

FEBRUARY 12, 2021

IPO Note

RAILTEL CORPORATION OF INDIA LTD**NOT RATED**

(Note: All the information in this note is taken from RHP)

Offer Details

The price band is in the range of Rs.93-94/share. The total issue size is of Rs.819.24 cr (at Rs.94/share). It is an offer for sale (OFS) by the President of India, acting through the Ministry of Railways, Government of India.

Offer details

Particulars	Details
Price band (Rs/share)	Rs93-94
Opening date of the Issue	February 16th, 2021
Closing date of the issue	February 18th, 2021
No. of shares pre-issue (nos. cr)	32.0938
No. of shares post-issue (nos. cr)*	32.0938
Fresh Issue (nos. cr)*	NA
Offer for sale (nos. cr)*	8.715
Issue size (Rs cr)*	819.24
Bid Lot	155 shares and in multiple thereafter
Book Building QIBs	50%
Non-Institutional	15%
Retail	35%
Lead managers	ICICI Securities Limited, IDBI Capital Markets & Securities Limited and SBI Capital Markets Limited

Source: Company RHP, * Based on upper price band

Shareholding Pattern

	Pre Issue	Post Issue
Promoter holding (%)	100.00	72.84
Public shareholding (%)	-	27.16
Total (%)	100.00	100.00

Source: Company RHP

Objects of the offer

Since the Offer is an offer for sale and the company will not receive any proceeds from the Offer, the company is not required to appoint a monitoring agency for the Offer.

Background

Railtel Corporation of India Limited (RailTel) is an information and communications technology ("ICT") infrastructure provider and is one of the largest neutral telecom infrastructure providers in India (Source: CRISIL Report). RailTel is a Mini Ratna (Category-I) Central Public Sector Enterprise, wholly-owned by the Government of India and under the administrative control of the Ministry of Railways. The company was incorporated on September 26, 2000 with the aim of modernizing the existing telecom system for train control, operation and safety and to generate additional revenues by creating nationwide broadband and multimedia network by laying optical fiber cable by using the right of way along railway tracks.

Jatin Damania

Jatin.damania@kotak.com

+91 22 6218 6440

As of January 31, 2021, RailTel's optical fiber network covers 59,098 route kilometers and covers 5,929 railway stations across towns and cities in India. The transport network is built on high capacity dense wavelength division multiplexing ("DWDM") technology and an Internet protocol/ multi-protocol label switching ("MPLS") network over it to support mission critical communication requirements of Indian Railways and other customers.

RailTel operates data centers in Gurugram, Haryana and Secunderabad, Telangana to host and collocate critical applications for customers including the Indian Railways. In addition to strategic and critical network infrastructure services, the company also undertakes various ICT projects for the Indian Railways, central government and state governments, including various train control system projects for Indian Railways.

The company offers a diverse range of services across industries. RailTel's portfolio of services can be broadly classified as below:

Telecom Network Services

National Long Distance (NLD) Services: RailTel provides digital capacity to carry long distance telecommunication services including various tele-services such as voice, data, fax, text, video and multimedia. As part of NLD services, the company offers enterprise customers with: (i) leased line services; and (ii) MPLS based virtual private network (VPN) facilities.

Internet Service Provider (ISP) Services: As part of ISP services, the company offers enterprise customers Internet leased line services with multiple bandwidth options ranging from 2 MBPS and above across India. They offer retail broadband services through 'RailWire' platform.

Telecom Infrastructure Services

Passive Infrastructure (IP-1) Services: RailTel provides storage, power, cooling, and physical security for servers and networking equipment of their customers and connect them with a variety of telecommunications and network service providers. In addition, the company provides space on microwave towers for collocating base transceiver stations ("BTS") for telecom operators, small cell sites for extending their mobile coverage and space for collocating mobile switching centers. They also provide single core dark fiber for transmission of digital video signals to multiple system operators (MSOs) for cable distribution.

Managed Data Center and Hosting Services

Data Centre and Managed Hosting Services: RailTel offers a variety of data centre services including Infrastructure as a Service or IaaS, dedicated hosting, managed services, cloud computing, managed e-Office services, disaster recovery services, Aadhar authentication services and other IT related services such as load balancing services, application hosting, bandwidth services and advanced firewall services.

