

GAIL

Refer to important disclosures at the end of this report

## Outlook improves for petchem, trading as international prices rise

We hosted Mr Sashi Menon (CGM Finance & Accounts), Mr Sumit Kishore (CGM Marketing) and management from GAIL at out PSU Day conference. Here are the key takeaways:

- Overall volumes are now back to pre-Covid levels. Polymer prices are also strong, with healthy momentum expected in Q4. Petchem demand outlook is good and Pata plants are running stable. Q1/Q2FY22 would see some domestic capacity increase from HMEL. Gas trading outlook is better amid high international prices but the current situation is volatile and GAIL is monitoring the same, hence cannot say if further hedging can be done. GAIL expects spot LNG prices to cool off going ahead.
- The Kochi-Mangalore pipeline is up and running with MCFL gas supplies at full capacity. MRPL-OMPL is also connected and in one month 0.5mmscmd volumes should be there, which will ramp up. Mangalore CGD can also add 0.5mmscmd. Bangalore section work is underway. The Ramagundam fertilizer plant is at an advanced stage of commissioning and should start drawing gas soon. Matix is also coming up. Gorakhpur is entering the pre-commissioning stage, while Barauni and Sindri connectivity is expected in the next one year. Gas pricing to the fertilizer sector is index linked and GAIL supplies from US portfolio.
- Gas transmission volume outlook is dependent more on demand than supply. Hence, new RIL-KG basin gas could rather replace LNG volumes and hence, not impact pipeline throughput much. Overall incremental volumes/demand in India should flow through GAIL's pipelines, hence offers an upside. GAIL expects CGD and fertilizer sectors to be the main demand drivers. Power is more seasonal. GAIL is targeting steel plants in the JHBDPL belt but gas cannot compete with local coal on its own. Hence, the policy (environment) support is needed.
- Capex guidance for FY21/22 is Rs65/70bn, of which 65% would be on the pipeline, 19% on CGD and balance on equity contribution, etc. The newly planned Rs90bn PPU in Usar would see conversion of the earlier LPG plant land into a petchem facility. Licenses are being acquired now. GAIL Gas would incur Rs8/10bn+ capex in FY22/23.
- GAIL Gas reported PBT of Rs610/30mn in Q2/Q1FY21 and PAT of Rs430/20mn. Volumes were up 50% qoq to 4.7mmscmd. Bangalore is currently doing 0.4mmscmd volumes. NFL (fertilizer) takes bulk gas from GAIL Gas. The unified tariff would be revenue neutral at the least. GAIL cannot comment on strategy post open access in CGD. In terms of unbundling, processes are ready to make the transmission business a 100% subsidiary.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Oil & Gas \(Page 5\)](#)

### Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	751,263	718,710	535,818	628,536	735,823
EBITDA	95,551	83,694	55,745	78,977	84,261
EBITDA Margin (%)	12.7	11.6	10.4	12.6	11.5
APAT	62,421	58,656	38,970	52,986	55,474
EPS (Rs)	13.8	13.0	8.6	11.7	12.3
EPS (% chg)	35.7	(6.0)	(33.6)	36.0	4.7
ROE (%)	14.8	13.3	8.6	11.0	10.8
P/E (x)	9.3	9.9	15.0	11.0	10.5
EV/EBITDA (x)	6.1	7.6	11.4	8.2	7.8
P/BV (x)	1.3	1.3	1.2	1.2	1.1

Source: Company, Emkay Research

CMP	Target Price
Rs 129 as of (January 5, 2021)	Rs 125 (■) 12 months
Rating	Upside
BUY (■)	(3.0) %

### Change in Estimates

EPS Chg FY21E/FY22E (%)	-/
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	8.6	11.7
Consensus	8.8	11.7
Mean Consensus TP (12M)	Rs 130	

### Stock Details

Bloomberg Code	GAIL IN
Face Value (Rs)	10
Shares outstanding (mn)	4,510
52 Week H/L	133 / 65
M Cap (Rs bn/USD bn)	583 / 7.97
Daily Avg Volume (nos.)	21,712,510
Daily Avg Turnover (US\$ mn)	31.5

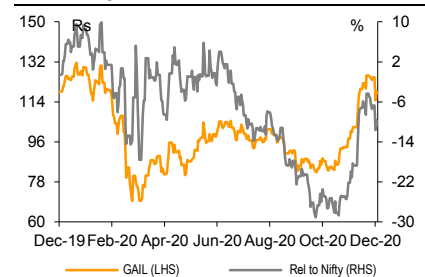
### Shareholding Pattern Sep '20

Promoters	51.8%
FIIIs	15.0%
DIIIs	19.9%
Public and Others	13.3%

### Price Performance

(%)	1M	3M	6M	12M
Absolute	8	49	23	3
Rel. to Nifty	1	20	(8)	(11)

