

NMDC

Refer to important disclosures at the end of this report

Q1FY21 production picks up, sales lag

CMP: Rs 82
as of (July 2, 2020)TP: Rs 72 (■)
12 months

Rating: SELL (■)

Upside: (11.9) %

We appreciate your support in the [Asiamoney Brokers Poll 2020](#)

- Production for Q1FY21 stood at 6.61mt, down 22% yoy/up 10% qoq. On a yoy basis, production fell due to subdued production in April and May. June production seems to have recovered but with the onset of monsoon, it is likely to fall in Q2.
- Q1FY20 sales declined sharply by 27% yoy and 25% qoq due to poor demand from steel producers and Covid-19-related slowdown. Sales fell significantly in Chhattisgarh by 35% sequentially.
- NMDC has raised prices by Rs200-250/t recently due to increased steel production after the lockdown ended. However, with the onset of monsoon and rising Covid-18 cases, we expect steel production to slow down in Q2, leading to reduction in prices.
- We maintain Sell with a TP of Rs72, based on 4x Mar-22 EV/EBITDA estimates with UW in Sectoral EAP. Rising Covid-19 cases in India and the second wave in various parts of the world may keep demand for steel and consequently ore subdued.
- Sequential jump in production due to low base:** Production was up sequentially in Q1, due to a shutdown in Chhattisgarh for a couple of days in March and low base in Karnataka in Q4 as NMDC exhausted its EC limit for FY20, with only 0.16mt production possible in March compared to the 50kt monthly run rate.
- Monthly production:** June production stood at 2.52mt, flat yoy/up 10% mom. Production fell in Karnataka due to low demand, but rose in Chhattisgarh by 11% yoy and 14% mom as the mining area was unaffected by the pandemic and production continued smoothly.
- Monthly sales:** June sales came in at 2.48mt, down 7% yoy and 3% mom. Sales dropped in Chhattisgarh and Karnataka sectors due to poor demand. We expect July offtake to be low in Karnataka as the key customer there, JSW Steel, is operating at a lower level due to the spread of Covid-19.
- Outlook and Valuation:** We remain concerned about rising cases of Covid-19 and with the onset of monsoon and a traditionally weak quarter for steel and ore, we believe that the stock should correct in the near term. We value the stock at 4x FY22 EV/EBITDA estimates. Key risk: Increase in ore prices in the near term.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Metals & Mining \(page 6\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	121,527	116,992	93,424	109,602	131,189
EBITDA	69,244	60,019	43,131	51,337	65,338
EBITDA Margin (%)	57.0	51.3	46.2	46.8	49.8
APAT	46,375	36,988	30,990	36,475	46,788
EPS (Rs)	15.1	12.1	10.1	11.9	15.3
EPS (% chg)	31.0	(20.2)	(16.2)	17.7	28.3
ROE (%)	18.4	13.8	11.0	12.3	14.6
P/E (x)	5.4	6.8	8.1	6.9	5.3
EV/EBITDA (x)	2.9	3.8	5.4	4.6	3.5
P/BV (x)	1.0	0.9	0.9	0.8	0.7

Source: Company, Emkay Research



Change in Estimates

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

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	10.1	11.9
Consensus	10.3	12.8
Mean Consensus TP (12M)	Rs 108	

Stock Details

Bloomberg Code	NMDC IN
Face Value (Rs)	1
Shares outstanding (mn)	3,062
52 Week H/L	140 / 62
M Cap (Rs bn/USD bn)	250 / 3.34
Daily Avg Volume (nos.)	6,626,672
Daily Avg Turnover (US\$ mn)	7.1

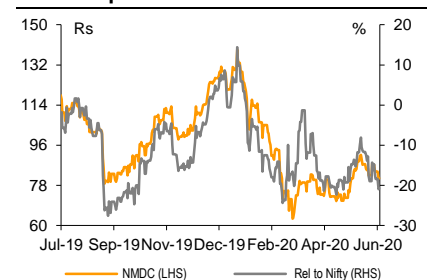
Shareholding Pattern Mar '20

Promoters	69.7%
FII	6.0%
DII	20.0%
Public and Others	4.4%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(4)	4	(38)	(29)
Rel. to Nifty	(9)	(19)	(27)	(20)

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:

