

Significant improvement in physical and financial performance sequentially coupled with higher price realisations in petchem segment. Maintain Accumulate

- GAIL's Q2FY21 results were below our estimates on revenue and operating profitability parameters and higher on net profitability front due to higher other income.
- Natural gas transmission segment revenues increased 8.8% YoY and by 21.4% QoQ as the CGD sector saw revival with industrial units running at Pre Covid levels. Volumes improved 18% QoQ and declined 2% QoQ.
- Gas marketing segment revenues were down 30.4% YoY and improved 11.3% QoQ. EBIT loss has narrowed down QoQ, however there was a decline due to sharp decline in reduction in the gas marketing spread due to reduction in gas demand.
- Petchem business has seen a major turnaround. Profitability improved on account of better physical performance and price realisations. EBIT increased due to higher production, decrease in input cost and increase in prices. Petchem plant is now operating at capacity utilization of 100% plus. LPG was fairly stable and demand for LHC products were improved. Profitability of LHC segment was impacted due to lower prices realisations.
- We believe that most of the negatives are priced in the stock. However, the profitability can see a decline due to shut down in first 2 months of FY21, which has started picking up and is expected to return to normalcy by H2FY21. However, it is expected that considering the slump in demand in Q1FY21 GAIL may end up cutting down on spot volumes. The risk to our call remains a significant decline in profitability in the gas marketing segment. We maintain Accumulate, with a TP of Rs 107. (8x FY23E).

Transmission volumes at Pre Covid levels

GAIL's transmission revenue increased 8.8% YoY and by 21.4% sequentially due to improvement in volumes to 106.44 mmsmcd (+18% QoQ and -2% YoY) as demand from CGD sector has improved with industrial units running at full capacity and CNG demand returning to 80% of Pre-Covid levels. However, fertilisers and power plants were stable. With the commissioning to major pipelines this segment will grow. Most of the capex spend is done on the pipeline segment. Transmission volumes are expected to grow due to low spot LNG prices and commissioning of Kochi-Mangalore and JHDBPL pipelines.

Q2FY21 Result (Rs Mn)

Particulars	Q2FY21	Q2FY20	YoY (%)	Q1FY21	QoQ (%)
Revenue	136,427	180,399	(24.4)	120,869	12.9
Total Expense	123,046	164,772	(25.3)	114,643	7.3
EBITDA	13,381	15,627	(14.4)	6,226	114.9
Depreciation	4,843	4,398	10.1	4,583	5.7
EBIT	8,539	11,229	(24.0)	1,644	419.5
Other Income	7,239	4,401	64.5	2,413	200.0
Interest	274	275	(0.3)	495	(44.6)
EBT	15,503	15,355	1.0	3,562	335.3
Tax	3,107	4,713	(34.1)	1,007	208.6
RPAT	12,397	10,643	16.5	2,555	385.2
APAT	12,397	10,643	16.5	2,555	385.2
			(bps)		(bps)
Gross Margin (%)	20.4	17.2	314	17.2	312
EBITDA Margin (%)	9.8	8.7	115	5.2	466
NPM (%)	9.1	5.9	319	2.1	697
Tax Rate (%)	20.0	30.7	(1065)	28.3	(823)
EBIT Margin (%)	6.3	6.2	3	1.4	490

CMP	Rs 90
Target / Upside	Rs 107 / 19%
NIFTY	12,631

Scrip Details

Equity / FV	Rs 45,101mn / Rs
Market Cap	Rs 407bn
	USD 5bn
52-week High/Low	Rs 133/ 65
Avg. Volume (no)	13,377,000
Bloom Code	GAIL IN
Price Performance	1M 3M 12M
Absolute (%)	5 (7) (31)
Rel to NIFTY (%)	(1) (20) (38)

Shareholding Pattern

	Mar'20	Jun'20	Sep'20
Promoters	52.2	52.2	51.8
MF/Banks/FIs	14.8	14.8	19.9
FIs	21.2	21.2	15.8
Public / Others	11.9	11.9	12.5

