

16 August 2021

## Suven Pharmaceuticals

*Forward integration, swift pipeline progress to boost growth; Buy*

Rating: Buy

Target Price: Rs630

Share Price: Rs543

**In Q4 FY21, Suven Pharma's gross margin had fallen to 64.7%. In Q1 FY22 it recovered, expanding 60bps y/y at 70.9% due to more sales of the CDMO pharma division. Revenue grew 10.7% to Rs2.6bn, backed by 22.8% growth in CDMO pharma and 28.8% in Formulations and Other services. CDMO specialty chemicals, though, declined 9.2% y/y as more quantities were shipped a year ago. The EBITDA margin softened 360bps to 43.4% due to higher employee and freight costs. Its Vizag plant will help the company step up in the value chain while the late-stage clinical pipeline was boosted by four molecules moving from phase-2 to phase-3 in the last six months. We expect strong, 18.5%/21.4%, CAGRs in revenue/profit over FY21-23, driven by commercial supplies for two specialty-chemical products (one in the pharma division), and the launch of 3-5 formulation products a year. We raise our FY22e/FY23e PAT 1.6%/4.9%. We retain our Buy rating, with a higher target of Rs630 (earlier Rs560).**

**Scale-up of molecules to drive CDMO growth.** In Q1 FY22, the CDMO pharma division grew 22.8% y/y to Rs1.5bn as a couple of molecules moved from phase-2 to phase-3. Management is confident of beginning commercial supplies for one specialty chemical molecule in FY22 and one in pharma in FY23. We expect 16.7%/21% sales CAGRs in its CDMO pharma/specialty chemicals divisions over FY21-23.

**Launches to improve formulations traction.** Q1 FY22 Formulations and other services sales grew 28.8% to Rs255m. The company has launched six products so far in the US and has six more pending approval. It aims to file 4-6 products in FY22 and launch two ANDAs in the next six months. We expect this category to grow 22.5% over FY21-23.

**Valuation.** At the CMP, the stock trades at 31.1x and 25.9x FY22e/FY23e earnings. We retain our Buy, with a higher TP of Rs630 (earlier Rs560), on 30x FY23e EPS. **Risks:** Currency fluctuations, delay in orders from clients.

Key financials (YE Mar)	FY19	FY20	FY21	FY22e	FY23e
Sales (Rs m)	6,536	8,338	10,097	11,971	14,174
Net profit (Rs m)	1,879	3,170	3,623	4,444	5,342
EPS (Rs)	7.4	12.5	14.2	17.5	21.0
P/E (x)	73.5	43.6	38.1	31.1	25.9
EV / EBITDA (x)	50.7	36.3	31.3	25.5	20.7
P/BV (x)	23.4	16.4	11.7	9.1	7.2
RoE (%)	27.7	44.2	35.8	32.9	31.0
RoCE (%)	24.9	33.7	27.2	27.2	26.9
Dividend yield (%)	0.3	0.9	0.5	0.6	0.8
Net debt / equity (x)	0.1	0.2	-0.0	-0.1	-0.2

Source: Company, Anand Rathi Research

Key data	SUVENPHA IN
52-week high / low	Rs.590 / 292
Sensex / Nifty	55583 / 16563
3-m average volume	\$2.8m
Market cap	Rs142bn / \$1919m
Shares outstanding	255m

Shareholding pattern (%)	Jun'21	Mar'21	Dec'20
Promoters	60.0	60.0	60.0
- of which, Pledged	-	-	-
Free float	40.0	40.0	40.0
- Foreign institutions	7.9	2.5	6.0
- Domestic institutions	4.5	6.9	4.7
- Public	27.6	30.6	29.3

