

Aditya Birla Fashion & Retail

31 July 2021

RESULT UPDATE

Sector: Retail	Rating: BUY
CMP: Rs 225	Target Price: Rs 270

Stock Info

Sensex/Nifty	52,587/ 15,763
Bloomberg	ABFRL IN
Equity shares (mn)	774.0
52-wk High/Low	Rs 234/ 117
Face value	Rs 10
M-Cap	Rs 191bn/USD 2.5bn
3-m Avg volume	USD 9mn

Financial Snapshot (Rs mn)

Y/E Mar	FY21	FY22E	FY23E
Sales	52,489	85,662	117,061
PAT	(7,356)	986	3,119
EPS (Rs)	(6.9)	1.1	3.4
PE (x)	(28.0)	208.7	66.0
EV/EBITDA (x)	42.5	18.0	12.8
P/BV (x)	7.7	7.4	6.7
EV/Sales	4.5	2.7	1.9
RoE (%)	(33.3)	3.6	10.6
RoCE (%)	(5.4)	5.9	10.8
NWC (days)	14.2	11.4	21.6
Net gearing (x)	1.1	0.9	0.7

Shareholding Pattern (%)

	Jun 21	Mar 21	Dec 20
Promoter	56.1	56.1	59.8
-Pledged	-	-	-
FII	14.2	14.2	6.3
DII	17.7	17.7	22.1
Others	12.0	12.0	11.8

Stock Performance (1-year)



Ashutosh Joytiraditya

ashutoshj@systematixgroup.in

+91 22 6704 8068

Premal Kamdar

premalkamdar@systematixgroup.in

+91 22 6704 8090

Swift recovery and store additions to drive earnings

Aditya Birla Fashion & Retail (ABFRL)'s revenues grew 151% YoY (above our estimate of 105%) to Rs 8.1bn in 1QFY22. The recovery was swifter compared to the first wave, driven by a higher number of operational days and continued robust growth in the e-commerce channel. Despite the loss of operations for a month in 1QFY22, sales recovered to ~40% of the pre-COVID base of 1QFY20. As of 26th Jul'21, 2,150 stores (~65% of the total retail network) had resumed partial operations. Lifestyle and Pantaloons revenues more than doubled over last year. For Jul'21, Lifestyle sales reached 80-85% (~85% stores are open) of the Jul'19 levels while Pantaloons recovered 75%. 'Others' business grew 155% YoY led by ~2x growth in the innerwear segment. New store additions and category extensions led to a ~13x growth in the ethnic segment. EBITDA loss narrowed to Rs 1.7bn (Rs 3.6bn loss in 1QFY20) on account of lower fixed cost rebates and normalization of employee benefit expenses. Net debt stood at Rs 12bn in 1QFY22. ABFRL is planning a digital transformation through investments in technology; it aims to increase its omni-channel coverage to 2,000 stores from 1,300. The management is confident of a faster recovery driven by the lifting of lockdowns by states (Maharashtra has already eased restrictions), increasing vaccination rates and festive buying.

Factoring the higher sales in 1QFY22, expected strong recovery in 2HFY22 and store additions, we raise our FY22E/FY23E revenue/EBITDA by 2%/2% and 4%/4% respectively. We maintain our BUY rating on the stock with a revised SoTP-based target price of Rs 270 (Rs 260 earlier; implying 79x FY23E PER) based on 13x FY23E EV/EBITDA for Lifestyle brands, 10x for Pantaloons, 3x EV/sales for ethnic wear and 3x for other businesses.