Valuation (x)

	FY21E	FY22E	FY23E
P/E	10.6	7.6	6.7
EV/EBITDA	8.1	5.7	5.0
ROE (%)	8.7	11.9	12.9
RoACE (%)	7.3	9.8	10.6

Estimates (Rs mn)

	FY21E	FY22E	FY23E
Revenue	624,000	686,400	741,312
EBITDA	55,645	78,227	89,719
PAT	38,496	53,299	60,402
EPS (Rs.)	8.5	11.8	13.4

AVP Research: Nidhi Doshi

Tel: +91 22 40969795

E-mail: nidhid@dolatcapital.com

Gas Marketing segment reported losses:

Gas marketing volumes at 88.6 mmscmd (+9% QoQ and -6%YoY). Margins were negative due to inventory losses reported due to decline in demand and lower spot prices due to which GAIL had to realign their prices. However, the losses in segment has narrowed down QoQ. Lower profitability in gas marketing segment was because cargoes had to be sold at a lower price in the domestic and international market. There is a decline in the spread due to lower crude and spot prices leading to lower sales realisation.

Petrochemicals and LHC were running at optimal utilization. Petrochemical business has seen a turnaround and operated at 108% capacity utilization and a production jump of 65%. Price realization improved in Petchem segment with a price increase of Rs. 7,500/MT which was offset by a decline in prices in the LHC segment by Rs. 800/MT. Transmission volumes are expected to grow in H2FY21 and significant change will happen only in FY22 after commissioning of new pipelines. However, GAIL has not changed their capex plans for FY21 but they fear that some projects may take longer to complete due to the pandemic, resulting in rollover of some expenditures to the next year.

US LNG Cargoes

In Q2FY21, GAIL received 20 cargoes as against 21 cargoes in Q1FY20. FY21, out of 86 US LNG, 60-70% of the cargoes are hedged or consumer tied up and no pricing is open. Only 9-10 cargoes remaining unsold.

Valuation

We see limited increase in volumes in the transmission business, the US LNG cargo issue and overhang of the petchem business till it does not show constant revenues in coming quarters, appears to be factored in the stock price, at least for the next couple of quarters till the recovery in the economy from the pandemic is not stabilized. The stock price seems to be factoring in most of the negatives. We maintain Accumulate, with a target price of Rs 107 (8x FY23E).

Exhibit 1: Actual V/s DART estimates

Particulars (Rs Mn)	Actual	DART Estimate	Deviation (%)	Comments
Revenue	136,427	148,302	(8.0)	Gas marketing segment not revived fully. Gas marketing reported inventory loss. High realisation from petchem which was offset by price decline in LHC
EBITDA	13,381	16,802	(20.4)	
EBITDA Margin (%)	9.8	11.3	(152)	
PAT	12,397	11,039	12.3	Higher Other income

Source: Company, DART

Exhibit 2: Change in estimates

Rs Mn	FY21E			FY22E		
	New	Previous	Chg (%)	New	Previous	Chg (%)
Revenue	624,000	609,656	2.4	686,400	658,428	4.2
EBITDA	55,645	62,409	(10.8)	78,227	75,035	4.3
EBITDA Margin (%)	8.9	10.2	(131.9)	11.4	11.4	0.1
PAT	38,496	41,462	(7.2)	53,299	51,061	4.4
EPS (Rs)	8.5	9.2	(7.2)	11.8	11.3	4.4

Source: Company, DART

Key Highlights

- Revenue increased by 12.9% sequentially and declined by 24.4% on a YoY basis to Rs. 1,36,427 mn.
- Raw Material cost increased by 8.6% on a sequential basis and declined by 27.2% on a YoY basis to Rs. 1,08,654 mn.
- There was a growth in employee cost of 2.6% on a sequential basis and a de-growth of 4.3% on a YoY basis to Rs. 4,083 mn.
- Other expenditure decreased by 3% on a sequential basis and by 7.6% on a YoY basis to Rs. 10,310 mn.
- GAIL made an operating profit Rs. 13,381 mn in Q2FY21 as compared to an operating profit of Rs. 15,627 mn in Q2FY20.
- Depreciation increased by 5.7% on a sequential basis and by 10.1% on a YoY basis to Rs. 4,843 mn.
- Other income increased sequentially to Rs. 7,239 mn.
- GAIL made a net profit of Rs 12,397 mn in Q2FY21 as compared to a net profit of Rs. 10,643 mn in Q2FY20.

