

Vinati Organics

Refer to important disclosures at the end of this report

Capitalizing on downstream chain; upgrade to Buy

CMP: Rs 1,010
as of (September 3, 2020)

TP: Rs 1,206 (▲)
12 months

Rating: BUY (▲)

Upside: 19.4 %

- VO has announced capex of Rs1.5bn to produce four new specialty chemical products for Agrochemicals, Dyes and Plastic additives industries and expand its Para-Tertiary-Butyl Benzoic Acid (PTBBA) capacity. Management expects revenue contribution of Rs2.4bn (1.6x asset t/o) at its peak level. Capex is expected to complete by FY21-end.
- All four products are directed to the export market as there is no demand in the domestic market. The strategy of introducing new products looks encouraging in the current scenario where VO's key product ATBS (60% of FY20 revenue) is struggling to find demand.
- Covid-19 has dented demand for ATBS and resulted in a slower-than-expected ramp-up of the newly-commissioned Butylated Phenol (BP) plant. However, recovery in IBB volume and better growth in IB derivatives should mitigate such bumps.
- We expect benefits of the ramp-up in BP and incremental revenue from new products to result in a 20% sales CAGR in FY20-23. We raise FY22/23E EPS by 2.7/7.7% on capex plans. We roll forward valuations to Sept'22 with a TP of Rs1,206 (28x Sept'22E EPS) and upgrade to Buy from Hold, with EW in EAP.

Capex-led growth plans; export market in focus: VO announced an expansion plan with capex of Rs1.5bn (~Rs1.4bn capex in FY20) to enhance its PTBBA capacity (current 3kmt/a, as per our understanding), and to introduce four new specialty chemicals. The new products would cater to various industries such as agrochemicals, dyes and plastic additives. Management believes that the capex would provide incremental business to the tune of Rs2.4bn (22% of FY20 sales) and would be completed in FY21. Above products will be export oriented as domestic demand is negligible. VO would be the sole producer of these products in India and they rightly fit into their portfolio by creating synergy. Three of the products are from Isobutylene (IB) chain where VO already has ~45kmt/a capacity (~70% for captive use), while one product belongs to the downstream chain in BP. Such niche products should certainly deliver decent margins although lower than the existing margin of ~40%.

Slow demand of ATBS; new products to scale growth: VO's key product ATBS (~60% of FY20 sales) is witnessing slow demand from the O&G industry. We expect ATBS volume to decline 6-8% in FY21, while IBB volumes to improve on better offtake from BASF. We expect strong growth in FY22/FY23 to be led by 1) ramp up in BP, 2) new products and 3) expansion in PTBBA. PTBBA is currently contributing close to ~Rs500mn. (as per our estimates). A healthy portion of capex can smoothly be met with liquid assets (cash ~Rs1bn) and internal accruals. We expect incremental sales to be met in the next 2-3 years.

Valuation and outlook: We believe that such capex-led growth strategies with product portfolio expansion sets a precedent for similar plans in the next 1-2 years. Management's focus would remain on specialty products where VO maintains a major market share. We raise our FY22/23E EPS by 2.7/7.7% and roll forward our valuations to Sept'22 with a TP of Rs1,206 (28x Sept'22E EPS). We upgrade to Buy from Hold, with EW in EAP. Key risks: Slower-than-expected ramp up from the BP plant and a delay in the launch of new products.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Speciality Chemicals \(Page 7\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	11,279	10,289	10,411	14,199	17,727
EBITDA	4,234	4,139	3,980	5,145	6,423
EBITDA Margin (%)	37.5	40.2	38.2	36.2	36.2
APAT	2,825	3,338	2,992	3,824	4,729
EPS (Rs)	27.5	32.5	29.2	37.3	46.1
EPS (% chg)	96.7	18.4	(10.4)	27.8	23.7
ROE (%)	30.6	28.6	21.5	23.0	23.4
P/E (x)	36.7	31.0	34.6	27.1	21.9
EV/EBITDA (x)	24.5	24.9	26.0	19.9	15.4
P/BV (x)	9.9	8.1	6.9	5.7	4.7

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	(4.7)/2.7
Target Price change (%)	8.6
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	29.2	37.3
Consensus	33.7	39.3
Mean Consensus TP (12M)	Rs 1,030	

Stock Details

Bloomberg Code	VO IN
Face Value (Rs)	1
Shares outstanding (mn)	103
52 Week H/L	1,256 / 651
M Cap (Rs bn/USD bn)	104 / 1.41
Daily Avg Volume (nos.)	1,54,581
Daily Avg Turnover (US\$ mn)	2.2