Lifestyle sales grew 2.3x over last year: Lifestyle brands revenue grew 2.3x YoY to Rs 4.4bn (~45% of 1QFY20 sales) driven by the increased focus on casual wear and e-commerce growth. The retail channel achieved 170% YoY (like-to-like 187%) growth over last year revenues while others and wholesale channels were up 109% and 91% YoY, respectively. Others channels growth was driven by a strong e-commerce performance; the wholesale channel should recover significantly by 3QFY22. The small town expansion strategy has augured well for both *Peter England Red* (PE Red; 350 stores) and *Allen Solly* (AS) *Prime* (17 stores, 45 in the pipeline). The *Lifestyle* brand is witnessing a consistent increase in the share of casual wear – from ~46% in 1QFY21 to ~59% in 1QFY22. ABFRL has started pilot runs to expand new brands in kids wear as it plans to strengthen the portfolio. E-commerce sales grew 3x over last year driven by strong growth in partnered e-commerce portals, and own brand.com which grew 3x on account of a stronger omni-channel play (share in sales has doubled). 45% of revenues came from loyal customers. ABFRL aims to open 400+ (150 PE Red stores and 50 AS Prime stores) in FY22; 90% franchisee led. We expect distribution expansion, innovative product launches, direct consumer channels (retail, e-commerce) and recovery in the wholesale channel (19% of 1QFY20) to drive growth in the Lifestyle segment.

Pantaloons sales grew 2.7x from last year: Pantaloons revenue grew 2.7x YoY (LTL growth of 156%) to Rs 2.2bn vs. Rs 820mn in 1QFY21. Growth was driven by expansion in the home and sarees categories along with new offerings in loungewear and infant wear. Private label share was 65% vs. 72% in 1QFY21 as the company relied on external brands. In 1QFY22, e-commerce sales grew 3x YoY aided by a stronger assortment (e-commerce only items), new categories and better customer conversions. It continued to enhance omni-channel coverage across its network. "Pantaloons.com" (grew 185% YoY) and the partnered e-commerce businesses (grew 3.2x YoY) saw good traction with strong average

Investors are advised to refer disclosures made at the end of the research report.

daily volumes and marketing initiatives. Store expansion is on track with 18 stores ready to be opened (deferred due to lockdowns); the total store count was 342 in 1QFY22. We expect store expansion (plans to add 60+ stores in FY22), brand extensions and increased focus on omni-channel to drive near-term growth.

Other businesses – growth driven by innerwear and athleisure: Sales for other businesses grew 155% YoY; recovered to ~59% of 1QFY20 sales. Innerwear and athleisure grew 2x YoY aided by strong traction in athleisure and activewear categories. The men's segment sustained the growth momentum while the women's category is also seeing substantial growth. It continued trade channel expansion, taking the total to 23,000 (28,000 earlier - number different from last quarter due to the change in method of store counting) MBOs and 51 EBOs. EBOs remain a strategic focus area for expansion and brand building. The management aims a turnover of Rs 5bn in the near-term while Rs 10bn in the next 2 years.

Ethnic wear - store/category expansions drive growth: The ethnic wear segment generated sales of Rs 380mn in 1QFY22 (vs. Rs 30mn in 1QFY21) driven by growth in *Jaypore* and *Shantanu & Nikhil*. *Jaypore* grew 2x YoY on account of strong growth in e-commerce sales. The newly launched jewellery and home category grew 2.5x. The company plans to add 10 new stores in FY22. It plans to grow *S&N* by expanding its retail presence. *Sabyasachi* sales grew 4x over last year driven by apparel (grew 3.5x) and jewellery & accessories (grew 5x). It opened its first international outlet in Dubai. The management targets double-digit margins in the next three years in the men's ethnic brands driven by scale and brand equity. Margins in women's ethnic wear will depend on the *Pantaloons* stores performance. The new affordable premium men's ethnic brand (in collaboration with *Tarun Tahiliani*) is slated for launch this festive season (around Oct'21). It plans to open 150 stores in the next five years; also plans to its launch own women's premium ethnic brand (Rs 1,500-3,000 price point) in Sep'21; will be initially launched in ~50 *Pantaloons* stores.