Concall Key Highlights:

- Physical as well as financial performance GAIL improved across all major segments in Q2FY21.
- Petchem and LHC is operating at optimal capacity utilisation and NG and LPG have reached Pre-Covid levels and currently have surpassed avg. of FY20 levels
- Revenues improved QoQ, due to better physical performance across segments, increase in petrochemical prices by Rs. 7,500/MT which was offset by decline in average sales prices in LHC segment by Rs. 800/MT.
- EBITDA improved QoQ, due to better physical performance and higher price realisation.
- High Other income includes dividend income, interest on intercorporate loans to subsidiaries and reversal of provision of Tamil Nadu section.

Natural Gas Transmission:

- Physical Performance improved by 18% QoQ from 90.22 mmscmd to 106.44 mmscmd and de-grew by 2% YoY.
- Capacity utilisation was 52% as against 44% QoQ.
- Minimum 9-10 mmscmd of gas will flow to fertiliser plants and CGD with commissioning of Urja-Ganga pipeline.
- Minimum of 1 mmscmd gas will flow with commissioning of Kochi-Mangalore pipeline which is likely to improve to 3-4 mmscmd with other industries joining in.
- Tamil Nadu cancellation is reversed and will start construction in March-April'21 and will take 2-3 years for completion. Volumes at start will be 1 mmscmd will ramp up slowly.

LPG Transmission:

- Physical Performance improved by 10% to 1,058 TMT.
- Capacity utilisation was 111% as against 101% QoQ.
- Total LPG transmission is 1,600 km with supply of 4,000 TMT

Natural Gas Marketing:

- Physical Performance improved by 9% QoQ to 88.6 TMT from 81.16 TMT and a de-growth of 6.5% YoY.
- This segment has not recovered fully due to decline in availability of domestic gas, as in end of Sep'20 supply from ONGC was disrupted and supply was reduced by 75 mmscmd.
- Loss in marketing segment has narrowed due to better realisation with sale in overseas market, reduction in inventory value and trading loss has improved for LNG portfolio.
- In FY21 they have a total commitment of 86 cargoes. Out of which 41 cargoes came in H1FY21. Out of which 15 cargoes were sold overseas and 26 cargoes came to India.
- In Q2FY21, total of 20 LNG cargoes were there as against 21 cargoes in Q1FY21. 6 were sold overseas and 14 were brought to India (directly or through destination sale).
- Next quarter inventory losses are expected to be less.
- In CY21, 60-70 hedges are done.

Petrochemical:

- Physical Performance improved by 22% QoQ from 183 TMT to 224 TMT and by 3.2% YoY.
- Polymer capacity utilisation was 108% as against 66% QoQ.
- This business has seen a major turnaround. The plant is operating back to normal levels with jump in production by 65% to 221 TMT as against 134 TMT QoQ.
- On account of better physical performance and price realization, the profitability of the segment has reached Rs. 1,700 Mn
- PBT increased as there was an increase in Petrochemical price by Rs. 7,500/MT, higher production and decrease in input cost.
- Price realisation improved to \$173/MT due to strength of chemical business, better price realisation, production ramp up, good margins and low spot prices.
- Next quarter this segment will be better off with 100% capacity utilisation.

LHC segment:

- Physical Performance improved by 12% QoQ from 265 TMT to 297 TMT.
- Capacity utilisation was 81% as against 75% QoQ.
- Average sales price declined by Rs. 800/MT

CGD:

- CGD sector has seen a sharp recovery.
- They have a total of 42 CNG stations and 68,000 PNG connections.