Telepresence Services (TPaaS): The company offers end-to-end, high-definition, secure, hosted multitenant video conferencing facility bundled with required bandwidth as a service.

Security Operations Centre as a Services (SOCaaS): RailTel's security operations centre (SOC) provides centralized and consolidated cyber security incident prevention and security event monitoring services, it has detection response capabilities and supports requirements of other business units. The company is able to provide both offsite and onsite security solutions.

Projects (System Integration Services)

ICT Hardware, Software and Service System Integration Projects: RailTel collaborates with partners and OEMs to undertake ICT hardware implementation, software delivery and digital transformation projects including creation of state wide area network (WAN) and its maintenance, data center and facility management services, Wi-Fi projects, city surveillance projects, laying of state wide fiber optic network and its maintenance, implementation and maintenance of end-to-end IT applications of enterprises.

Digital Services: The company also collaborate with partners who offer solutions/ applications that are hosted on their data centers, RailTel offers digital services including unified communications, Wi-Fi as a service, e-tendering/ e-auction/ smart payments and disaster management services.

Other Services: Other services offered by the company includes consultancy services for ICT services and solutions and signalling services including signal design and design automation software tools for the Indian Railways.

Management Background

Name	Age	Designation	Background
Mr. Puneet Chawla	57	Chairman and Managing Director	Prior to joining the company, he has held positions such as Executive Director (Safety) in the Railway Board of MoR, Divisional Railway Manager, Ajmer, Chief Project Manager, Indian Railway Project Management Unit, General Manager, Rail Vikas Nigam Ltd. He has been conferred upon "Eminent Engineer Award for the year 2020" by the Institution of Engineers (India). He has over 33 years of experience in Indian Railways.
Mr. Sanjai Kumar	52	Director	He is the Director (Network, Planning and Marketing)/Whole Time Director of the company. He has over 27 years of experience of working as an officer of the Indian Railway Service of Signal Engineers ("IRSSE") including over 18 years of experience of managing projects and marketing departments in the company.
Mr. Anand Kumar Singh	58	Director (Finance)	He is the Director (Finance)/ Whole time Director of the company. He is also appointed as the Chief Financial Officer of the company from September 26, 2019. He has over 33 years of experience of finance and accountancy. He joined the company as Whole time Director from September 4, 2019. Prior to joining the company, he was the executive director (Finance) at IRCON International Limited.
Mr. Umesh Balonda	47	Part-time Government Director / Nominee Director	He is a Part-time Government Director / Nominee Director of the company since May 6, 2019. He has over 15 years of experience in Indian Railways undertaking various duties and responsibilities like policy formation and deployment of telecom system on Indian Railways.
Mr. Jasmeet Singh Marwah	43	Company Secretary and Compliance Officer	He holds a bachelor's degree in commerce from University of Delhi and a bachelor's degree in law from Chaudhary Charan Singh University, Meerut. He is a qualified Company Secretary from the Institute of Company Secretaries of India and has over 18 years of experience in handling secretarial matters.

Source: Company RHP

Business Impact due to COVID-19

Considering the current fiscal position of the Government among the COVID-19 pandemic and telecom companies, the Government is expected to conduct only 4G auctions this fiscal, delaying the 5G spectrum sale to Fiscal 2021. The 4G spectrum auctions will see sale of all unsold spectrums in various bands, except the 5G band.

Strengths

Among the largest neutral telecom infrastructure providers in India with pan-India optic fiber network

RailTel is one of the largest neutral telecom infrastructure providers in India (Source: CRISIL Report). As of January 31, 2021, the company had exclusive right of way along 67,415 route kilometers connecting 7,321 railway stations for laying optical fiber cable. They have 59,098 route kilometers of optical fiber cable network and have connected 5,929 railway stations across towns and cities in India, as of January 31, 2021. RailTel has city wide access network that stands at over 18,000 kilometers as of January 31, 2021. They offer high capacity bandwidth of up to 800G at 87 locations in India, as of January 31, 2021. They offer leased line and VPN facilities and also provide IP-1 services.

