

One 97 Communications - Paytm

Refer to important disclosures at the end of this report

Aspiring for operational profitability; need to steer clear of CG/regulatory issues

Key takeaways from our meeting with Paytm's Founder cum CMD Vijay Shekhar Sharma, to fathom the company's aspired path to profitability and the implications of the recent noise around corporate governance standards raising risk for his re-appointment:

- **Reducing operational burn in the payments business, which remains a customer acquisition engine:** Despite the rising share of the UPI business, Paytm has improved its net payment take-rates (Gross take-rate – payment charges) to 25bps, mainly led by its recent re-negotiation on payment charges, and has scope to improve further. Mr VS Sharma believes that UPI should remain MDR-free, as it is a key digitization engine for the country and, so, a customer acquisition engine for Paytm amid the RBI embargo on new wallets. Govt. subvention has already made UPI P2M GMV profitable and increasing share of the UPI business will reduce the customer acquisition/engagement costs, thereby reducing the payment business' operational burn. The surge in marketing-spend in 1Q was due to the IPL sponsorship, which has largely served its purpose and could come-off next year. Mr Sharma believes that the RBI's recent digi-lending guidelines suggest that digi-lending will be less onerous and thus reduce the risk of reduction in MDR on the wallet business.
- **To ride on the lending cart, on the path to profitability; cross-selling non-lending products to be icing on the cake:** Paytm's loan distribution business contributes ~16% to operating revenues and 37% to contribution profits, thereby driving up the overall contribution profit margin to 43% from ~27% a year ago. Paytm postpaid (61% of loan GMV) entails customer share at 1.4% of the overall customer base/~7% of MTU, where growth can come from increase in customer base & average ticket size, thereby driving up lending business profitability. Company has repeatedly claimed that it has no FLDG arrangement with any lending partner and, in fact, its better collection outcomes v/s promised will create a healthy collection-bonus annual trail, which will expand with the rising GMV pool. This, coupled with the reduced payment business burn, would be key to turn the EBITDA (ex-ESOP) positive by Sep 2023. Company also has a healthy non-lending product pool, including FASTag, credit card distribution (sitting in commerce & cloud) and liability sourcing, which will be further enhanced, thus adding to the cross-sell revenue pool.
- **Need to steer clear of governance/regulatory issues:** Recently, 3 proxy advisory firms (including Institutional Investor Advisory Services; Stakeholders Empowerment Services) have advised investors to vote against the proposal to re-appoint Mr Sharma for 5 years from Dec 22, to Mr Sharma not being liable to retire by rotation, Mr Sharma holding the dual position of Chairman & MD being against the best practice in terms of Corporate Governance (CG), and the increase in his/Madhur Deora's remuneration despite company seeing losses (exceeding the limits set under the Companies Act). Separately, the RBI has put an embargo on Paytm Payments Bank (51% held by Mr Sharma) to onboard new customers, citing supervisory concerns, and ordered a system audit of Company's IT systems. Mr Sharma counters the advisory firms' stand against his re-appointment and emphasizes that as a founder he would choose to stay, to help to turn it profitable & self-sustainable, as demonstrated by a number of companies (India as well as global). That said, Company has built a credible top management/team with high vintage. Paytm Bank is also following the RBI instructions and remains hopeful of lifting of the embargo, once the Regulator is satisfied with its systems.
- **Our view:** The stock plunged after the IPO on concerns around lack of visibility on profitability, governance issues and higher valuations. The recent upmove in the stock due to guidance on turning EBITDA (ex-ESOP) positive by Sep-23 and softness in valuations (3.6x FY22 P/B v/s 10x at IPO price) has been stalled, owing to CG issues being raised by proxy advisors. Thus, we believe Paytm will not only have to deliver on its promise to turn profitable, but also steer clear of CG/regulatory issues, to drive-up valuations/returns for investors in the long term. Not Rated.