- Volume flow likely is 0.8 mmscmd which is likely to increase by 20-30% next year.

Capex:

- Capex spend in Q2FY21 was Rs. 15,300 Mn as against Rs. 4,000 Mn QoQ.
- Capex spend in H1FY21 was Rs. 19,300 Mn, mainly on account of pipelines, equity, E&P and operation capex.
- Capex for FY21 is estimated at Rs. 65,00 Mn
- Capex for FY22 is estimated at Rs. 66,000 Mn on account of Petchem, pipelines, equity and CGD.
- 5 years capex spend is Rs. 3,00,000 Mn with increase of 4,000 kms of pipelines.

Project Status:

- Kochi- Mangalore pipeline is delayed due to technical difficult faced. There was a hiccup in 4kms, where a parallel route is being built and the pipeline shall be completed by end of November or first week of December.
- Ramagundam fertilizer plant gas supply has started, pre commissioning activity has resumed and commission will start by Dec. Sale of 1.5 mmscmd is expected.
- Urja Ganga Project- Total commitment as on date is Rs. 13,900 cr and actual capex till date is Rs. 10,200 cr. Till date received capital grant of Rs. 3,755 cr as against total grant of Rs. 5,176 cr.

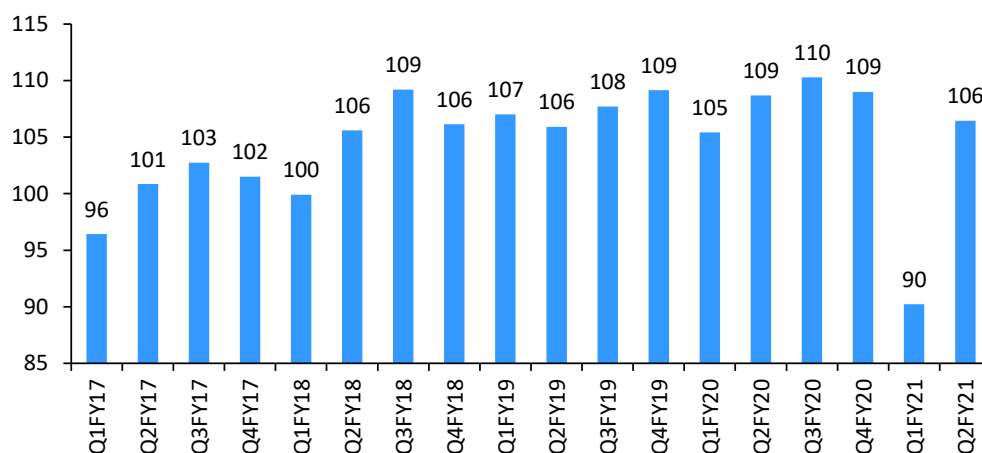
Construction Progress:

- Dobhi-Durgapur line up to Matix is expected to be completed by Dec'20 or Jan'21.
- Dhamra-Angul by Dec '21
- Bokaro-Angul mainline is excepted to commission by Dec '20 and spur-line by June '21.
- Durgapur-Haldia pipeline is expected to be commissioned by Dec'21;
- Vijaipur-Auraiya is expected to be commissioned by March '21.
- Barauni-Guwahati- Dec'21
- Sultanpur pipeline by April-May'21
- Major new pipeline projects undertaken by GAIL:
- Total pipelines of GAIL are 17,500 kms
- Srikakulam-Angul pipeline, 700 kms investment of Rs. 30,000 Mn- 36 months by July'22.
- Mumbai-Jharsuguda pipeline, 1,705 kms, investment of Rs. 78,000 Mn, completion by May '23
- Dhamra-Haldia pipeline, 240 km, investment of Rs. 12,000 Mn, completion by Nov'22
- Gas pipeline infrastructure in Northeast states of over 1,650 kms cost of Rs 93,000 Mn.