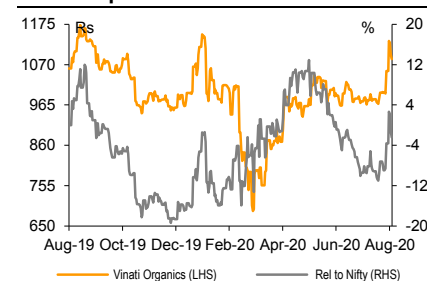
Shareholding Pattern Jun '20

Promoters	74.1%
FII	5.1%
DII	6.2%
Public and Others	14.7%

Price Performance

(%)	1M	3M	6M	12M
Absolute	2	(2)	-	(7)
Rel. to Nifty	(4)	(15)	(2)	(13)

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:

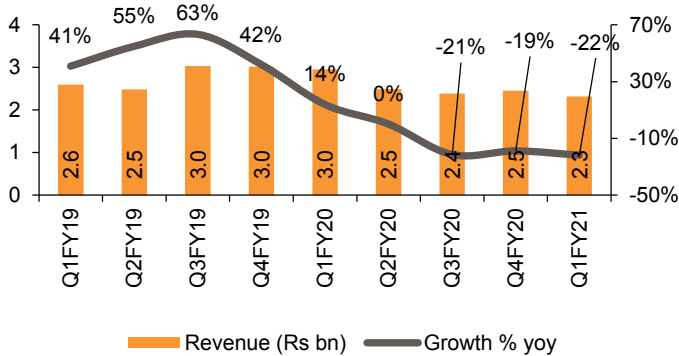
Rohit Sinha

rohit.sinha@emkayglobal.com

+91 22 6612 1306

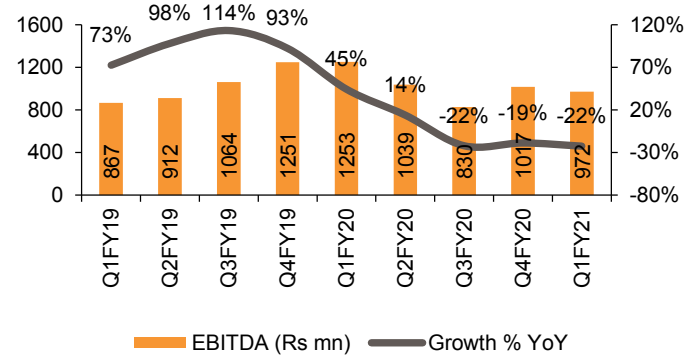
Story in Charts

Exhibit 1: Revenue de-growth from lower demand in ATBS segment



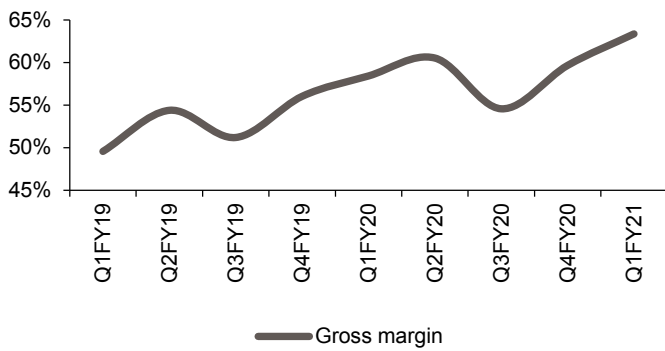
Source: Company, Emkay Research

Exhibit 2: EBITDA declines correspondingly with sales



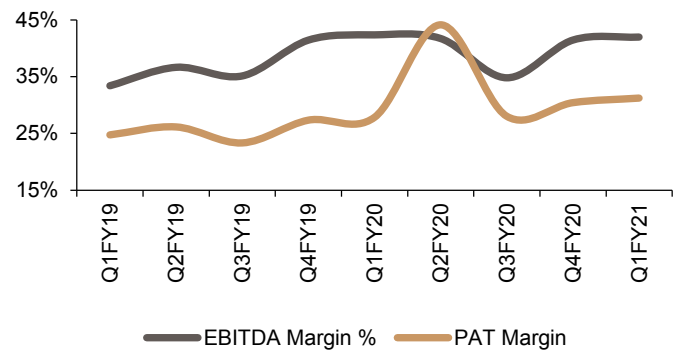
Source: Company, Emkay Research

Exhibit 3: Gross margin jumps 500bps yoy to register highest-ever gross margin level