Estimates revision (%)	FY22e	FY23e
Sales	1.1	3.7
EBITDA	1.1	3.7
PAT	1.6	4.9

### Relative price performance



Source: Bloomberg

**Abdulkader Puranwala**  
Research Analyst

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

## Quick Glance – Consolidated Financials and Valuations

**Fig 1 – Income statement (Rsm)**

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
Net revenues	6,536	8,338	10,097	11,971	14,174
Growth (%)	4.5	27.6	21.1	18.6	18.4
Direct costs	1,735	2,292	3,019	3,496	4,068
SG&A	2,062	2,198	2,673	3,112	3,614
EBITDA	2,739	3,848	4,405	5,363	6,492
EBITDA margins (%)	41.9	46.1	43.6	44.8	45.8
- Depreciation	221	235	316	422	526
Other income	242	181	142	221	248
Interest expenses	38	231	91	46	-
+ Associates / (Minorities)	-	482	537	618	680
PBT	2,722	4,045	4,677	5,734	6,894
Effective tax rates (%)	31.0	21.6	22.5	22.5	22.5
Net Income	1,036	3,170	3,623	4,444	5,342
Adjusted income	1,879	3,170	3,623	4,444	5,342
WANS	255	255	255	255	255
FDEPS (Rs / share)	7.4	12.5	14.2	17.5	21.0
R&D (% of sales)	-	1.7	1.1	1.1	1.1

**Fig 2 – Balance sheet (Rsm)**

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
Share capital	127	127	255	255	255
Net worth	5,903	8,448	11,808	15,182	19,239
Debt	837	1,862	1,430	374	374
Minority interest	-	-	-	-	-
DTL / (Assets)	292	276	309	309	309
Capital employed	7,032	10,586	13,548	15,866	19,922
Net tangible assets	2,682	3,539	4,387	6,503	7,969
Net intangible assets	27	28	24	37	44
Goodwill	-	-	-	-	-
CWIP (tang. &intang.)	1,111	1,017	963	413	413
Investments (strategic)	-	3,075	3,612	3,612	3,612
Investments (financial)	71	307	1,806	1,806	1,806
Current assets (ex cash)	3,810	3,622	3,855	4,692	5,516
Cash	129	141	97	88	2,089
Current liabilities	798	1,142	1,197	1,285	1,528
Working capital	3,012	2,479	2,659	3,406	3,988
Capital deployed	7,032	10,586	13,548	15,866	19,922
Contingent liabilities	109	-	-	-	-

**Fig 3 – Cash-flow statement (Rsm)**

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
PBT	2,722	4,045	4,677	5,734	6,894
+ Non-cash items	221	235	316	422	526
Oper. prof. before WC	2,944	4,280	4,993	6,156	7,420
- Incr. / (decr.) in WC	1,161	-533	180	748	582
Others incl. taxes	586	888	1,017	1,290	1,551
Operating cash-flow	1,198	3,925	3,796	4,118	5,287
- Capex (tang.+intang.)	716	1,000	1,107	2,000	2,000
Free cash-flow	481	2,925	2,690	2,118	3,287
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	249	763	872	1,070	1,286
+ Equity raised	-	-	127	-	-
+ Debt raised	497	1,025	-432	-1,056	-
- Fin investments	-2,717	3,310	2,037	-	-
- Misc. (CFI + CFF)	1,913	(135)	(479)	-	0
Net cash-flow	1,533	12	-44	-8	2,001

Source: Company, Anand Rathi Research

**Fig 5 – Price movement**

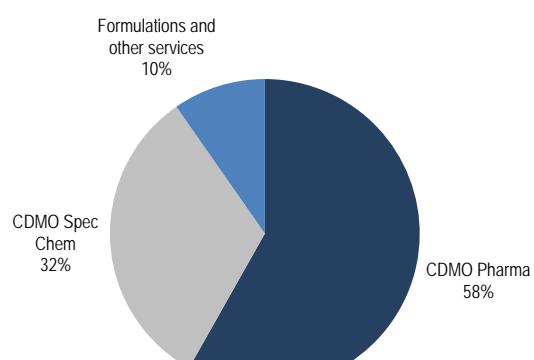


**Fig 4 – Ratio analysis**

Year-end: Mar	FY19	FY20	FY21	FY22e	FY23e
P/E (x)	73.5	43.6	38.1	31.1	25.9
EV / EBITDA (x)	50.7	36.3	31.3	25.5	20.7
EV / Sales (x)	21.2	16.7	13.6	11.4	9.5
P/B (x)	23.4	16.4	11.7	9.1	7.2
RoE (%)	27.7	44.2	35.8	32.9	31.0
RoCE (%) - after tax	24.9	33.7	27.2	27.2	26.9
DPS (Rs / sh)	1.6	5.0	2.8	3.5	4.2
Dividend yield (%)	0.3	0.9	0.5	0.6	0.8
Dividend payout (%) - incl. DDT	24.1	24.1	24.1	24.1	24.1
Net debt / equity (x)	0.1	0.2	-0.0	-0.1	-0.2
Receivables (days)	82	51	37	41	41
Inventory (days)	88	77	73	67	66
Payables (days)	30	31	30	24	25
CFO : PAT %	63.7	123.8	104.8	92.7	99.0