Dabhol Terminal:

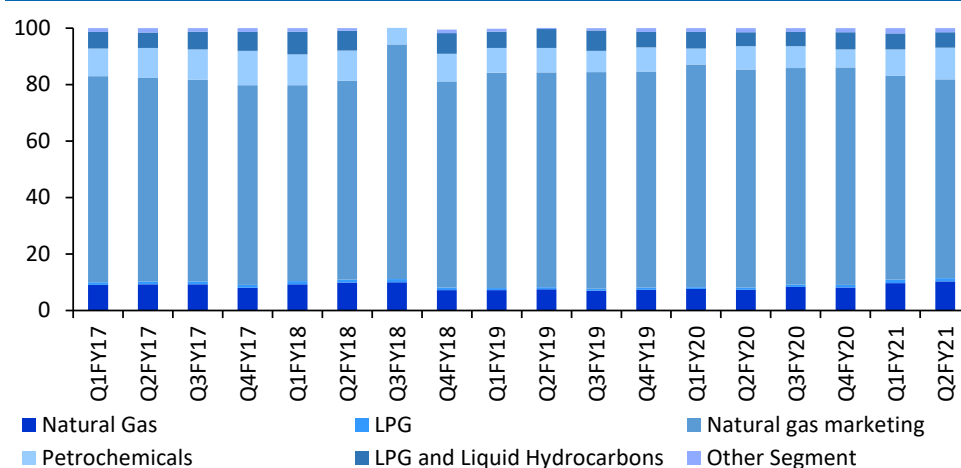
- Work for Dabhol terminal which is a 5MMTPA terminal is awarded to L&T which will be complete by FY22.
- Work is under progress and is expected to have good capacity utilization.

Exhibit 3: Gas Transmission Volumes (mmscmd)



