

28 September 2022

## Torrent Pharmaceuticals

Rating: Buy

Target Price: Rs.1,724

Share Price: Rs.1,495

*Pricey Curatio acquisition; synergies to play out in FY25; Buy*

One of the most expensive deals in domestic pharma, Torrent Pharma's acquisition of Curatio Healthcare for Rs20bn values it at 8.8x EV/sales. The deal will widen Torrent's reach among paediatricians and dermatologists (nearly 85% of its dermatology portfolio is cosmetic dermatology). The synergies from this deal should reflect in FY25, as well as the benefit from greater MR productivity and the expansion to the north and east zones. Interest costs and amortisation are expected to increase on the consummation of the deal (in a month). We retain our Buy on the stock, with an unchanged target price of Rs1,724 (at FY24e 19x EV/EBITDA).

**Strong in cosmetic/paediatric derma therapies.** Curatio is expected to clock Rs2.75bn revenue in FY23 (up 23% y/y) and 30% operating margins. With ~95% of its revenue coming from derma therapies, its top-3 brands, Tedibar, Atogla, Permite/Perlice (paediatric derma), generate over 50% of its sales.

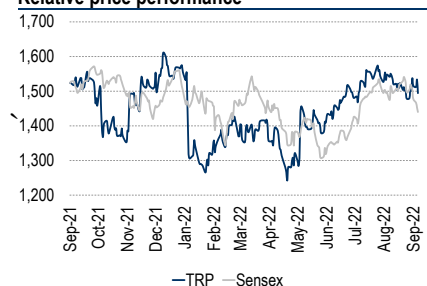
**Torrent to enjoy synergies from Curatio in the second year.** Derma therapies now bring only 3% to Torrent. Curatio has a wide footprint among paediatricians and dermatologists; hence, cross-selling would be long-term beneficial. Synergies should reflect in FY25, as well as the benefit from greater MR productivity and the expansion to the north and east zones. Going by Torrent's past acquisitions, it turn around Unichem's MR productivity (prior to acquisition, Rs3m vs Torrent's Rs6m in FY18) and margin improvement (15-20% vs Torrent's 22-25% in FY18).

**Valuation.** At the CMP of Rs1,495 the stock trades at 16.6x FY24e EV/EBITDA. We maintain a Buy rating on it, with an unchanged target price of Rs1,724 (19x FY24e EV/EBITDA).

Key data	TRP IN / TORP.BO
52-week high / low	Rs1643 / 1235
Sensex / Nifty	57455 / 17128
3-m average volume	\$5.3m
Market cap	Rs506bn / \$6204m
Shares outstanding	338m

Shareholding pattern (%)	Jun'22	Mar'22	Dec'21
Promoters	71.3	71.3	71.3
- of which, Pledged	0.0	0.0	0.0
Free float	28.8	28.8	28.8
- Foreign institutions	10.8	10.9	11.6
- Domestic institutions	11.5	11.2	8.9
- Public	6.5	6.7	8.3

### Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY20	FY21	FY22	FY23e	FY24e
Sales (Rs m)	79,393	80,048	85,080	93,533	1,06,347
Net profit (Rs m)	9,719	12,519	10,844	13,986	16,080
EPS (Rs)	28.6	36.8	31.9	41.1	47.3
P/E (x)	52.3	40.6	46.9	36.3	31.6
EV / EBITDA (x)	25.8	22.6	22.8	19.5	16.6
P / BV (x)	10.5	8.7	8.5	7.4	6.5
RoE (%)	20.4	23.5	18.4	21.9	21.9
RoCE (%)	13.7	14.3	11.2	13.0	13.5
Dividend yield (%)	3.2	2.8	3.4	1.0	0.9
Net debt / Equity (x)	1.1	0.9	0.8	0.8	0.5

Source: Company, Anand Rathi Research

Aarti Rao  
Research AnalystMaulik Varia  
Research Associate

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 – Financials and Valuations