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Sabri Hazarika

sabri.hazarika@emkayglobal.com  
+91 22 6612 1282

#### Tanay Gabhawala

tanay.gabhawala@emkayglobal.com  
+91 22 6612 1336

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>751,263</b>	<b>718,710</b>	<b>535,818</b>	<b>628,536</b>	<b>735,823</b>
<b>Expenditure</b>	<b>655,712</b>	<b>635,016</b>	<b>480,073</b>	<b>549,559</b>	<b>651,562</b>
<b>EBITDA</b>	<b>95,551</b>	<b>83,694</b>	<b>55,745</b>	<b>78,977</b>	<b>84,261</b>
Depreciation	15,502	18,360	19,227	25,577	29,130
<b>EBIT</b>	<b>80,049</b>	<b>65,334</b>	<b>36,518</b>	<b>53,400</b>	<b>55,131</b>
Other Income	15,448	14,168	17,220	19,437	21,532
Interest expenses	1,385	1,085	1,638	2,000	2,500
<b>PBT</b>	<b>94,112</b>	<b>78,417</b>	<b>52,099</b>	<b>70,837</b>	<b>74,163</b>
Tax	28,427	20,777	13,129	17,851	18,689
Extraordinary Items	(3,263)	1,016	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>60,257</b>	<b>66,206</b>	<b>38,970</b>	<b>52,986</b>	<b>55,474</b>
<b>Adjusted PAT</b>	<b>62,421</b>	<b>58,656</b>	<b>38,970</b>	<b>52,986</b>	<b>55,474</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	22,551	45,101	45,101	45,101	45,101
Reserves & surplus	418,379	394,610	421,889	453,681	486,965
<b>Net worth</b>	<b>440,929</b>	<b>439,711</b>	<b>466,990</b>	<b>498,782</b>	<b>532,066</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>10,011</b>	<b>57,624</b>	<b>65,000</b>	<b>80,000</b>	<b>90,000</b>
Net deferred tax liability	59,477	44,972	45,472	46,472	47,492
<b>Total Liabilities</b>	<b>510,417</b>	<b>542,307</b>	<b>577,462</b>	<b>625,254</b>	<b>669,558</b>
<b>Net block</b>	<b>310,861</b>	<b>336,450</b>	<b>428,465</b>	<b>490,497</b>	<b>531,667</b>
<b>Investment</b>	<b>96,240</b>	<b>74,985</b>	<b>75,735</b>	<b>76,492</b>	<b>77,257</b>
<b>Current Assets</b>	<b>144,661</b>	<b>168,083</b>	<b>141,735</b>	<b>164,597</b>	<b>182,926</b>
Cash & bank balance	12,147	8,039	10,079	17,842	18,768
Other Current Assets	19,561	17,282	12,885	15,114	17,694
<b>Current liabilities &amp; Provision</b>	<b>133,369</b>	<b>143,029</b>	<b>121,382</b>	<b>132,787</b>	<b>149,010</b>
<b>Net current assets</b>	<b>11,292</b>	<b>25,054</b>	<b>20,353</b>	<b>31,810</b>	<b>33,916</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>510,417</b>	<b>542,307</b>	<b>577,462</b>	<b>625,254</b>	<b>669,558</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>78,663</b>	<b>64,249</b>	<b>34,880</b>	<b>51,400</b>	<b>52,631</b>
Other Non-Cash items	7,259	1,670	0	0	0
Chg in working cap	16,555	(32,375)	7,241	(2,693)	(160)
<b>Operating Cashflow</b>	<b>78,763</b>	<b>68,881</b>	<b>49,856</b>	<b>58,433</b>	<b>65,412</b>
Capital expenditure	(75,350)	(57,743)	(58,333)	(61,155)	(70,564)
<b>Free Cash Flow</b>	<b>3,414</b>	<b>11,138</b>	<b>(8,476)</b>	<b>(2,722)</b>	<b>(5,152)</b>
Investments	3,291	21,255	(750)	(757)	(765)
Other Investing Cash Flow	2,245	(45,970)	0	0	0
<b>Investing Cashflow</b>	<b>(54,366)</b>	<b>(68,289)</b>	<b>(41,863)</b>	<b>(42,475)</b>	<b>(49,796)</b>
Equity Capital Raised	0	22,551	0	0	0
Loans Taken / (Repaid)	(10,794)	47,614	7,376	15,000	10,000
Dividend paid (incl tax)	(1,417)	(1,132)	(11,691)	(21,195)	(22,190)
Other Financing Cash Flow	(23,948)	(72,646)	0	0	0
<b>Financing Cashflow</b>	<b>(37,544)</b>	<b>(4,699)</b>	<b>(5,953)</b>	<b>(8,195)</b>	<b>(14,690)</b>
<b>Net chg in cash</b>	<b>(13,147)</b>	<b>(4,107)</b>	<b>2,040</b>	<b>7,763</b>	<b>926</b>
Opening cash position	25,294	12,147	8,039	10,079	17,842
<b>Closing cash position</b>	<b>12,147</b>	<b>8,039</b>	<b>10,079</b>	<b>17,842</b>	<b>18,768</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	12.7	11.6	10.4	12.6	11.5
EBIT Margin	10.7	9.1	6.8	8.5	7.5
Effective Tax Rate	30.2	26.5	25.2	25.2	25.2
Net Margin	8.3	8.2	7.3	8.4	7.5
ROCE	19.5	15.1	9.6	12.1	11.8
ROE	14.8	13.3	8.6	11.0	10.8
RoIC	26.7	19.7	9.2	11.3	10.5