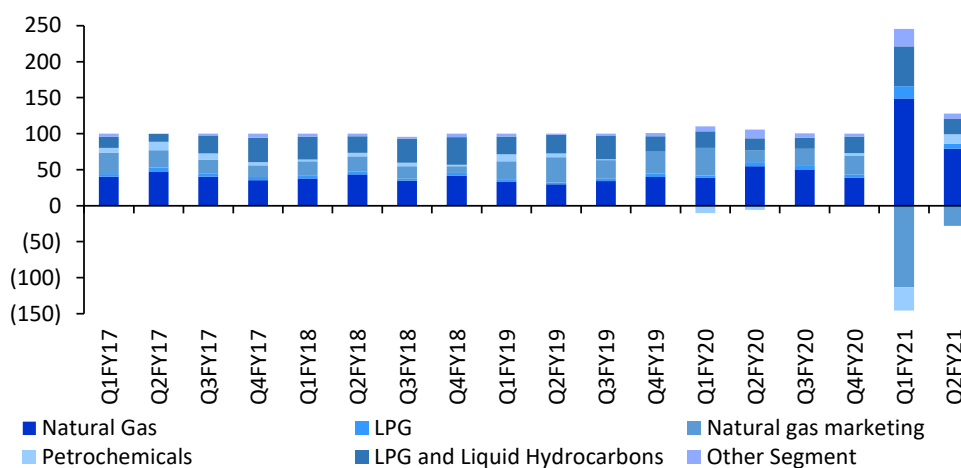
Source: Company, DART

Exhibit 4: Segment wise % of Total revenue

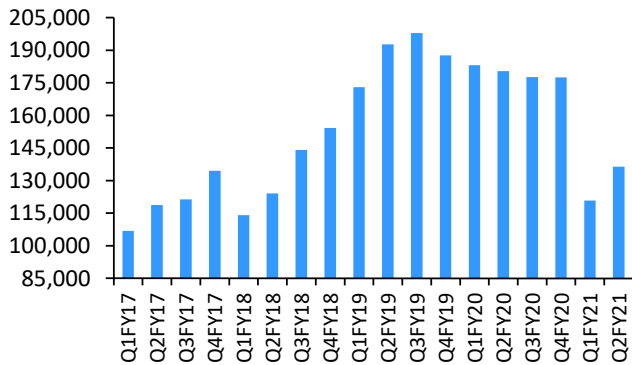


Source: Company, DART

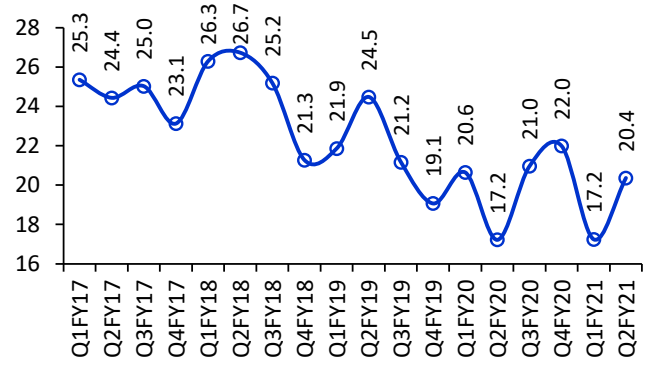
Exhibit 5: Segment wise % of Total Segmental Profit



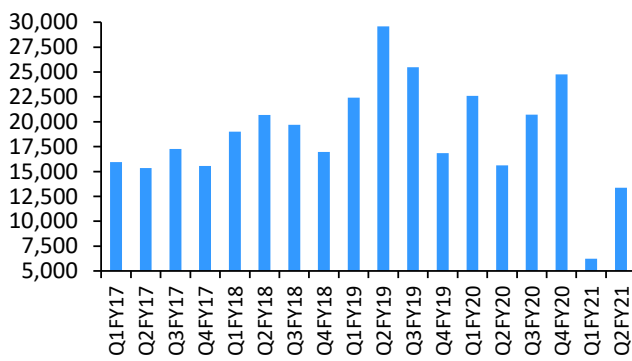
Source: Company, DART

Exhibit 6: Revenue (Rs Mn)


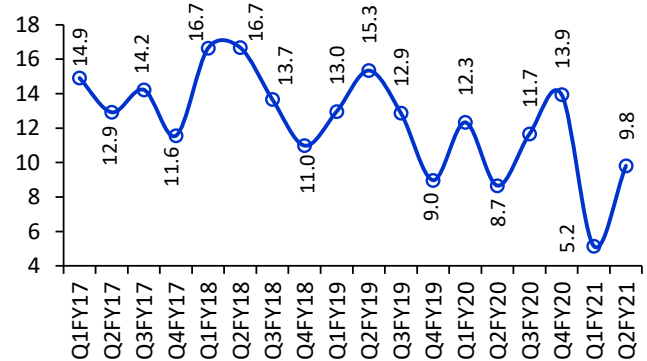
Source: Company, DART

Exhibit 7: Gross Margin (%)


