14th Oct'19) on our website at: https://www.kotaksecurities.com/research_report/recommendation/indiadaily.html

FEDERAL BANK: BUY

CMP: Rs.84 Fair Value: Rs.120 Market Cap: Rs.167 Bn

- Federal Bank reported 57% YoY growth in Q2FY20 earnings majorly due to lower income tax provisions (down ~65% YoY). Pretax profit was up 15% yoy in Q2FY20
- Bank reported ~15% YoY loan growth (down from ~20% in earlier quarters). Growth in retail lending (25% YoY) and agricultural loans (20% YoY) was robust but there was weakness in corporate loans (~8% growth from 30-40% range until 9MFY19). Overall deposit growth and CASA growth were strong at 18% YoY and 13% YoY respectively. This resulted in 10bps increased in CASA ratio to ~32%
- Gross NPL and Net NPL increased 6% and 10% QoQ to Rs.36.1 bn and Rs.18.4 bn respectively. Gross NPLs and Net NPLs stood at 3.1% and 1.6%, respectively at the end of Q2FY20. Slippages were higher at Rs.5.4 bn (1.9% of loans). Bank has ~ 15% exposure to HFCs and NBFC. 98% of HFC exposure and 97% of NBFC exposure are 'A' rated and above.
- KIE forecasts: loans to will grow at ~15% CAGR over FY19-20E. NIM to marginally increase by 10bps over FY19-22E to 2.8%. Gross NPL to remain broadly stable at around 3% levels until FY22E. CASA ratio to remain in the range of ~32-33% driven by 15% CASA CAGR over FY19-22E
- KIE maintains its BUY rating on the stock with fair value of Rs.120 (from Rs.130) valuing the bank at ~1.7X book and 13X September 2021E EPS for RoEs in the range of ~14% in the medium term and strong earnings growth of ~25% CAGR in FY19-22E.

Note: The above is brief note on the company, based on the research report and update dated 17th Oct'19 and available on our website at: https://www.kotaksecurities.com/research_report/recommendation/indiadaily.html

HDFC LTD: ADD

CMP: Rs.2115 Fair Value: Rs.2375 Market Cap: Rs.3652 Bn

- HDFC's 1QFY20 performance was moderate on account of muted growth in non-retail book and higher funding costs even as stable retail business growth and asset quality performance were positives. KIE expects medium-term growth to come from affordable housing business.
- HDFC is better placed as compared to its peers as other HFC's are struggling to raise resources due to large high-risk/developer loan book and higher leverage. This helps in facing competition from banks that are cutting lending rates.
- Individual loan growth maintained steady pace and was up 17% yoy in Q1FY20. However, Non-individual loan growth has dropped in past few quarters. KIE expects HDFC's interest spread to moderate a bit yoy in FY20E and inch up by FY2E end.
- KIE forecasts based on Q1F20 update: AUM likely to grow at ~16% CAGR over FY21-22E. Gross Stage -3 loans to remain stable around 1.4-1.5% over FY19-22E. With low leverage due to recently mobilized capital, core RoE in the near term should be muted at 15-16%.
- The revised SOTP target of KIE, post tax cut announced by the Government works to Rs.2375. KIE has valued the core business at 2.4x book, valued HDFC Life and HDFC Bank at fair value estimates and other businesses at market value (with 10-15% holding-company discount).

Note: The above is brief note on the company, based on the research report and updates available (dated: 2nd Aug'19, and 23rd Sept'19) on our website at https://www.kotaksecurities.com/research_report/recommendation/indiadaily.html