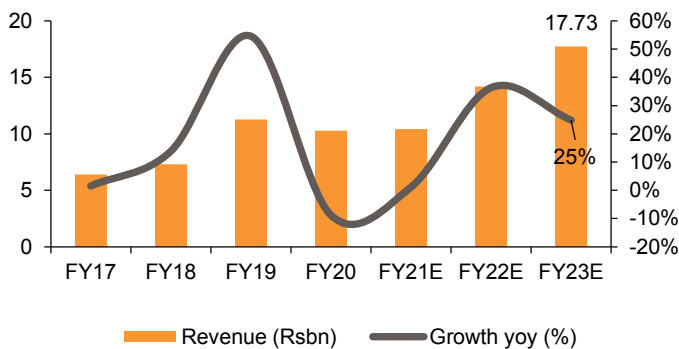
Source: Company, Emkay Research

Exhibit 4: Margins showcase buoyancy on gross margin wins and better product mix



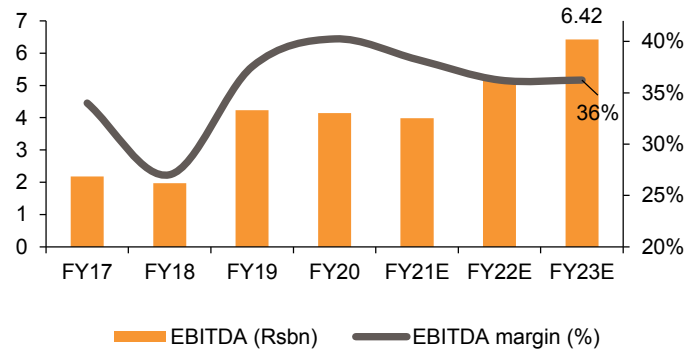
Source: Company, Emkay Research

Exhibit 5: We expect revenue to reach ~Rs17bn in FY23 led by multiple expansion plans



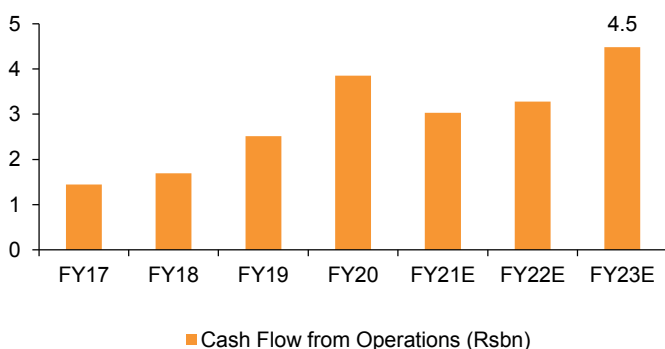
Source: Company, Emkay Research

Exhibit 6: And margins to remain firm at ~36% on balanced contribution of high value products



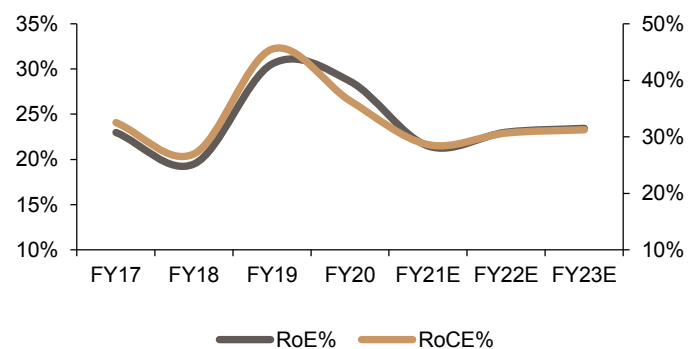
Source: Company, Emkay Research

Exhibit 7: We expect CFO to reach Rs4.5bn led by strong revenue visibility and reduced capex undertaking