Source: Company, Anand Rathi Research

**Fig 6 – Revenue break-up (Q1 FY22)**



Source: Bloomberg

## Result highlights

**Fig 7 – Quarterly financials**

(Rs m)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	% Y/Y	% Q/Q
Sales	1,787	1,848	2,382	2,374	2,749	2,592	2,638	10.7	1.8
Gross profit	1,349	1,318	1,675	1,638	2,087	1,678	1,871	11.7	11.5
<i>Gross margins (%)</i>	<i>75.5</i>	<i>71.3</i>	<i>70.3</i>	<i>69.0</i>	<i>75.9</i>	<i>64.7</i>	<i>70.9</i>	<i>60bps</i>	<i>616bps</i>
EBITDA	796	766	1,121	985	1,373	937	1,146	2.3	22.3
<i>EBITDA margins (%)</i>	<i>44.6</i>	<i>41.4</i>	<i>47.0</i>	<i>41.5</i>	<i>49.9</i>	<i>36.2</i>	<i>43.4</i>	<i>-360bps</i>	<i>729bps</i>
Finance expenses	76	65	32	33	19	19	21	(33.7)	13.6
Depreciation	56	70	71	75	88	83	90	27.3	8.2
Other income	49	53	57	4	48	33	58	0.8	75.3
PBT	777	894	1,179	968	1,475	1,055	1,329	12.8	26.0
Tax	198	152	263	228	339	224	278	5.7	24.5
<i>Effective tax rates (%)</i>	<i>25</i>	<i>17</i>	<i>22</i>	<i>24</i>	<i>23</i>	<i>21</i>	<i>21</i>	<i>(6.3)</i>	<i>(1.2)</i>
Adjusted PAT	579	742	915	741	1,136	831	1,051	14.8	26.4

Source: Company, Anand Rathi Research

**Fig 8 – Revenue break-up**

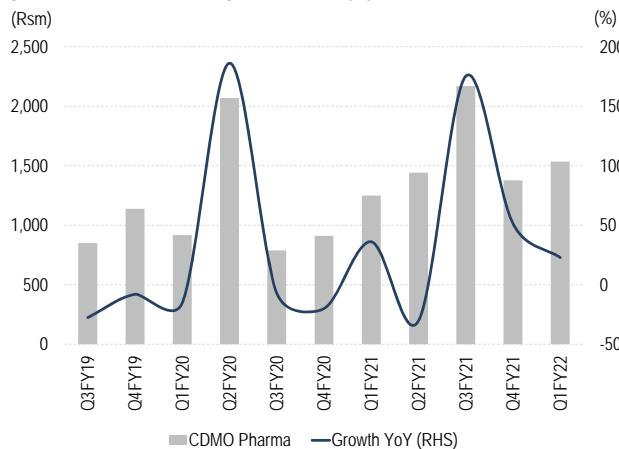
(Rs m)	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	% Y/Y	% Q/Q
CDMO pharma	789	910	1,249	1,442	2,170	1,377	1,534	22.8	11.4
<i>% of sales</i>	<i>43.6</i>	<i>49.3</i>	<i>52.4</i>	<i>60.7</i>	<i>78.9</i>	<i>53.1</i>	<i>58.1</i>	<i>-</i>	<i>-</i>
CDMO specialty chemicals	687	800	935	682	347	1,094	849	(9.2)	(22.4)
<i>% of sales</i>	<i>38.0</i>	<i>43.3</i>	<i>39.3</i>	<i>28.7</i>	<i>12.6</i>	<i>42.2</i>	<i>32.2</i>	<i>-</i>	<i>-</i>
Formulations and other services	332	138	198	250	233	121	255	28.8	111.4
<i>% of sales</i>	<i>18.4</i>	<i>7.4</i>	<i>8.3</i>	<i>10.5</i>	<i>8.5</i>	<i>4.7</i>	<i>9.7</i>	<i>-</i>	<i>-</i>
<b>Total</b>	<b>1,808</b>	<b>1,848</b>	<b>2,382</b>	<b>2,374</b>	<b>2,749</b>	<b>2,592</b>	<b>2,638</b>	<b>10.7</b>	<b>1.8</b>