Their pan-India network comprises various technologies including next generation network (NGN), packet transport network, DWDM and IP-MPLS that are maintained by their network operations centers ("NOCs") at Mumbai, Delhi, Kolkata and Secunderabad to provide VPN, point-to-point leased line to enterprises, public sector banks, defense organisations and educational institutions. In addition, they have a Central Network Operations Centre located at New Delhi that monitors the entire pan-India network. The company has installed point-of-presence ("PoPs") across cities and towns in India.

Railtel is also implementing partner for the Bharat Net project to create optical fiber cable based broadband infrastructure in laying optical fiber cable across 36,000 gram panchayats in India. As of January 31, 2021, they had completed laying 25,000 kilometers of optical fiber cables for 9,473 gram panchayats and 7,764 gram panchayats were service ready. They also have experience in providing managed ICT services to central and state government agencies. They have developed a retail broadband network and applications to retail customers across India through its 'RailWire' platform. As of January 31, 2021, they had 305,746 users of its 'RailWire' service.

Diversified portfolio of services and solutions

RailTel offers a diversified portfolio of ICT services and solutions including MPLS-VPN, leased lines services, TPaaS, e-Office services and data center services, large network hardware system integration, software and digital services. In addition to laying optical fiber cable network, their transport network is built on high capacity DWDM and an IP/ MPLS network over it to support communication requirements of the Indian Railways and other key customers. They have also built their optical fiber cable network across cities and towns in India to provide end-to-end bandwidth services through leased circuits, MPLS-VPN ports or Internet bandwidth ports. As of December 31, 2020, they had connected 5,034 MPLS-VPN ports and 895 Internet bandwidth ports for their customers.

They have also entered into agreements with telecom companies and MSOs to lease bandwidth and offer last mile optical fiber cable network connectivity across cities and towns in India. In addition, the company provides NLD connectivity for Indian Railways exchanges on NGN technology handling over 8.9 lakhs minutes per month, as of December 31, 2020. RailTel also offers digital subscriber line access multiplexer for broadband at railway colonies and provide Wi- Fi in various offices of the Indian Railways. The provisioned bandwidth for railway applications grew from 38.12 Gbps as of March 31, 2020 to 54.82 Gbps as of December 31, 2020 reflecting a growth 1.4 times.

Key partner to the Indian Railways in digital transformation

RailTel serve as a key network for the Indian Railways (Source: CRISIL Report). They provide a variety of services to the Indian Railways and have implemented MPLS data network for integrated payroll and accounting system, unreserved ticketing system, freight operations information system and coaching operations information systems. As of December 31, 2020, their MPLS-VPN for railways intranet aggregated to over 74.7 Gbps capacity and Internet to over 25.06 Gbps capacity. The company is responsible for upgradation of RailNet over a WAN by providing centralized mailing system and security systems through the supply, installation and commissioning of IP-MPLS network at divisions, zones, production units and central training units of the Indian Railways. The company is also working with the Indian Railways to transform railway stations into digital hubs by providing public Wi-Fi at railway stations across India.

As of January 31, 2021, 5,929 railway stations were live with 'RailWire' Wi-Fi and they recorded 1.604 cr unique users in Fiscal 2020. They recorded an average of 3.001 cr user logins per month in Fiscal 2020, and an average of 9,262 TB of aggregated data consumption per month in Fiscal 2020. The company also recorded average data usage per user amounting to 577 MB per month in Fiscal 2020. In Fiscal 2018, 2019 and 2020 and in the six months ended September 30, 2020, they generated revenues of Rs 118.73 cr, Rs115.29 cr, Rs283.14 cr and Rs128.01, respectively, from services rendered to the Indian Railways.

Experience in executing projects of national importance with a robust pipeline of projects

Railtel has successfully completed a number of long-term projects for provision of ICT services across India. These include the NKN and Bharat Net (formerly, the National Optical Fiber Network) projects for providing high capacity bandwidth pipes and laying optical fiber cable for connectivity of gram panchayats in India. They are also executing projects for public sector enterprises. For ESIC they have undertaken operations and maintenance of the network and infrastructure operations in connection with implementation of social security programme. As part of its work for the MHRD, their role involves commissioning and maintaining secured campus Wi-Fi infrastructure in central universities in India. As of January 31, 2021, they had executed and were maintaining Wi-Fi at 26 universities.