**Fig 1 – Income statement (Rs m)**

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
Net revenues	79,393	80,048	85,080	93,533	1,06,347
Growth (%)	3.5	0.8	6.3	9.9	13.7
Direct costs	21,669	21,464	24,430	26,470	30,096
SG&A	36,020	33,727	36,340	38,411	43,295
EBITDA	21,704	24,857	24,310	28,652	32,955
EBITDA margins (%)	27.3	31.1	28.6	30.6	31.0
Depreciation	6,544	6,578	6,620	6,787	7,995
Other income	1,213	567	1,970	1,379	1,517
Interest expenses	4,507	3,583	2,550	2,676	2,830
PBT	11,866	15,263	12,260	20,568	23,647
Effective tax rates (%)	13.6	18.0	36.6	32.0	32.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	10,247	12,519	7,770	13,986	16,080
Adjusted income	9,719	12,519	10,844	13,986	16,080
WANS	340	340	340	340	340
FDEPS (Rs / sh)	28.6	36.8	31.9	41.1	47.3
Order inflow	6.2	6.1	6.1	6.5	6.4

**Fig 3 – Cash-flow statement (Rs m)**

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
PBT	15,160	18,279	12,840	21,865	24,960
+ Non-cash items	6,544	6,578	6,620	6,787	7,995
Oper. prof. before WC	21,704	24,857	19,460	28,652	32,955
- Incr. / (decr.) in WC	3,949	14,474	5,124	-1,052	3,229
Others incl. taxes	2,739	3,341	3,420	6,582	7,567
Operating cash-flow	15,016	7,042	10,916	23,123	22,159
- Capex (tang.+ intang.)	5,346	3,668	-2,395	22,000	2,500
Free cash-flow	9,670	3,375	13,311	1,123	19,659
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	6,594	7,212	9,936	5,960	5,874
+ Equity raised	-	-	4	850	-
+ Debt raised	-2,536	2,467	-7,814	17,000	-14,000
- Fin investments	-4,043	1,790	452	-1,840	-
- Misc. (CFI + CFF)	6,075	(2,529)	(2,890)	447	1,313
Net cash-flow	-1,494	-631	-1,997	14,405	-1,528

Source: Company, Anand Rathi Research

**Fig 5 – Price movement**


Source: Bloomberg

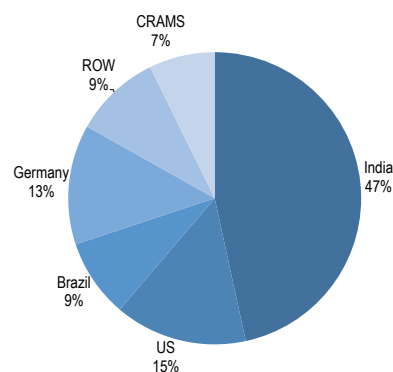
**Fig 2 – Balance sheet (Rs m)**

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
Share capital	846	846	850	1,700	1,700
Net worth	48,232	58,372	59,530	68,406	78,612
Debt	57,844	60,311	52,496	69,496	55,496
Minority interest	-	-	-	-	-
DTL / (Assets)	-4,332	-4,217	-3,001	-3,001	-3,001
<b>Capital employed</b>	<b>1,01,743</b>	<b>1,14,466</b>	<b>1,09,026</b>	<b>1,34,901</b>	<b>1,31,107</b>
Net tangible assets	29,533	28,833	27,026	26,921	26,676
Net intangible assets	42,377	38,401	34,606	50,424	45,672
Goodwill	3,421	3,412	2,595	2,595	2,595
CWIP (tang. & intang.)	7,119	8,894	6,298	5,798	5,298
Investments (strategic)	-	-	-	-	-
Investments (financial)	21	1,811	2,263	423	423
Current assets (excl. cash)	46,627	49,143	49,241	51,712	57,761
Cash	6,667	6,035	4,034	17,589	16,061
Current liabilities	34,022	22,064	17,037	20,561	23,380
Working capital	12,606	27,079	32,204	31,152	34,381
<b>Capital deployed</b>	<b>1,01,744</b>	<b>1,14,466</b>	<b>1,09,026</b>	<b>1,34,901</b>	<b>1,31,107</b>
Contingent liabilities	1,298	-	-	-	-

**Fig 4 – Ratio analysis**

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
P/E (x)	52.3	40.6	46.9	36.3	31.6
EV / EBITDA (x)	25.8	22.6	22.8	19.5	16.6
EV / Sales (x)	7.0	7.0	6.5	6.0	5.1
P/B (x)	10.5	8.7	8.5	7.4	6.5
RoE (%)	20.4	23.5	18.4	21.9	21.9
RoCE (%) - after tax	13.7	14.3	11.2	13.0	13.5
DPS (Rs / sh)	32.0	35.0	48.0	14.4	14.2
Dividend yield (%)	3.2	2.8	3.4	1.0	0.9
Dividend payout (%) - incl. DDT	64.4	57.6	127.9	42.6	36.5
Net debt / equity (x)	1.1	0.9	0.8	0.8	0.5
Receivables (days)	76	69	70	74	74
Inventory (days)	99	122	106	95	95
Payables (days)	94	94	72	79	79
CFO : PAT %	154.5	56.3	100.7	165.3	137.8