Source: Company, Anand Rathi Research

## ■ Highlights, segment-wise

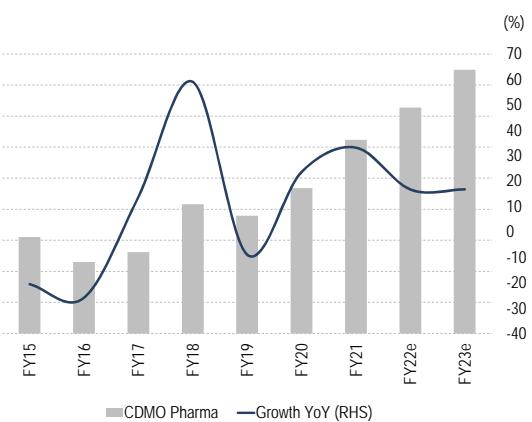
- CDMO Pharma, the company has commercialised four molecules. It has 70-80 products in clinical phases. It recorded a 22.8% y/y growth to Rs1.5bn.
- Traction in existing molecules and commercialisation of new molecules will clock 16.7% CAGRs over FY21-FY23

**Fig 9 – CDMO Pharma grew 22.8% y/y**



Source: Company, AnandRathi Research

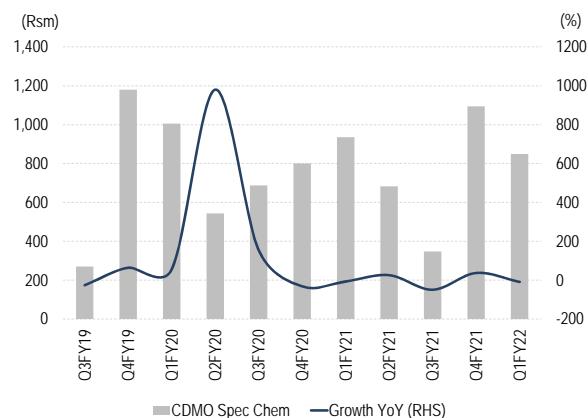
**Fig 10 – CDMO Pharma expected to clock a 16.7% CAGR over FY21-23**



Source: Company, AnandRathi Research

- **CDMO speciality chemicals.** The company has three molecules, of which one was added in Q4FY21. It recorded Rs849m revenues down 9.2% y/y due to more shipments in Q4FY21.
- Scale up in existing molecules and new additions will be driving a 21% CAGR over FY21-FY23.

**Fig 11 – Higher shipments in last quarter affected revenue growth**



Source: Company, AnandRathi Research

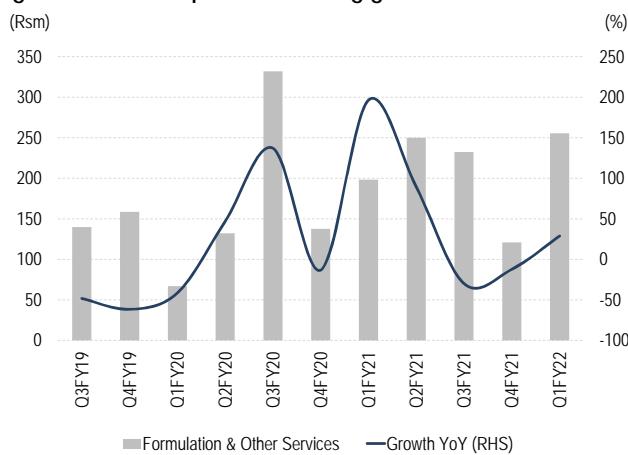
**Fig 12 – CDMO Spec chem expected to clock a 21% CAGR over FY21-23**



Source: Company, AnandRathi Research

- **Formulations and other services.** Formulations have been the growth drivers of the segment. It recorded 28.8% y/y growth to Rs255m.
- Approvals and launches of 2-3 new ANDAs in the next six months will clock a 22.5% CAGR over FY21-23.