In Kerala Fiber Optic Network project, Railtel is a part of the consortium that involves provision of scalable and resilient optic fiber across Kerala. They are also in the process of setting up such e-offices for a number of large government entities.

Strong track record of financial performance

The company has established a consistent track record of financial performance and growth. They have been profitable since Fiscal 2007 and have consistently declared and paid dividends since Fiscal 2008 and in Fiscal 2018, 2019 and 2020 and in the six months ended September 30, 2020, they paid dividend of Rs51.53 cr, Rs62.47 cr, Rs46.2cr and Rs 20 cr, respectively. The company operations have been funded entirely by internal accruals since Fiscal 2013 and they are debt-free company. In Fiscal 2020, their gearing ratio was the lowest among Key Telecom Companies and Key IT/ICT Companies in India (Source: CRISIL Report).

In Fiscal 2020, they reported the highest net profit margin among Key Telecom Companies and Key IT/ICT Companies in India, with a net profit margin of 12.50% while their net profit margin was 8.48% in the 6 months ended September 30, 2020. They ranked 1st in terms of operating profit margin among the Key IT/ICT Companies in India in Fiscal 2020 (*Source: CRISIL Report*). The profit before tax was Rs159.61 cr, Rs 217.69 crore, Rs184.76 cr and Rs62.18 cr in Fiscal 2018, 2019, 2020 and in the 6 months ended September 30, 2020, respectively

Professionally managed with strong corporate governance and senior management team with significant industry experience

Railtel has a diversified Board and senior management team with significant experience. The Chairman and Managing Director, Puneet Chawla has been associated with Indian Railways for over 30 years and has significant experience in project management and administration. Sanjai Kumar, Whole-time Director (Network, Planning and Marketing) has technical backgrounds and has extensive operational and marketing experience. Anand Kumar Singh, Director and Chief Financial Officer have extensive experience in finance and accounting matters. The Board also comprises members who have been associated with the Indian Railways in various capacities and also receives support from the nominees of the Indian Railways.

Strategies

Continue to expand telecom services and deploy latest technologies

Company's extensive network is a key differentiator in the market and a key value proposition in delivering services to its customers. To build 5G infrastructure in India, fiberisation of telecom towers is a pre-requisite (*Source: CRISIL Report*). Railtel, therefore, plan to continue to invest in expanding its network and deploying latest technologies to enable a high capacity next generation network in order to deliver sustained value to its customers and improve their experience with its services.

The company intends to create neutral telecom infrastructure to allow them to host telecom players at railway stations in India. Also, as part of the digital India initiatives by the GoI, Railtel is well positioned to connect gram panchayats and provide high speed Wi-Fi particularly in gram panchayats near railway stations where its optical fiber cable network exists. They intend to continue to invest in its network and technology infrastructure, to improve the existing technology systems or implement new, more advanced technology systems.

As part of the North East Optical Fiber Cable project under USOF, Railtel will continue to create the fiber network in the 6 states of North East (Mizoram, Tripura, Meghalaya, Arunachal Pradesh, Manipur and Nagaland) under 2-phases connecting each of district headquarters to their respective sub-divisional headquarters.

Further diversify services and solutions with a focus on Indian Railways

Strong economic growth, aided by shift to digital and on-demand business models with a growing need for any time anywhere connectivity for enterprises and the GoI's push for digitization, are fueling demand for telecom services from enterprises. RailTel intends to continue adopting the ready business solution approach enabling their customers to scale faster and enhance their operational efficiencies. They plan to enhance their focus on provision of services that have high market attractiveness and in particular work with the Indian Railways. The Indian Railways currently uses GSM-R based network and intends to migrate to the LTE network.