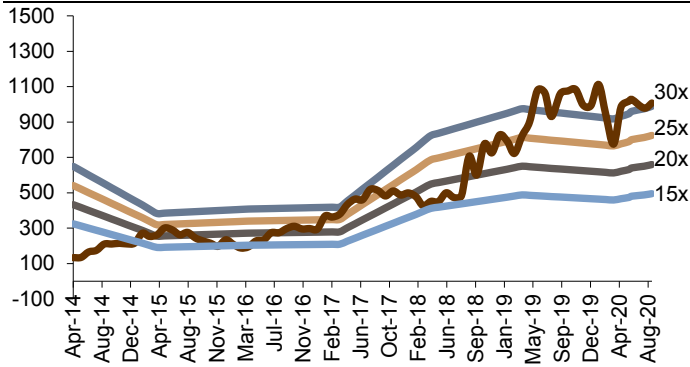
Source: Company, Emkay Research

Exhibit 8: And return ratios to normalize at 25-30%



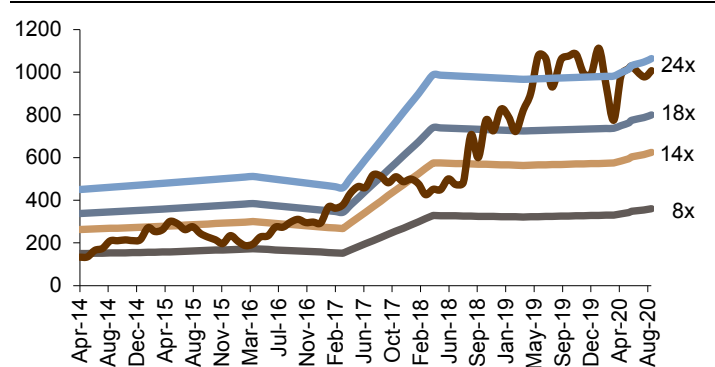
Source: Company, Emkay Research

Exhibit 9: PE (x) Band



Source: Company, Emkay Research

Exhibit 10: EV/EBITDA (x) Band



Source: Company, Emkay Research

Exhibit 11: Revision in estimates

All fig in Rs mn	FY21E			FY22E			FY23E		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
Revenues	11114	10411	-6.3	14063	14199	1.0	16523	17727	7.3
EBITDA	4182	3980	-4.8	4983	5145	3.2	5855	6423	9.7
EBITDA margins %	37.6	38.2	1.6	35.4	36.2	2.3	35.4	36.2	2.2
Net profits	3143	2992	-4.8	3727	3824	2.6	4387	4729	7.8
EPS (Rs)	30.6	29.2	-4.7	36.3	37.3	2.7	42.8	46.1	7.7

Source: Company, Emkay Research

Exhibit 12: Peer comparison

Company Name	Price (Rs)	Mkt Cap (Rs bn)	Reco	TP (Rs)	PE			PB (x)			EV/EBITDA		
					FY20	FY21e	FY22e	FY20	FY21e	FY22e	FY20	FY21e	FY22e
Advanced Enzyme Tech	216	24	Buy	238	18.6	18.2	15.3	2.9	2.5	2.2	11.6	11.1	9.0
Apcotex Industries	150	8	Hold	115	46.6	53.3	24.9	3.1	3.0	2.8	24.2	23.9	14.2
BASF India	1522	66	Hold	1484	129.3	91.7	40.6	4.8	4.6	4.1	26.5	25.1	18.1
Camlin Fine Sciences	89	11	Buy	115	35.4	20.4	13.9	2.7	2.1	1.9	11.5	10.3	8.1
GHCL	162	15	Buy	170	3.9	6.3	3.9	0.7	0.7	0.6	3.5	3.8	2.7
Navin Fluorine	1991	98	Buy	1925	24.1	46.6	36.8	7.0	6.3	5.5	36.4	32.7	26.4
SRF	4218	242	Buy	4156	26.5	29.0	20.2	4.9	4.3	3.5	18.9	16.1	11.9
Tata Chemicals	312	79	Hold	302	1.1	11.5	8.8	0.6	0.6	0.6	6.8	7.3	6.1
Vinati Organics	1010	104	Buy	1206	31.0	34.6	27.1	8.1	6.9	5.7	24.9	26.0	19.9

Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	11,279	10,289	10,411	14,199	17,727
Expenditure	7,045	6,149	6,431	9,055	11,304
EBITDA	4,234	4,139	3,980	5,145	6,423
Depreciation	274	332	415	502	573
EBIT	3,960	3,808	3,565	4,642	5,850
Other Income	302	450	435	470	470
Interest expenses	9	11	2	2	0
PBT	4,252	4,247	3,998	5,110	6,320
Tax	1,428	908	1,006	1,286	1,591
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	2,825	3,338	2,992	3,824	4,729
Adjusted PAT	2,825	3,338	2,992	3,824	4,729