Fig 13 – Launch of products driving growth



Source: Company, AnandRathi Research

Fig 14 – Formulations expected to clock a 22.5% CAGR over FY21-23



Source: Company, AnandRathi Research

## Concall highlights, Key takeaways

### Q1 performance

- Higher raw material and logistics cost cut into margins.
- Employee cost was higher due to annual increments to staff.
- Suven is likely to capitalise Rs1bn capex by Sep'21.

### Molecule addition

- In Q1 two more molecules were added to the phase-3 pipeline in CDMO Pharma. The company now has five molecules in phase-3.
- One specialty-chemical molecule is likely to be commercialised by end-FY22.

### Formulations

- The company has so far filed 13 ANDAs with the USFDA, of which seven have been approved and six launched. It further aims to launch 2-3 ANDAs in the next six months.
- It aims to file 4-6 ANDAs in FY22.
- It has a front-end partner for all the 13 molecules filed with the USFDA.

### Guidance

- It has envisaged capex of Rs6bn, spread over three years.
- It will spend Rs2bn to refurbish the Suryapet plant, Rs2bn for a new R&D site and Rs1.75bn-2bn to add a new block at the Pashamylaram plant.
- It targets 10-15% revenue growth for FY22.
- Specialty chemicals segment growing 5-10% in FY22.
- Growth in income from rising JV will be 10-15%.
- Planning to hire a professional CEO and will be interviewing candidates over the next 4-5 months.

**Fig 15 – Sales break-up assumptions**

(Rsm)	FY21	FY22e	FY23e
CDMO pharma	6,237	7,277	8,493
% Y/Y	33.2	16.7	16.7
% of Sales	61.8	60.8	59.9
CDMO specialty chemicals	3,059	3,732	4,479
% Y/Y	0.6	22.0	20.0
% of Sales	30.3	31.2	31.6
Formulations and other services	802	962	1,203
% Y/Y	7.5	20.0	25.0
% of Sales	7.9	8.0	8.5
<b>Total</b>	<b>10,098</b>	<b>11,971</b>	<b>14,174</b>

*Source: Company, AnandRathi Research*

## Valuations

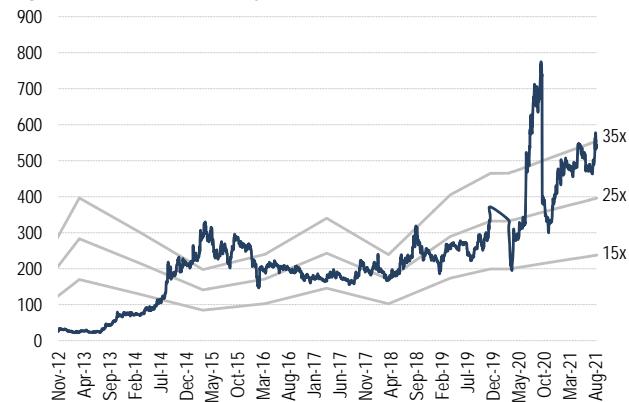
We raise our FY22e and FY23e EBITDA 1.1% and 3.7% respectively, and PAT 1.6% and 4.9% on account of traction in commercial molecules and pipeline movement.

Fig 16 – Change in estimates

(Rs m)	Old estimates		New estimates		Change (%)	
	FY22	FY23	FY22	FY23	FY22	FY23
Revenue	11,846	13,673	11,971	14,174	1.1	3.7
EBITDA	5,307	6,262	5,363	6,492	1.1	3.7
PAT	4,375	5,093	4,444	5,342	1.6	4.9

Source: Anand Rathi Research

Fig 17 – PE Band – one-year-forward



Source: Company, Anand Rathi Research

Fig 18 – Standard deviation – one-year-forward



Source: Company, Anand Rathi Research

The margin which had slipped in Q4 FY21 due to an unfavourable product mix recovered in Q1. The company's late-stage clinical pipeline has improved from one molecule six months ago; now it has five in phase-3. Management is upbeat about near-term order assurance and expects 10-15% revenue growth in FY22.