Source: Company, Anand Rathi Research

**Fig 6 – Revenue break-up**


Source: Company

## Curatio's financial performance

- Curatio's clocked Rs2.24bn revenue and Rs600m operating profit (implying 27% margins) in FY22.
- Its ytd sales grew 25% and is expected to continue for full FY23 as well.
- It expects to clock Rs2.75bn revenue, with 30% margins in FY23. While the cosmetic dermatology category will grow in double digits, Curatio's range of drugs is expected to grow ahead of the dermatology segment.

## About Curatio's Business

- Dermatology accounts for 95% of its revenue (84% cosmetic derma). Most of the portfolio is non drug license products. Curatio has strong operations in the southern and western zones of India.
- The company has products in various segments: hair (Perlice, NoSkurf, Triflow, Triclenz), face (Fashpads, Clinmiskin solution), body (Permite, Nixiyax30) and babies (Tedibar, Atogla).
- The top 3 brands, Tedibar, Atogla and Permite/Perlice, which are growing over 20%, bring more than 50% to sales. The top 10 brands bring 74% to sales.
- Tedibar and Atogla have the highest market shares in their categories.

**Fig 7 – Performances of Curatio's top brands**

Brands (Rs m)	FY22	FY23e	Y/Y (%)	Brand rank	Mkt size
Tedibar	760	950	25	2	14,770
Atogla	270	320	19	5	13,000
Permite/ Perlice	140	170	21		
Spoop	130	140	8	1	1,740
Clinmiskin	80	100	25		
<b>Top 5 brands</b>	<b>1,370</b>	<b>1,670</b>			
% of Curatio's sales	60				
<b>Overall Curatio sales</b>	<b>2,240</b>				

Source: Company, Anand Rathi Research

**Fig 8 – Market share and Industry growth of portfolio brands**

	>10% Mkt. sh.	<10% Mkt. sh.
>10% mkt growth	Tedibar, Atogla, Spoo (52% of sales)	Proanagen, Fash x-gel, Triclenz, Kojic (11% of sales)
<10% mkt growth	Permite cream, Perlice (15% of sales)	Androanagen, Clinmiskin (22% of sales)

Source: Company, Anand Rathi Research

## Deal-related adjustments

- With this acquisition, Torrent Pharma will get Curatio's 600 MRs and 900 stockists.
- 85% of the deal consideration would be funded through debt, the balance from internal accruals. Torrent (consolidated) is due to repay Rs14bn debt by FY24. It expects to maintain Rs30bn net debt in FY24. By end-FY25 it would repay significant debt and expects net debt at end-FY to be ~Rs10bn-11bn.
- For the new debt for the Curatio acquisition the interest rate is expected to be 7-7.5%.

- The deal's intangibles of Rs20bn are expected to be amortized over 15 years in accordance with past acquisitions

**Fig 9 – Curatio's pediatric therapies registered a 17% CAGR over last three years**

Sub-therapy	Key brands	Treatment	% of sales	3-yr CAGR (%)
Paediatric	Tedibar	Low Ph bathing bar for Atopic Dermatitis	60	17
	Atogla Lotion & Cream	Emollients for Atopic Dermatitis		
	Spoop	Rx-driven shampoo for cradle cap		
Acne / Face care	Tracnil	Therapy-resistant acne, excessive hair due to PCOS	20	15
	Acnemoist	Dryness of skin caused by acne medications		
	Clinmiskin	Antibiotics used for treatment of acne		
	Fash	Purifying face-wash for sensitive skin		
Hair / Scalp Care	Perlice	Lice-infestation treatment	12	9
	Proanagen	Hair thinning /Shedding face by women		
	Noskurf	Anti dandruff long contact lotion		