Cost-savings limit operating loss: Gross margin expanded 941bps to 50.7% due to lower discounting and better inventory management. EBITDA loss narrowed to Rs 1.7bn (Rs 3.6bn loss in 1QFY20) on account of lower fixed cost rebates and normalization of employee benefit expenses. ABFRL reduced its operating costs by Rs 1.74bn (rent cost: Rs 920mn and other expenses: Rs 820mn) in 1QFY22 vs. 4QFY21. It expects further rental renegotiations for stores, offices & warehouses. *Lifestyle* brands reported an EBITDA loss of Rs 570mn vs. Rs 680mn last year. *Pantaloons* reported an EBITDA loss of Rs 550mn vs. Rs 720mn last year. Other businesses reported an EBITDA loss of Rs 220mn vs. a loss of Rs 370mn. Adjusted PAT loss stood at Rs 3.5bn YoY.

Net debt stood at Rs 12bn: In 4QFY21, net debt reduced to Rs 6.5bn from Rs 25.1bn in FY20 post the fundraising of Rs 15bn from Flipkart Group, Rs 7.5bn from the rights issue and Rs 2.5bn from business operation. In 1QFY22, net debt increased to Rs 12bn on account of net working capital requirements (Rs 2bn) and operating loss during the quarter.

Outlook and valuation: We see multiple growth drivers for the business in the medium to long term, given ABFRL's strong presence and brand equity in segments like men's formals and value fashion. The management expects to grow *Madura* at an 11% CAGR while *Pantaloons* at a 15% CAGR during FY20-26E. It also plans to grow the ethnic wear business to Rs 20bn and the innerwear business to Rs 15bn by FY26. With major inorganic investments done, ABFRL will focus on store expansion and the ramp-up of omni-channel. We expect it to grow revenue/EBITDA at a CAGR of 49%/79% (on a low base in FY21) over FY21-23E. We maintain our BUY rating with a revised SoTP-based target price of Rs 270 based on 13x FY23E EV/EBITDA for *Lifestyle* brands, 10x for *Pantaloons*, 3x EV/sales for ethnic wear and 3x for other businesses. **Downside risk:** 1) the emergence of a third wave of COVID-19 leading to a slowdown in discretionary demand, impacting same-store-sales growth (SSSG) and 2) slow pace of store additions

Exhibit 1: Digital transformation



Source: Company, Systematix Institutional Research

Exhibit 2: Key changes to estimates

(Rs mn)	New estimates		Old estimates		Variance	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Revenue	85,662	117,061	84,240	112,380	2%	4%
EBITDA	12,882	17,721	12,668	17,012	2%	4%
EPS	1.1	3.4	1.1	3.2	2%	5%

Source: Systematix Institutional Research Estimates

Exhibit 3: Quarterly performance

YE March (Rs mn)	1QFY22	1QFY21	4QFY21	YoY (%)	QoQ (%)
Net sales	8,120	3,230	18,216		
Net Revenues	8,120	3,230	18,216	151.4	(55.4)
RM Costs	(1,260)	1,368	2,112	(192.2)	(159.7)
(% of sales)	(15.5)	42.3	11.6		
Purchase of traded goods	5,260	528	6,337	896.1	(17.0)
(% of sales)	64.8	16.3	34.8		
Employee cost	2,496	2,483	2,412	0.5	3.5
(% of sales)	30.7	76.9	13.2		
Rent	0	282	869	(100.0)	(100.0)
(% of sales)	0.0%	8.7%	4.8%		
Others	3,312	2,175	4,133	52.3	(19.9)
(% of sales)	40.8	67.3	22.7		
EBITDA	(1,687)	(3,604)	2,353	(53.2)	(171.7)
EBITDA margin (%)	(20.8)	(11.6)	12.9		
Other income	243	1,785	177	(86.4)	37.8
PBIT	(1,444)	(1,819)	2,530	(20.6)	(157.1)
Depreciation	2,378	2,369	2,533	0.4	(6.1)
Interest	852	1,262	1,209	(32.5)	(29.5)
PBT	(4,674)	(5,449)	(1,212)		285.5
Tax	(1,156)	(1,346)	(342)		
ETR (%)	24.7	24.7	28.2		
Adjusted PAT	-3,517.5	-4,103.6	-870.2		304.2
PATAMI margin	(43.3)	(127.0)	(4.8)		
Extraordinary income/ (exp.)	-	-	1,085		
P&L of associates	(4)	-	(3)		
Reported PAT	(3,522)	(4,104)	(1,959)		79.8
No. of shares (mn)	771	771	773		
Adj EPS (Rs)	(4.6)	(5.3)	(1.1)		