PETRONET LNG LTD.: BUY

CMP: Rs.275 Fair Value: Rs.320 Market Cap: Rs.412 Bn

- PLNG's re-gasification capacity expansion project by 2.5 mtpa at Dahej terminal was commissioned on June 25, 2019. Post Q1FY20 results, management has indicated that Dahej terminal is operating near full capacity of 17.5 mtpa.
- KIE expect ramp-up in volumes, driven by expansion of Dahej and increase in utilization of Kochi post pipeline commissioning. PLNG is targeting to secure long-term LNG supplies at low cost (optimistically at sub-US\$6/mn BTU landed in India) amid favorable environment currently to partly substitute its RasGas volumes post expiry of contract in CY28.
- KIE seeks comfort from PLNG's prudence in de-risking its business model so far (1) back-to-back long-term off-take arrangement for RasGas/Gorgon contracts, (2) full placement of Dahej's 5 mtpa capacity expansion through tolling contracts, (3) seeking long-term off-take contracts for the proposed Bangladesh LNG project, and (4) rational bidding for CGD projects.
- KIE expects LNG volume to increase from 16.6 mmtpa in FY19 to 17.8 mmtpa in FY20E and 18.8 mmtpa in FY21E. It expects free cash flow of Rs. 34.5 bn in FY20E, Rs.34.4 bn in FY21E and Rs.36.7 bn in FY22E. Debt/Equity (%) to reduce from 16% in FY19 to 5% in FY22E.
- Based on KIE estimates EPS is expected to grow by 22.5% in FY20E and 14.8% in FY21E. KIE expects ARoE to improve significantly from 19.4% in FY19 to 23.3% in FY21E. KIE values Petronet LNG at Rs.320 using DCF methodology. (Based on report dated 23rd Sep'19).

Note: The above is brief note on the company, based on the research report and update available (dated: 9th Aug'19 and 23rd Sep'19) on our website at: https://www.kotaksecurities.com/research_report/recommendation/indiadaily.html

PNC INFRATECH LTD.: BUY

CMP: Rs.172 Fair Value: Rs.264 Market Cap: Rs.44.1 Bn

- PNC Infratech Ltd (PNC) is present in the business of construction and infrastructure development with expertise in highways, bridges, flyovers, airport runways, development of industrial areas, etc. PNC is executing road projects on EPC contract basis and is also operating 6 BOT projects, 1 OMT project and developing 7 HAM road projects.
- PNC has robust total order book of Rs.119 bn (including HAM projects where appointed date not yet received) at the end of Q1FY20. This order book is 3.8x its FY19 revenue and gives very strong revenue growth visibility for the next 2-3 years.
- PNC has strong pipeline of projects in road space which will support its future order book. The company is targeting to add new projects worth Rs.70-80 bn in FY20E based on new bids expected from NHAI and state government related to expressways.
- PNC has infused Rs.2.8 bn equity in HAM projects at the end of Q1FY20 and further requires Rs.5.5 bn of equity in the next 2-3 years. The company does not see any problem in meeting equity commitment in HAM projects as it has strong cash generation and has low net debt.
- PNC has guided for over 45-50% YoY revenue growth in FY20E with EBITDA margins of 13.5-14% based on strong order book and execution timeline. Our Buy rating on the stock is based on sum of the parts based target price of Rs.264. This includes Rs.223 per share value of EPC business (valued at 12x FY21E EPS) and Rs.41 per share value of BOT/HAM (valued at 1x BV).

Note: The above is brief note on the company, based on the research reports dated 16th August 2019 and 24th Sept 2019 and available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>

POWER GRID: BUY

CMP: Rs.205 Fair Value: Rs.235 Market Cap: Rs.1073 Bn

- Power Grid reported revenue of Rs.88 bn (+6% yoy), EBITDA of Rs.79 bn (+11% yoy) and PAT of Rs.24 bn (+8% yoy) in Q1FY20. Change in accounting policy and higher tax rate led to lower net income in Q1FY20.
- Power Grid's total transmission network including subsidiaries as of June 30, 2019 comprised 158,808 ckm of transmission lines, 246 substations and 375,142 MVA of transmission capacity. Power Grid has work in hands of over Rs.630 bn (Rs.510 bn on standalone basis and Rs.120 bn of subsidiaries), which is 1.7x of FY19 net sales.
- Post Q1FY20 results management had guided for a capex spend of Rs.150 bn for FY20. KIE expects asset capitalization of Rs.220 bn in FY20E and Rs.250 bn in FY21E as compared to Rs.193 bn in FY19. Visibility of projects beyond FY22E will likely improve closer to end of FY20 with a likely spike in approval and ordering activity.
- KIE expects the company's EPS go up from Rs.21 in FY20E, Rs.23 in FY21E and Rs.25 in FY22E. As per KIE estimates RoE of the company should average ~17% between FY19-21E.
- KIE has fair value of Rs.235/share based on March 2021E DCF. KIE is building in a high growth earnings trajectory for the company up to FY22E based on incremental project visibility.