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	103	103	103	103	103
Reserves & surplus	10,410	12,691	14,965	18,071	22,082
Net worth	10,513	12,794	15,068	18,173	22,184
Minority Interest	0	0	0	0	0
Loan Funds	66	44	44	44	44
Net deferred tax liability	0	0	0	0	0
Total Liabilities	10,579	12,838	15,111	18,217	22,228
Net block	6,688	7,817	9,352	9,649	9,877
Investment	965	2,274	2,874	3,474	3,474
Current Assets	4,623	4,339	4,462	6,971	11,035
Cash & bank balance	38	537	302	1,465	4,429
Other Current Assets	0	0	0	0	0
Current liabilities & Provision	1,697	1,592	1,576	1,877	2,158
Net current assets	2,926	2,747	2,886	5,094	8,878
Misc. exp	0	0	0	0	0
Total Assets	10,579	12,838	15,111	18,217	22,228

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	3,951	3,797	3,563	4,640	5,850
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(1,025)	678	(374)	(1,045)	(820)
Operating Cashflow	2,515	3,855	3,034	3,281	4,482
Capital expenditure	(2,045)	(1,129)	(1,535)	(298)	(227)
Free Cash Flow	470	2,726	1,499	2,984	4,255
Investments	353	(1,309)	(600)	(600)	0
Other Investing Cash Flow	(654)	528	(250)	(372)	(1,043)
Investing Cashflow	(1,692)	(2,770)	(2,550)	(1,400)	(800)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(117)	(22)	0	0	0
Dividend paid (incl tax)	(720)	(564)	(718)	(718)	(718)
Other Financing Cash Flow	9	11	2	2	0
Financing Cashflow	(837)	(586)	(718)	(718)	(718)
Net chg in cash	(14)	499	(235)	1,163	2,964
Opening cash position	52	38	537	302	1,465
Closing cash position	38	537	302	1,465	4,429

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	37.5	40.2	38.2	36.2	36.2
EBIT Margin	35.1	37.0	34.2	32.7	33.0
Effective Tax Rate	33.6	21.4	25.2	25.2	25.2
Net Margin	25.0	32.4	28.7	26.9	26.7
ROCE	45.5	36.4	28.6	30.7	31.3
ROE	30.6	28.6	21.5	23.0	23.4
RoIC	48.4	38.8	32.5	36.8	42.4

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	27.5	32.5	29.2	37.3	46.1
CEPS	30.1	35.8	33.2	42.2	51.7
BVPS	102.3	124.7	146.9	177.1	216.2
DPS	7.0	5.5	7.0	7.0	7.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	36.7	31.0	34.6	27.1	21.9
P/CEPS	33.5	28.2	30.4	23.9	19.5
P/BV	9.9	8.1	6.9	5.7	4.7
EV / Sales	9.2	10.0	9.9	7.2	5.6
EV / EBITDA	24.5	24.9	26.0	19.9	15.4
Dividend Yield (%)	0.7	0.5	0.7	0.7	0.7

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.0	0.0	0.0	(0.1)	(0.2)
Net Debt/EBIDTA	0.0	(0.1)	(0.1)	(0.3)	(0.7)
Working Cap Cycle (days)	93.4	78.4	90.6	93.3	91.6

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	54.6	(8.8)	1.2	36.4	24.8
EBITDA	114.6	(2.2)	(3.8)	29.2	24.8
EBIT	127.7	(3.8)	(6.4)	30.2	26.0
PAT	96.3	18.2	(10.4)	27.8	23.7

Quarterly (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Revenue	2,959	2,491	2,385	2,453	2,316
EBITDA	1,253	1,039	830	1,017	972
EBITDA Margin (%)	42.4	41.7	34.8	41.4	42.0
PAT	824	1,100	668	746	723
EPS (Rs)	8.0	10.7	6.5	7.3	7.0

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoters	74.0	74.0	74.0	74.1	74.1
FII	4.1	4.8	5.1	5.1	5.1
DII	6.2	6.4	6.0	6.1	6.2
Public and Others	15.7	14.8	14.9	14.8	14.7