Please see our sector model portfolio (Emkay Alpha Portfolio): [BFSI-Banks \(Page 5\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21	FY22
Operational Revenue	32,320	32,808	28,024	49,742
Net profit	-42,256	-29,424	-17,010	-23,964
EPS (Rs)	-144	-45	-28	-38
ABV (Rs)	199	137	108	218
RoA (%)	-96.7	-30.4	-16.8	-17.3
RoE (%)	-147.6	-42.6	-23.2	-23.2
P/E (x)	-5.5	-17.6	-28.4	-20.6
P/BV	4.0	5.7	7.3	3.6

Source: Company, Emkay Research

CMP	Target Price
Rs 787 as of (August 15, 2022)	NA
Rating	Upside
NOT RATED	NA

Stock Details				
Bloomberg Code	PAYTM IN			
Face Value (Rs)	1			
Shares outstanding (mn)	649			
52 Week H/L	1,961 / 511			
M Cap (Rs bn/USD bn)	511 / 6.42			
Shareholding Pattern Jun '22				
Promoters	-			
FII's	73.3%			
DII's	5.9%			
Public and Others	20.8%			
Price Performance				
(%)	1M	3M	6M	12M
Absolute	18	51	(12)	NA
Rel. to Nifty	9	41	(12)	NA

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

Anand Dama

anand.dama@emkayglobal.com
+91 22 6624 2480

Heet Khimawat

heet.khimawat@emkayglobal.com
+91 22 6612 1275

Dixit Sankharva

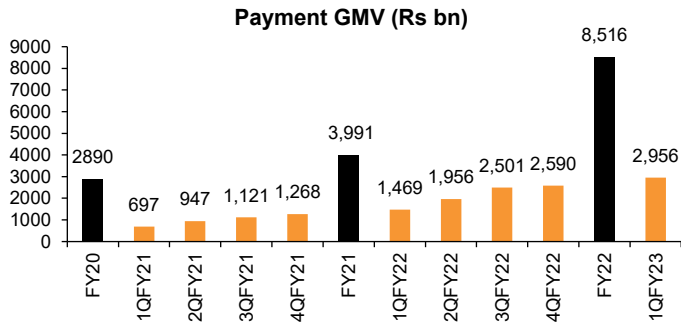
dixit.sankharva@emkayglobal.com
+91 22 6612 1281

Soumya Jain

soumya.jain@emkayglobal.com
+91 22 6612 1262

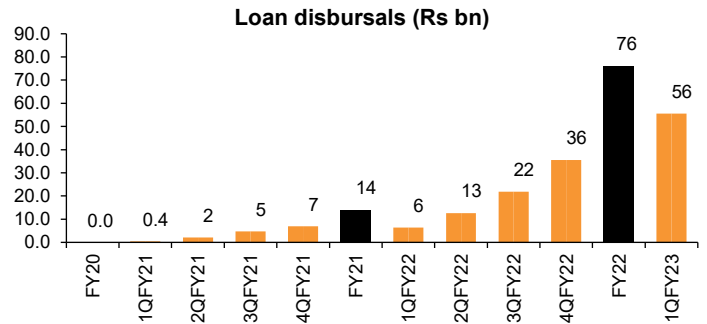
Story in Charts

Exhibit 1: Payment business GMV showing strong traction...