RailTel intends to work with the Indian Railways to develop and manage their proposed LTE network that will create a private network along a railway tracks. They believe that this network will provide connectivity for IoT initiatives of the Indian Railways. The company also intend to work with the Indian Railways to meet their current and emerging communication infrastructure requirements by implementing the High Speed Mobile Communications Corridor ("HSMCC"). The proposed HSMCC will cater to current and future voice and data needs of train-ground and train-train communication of rail assets, automatic train operations and on-board passenger services.

The TRAI has finalized its recommendations on the allotment of spectrum that out of 35 MHz (paired) spectrum available in the 700 MHz band, 5MHz (paired) spectrum should be allocated to the Indian Railways for implementing ETCS level-2, MC PTT + Voice, IoT-based asset monitoring services, passenger information display system, and live feed of video surveillance of a few coaches at a time. TRAI has further recommended that the MoR explore other communications for uploading the video feed. For VSS, Indian Railways can either use a high capacity Wi-Fi or public telecommunications network telecom service provider network for sending continuous video surveillance data streams to its control centre. In addition, LTE based mobile train radio communication system is the foundation for Indian Railway's modern train

control systems including the ETCS level-2 and the train collision avoidance system.

This would open up opportunities for telecom service providers and given its network capability and experience of working with the Indian Railways, Railtel is well placed to monetize on this opportunity. They intend to partner with PSUs to undertake provide ICT services, maintenance of telecom infrastructure, and marketing of dark fiber, tower space, telecom network and associated equipment and collaborate in areas such a development of smart cities, network requirements for defence projects, cloud, IoT and mission critical communication systems.

Railtel is currently working on a LTE-based communication system for the Indian Railways which is similar to the public protection and disaster recovery (“PPDR”) networks that employ LTE standards. They intend to offer its services to various governmental agencies that are proposing to modernize PPDR networks.

Expand services outside India

Given RailTel’s expertise in handling a range of ICT infrastructure projects and their ability to provide diversified service and solutions, the company intends to offer their services selectively in jurisdictions outside India. They are currently in the process of bidding for project in Africa that include supply, delivery, installation, testing and commissioning of goods and service for digital literacy in public primary schools in Kenya. They will look to leverage their expertise of working and developing projects for the Indian Railways, particularly modernizing and digitizing the existing networks, to other projects in Bangladesh where they are currently evaluating projects. In addition, they are exploring business opportunities in Mauritius and in particular in the healthcare segment. RailTels intend to become a platform for regulators and fintech providers and implement these applications in other developing countries. The company also intend to leverage their existing technology and work with the GoI to implement their capabilities in other countries.

Financials

Balance Sheet

Y/E Mar (Rs Cr)	FY18	FY19	FY20	As of 30th Sep'20
Assets				
Non-Current Assets				
Property, Plant and Equipments	684.35	785.98	608.53	581.71
Capital Work In Progress	364.16	299.90	252.55	231.53
Right of Use Assets	-	-	172.96	167.51
Intangible Assets	3.64	3.96	7.84	14.70
Financial Assets				
Investment	-	-	-	-
Loans and Security Deposits	3.77	3.47	3.32	4.14
Other Non Current Financial Assets	-	0.65	219.30	82.69
Deferred Tax Assets (Net)	4.01	-	-	8.25
Other Non Current Assets	98.86	31.00	18.06	2.91
Total Non Current Assets	1,158.80	1,124.95	1,282.56	1,093.44
Current Assets				
Inventories	-	0.87	0.49	0.15
Financial Assets				
Investment	-	7.05	-	-
Trade Receivables	466.68	459.57	507.07	656.52
Cash and Cash Equivalents	72.83	71.63	134.52	74.47
Other Bank Balances	436.39	335.30	133.91	294.47
Loans and Security Deposits	2.52	4.32	4.87	5.37
Other Current Financial Assets	112.18	117.88	213.54	216.94
Current Tax Assets (Net)	22.09	32.73	27.48	36.61
Other Current Assets	51.38	73.38	93.67	104.18
Total Current Assets	1,164.08	1,102.72	1,115.54	1,388.71
Total Assets	2,322.88	2,227.68	2,398.10	2,482.15
Equity and Liabilities				
Equity				
Equity Share Capital	320.94	320.94	320.94	320.94
Other Equity	908.24	968.15	1,048.42	1,073.69
Total Equity	1,229.18	1,289.09	1,369.36	1,394.63
Liabilities				
Non Current Liabilities				
Financial Liabilities				
Leasing Liabilities	-	4.12	34.80	17.99
Other Non current Financial Liabilities	90.48	9.18	7.40	11.47
Provisions	1.85	4.69	9.90	10.38
Deferred Tax Liabilities (Net)	-	16.94	3.54	-
Other Non current Liabilities	260.25	112.10	107.83	139.96
Total Non Current Liabilities	352.58	147.04	163.46	179.80
Current Liabilities				
Financial Liabilities				
Borrowings				
Trade Payables				
Total outstanding dues of micro enterprises and small enterprises				
	17.73	38.67	64.81	103.67
Total outstanding dues of creditors other than micro enterprises and small enterprises				
	253.24	228.10	314.06	304.27
Leasing Liabilities	-	1.36	7.74	6.26
Other Current Financial Liabilities	73.49	153.49	182.71	168.13
Provisions	38.35	36.71	20.09	13.68
Other Current Liabilities	358.31	333.22	275.87	311.71
Total Current Liabilities	741.12	791.55	865.28	907.72
Total Equity and Liabilities	2,322.88	2,227.68	2,398.10	2,482.15