Note: The above is brief note on the company, based on the research report and update available (dated: 6th Aug'19) on our website at: https://www.kotaksecurities.com/research_report/recommendation/indiadaily.html

VIP INDUSTRIES LTD.: BUY

CMP: Rs.471 Fair Value: Rs.555 Market Cap: Rs.66.6 Bn

- The company's VIP brand contributes ~45% of net sales, followed by Skybags, which contributes ~27%, brands like Aristocrat and Alfa contribute ~20% and the balance is from brands like Carlton and Caprese.
- A network of 1,000 dealers and 100 distributors (reaching 1,000 retailers), 250 exclusive brand outlets, 250 franchisees, 1,000 modern trade outlets and ecommerce has ensured wider distribution of VIP products. Each of VIP brands including VIP, Aristocrat, Skybags, Carlton and Capresse have a strong brand recall and continue to do well.
- We estimate VIP to continue to focus on strong brand visibility by spending around 5-6% of sales on ad spends over FY19 to FY21E giving more thrust to the brand.
- VIP exports to countries such as UK, Europe, UAE, Qatar, Kuwait and the Asia Pacific and is also looking at expanding its footprint in newer geographies exploring more revenue avenues.
- For soft Luggage raw material, management wants to reduce dependency on China in the long run and has setup a manufacturing facility in Bangladesh and is looking to expand it.
- We are assuming crude to average US\$65/barrel in FY20 and raw material situation to be favourable for VIP leading to margin expansion. Recommend BUY with a target price of Rs.555 valuing the stock at 39x FY20E earnings

Note: The above is brief note on the company, based on the research reports dated 13th Sept 2019 and available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>

RATING SCALE (PRIVATE CLIENT GROUP)

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.
- 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 (PRIVATE CLIENT GROUP)

Rusmik Oza Head of Research rusmik.oz@kotak.com +91 22 6218 6441	Arun Agarwal Auto & Auto Ancillary arun.agarwal@kotak.com +91 22 6218 6443	Amit Agarwal, CFA Transportation, Paints, FMCG agarwal.amit@kotak.com +91 22 6218 6439	Krishna Nain M&A, Corporate actions krishna.nain@kotak.com +91 22 6218 7907
Sanjeev Zarbade Cap. Goods & Cons. Durables sanjeev.zarbade@kotak.com +91 22 6218 6424	Jatin Damania Metals & Mining, Midcap jatin.damania@kotak.com +91 22 6218 6440	Purvi Shah Pharmaceuticals purvi.shah@kotak.com +91 22 6218 6432	Priyesh Babariya Research Associate priyesh.babariya@kotak.com +91 22 6218 6433
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 6425	K. Kathirvelu Support Executive k.kathirvelu@kotak.com +91 22 6218 6427

TECHNICAL RESEARCH TEAM (PRIVATE CLIENT GROUP)

Shrikant Chouhan shrikant.chouhan@kotak.com +91 22 6218 5408	Amol Athawale amol.athawale@kotak.com +91 20 6620 3350	Faisal Shaikh, CMT, FRM Research Associate faisalf.shaikh@kotak.com +91 22 62185499	Siddhesh Jain Research Associate siddhesh.jain@kotak.com +91 22 62185498
---	---	---	--

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

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 6615 6273
---	---	---	--

Disclosure/Disclaimer (Private Client Group)

Rusmik Oza of Kotak Securities – Private Client Research hereby certify that all of the views expressed in this report accurately reflect their personal views about the subject company or companies and its or their securities. He also certify that no part of their compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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 Analysts(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: Cipla, Federal Bank, HDFC, Petronet LNG, Power Grid – Yes

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 ID: NSE-08081; BSE-673; MSE-1024; MCX-56285; NCDEX-1262), 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 Managing Director / CEO (Mr. Jaideep Hansraj) at ceo.ks@kotak.com or call on 91-(022) 4285 8301.