Source: Company

### Rationale behind this deal for Torrent Pharma

- 75% of Torrent's domestic revenue now comes from therapies like cardiac (29%), GI (18%), CNS (15%) and VMN (13%).
- Derma therapy revenue are now only 3% of Torrent's portfolio. The deal will boost the contribution from dermatology and improves Torrent's ranking from 21<sup>st</sup> in derma therapy to 10<sup>th</sup>.
- The CoGS should start coming down as Torrent has better negotiating power and synergies will play out ahead. Management is confident of raising Curatio's 27-30% EBITDA margin to Torrent's India business margin in the next two years.
- The best of synergies from this deal should reflect in FY25: MR productivity would improve and the North and East zones would be more deeply penetrated.
- MR productivity is expected at Rs8.4m-9.6m in the next 3-4 years on Curatio's portfolio (Rs4m per MR in FY22; 600 MRs).
- Curatio has a strong connect with paediatricians and dermatologists. Hence, cross-selling would be beneficial in the long term.
- The initial focus will only be on the Rx business. After FY24, Torrent plans to spend on OTC-related activities as the potential is immense.
- As far as pricing is concerned, Tedibar is priced significantly lower than competition (at Rs165 for a 75gm soap, vs Rs200-240). Ahead the company is comfortable with 5% price hikes every year.
- Variants (other indications) and extensions would be added for Tedibar, as a part of the lifecycle-management strategy.
- Going by Torrent's past acquisition trends, it has turned around Unichem's MR productivity (Rs3m prior to acquisition vs Torrent's Rs6m in FY18) and margin improvement (15-20% vs Torrent's 22-25% in FY18).

**Fig 10 – Torrent + Curatio to rank 10th in derma therapy**

Ranks	Torrent	Torrent+Curatio	Torrent strength
IPM	8	7	
Cardiac	2	2	
GI	4	4	
CNS	4	4	
VMN	4	4	
AD (Wo Ins)	9	9	
Pain	8	8	
<b>Derma</b>	<b>21</b>	<b>10</b>	
Gynaecology	17	17	
AI	21	21	

Source: Company, Anand Rathi Research

**Fig 11 – Torrent's past domestic deals**

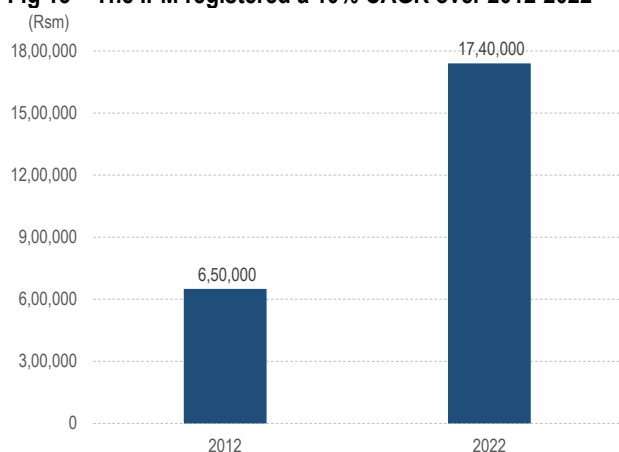
Date	Target	Value (Rs m)	EV / Sales (x)	Key brands / Product segment
Sep'22	Curatio Healthcare	20,000	8.9	Curatio's strength in derma (95% of sales). Its top 5 brands (Tedibar, Atogla, Permite / Perlice, Spoo, Clinmiskin) contribute 60% of the business
Dec'17	Unichem	36,000	4.2	120 brands mainly OTC
Dec'13	Elder Pharma	20,000	1.4	30 brands in women's health, pain, nutraceuticals. Top brands: Shelcal, Chymoral, Eldervit, Formic and Carnisure

Source: Company, Anand Rathi Research

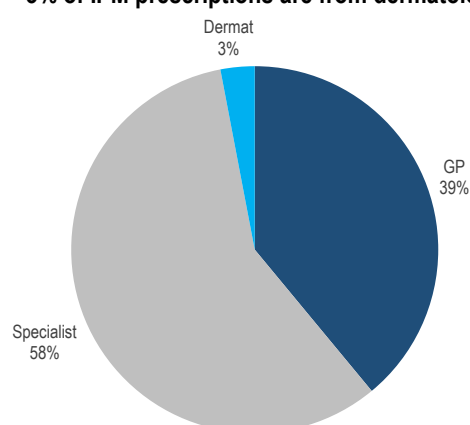
**Fig 12 – Torrent-Curatio deal at 8.8x EV/sale; most expensive in domestic pharma**