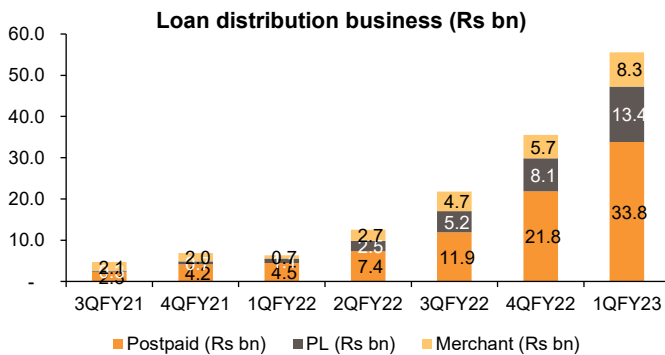
Source: Company, Emkay Research

Exhibit 2: ...as is the lending business



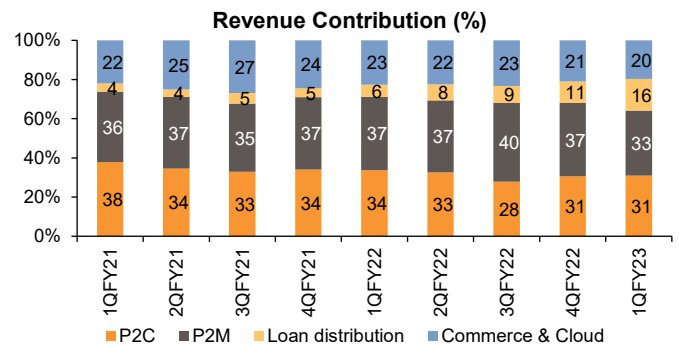
Source: Company, Emkay Research

Exhibit 3: Postpaid remains key contributor to the lending business



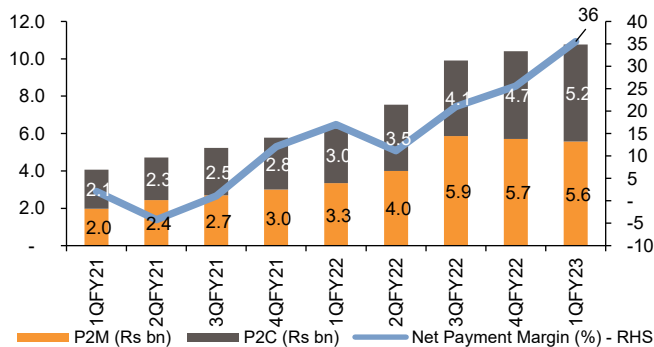
Source: Company, Emkay Research

Exhibit 4: Share of loan distribution business in revenue has increased to 16%



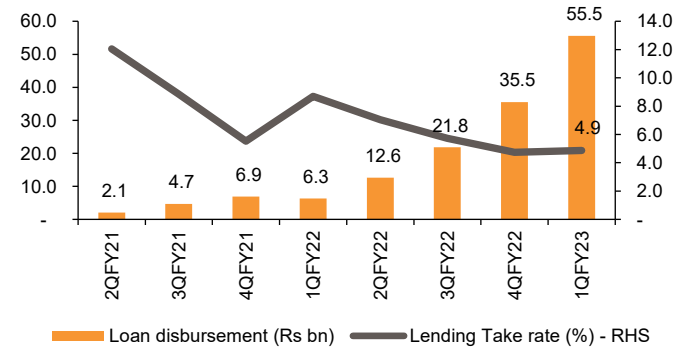
Source: Company, Emkay Research

Exhibit 5: P2M business revenue under pressure; NPM shows an improving trend due to reducing payment charges



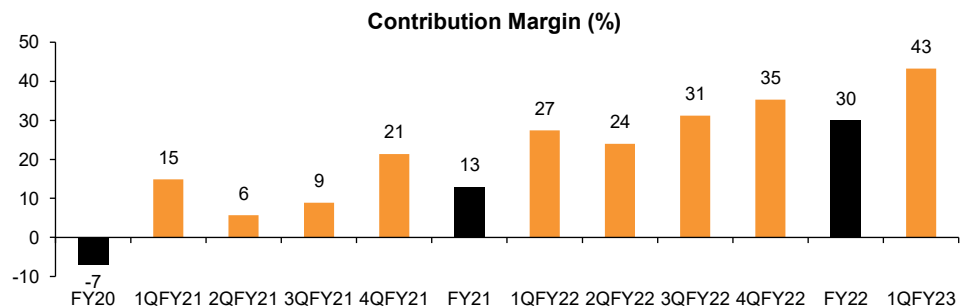
Source: Emkay Research

Exhibit 6: Lending business showing strong traction; lending take-rate is higher, as it also includes collection fees