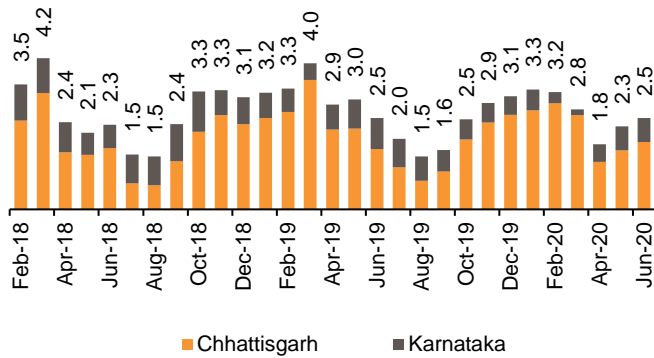
Vishal Chandak

vishal.chandak@emkayglobal.com

+91 22 6612 1275

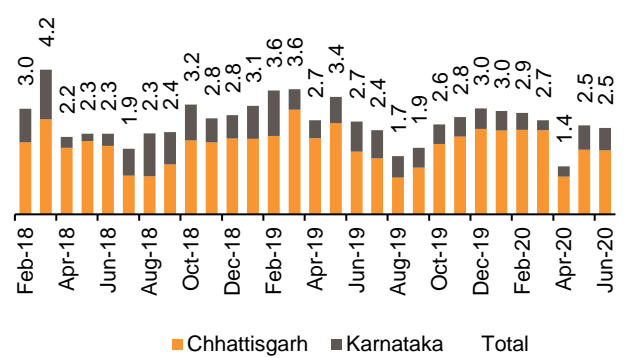
Story in Charts

Exhibit 1: Production rose in June marginally



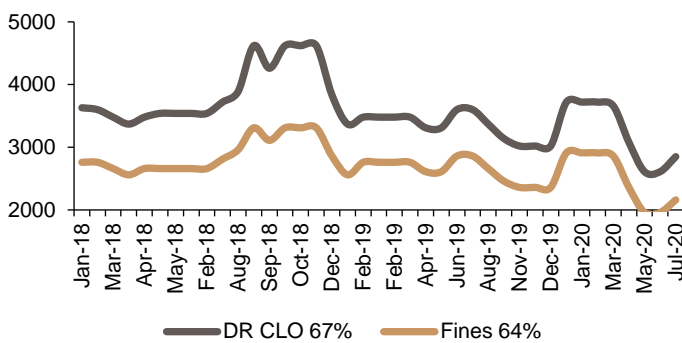
Source: Emkay Research

Exhibit 2: NMDC: Sales remained muted in June despite increase in steel production