Date	Target	Acquirer	Deal Value (Rs m)	EV / Sales (x)
Sep'22	Curatio Healthcare	Torrent Pharma	20,000	8.9
Jun'22	Achira Labs	Cipla	250	-
Jun'22	GLS Pharma	Aurobindo Pharma	281	-
Jun'22	Dr Reddy's	JB Chemicals	983	3.0
May'22	Oaknet	Eris lifesciences	6,500	3.3
Apr'22	Novartis	Dr Reddy's	4,575	3.4
Apr'22	Novartis	JB Chemicals	2,460	3.4
Mar'22	Veritaz	Aurobindo	1,700	1.3
Feb'22	Panacea Biotec Pharma	Mankind Pharma	18,720	7.1
Jan'22	Anglo-French Drugs	Lupin	3,250	3.4
Jan'22	Sanzyme	JB Chemicals	6,280	3.9

Source: Company, Anand Rathi Research

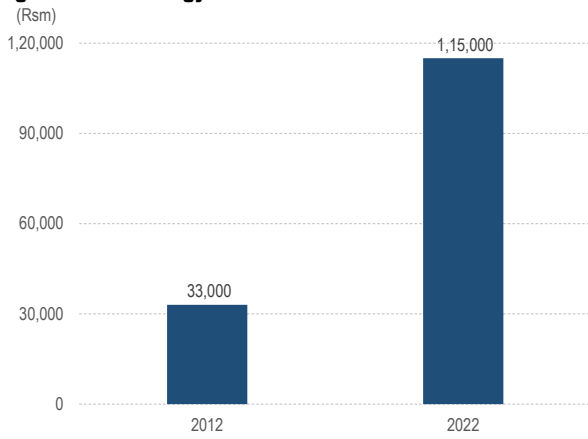
**Fig 13 – The IPM registered a 10% CAGR over 2012-2022**