Source: Company RHP

Profit and Loss

Y/E Mar (Rs Cr)	FY18	FY19	FY20	As of 30th Sep'20
Income				
Revenue From Operations	976.78	1,003.27	1,128.05	537.40
Other Income	42.90	35.20	37.99	15.62
Finance Income	1.54	-0.20	-0.04	0.76
Total Income	1,021.22	1,038.27	1,166.01	553.78
Expenses				
Access and Other Charges	250.09	263.52	249.03	149.06
License Fees and spectrum charges	47.34	45.99	47.93	26.35
Expenses on Project	253.32	249.41	340.08	110.76
Employee Benefit Expenses	117.99	112.02	120.53	66.89
Administrative & Other Expenses	43.16	27.14	31.48	50.38
Corporate Social Responsibility	0.76	3.03	5.19	3.91
Depreciation and Amortisation	118.63	111.58	130.90	81.74
Finance Expenses	3.81	7.89	6.80	2.51
Total Expenses	835.10	820.58	931.95	491.60
Profit/(Loss) before exceptional items and tax	186.12	217.69	234.06	62.18
Exceptional Items	-26.51	-	-49.30	-
Profit/(Loss) before tax	159.61	217.69	184.76	62.18
Tax Expenses				
Current tax	79.43	58.07	55.98	28.38
Deferred Tax	-23.60	20.96	-13.40	-11.78
Tax impact of earlier years	-30.23	3.30	1.12	-
Profit/(loss) for the year /period	134.01	135.36	141.07	45.58

Source: Company RHP

Cashflow Statement

Y/E Mar (Rs Cr)	FY18	FY19	FY20	As of 30th Sep'20
Net cash generated from Operating Activities	40.88	35.39	173.30	20.79
Net cash used in Investing Activities	1.54	40.65	-47.95	-55.71
Net cash used in Investing Activities	-62.02	-77.24	-62.46	-25.13
Net increase /(decrease) in cash and cash equivalents during the Year/Period	-19.598	-1.201	62.887	-60.05
Cash and cash equivalents at the beginning of the year/period	92.43	72.83	71.63	134.52
Cash and cash equivalents at the end of the Year/Period	72.834	71.633	134.52	74.47

Source: Company RHP

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.
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 (PRIVATE CLIENT GROUP)

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

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	Sayed Haider Research Associate sayed.haider@kotak.com +91 22 62185498
---	---	--

DERIVATIVES RESEARCH TEAM (PRIVATE CLIENT GROUP)

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

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

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

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

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

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

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

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

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

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

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

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

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

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

Details of Associates are available on www.kotak.com

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

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

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

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

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

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

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

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

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

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

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

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

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

FEBRUARY 12, 2021

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. **Kotak Securities Limited is a Sub-Syndicate member for the public issue of RailTel Corporation of India Ltd.** 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.