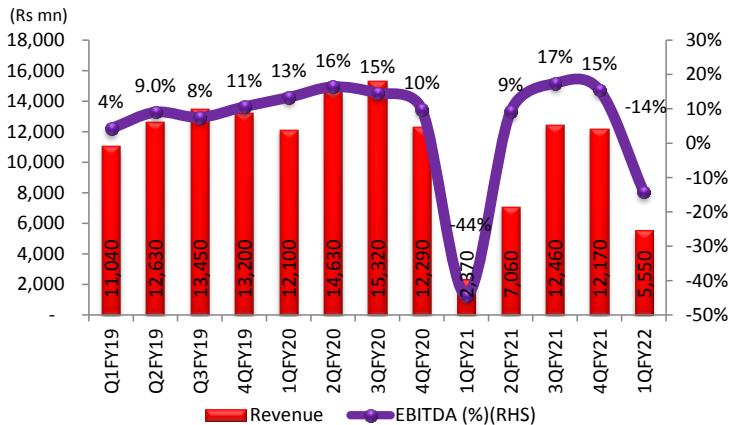
Source: Company, Systematix Institutional Research

Exhibit 4: Segment-wise quarterly performance

YE March (Rs mn)	1QFY22	1QFY21	1QFY20	vs.FY21	vs.FY20
Segment revenue					
Madura Segment					
Lifestyle Brands	4,350	1,900	10,060	129%	-57%
Other Businesses	1,200	470	2,050	155%	-41%
Total Madura Segment	5,550	2,370	12,110	134%	-54%
Pantaloons	2,200	820	8,900	168%	-75%
Elimination	(10)	10	(340)		
Ethnic Subsidiaries	380	30	-		
Net Sales	8,120	3,230	20,670	151%	-61%
EBITDA margin (%)	1QFY22	1QFY21	1QFY20		
Lifestyle Brands	-13.1%	-35.8%	19.0%		
Other Businesses	-18.3%	-78.7%	-14.1%		
Total Madura	-14.2%	-44.3%	13.4%		
Pantaloons	-25.0%	-87.8%	18.4%		
Ethnic Subsidiaries	-18.4%	-233.3%			
Consol EBITDA margin	-17.7%	-56.7%	15.8%		

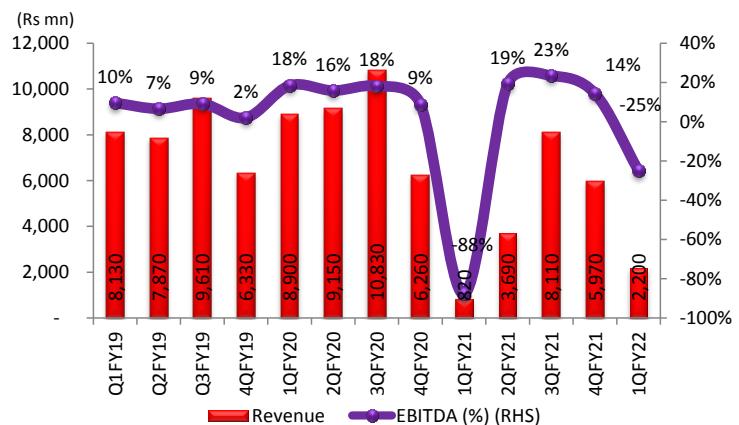
Source: Company, Systematix Institutional Research