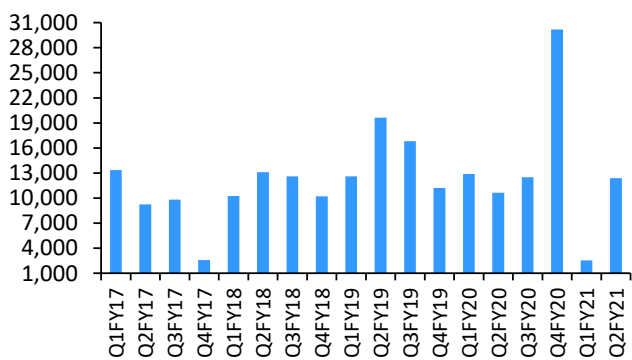
Source: Company, DART

Exhibit 8: Operating Profit


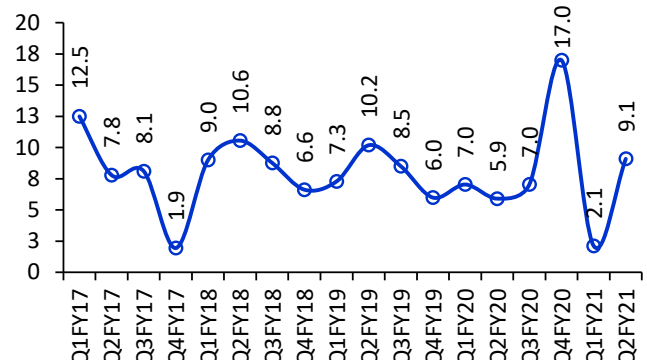
Source: Company, DART

Exhibit 9: OPM (%)


Source: Company, DART

Exhibit 10: Net Profit


Source: Company, DART

Exhibit 11: NPM (%)


Source: Company, DART

Profit and Loss Account

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Revenue	718,710	624,000	686,400	741,312
Total Expense	635,016	568,355	608,173	651,594
COGS	573,605	506,179	543,353	583,200
Employees Cost	15,193	15,496	15,806	16,439
Other expenses	46,218	46,680	49,014	51,955
EBIDTA	83,694	55,645	78,227	89,719
Depreciation	18,360	18,000	18,000	18,000
EBIT	65,334	37,645	60,227	71,719
Interest	1,085	1,200	1,000	1,000
Other Income	14,168	15,000	12,000	10,000
Exc. / E.O. items	(1,016)	0	0	0
EBT	77,401	51,445	71,227	80,719
Tax	13,227	12,949	17,928	20,317
RPAT	64,174	38,496	53,299	60,402
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	64,174	38,496	53,299	60,402

Balance Sheet

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
Sources of Funds				
Equity Capital	45,101	45,101	45,101	45,101
Minority Interest	0	0	0	0
Reserves & Surplus	394,610	396,174	411,483	433,895
Net Worth	439,711	441,275	456,585	478,996
Total Debt	55,568	55,253	54,865	54,721
Net Deferred Tax Liability	44,972	49,469	54,416	59,858
Total Capital Employed	540,251	545,998	565,866	593,575

Applications of Funds

Net Block	336,450	333,450	330,450	327,450
CWIP	105,819	126,983	152,379	182,855
Investments	74,985	76,000	70,000	70,000
Current Assets, Loans & Advances	168,083	166,258	182,264	196,036
Inventories	29,601	27,353	30,089	32,496
Receivables	55,759	44,449	48,894	52,806
Cash and Bank Balances	8,039	13,167	14,772	14,326
Loans and Advances	57,401	63,142	69,456	76,401
Other Current Assets	17,282	18,147	19,054	20,007
Less: Current Liabilities & Provisions	145,085	156,692	169,227	182,766
Payables	41,284	65,309	76,734	89,074
Other Current Liabilities	103,801	91,383	92,493	93,692
<i>sub total</i>				
Net Current Assets	22,998	9,566	13,038	13,270
Total Assets	540,251	545,998	565,866	593,575