In FY22 the company may begin supplying for one additional commercial molecule in specialty chemicals, which would drive strong, 21%, growth in the category. Apart from the four commercial molecules in the pharma division, it will also have one more product in FY23. In formulations, it would file 4-6 ANDAs by end-FY22, with each product contributing \$2m-4m to profits.

Traction in its CDMO division and steady formulation launches would drive 18.5% and 21.4% growth over FY21-23 in sales and earnings, respectively. At the CMP of Rs543, the stock trades at 31.1x and 25.9x respective FY22e and FY23e earnings. We retain our Buy recommendation with a higher target of Rs630 (earlier Rs560).

### Risks

- Currency fluctuations
- Loss of patent for commercial molecules
- Delay in orders from clients.

Fig 19 – Valuation Summary

	RATING	CMP	TP	M Cap	EPS (Rs)			P/E (x)			EV / EBITDA (x)			RoE (%)		
					(Rs)	(Rs)	(Rs bn)	FY21	FY22e	FY23e	FY21	FY22e	FY23e	FY21	FY22e	FY23e
Aarti Drugs	Buy	635	844	62.8	30.1	30.2	42.2	21.1	21.1	15.0	15.6	14.8	10.7	35.8	27.4	30.1
Ajanta	Buy	2277	2795	210.0	75.2	96.6	116.4	30.3	23.6	19.6	15.4	17.5	14.4	23.4	25.0	24.3
Alembic	Hold	770	955	179.0	59.9	38.6	46.7	12.8	19.9	16.5	7.0	16.2	12.2	28.2	14.0	15.2
Alkem	Hold	3707	3644	415.0	132.6	140.1	151.8	28.0	26.5	24.4	16.8	19.5	17.4	23.4	21.0	19.8
Zydus Cadila	Sell	532	522	577.2	21.7	22.1	23.9	24.5	24.0	22.2	18.3	16.5	14.9	19.0	16.4	15.8
Eris	Hold	735	804	104.8	26.2	28.6	32.1	28.1	25.7	22.9	18.3	20.8	17.9	24.7	22.4	21.2
Granules India	Hold	354	392	92.0	22.2	20.4	24.2	16.0	17.4	14.6	11.3	11.5	9.6	27.4	21.1	20.9
Indoco Remedies	Sell	482	348	40.7	10.1	13.6	19.1	47.7	35.4	25.2	19.3	14.7	12.3	12.8	15.1	18.0
Ipca Labs	Hold	2405	2462	274.4	88.4	86.4	102.6	27.2	27.8	23.4	17.8	17.3	14.3	26.8	21.1	20.8
JB Chemicals	Hold	1721	1890	137.2	58.0	63.8	72.7	29.7	27.0	23.7	16.1	20.7	17.6	27.6	24.9	23.9
Natco Pharma	Hold	985	1139	188.9	24.2	33.2	84.4	40.7	29.6	11.7	30.6	22.3	9.0	11.2	13.9	29.8
Neuland	Sell	1680	1268	24.2	62.5	55.2	70.5	26.9	30.4	23.8	17.3	17.1	13.9	10.8	8.7	10.2
Pfizer	Buy	5715	6520	270.8	108.8	138.0	152.7	52.5	41.4	37.4	27.5	28.9	25.7	17.2	24.1	22.5
<b>Suven Pharma</b>	<b>Buy</b>	<b>543</b>	<b>630</b>	<b>138.2</b>	<b>14.2</b>	<b>17.5</b>	<b>21.0</b>	<b>38.1</b>	<b>31.1</b>	<b>25.9</b>	<b>31.3</b>	<b>25.5</b>	<b>20.7</b>	<b>35.8</b>	<b>32.9</b>	<b>31.0</b>
Torrent Pharma	Buy	2956	3664	508.4	74.0	79.4	98.2	40.0	37.2	30.1	22.1	19.4	16.5	23.5	21.6	23.5

Source: Company, Anand Rathi Research

## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

Rating and Target Price History (as of 16 August 2021)



### Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

#### Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

### Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may: (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** 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 ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

#### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

##### Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

#### Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, 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 ARSSBL 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, 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, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2021. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.  
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.