Source: Emkay Research

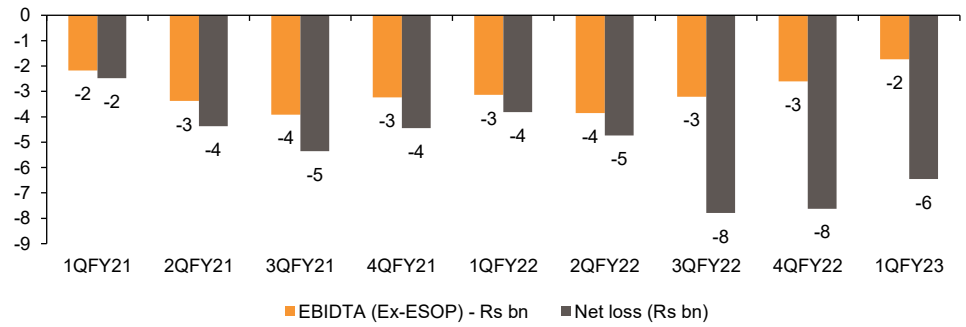
Exhibit 7: Contribution margin has shown steady improvement due to reducing payment charges, operational burn and accelerating lending business



Source: Company, Emkay Research

This report is intended for amit.sharma@emkayglobal.com use and downloaded at 08/18/2022 11:44 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Exhibit 8: Paytm has guided to turn EBITDA (ex-ESOP) positive by Sep-2023

Source: Company, Emkay Research

Exhibit 9: Quarterly P&L

Rs (mn)	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY (%)	QoQ (%)
Payment Revenues	5,278	6,386	7,304	7,772	8,359	9,977	13,309	13,608	14,070	68	3
P2M	1,979	2,435	2,694	3,008	3,340	4,003	5,858	5,718	5,570	67	-3
P2C	2,085	2,290	2,539	2,778	3,005	3,536	4,058	4,687	5,190	73	11
Commerce	266	497	858	831	517	838	1,348	1,033	1,390	169	35
Cloud	948	1,164	1,213	1,155	1,497	1,600	2,045	2,170	1,930	29	-11
Financial Serv & other Oper Revenues	234	253	416	381	549	887	1,252	1,801	2,730	397	52
Operating Revenues	5,512	6,639	7,720	8,153	8,908	10,864	14,561	15,409	16,800	89	9
Other revenue	982	942	955	965	572	481	773	1,075	1,020	78	-5
Gross Revenues	6,494	7,581	8,675	9,118	9,480	11,345	15,334	16,484	17,820	88	8
Expenses	8,672	10,957	12,595	12,348	12,227	15,194	18,545	19,084	19,549	60	2
- Direct expenses	4,691	6,263	7,033	6,412	6,463	8,257	10,024	10,017	9,538	48	-5
- Payment Processing Charges	3,980	4,924	5,177	5,087	5,265	6,700	7,831	7,742	6,938	32	-10
Contribution Profit	821	376	687	1,741	2,445	2,607	4,537	5,392	7,262	197	35
Contribution margin (%)	14.9	5.7	8.9	21.4	27.4	24.0	31.2	35.0	43.2	755 bps	823 bps
- Indirect expenses	3,981	4,694	5,562	5,936	5,764	6,937	8,521	9,067	10,011	74	10
EBITDA	-2,178	-3,376	-3,920	-3,230	-2,747	-3,849	-3,211	-2,600	-1,729	-37	-34
Depreciation & Finance Cost	367	711	474	581	506	606	734	1,021	1,027	103	1
PBT	-2,545	-4,087	-4,394	-3,811	-3,253	-4,455	-3,945	-3,621	-2,756	-15	-24
Tax	-41	84	103	-119	31	20	56	6	48	55	700
Adj PAT	-2,504	-4,171	-4,497	-3,692	-3,284	-4,475	-4,001	-3,627	-2,804	-15	-23
ESOP expensing	-294	0	-415	-416	-390	-193	-3,895	-3,615	-3,590	821	-1
Non-Recurrent items	-80	0	-200	-1	-24	0	0	0	0	-100	NM
Share in Profit/(loss) of subs	34	-196	-243	-335	-121	-66	111	-383	-60	-50	-84
PAT	-2,844	-4,367	-5,355	-4,444	-3,819	-4,734	-7,785	-7,625	-6,454	69	-15
Merchants (mn)	NA	19	20	21	NA	23	25	27	28	NA	6
GMV (Rs bn)	697	947	1,121	1,268	1,469	1,956	2,501	2,590	2,956	101	14
Avg MTU (Rs mn)	40	43	47	50	50	57	64	71	75	50	6
No. of loans disbursed	0.0	0.3	0.9	1.4	1.4	2.8	4.4	6.5	8.5	492	30
Loans disbursed (Rs bn)	0.4	2.1	4.7	6.9	6.32	12.6	21.8	35.5	55.5	779	56
- Share of BNPL (%)	NA	NA	50	60	71	59	55	61	61		
- Share of PL (%)	NA	NA	5	10	18	20	24	23	24		
- Share of Merchant Loans (%)	NA	NA	44	29	12	22	22	16	15		
Gross payment business take-rate (%)	1.17	1.00	0.54	0.56	0.59	0.52	0.55	0.54	0.49	-5 bps	-5 bps
Gross Payment Processing charges (%)	0.57	0.52	0.46	0.40	0.36	0.34	0.31	0.30	0.23	-6 bps	-6 bps
Net Payment take-rate (%)	0.60	0.48	0.08	0.15	0.23	0.18	0.23	0.24	0.25	1 bps	1 bps
Gross Lending business take-rate (%)	NA	12.0	8.9	5.5	8.7	7.0	5.7	4.7	4.9	-395 bps	14 bps