Source: Company

**Fig 14 – 3% of IPM prescriptions are from dermatologist**

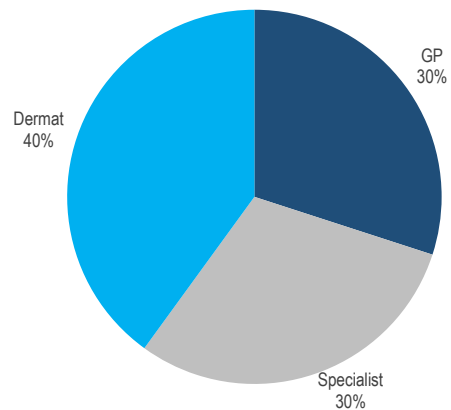
Source: Company

**Fig 14 – Dermatology recorded a 13% CAGR over 2012-2022**



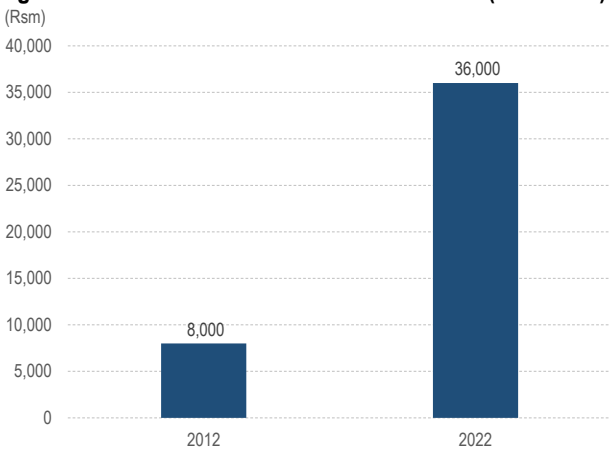
Source: Company

**Fig 15 – 40% of derma Rx come from dermatologists**



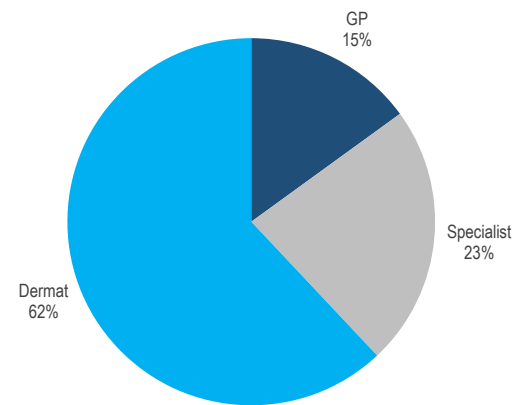
Source: Company

**Fig 16 – Cosmetic derma clocked a 16% CAGR (2012-2022)**



Source: Company

**Fig 17 – 62% cosmetic derma Rx come from dermatologists**



Source: Company

## Valuation

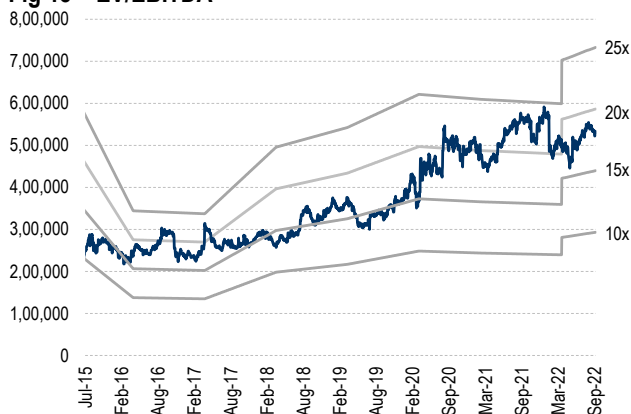
Torrent Pharma acquired Curatio Healthcare for Rs20bn, valuing it at 8.8x EV/sales, making it one of the most expensive domestic pharma deals. The deal would broaden the former’s reach among paediatricians and dermatologists since nearly 84% of the latter’s range of drugs is focused on cosmetic dermatology.

Derma therapies now bring only 3% to Torrent’s domestic revenue. Curatio has strong and wide connects with paediatricians and dermatologists and hence cross-selling would be beneficial in the long term. Synergies should reflect in FY25, together with improved MR productivity and the expansion to the northern and eastern zones.

Going by Torrent’s past acquisitions, it turned around Unichem’s MR productivity (Rs3m prior to its acquisition, vs Torrent’s Rs6m in FY18) and margin improvement (15-20% vs Torrent’s 22-25% in FY18). Interest costs and amortisation are expected to increase on the consummation of the deal (within a month).

At the CMP of Rs1,495, we retain our Buy on the stock, with an unchanged target price of Rs1,724 (at FY24e 19x EV/EBITDA).

**Fig 18 – EV/EBITDA**



Source:

**Fig 19 – Standard deviation**



Source:

### Risks

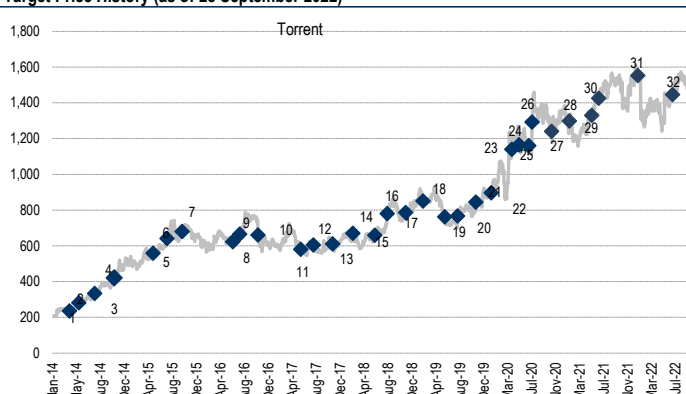
- Currency fluctuations (50% exports)
- Delay in regulatory issues at any plant
- Delay in product approvals and launches.

## 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 28 September 2022)



Date	Rating	TP (Rs)	Share Price (Rs)	
19	21-May-19	Hold	887	791
20	24-Jul-19	Hold	881	780
21	24-Oct-19	Hold	884	841
22	09-Jan-20	Buy	1,133	933
23	21-Apr-20	Hold	1,189	1,173
24	27-May-20	Hold	1,324	1,202
25	15-Jul-20	Buy	1,482	1,210
26	31-Jul-20	Buy	1,498	1,218
27	27-Oct-20	Buy	1,540	1,327
28	09-Feb-21	Buy	1,598	1,379
29	18-May-21	Buy	1,610	1,362
30	28-Jul-21	Buy	1,832	1,502
31	26-Jan-22	Buy	1,890	1,581
32	19-Jul-22	Buy	1,724	1,506

### 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, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the 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 into the business of Stock Broking, Depository Participant, 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
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for 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 Marco Polo Securities Inc. Transactions in securities discussed in this research report should be effected through Marco Polo Securities Inc.

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.

© 2022. 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.