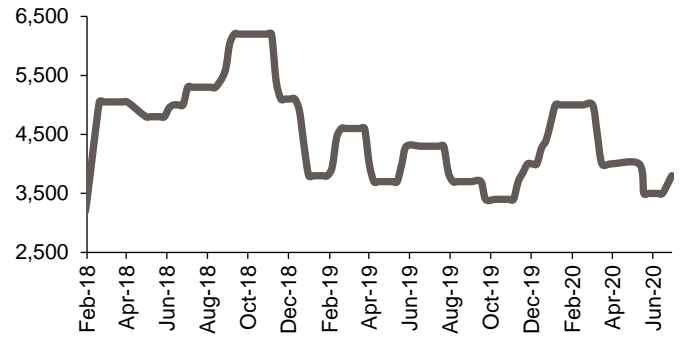
Source: Emkay Research

Exhibit 3: NMDC Iron Ore (Rs/t) rose for the first time since Jan



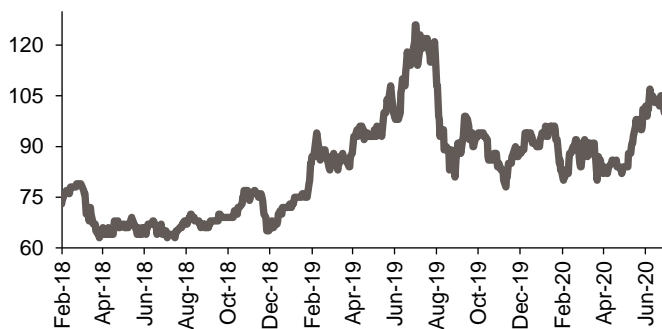
Source: Steel mint, Emkay Research

Exhibit 4: Odisha iron ore prices (Rs/t) rising on international prices



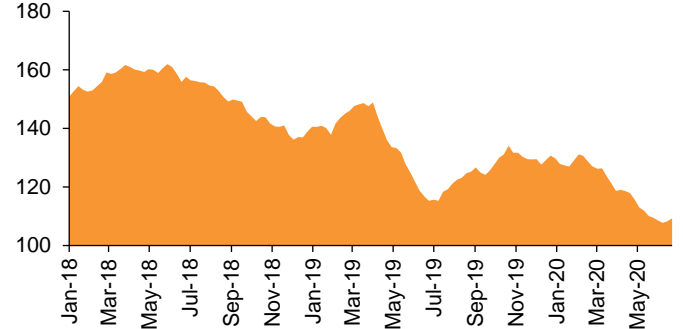
Source: Steel mint, Emkay Research

Exhibit 5: Int'l Iron ore price above \$100/t, but exports not rising



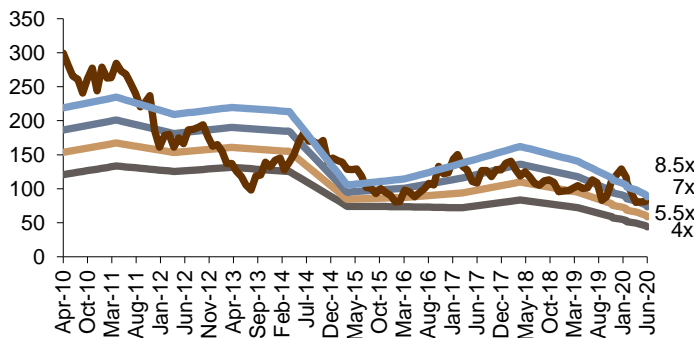
Source: Steel Mint , Emkay Research

Exhibit 6: China Iron ore port stocks (mt) inching down



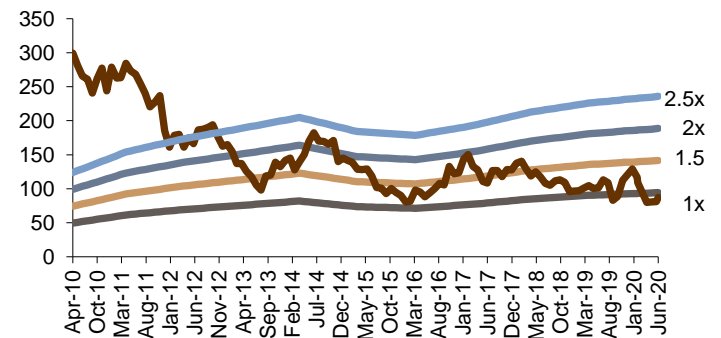
Source: Bloomberg, Emkay Research

Exhibit 7: EV/EBITDA Valuations are not cheap at current levels



Source: Bloomberg, Emkay Research

Exhibit 8: P/B valuations



Source: Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	121,527	116,992	93,424	109,602	131,189
Expenditure	52,283	56,973	50,293	58,265	65,851
EBITDA	69,244	60,019	43,131	51,337	65,338
Depreciation	2,790	2,949	3,913	4,238	4,563
EBIT	66,454	57,070	39,218	47,099	60,775
Other Income	5,890	5,144	2,599	2,048	2,153
Interest expenses	403	99	403	403	403
PBT	71,940	62,115	41,414	48,744	62,525
Tax	25,565	25,127	10,424	12,269	15,738
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	46,375	36,988	30,990	36,475	46,788
Adjusted PAT	46,375	36,988	30,990	36,475	46,788

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	3,062	3,062	3,062	3,062	3,062
Reserves & surplus	257,378	273,669	283,485	303,120	333,067
Net worth	260,440	276,731	286,547	306,182	336,129
Minority Interest	139	81	81	81	81
Loan Funds	0	0	0	0	0
Net deferred tax liability	(5,827)	(3,971)	(3,971)	(3,971)	(3,971)
Total Liabilities	254,752	272,841	282,656	302,291	332,239
Net block	35,124	38,391	36,642	37,404	37,841
Investment	39,999	42,100	46,088	49,360	53,648
Current Assets	79,773	73,480	55,907	51,646	62,872
Cash & bank balance	46,194	24,375	18,940	15,190	20,697
Other Current Assets	12,672	19,634	12,214	12,357	12,794
Current liabilities & Provision	38,333	36,133	35,983	36,121	37,124
Net current assets	41,440	37,347	19,925	15,525	25,748
Misc. exp	0	0	0	0	0
Total Assets	254,752	272,841	282,656	302,291	332,239