Source: Company, Emkay Research

Exhibit 10: P&L

Year ended 31 Mar (Rs m)	FY19	FY20	FY21	FY22
Payment (P2M + P2C)	28,870	26,177	23,544	38,058
Commerce, Cloud, Other fees	3,450	4,079	4,480	7,312
Payment Revenue	32,320	30,256	28,024	45,370
Growth (%)	-	(6.4)	(7.4)	61.9
Other Operating Fees	0	2552	0	4,372
Operating Revenue	32,320	32,808	28,024	49,742
Operating expenses	-75,981	-59,152	-45,697	-73,144
- Payment gateway cost	-22,574	-22,659	-19,168	-27,538
- Provisions	0	-375	-447	-561
Op EBITDA	-43,661	-26,344	-17,673	-23,402
- Depreciation	-1,116	-1,745	-1,785	-2,473
Op EBIT	-44,777	-28,089	-19,458	-25,875
- Non Operating Revenue	3,477	2,599	3,844	2,901
- Finance Cost	-342	-485	-348	-394
PBT	-41,642	-25,975	-15,962	-23,368
Non-recurring items	-825	-3,047	-281	-24
Pre-tax profit (after non-recurring items)	-42,467	-29,022	-16,243	-23,392
Tax (current + deferred)	65	158	-27	-113
Tax rate (%)	-0.2	-0.5	0.2	0.5
Net profit	-42,402	-28,864	-16,270	-23,505
Growth (%)	-	(32)	(44)	44
Share of JV/Associates	146	(560)	(740)	(459)
Net income	-42,256	-29,424	-17,010	-23,964

Source: Emkay Research

Exhibit 11: Financial ratios

Year ended 31 Mar (Rs m)	FY19	FY20	FY21	FY22
Valuation ratios				
Adjusted EPS (Rs)	(144)	(45)	(28)	(38)
BVPS (Rs)	199	137	108	218
EBITDA per share (Rs)	(76)	(44)	(29)	(36)
Op Revenue per share (Rs)	56	54	46	77
PER (x)	(5)	(18)	(28)	(21)
Price/Book (x)	4.0	5.7	7.3	3.6
P/EBITDA (x)	(10)	(18)	(27)	(22)
P/Op Revenue	14.0	14.5	17.0	10.3
Dividend Yield (%)	-	-	-	-
RoA (%)	(96.7)	(30.4)	(16.8)	(17.3)
RoE (%)	(147.6)	(42.6)	(23.2)	(23.2)
Payment Revenue/GMV	1.3	0.9	0.6	0.4
EBITDA/GMV	(1.9)	(0.9)	(0.4)	(0.3)
RoGMV	(1.9)	(1.0)	(0.4)	(0.3)
GMV (Rs bn)	2,292	3,032	4,033	8,515
GMV (USD bn)	31	40	54	114
GMV growth		32	33	111