Exhibit 5: Madura sales grew 2.3x over last year



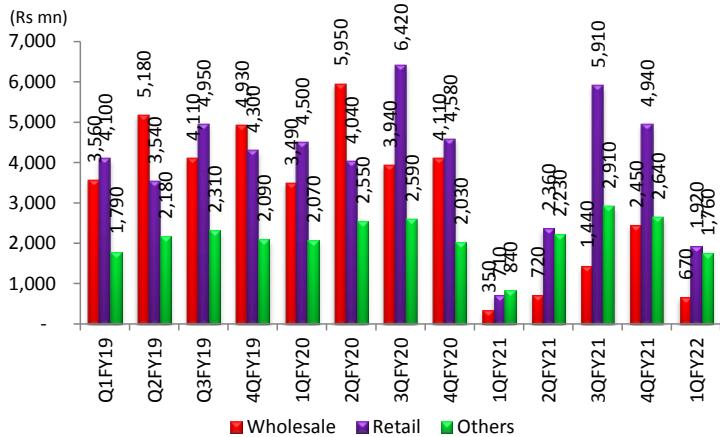
Source: Company, Systematix Institutional Research

Exhibit 6: Pantaloons sales grew 2.7x over last year



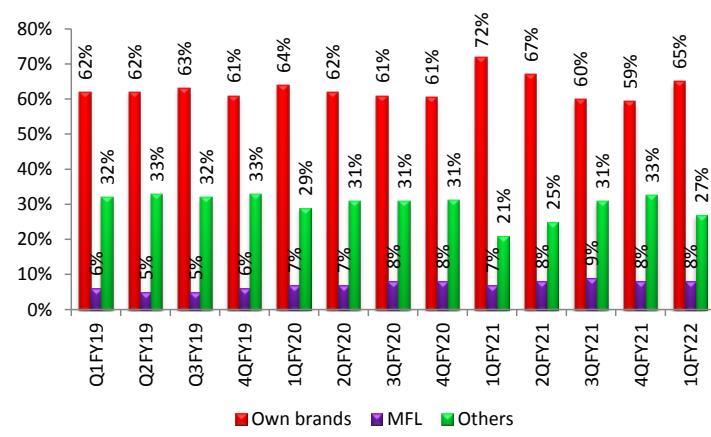
Source: Company, Systematix Institutional Research

Exhibit 7: Strong growth in online platforms



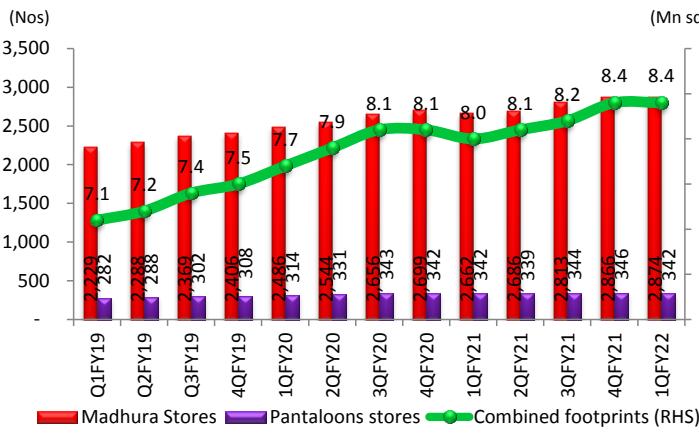
Source: Company, Systematix Institutional Research