E – Estimates

Important Ratios

Particulars	FY20A	FY21E	FY22E	FY23E
(A) Margins (%)				
Gross Profit Margin	20.2	18.9	20.8	21.3
EBIDTA Margin	11.6	8.9	11.4	12.1
EBIT Margin	9.1	6.0	8.8	9.7
Tax rate	17.1	25.2	25.2	25.2
Net Profit Margin	8.9	6.2	7.8	8.1
(B) As Percentage of Net Sales (%)				
COGS	79.8	81.1	79.2	78.7
Employee	2.1	2.5	2.3	2.2
Other	6.4	7.5	7.1	7.0
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.1	0.1	0.1
Interest Coverage	60.2	31.4	60.2	71.7
Inventory days	15	16	16	16
Debtors days	28	26	26	26
Average Cost of Debt	3.3	2.2	1.8	1.8
Payable days	21	38	41	44
Working Capital days	12	6	7	7
FA T/O	2.1	1.9	2.1	2.3
(D) Measures of Investment				
AEPS (Rs)	14.2	8.5	11.8	13.4
CEPS (Rs)	18.3	12.5	15.8	17.4
DPS (Rs)	6.4	7.0	7.2	7.2
Dividend Payout (%)	45.0	82.0	60.9	53.8
BVPS (Rs)	97.5	97.8	101.2	106.2
RoANW (%)	14.6	8.7	11.9	12.9
RoACE (%)	12.6	7.3	9.8	10.6
RoAIC (%)	12.7	7.1	11.1	12.7
(E) Valuation Ratios				
CMP (Rs)	90	90	90	90
P/E	6.3	10.6	7.6	6.7
Mcap (Rs Mn)	406,815	406,815	406,815	406,815
MCap/ Sales	0.6	0.7	0.6	0.5
EV	454,344	448,901	446,908	447,209
EV/Sales	0.6	0.7	0.7	0.6
EV/EBITDA	5.4	8.1	5.7	5.0
P/BV	0.9	0.9	0.9	0.8
Dividend Yield (%)	7.1	7.8	8.0	8.0
(F) Growth Rate (%)				
Revenue	(4.3)	(13.2)	10.0	8.0
EBITDA	(12.4)	(33.5)	40.6	14.7
EBIT	(18.4)	(42.4)	60.0	19.1
PBT	(14.8)	(33.5)	38.5	13.3
APAT	6.5	(40.0)	38.5	13.3
EPS	6.5	(40.0)	38.5	13.3

Cash Flow

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
CFO	68,881	79,461	74,677	83,461
CFI	(68,289)	(33,328)	(33,695)	(44,773)
CFF	3,384	(38,450)	(39,377)	(39,133)
FCFF	14,536	43,297	34,281	37,985
Opening Cash	1,508	5,483	13,167	14,772
Closing Cash	5,483	13,167	14,772	14,326

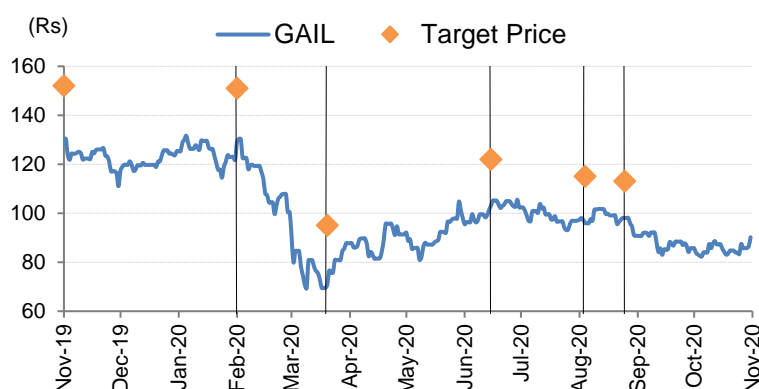
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-19	Accumulate	152	130
Feb-20	Accumulate	151	129
Mar-20	Buy	95	71
Jun-20	Accumulate	122	103
Aug-20	Accumulate	115	96
Sep-20	Accumulate	113	98

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
--------------------	--------------------------	--------------------------------	------------------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
--------------------------	-------------------------	------------------------------	------------------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Jubbin Shah	VP - Derivatives Sales	jubbins@dolatcapital.com	+9122 4096 9779
Ashwani Kandoi	AVP - Equity Sales	ashwanik@dolatcapital.com	+9122 4096 9725
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. This report is not directed 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, regulation or which would subject Dolat Capital Market Private Limited. and/or its affiliated company(ies) to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: This research report is a product of Dolat Capital Market Private Limited., 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 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 by Dolat Capital Market Private Limited. only 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 or entity.

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, Dolat Capital Market Private Limited. has entered into an agreement with a U.S. registered broker-dealer Ltd Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer/Entity as informed by Dolat Capital Market Private Limited. from time to time.



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685

Registered office: Office No. 141, Centre Point, Somnath, Daman – 396 210, Daman & Diu

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