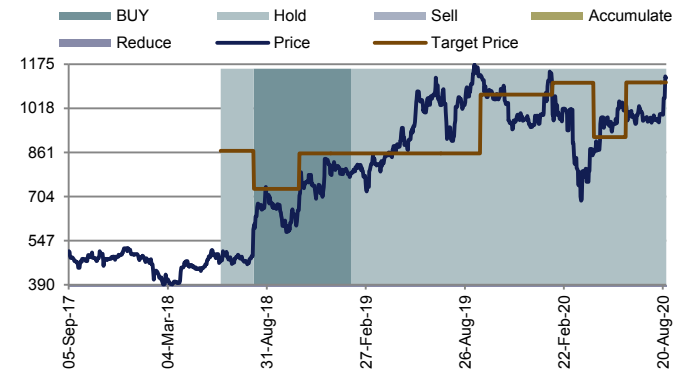
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
03-Aug-20	993	1,110	12m	Hold	Rohit Sinha
14-Jun-20	1,027	1,110	12m	Hold	Rohit Sinha
16-Apr-20	860	915	12m	Hold	Rohit Sinha
07-Feb-20	1,029	1,109	12m	Hold	Rohit Sinha
01-Feb-20	994	1,109	12m	Hold	Rohit Sinha
13-Nov-19	975	1,067	12m	Hold	Rohit Sinha
23-Sep-19	1,136	1,067	12m	Hold	Rohit Sinha
31-Jul-19	908	858	12m	Hold	Rohit Sinha
13-May-19	872	858	12m	Hold	Amar Mourya
31-Jan-19	789	858	12m	Hold	Amar Mourya
29-Oct-18	707	858	12m	Buy	Amar Mourya
07-Aug-18	599	732	12m	Buy	Amar Mourya
08-Jun-18	476	866	12m	Hold	Amar Mourya

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Speciality Chemicals



Analyst: Rohit Sinha

Contact Details

rohit.sinha@emkayglobal.com
+91 22 6612 1306

Sector

Speciality Chemicals

Analyst bio

Rohit Sinha holds a CFA degree and comes with total four years of experience in the Specialty Chemicals sector. He currently covers nine stocks in the Specialty Chemicals space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Speciality Chemicals	0.18	0.18	0%	0	100.00
Advanced Enzyme Tech	0.00	0.01	NA	1	3.17
Apcotex Industries	0.00	0.00	NA	0	1.86
BASF India	0.00	0.00	NA	0	1.00
Camlin Fine Sciences	0.00	0.01	NA	1	7.56
GHCL	0.00	0.01	NA	1	3.95
Navin Fluorine	0.00	0.05	NA	5	24.86
Orient Refractories	0.00	0.01	NA	1	4.13
SRF	0.18	0.09	-53%	-10	46.66
Tata Chemicals	0.00	0.01	NA	1	4.85
Vinati Organics	0.00	0.00	NA	0	1.95
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

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

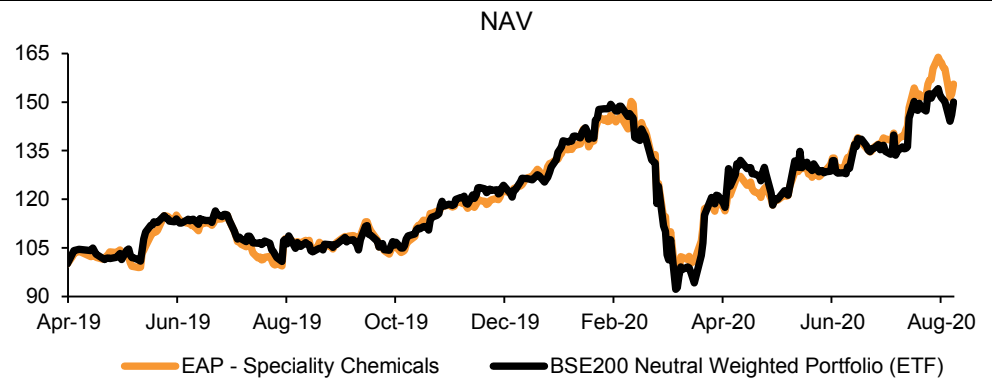
Sector portfolio NAV

	Base					Latest
	01-Apr-19	02-Dec-19	04-Mar-20	03-Jun-20	03-Aug-20	02-Sep-20
EAP - Speciality Chemicals	100.0	119.4	141.9	128.5	139.6	155.6
BSE200 Neutral Weighted Portfolio (ETF)	100.0	123.2	140.4	129.9	136.2	150.1

*Performance measurement base date 1st April 2019

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: 04 Sep 2020 08:57:29 (SGT)

Dissemination Date: 04 Sep 2020 08:58:29 (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 September 4, 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
3. **Disclosure of previous investment recommendation produced:** 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 September 4, 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 September 4, 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 September 4, 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