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	13.8	13.0	8.6	11.7	12.3
CEPS	17.3	17.1	12.9	17.4	18.8
BVPS	97.8	97.5	103.5	110.6	118.0
DPS	4.0	6.4	2.6	4.7	4.9

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	9.3	9.9	15.0	11.0	10.5
P/CEPS	5.2	5.3	7.0	5.2	4.8
P/BV	1.3	1.3	1.2	1.2	1.1
EV / Sales	0.8	0.9	1.2	1.0	0.9
EV / EBITDA	6.1	7.6	11.4	8.2	7.8
Dividend Yield (%)	3.1	5.0	2.0	3.6	3.8

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	0.0	0.1	0.1	0.1	0.1
Net Debt/EBIDTA	0.0	0.6	1.0	0.8	0.8
Working Cap Cycle (days)	13.9	19.6	19.6	19.6	19.6

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	40.0	(4.3)	(25.4)	17.3	17.1
EBITDA	25.2	(12.4)	(33.4)	41.7	6.7
EBIT	28.7	(18.4)	(44.1)	46.2	3.2
PAT	30.5	9.9	(41.1)	36.0	4.7

<b>Quarterly (Rs mn)</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>
Revenue	180,399	177,673	177,531	120,869	136,427
EBITDA	15,627	20,724	24,754	6,226	13,381
<b>EBITDA Margin (%)</b>	<b>8.7</b>	<b>11.7</b>	<b>13.9</b>	<b>5.2</b>	<b>9.8</b>
PAT	10,643	12,507	18,356	2,555	12,397
<b>EPS (Rs)</b>	<b>2.4</b>	<b>2.8</b>	<b>4.1</b>	<b>0.6</b>	<b>2.7</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>
Promoters	52.2	51.8	51.8	51.8	51.8
FIIIs	18.7	17.7	16.2	15.5	15.0
DIIs	16.1	17.1	18.2	19.0	19.9
Public and Others	13.0	13.4	13.8	13.7	13.3

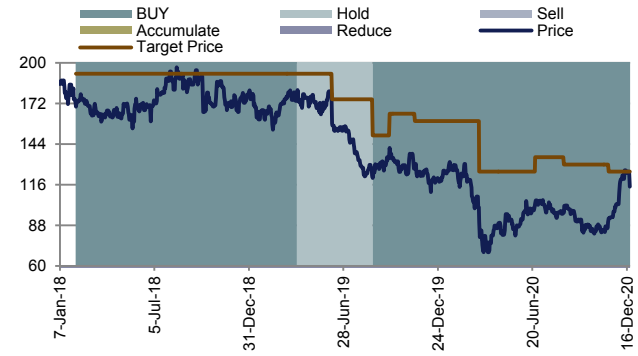
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
27-Nov-20	103	125	12m	Buy	Sabri Hazarika
26-Nov-20	103	125	12m	Buy	Sabri Hazarika
11-Nov-20	93	125	12m	Buy	Sabri Hazarika
28-Sep-20	88	130	12m	Buy	Sabri Hazarika
18-Aug-20	97	130	12m	Buy	Sabri Hazarika
25-Jun-20	103	135	12m	Buy	Sabri Hazarika
6-May-20	95	125	12m	Buy	Sabri Hazarika
11-Mar-20	91	125	12m	Buy	Sabri Hazarika
2-Mar-20	100	160	12m	Buy	Sabri Hazarika
11-Feb-20	129	160	12m	Buy	Sabri Hazarika
24-Jan-20	130	160	12m	Buy	Sabri Hazarika
10-Dec-19	111	160	12m	Buy	Sabri Hazarika
4-Dec-19	123	160	12m	Buy	Sabri Hazarika
10-Nov-19	127	160	12m	Buy	Sabri Hazarika
25-Oct-19	123	165	12m	Buy	Sabri Hazarika
23-Sep-19	141	165	12m	Buy	Sabri Hazarika
22-Aug-19	121	150	12m	Buy	Sabri Hazarika
10-Jun-19	154	175	12m	Hold	Sabri Hazarika
6-Jun-19	158	175	12m	Hold	Sabri Hazarika
28-May-19	174	193	12m	Hold	Sabri Hazarika
1-Apr-19	177	193	12m	Hold	Sabri Hazarika
6-Feb-18	170	193	12m	Buy	Sabri Hazarika