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	71,934	61,150	41,414	48,744	62,525
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(5,582)	(16,455)	8,000	(2,623)	(9,003)
Operating Cashflow	40,966	21,260	42,903	38,091	42,347
Capital expenditure	(20,060)	(24,035)	(31,497)	(25,000)	(20,000)
Free Cash Flow	20,907	(2,775)	11,406	13,091	22,347
Investments	(2,056)	(814)	0	0	0
Other Investing Cash Flow	9,290	17,657	0	0	0
Investing Cashflow	(7,892)	(3,128)	(31,497)	(25,000)	(20,000)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	189	77	0	0	0
Dividend paid (incl tax)	(31,388)	(19,525)	(16,840)	(16,840)	(16,840)
Other Financing Cash Flow	(1,359)	2,014	0	0	0
Financing Cashflow	(32,961)	(17,533)	(16,840)	(16,840)	(16,840)
Net chg in cash	113	599	(5,435)	(3,750)	5,507
Opening cash position	54,610	46,194	24,375	18,940	15,190
Closing cash position	46,194	24,375	18,940	15,190	20,697

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	57.0	51.3	46.2	46.8	49.8
EBIT Margin	54.7	48.8	42.0	43.0	46.3
Effective Tax Rate	35.5	40.5	25.2	25.2	25.2
Net Margin	38.2	31.6	33.2	33.3	35.7
ROCE	29.2	23.6	15.1	16.8	19.8
ROE	18.4	13.8	11.0	12.3	14.6
RoIC	235.7	139.6	88.1	125.0	150.7

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	15.1	12.1	10.1	11.9	15.3
CEPS	16.1	13.0	11.4	13.3	16.8
BVPS	85.1	90.4	93.6	100.0	109.8
DPS	5.5	5.3	5.5	5.5	5.5

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	5.4	6.8	8.1	6.9	5.3
P/CEPS	5.3	6.5	7.5	6.4	5.1
P/BV	1.0	0.9	0.9	0.8	0.7
EV / Sales	1.7	1.9	2.5	2.1	1.8
EV / EBITDA	2.9	3.8	5.4	4.6	3.5
Dividend Yield (%)	6.8	6.5	6.7	6.7	6.7

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	(0.2)	(0.1)	(0.1)	0.0	(0.1)
Net Debt/EBIDTA	(0.7)	(0.4)	(0.4)	(0.3)	(0.3)
Working Cap Cycle (days)	(14.3)	40.5	3.8	1.1	14.1

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	4.6	(3.7)	(20.1)	17.3	19.7
EBITDA	19.3	(13.3)	(28.1)	19.0	27.3
EBIT	19.8	(14.1)	(31.3)	20.1	29.0
PAT	21.9	(20.2)	(16.2)	17.7	28.3

Quarterly (Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Revenue	36,433	32,637	22,418	30,064	31,873
EBITDA	20,923	18,668	10,585	15,901	14,877
EBITDA Margin (%)	57.4	57.2	47.2	52.9	46.7
PAT	14,548	11,794	7,017	13,752	11,188
EPS (Rs)	4.6	3.7	2.2	4.3	3.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-19	Sep-19	Dec-19	Feb-20	Mar-20
Promoters	72.3	72.3	72.3	69.7	69.7
FIIIs	4.8	5.3	6.0	5.8	6.0
DIIIs	18.0	17.8	17.6	20.7	20.0
Public and Others	4.9	4.7	4.1	3.9	4.4