Source: Emkay Research

Emkay Alpha Portfolio – BFSI-Banks



Analyst: Anand Dama

Contact Details

anand.dama@emkayglobal.com
+91 22 6624 2480

Sector

Banks

Analyst bio

Anand Dama is a CA, CPM (ICFAI) with total 13 years of research experience, in addition to 3 years in the finance/rating industry. His team currently covers 21 banks and 15 stocks in the NBFC/Insurance space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
BFSI-Banks	20.08	20.08	0.0%	0	100.00	
Axis Bank	1.99	2.07	4%	8	10.31	0
AU Small Finance Bank	0.28	0.23	-19%	-5	1.14	0
Bandhan Bank	0.18	0.16	-8%	-1	0.81	0
Bank of Baroda	0.22	0.18	-16%	-4	0.92	0
Canara Bank	0.12	0.12	0%	0	0.62	0
City Union Bank	0.00	0.04	NA	4	0.21	0
DCB Bank	0.00	0.00	NA	0	0.00	0
Equitas Small Finance Bank	0.00	0.00	NA	0	0.00	0
Federal Bank	0.21	0.21	0%	0	1.06	0
HDFC Bank	6.26	6.33	1%	7	31.51	0
ICICI Bank	5.73	5.86	2%	13	29.18	0
Indian Bank	0.00	0.00	NA	0	0.00	0
Indusind Bank	0.63	0.72	15%	10	3.59	0
Karur Vysya Bank	0.00	0.06	NA	6	0.31	0
Kotak Mahindra Bank	2.33	2.01	-14%	-32	10.00	0
Punjab National Bank	0.10	0.00	-100%	-10	0.00	0
RBL Bank	0.00	0.00	NA	0	0.00	0
State Bank of India	1.93	2.05	6%	12	10.23	0
Ujjivan Small Finance Bank	0.00	0.00	NA	0	0.00	0
Union Bank of India	0.04	0.00	-100%	-4	0.00	0
Yes Bank	0.05	0.02	-59%	-3	0.10	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

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

Sector portfolio NAV

	Base 1-Apr-19	12-Aug-21	10-Feb-22	12-May-22	12-Jul-22	Latest 11-Aug-22
EAP - BFSI-Banks	100.0	123.3	133.4	115.0	121.3	133.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	120.6	130.8	112.8	118.9	130.8

*Performance measurement base date 1st April 2019

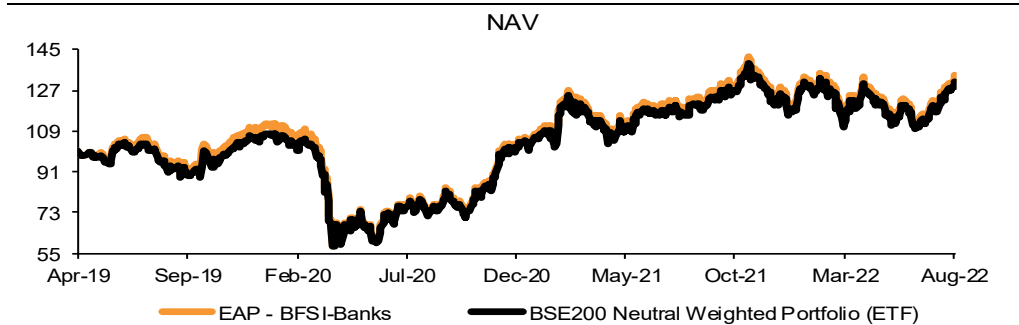
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - BFSI-Banks	10.0%	16.0%	0.0%	8.3%
BSE200 Neutral Weighted Portfolio (ETF)	10.0%	15.9%	0.0%	8.4%

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”

This report is intended for amit.sharma@emkayglobal.com use and downloaded at 08/18/2022 11:44 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

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: 16 Aug 2022 01:37:13 (SGT)

Dissemination Date: 16 Aug 2022 01:38:13 (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 August 15, 2022
 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 August 15, 2022.
 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 August 15, 2022
 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 August 15, 2022

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