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Oil & Gas



### Analyst: Sabri Hazarika

#### Contact Details

sabri.hazarika@emkayglobal.com  
+91 22 6612 1282

#### Sector

Oil & Gas

#### Analyst bio

Sabri Hazarika holds an MBA and comes with 11 years of research experience. His team currently covers 12 stocks in the Indian Oil & Gas space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Oil &amp; Gas</b>	<b>10.51</b>	<b>10.51</b>	<b>0%</b>	<b>-1</b>	<b>100.00</b>
BPCL	0.40	0.44	10%	4	4.20
GAIL	0.29	0.33	11%	3	3.10
Gujarat Gas	0.08	0.05	-36%	-3	0.50
Gujarat State Petronet	0.08	0.09	10%	1	0.84
Gulf Oil Lubricants	0.00	0.09	NA	9	0.88
HPCL	0.21	0.23	10%	2	2.21
Indian Oil	0.30	0.21	-31%	-9	2.00
Indraprastha Gas	0.23	0.16	-30%	-7	1.50
Petronet LNG	0.24	0.21	-13%	-3	2.00
Oil India	0.05	0.05	5%	0	0.51
ONGC	0.45	0.49	10%	4	4.70
Reliance Industries	8.18	8.15	0%	-3	77.50
<b>Cash</b>	<b>0.00</b>	<b>0.01</b>	<b>NA</b>	<b>1</b>	<b>0.06</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

### Sector portfolio NAV

	Base					Latest
	01-Apr-19	06-Jan-20	06-Jul-20	05-Oct-20	04-Dec-20	04-Jan-21
EAP - Oil & Gas	100.0	101.7	114.8	129.3	121.2	124.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	102.1	114.5	128.4	120.3	123.4

\*Performance measurement base date 1<sup>st</sup> April 2019

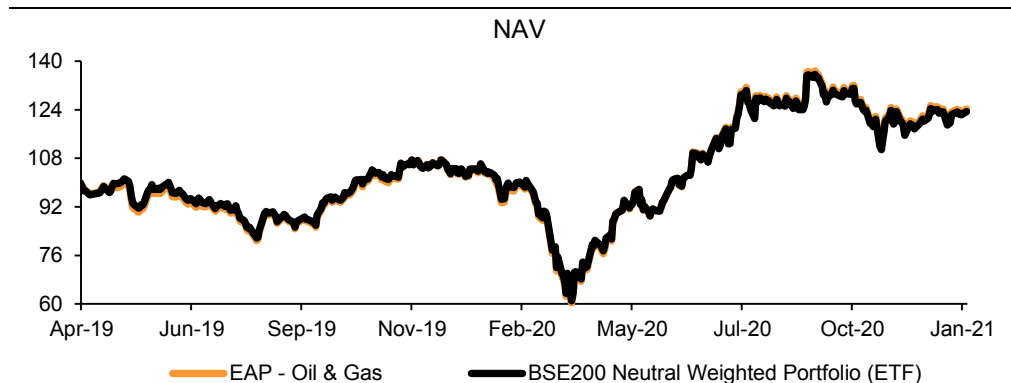
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Oil & Gas	2.5%	-4.0%	8.2%	22.1%
BSE200 Neutral Weighted Portfolio (ETF)	2.6%	-3.9%	7.7%	20.8%

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 06 Jan 2021 03:51:01 (SGT)

Dissemination Date: 06 Jan 2021 03:52:01 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. 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.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.



**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of January 6, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
- Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of January 6, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the January 6, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the January 6, 2021

**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com