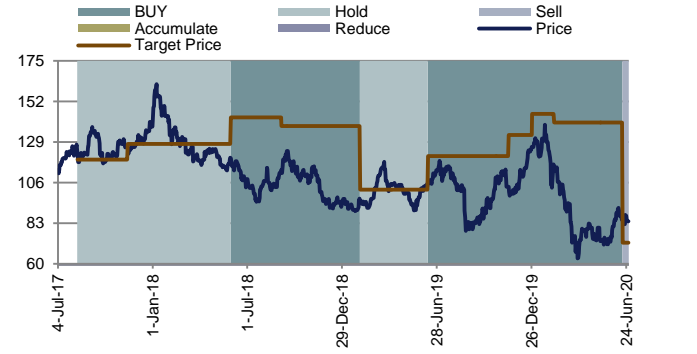
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
17-Jun-20	86	72	12m	Sell	Vishal Chandak
11-Jun-20	87	140	12m	Buy	Vishal Chandak
7-Feb-20	114	140	12m	Buy	Vishal Chandak
27-Dec-19	126	145	12m	Buy	Vishal Chandak
9-Dec-19	109	133	12m	Buy	Vishal Chandak
12-Nov-19	104	133	12m	Buy	Vishal Chandak
1-Oct-19	96	121	12m	Buy	Vishal Chandak
20-Aug-19	90	121	12m	Buy	Vishal Chandak
14-Aug-19	105	121	12m	Buy	Vishal Chandak
19-Jun-19	108	121	12m	Buy	Vishal Chandak
11-Jun-19	107	121	12m	Buy	Vishal Chandak
1-Feb-19	95	102	12m	Hold	Vishal Chandak
4-Sep-18	113	138	12m	Buy	Goutam Chakraborty
30-May-18	120	143	12m	Buy	Goutam Chakraborty
14-Nov-17	126	128	12m	Hold	Goutam Chakraborty
1-Nov-17	129	119	12m	Hold	Goutam Chakraborty
11-Sep-17	135	119	12m	Hold	Goutam Chakraborty
5-Sep-17	135	119	12m	Hold	Goutam Chakraborty
10-Aug-17	122	119	12m	Hold	Goutam Chakraborty

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Metals & Mining



Analyst: Vishal Chandak

Contact Details

vishal.chandak@emkayglobal.com
+91 22 6612 1275

Sector

Metals and Mining

Analyst bio

Vishal Chandak is a CA and MBA (Finance). He brings in over 16 years of experience, including seven years in the corporate side, with balance being on both the buy side and sell side. Currently, his team tracks 12 stocks in the Metals and Mining space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Metals & Mining	2.25	2.24	0%	-1	100.00
Coal India	0.43	0.45	5%	2	20.10
Hindalco	0.38	0.44	15%	6	19.58
Hindustan Zinc	0.07	0.08	2%	0	3.39
Jindal Stainless	0.00	0.01	NA	1	0.49
Jindal Stainless Hisar	0.00	0.01	NA	1	0.50
JSW Steel	0.35	0.31	-10%	-3	13.86
MOIL	0.00	0.00	NA	0	0.00
National Aluminium Co	0.05	0.00	-100%	-5	0.00
NMDC	0.12	0.11	-10%	-1	4.95
SAIL	0.06	0.05	-10%	-1	2.23
Tata Steel	0.44	0.39	-10%	-4	17.42
Vedanta	0.35	0.38	10%	3	17.08
Cash	0.00	0.01	NA	1	0.4

Source: Emkay Research

* Not under coverage: Equal Weight

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

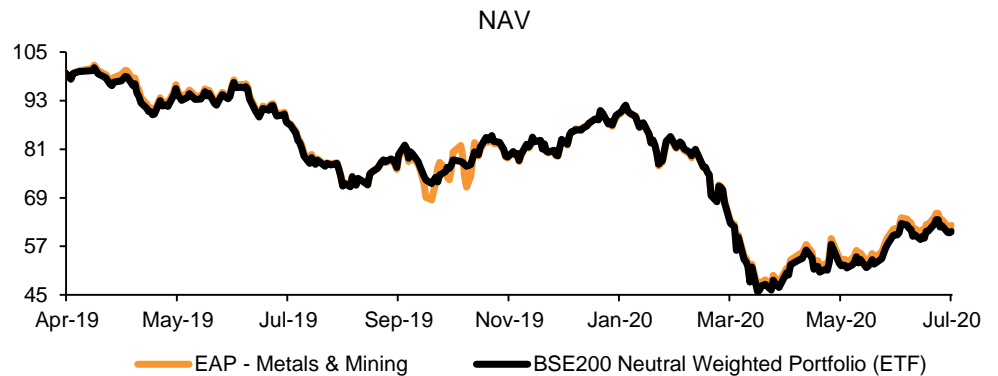
Sector portfolio NAV

	Base					Latest
	1-Apr-19	30-Sep-19	1-Jan-20	1-Apr-20	1-Jun-20	1-Jul-20
EAP - Metals & Mining	100.0	77.3	88.4	49.0	61.2	62.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	77.9	88.3	47.8	59.7	60.6

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 03 Jul 2020 02:37:42 (SGT)

Dissemination Date: 03 Jul 2020 02:38:42 (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

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 associate¹ 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 interests² 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.

¹ 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.

² 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 July 2, 2020
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 July 2, 2020.
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 July 2, 2020
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 July 2, 2020

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 th 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