Exhibit 8: Share of Pantaloons own brands declined to 65%



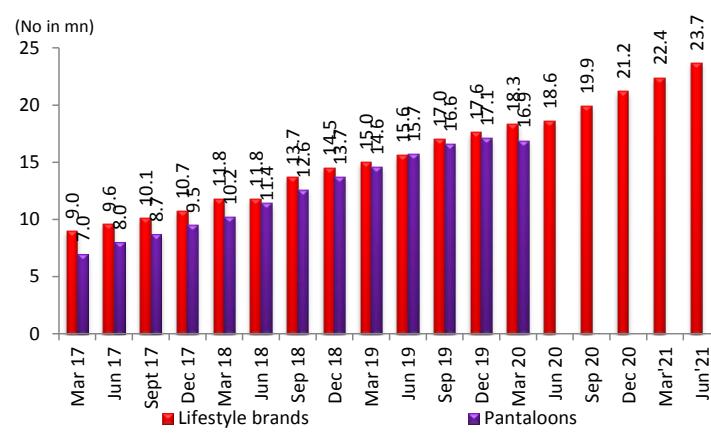
Source: Company, Systematix Institutional Research

Exhibit 9: Retail area expansion continues in 1QFY22

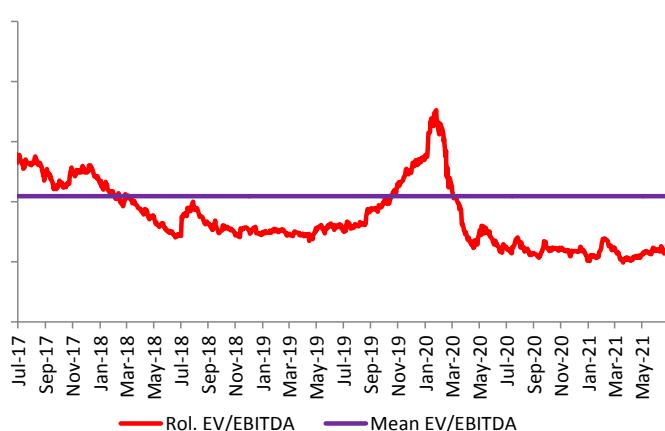


Source: Company, Systematix Institutional Research

Exhibit 10: Continuous increase in loyalty members



Source: Company, Systematix Institutional Research

Exhibit 11: The stock is trading at 12.1x one-yr fwd EV/EBITDA

Source: Bloomberg, Systematix Institutional Research

Exhibit 12: Valuation Summary

FY23E	EBITDA	Valuation	Multiple (x)	Value
Lifestyle Brands	11,960	EV/EBITDA	13	155,474
Pantaloons	6,785	EV/EBITDA	10	67,845
Ethnic wear (Sales)	5,000	EV/Sales	3	14,000
Innerwear/Others (Sales)	10,660	EV/Sales	3	31,980
Target EV of company				269,299
Net debt				21,972
Target EV of equity				247,327
No. of shares				915
Target price (Rs per share)				270

Source: Systematix Institutional Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net Sales	81,177	87,879	52,489	85,662	117,061
RM costs/inventories	39,250	42,242	25,630	41,142	55,052
Gross Profits	41,928	45,637	26,860	44,520	62,009
Employee costs	9,130	10,681	8,654	10,697	14,032
Rental costs	11,104	4,870	107	2,144	5,740
Other costs	16,153	17,968	12,552	18,797	24,516
Total Expenses	75,637	75,760	46,942	72,780	99,340
EBITDA	5,541	12,118	5,548	12,882	17,721
Depreciation	2,823	8,853	9,628	10,002	11,502
Other income	648	653	734	686	343
EBIT	3,365	3,918	(3,346)	3,566	6,561
Interest cost	1,874	4,250	5,030	2,248	2,392
PBT	1,491	(332)	(8,376)	1,318	4,170
Taxes	218	1,321	(2,100)	332	1,051
Adj. PAT	1,273	(1,653)	(6,276)	986	3,119
Extraordinaries/Deferred tax (1,940)	-	1,080	-	-	-
Reported PAT	3,212	(1,653)	(7,356)	986	3,119
No. of shares (mn)	773	774	915	915	915
Adj. EPS	1.6	(2.1)	(6.9)	1.1	3.4

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
PBT	1,491	(332)	(8,376)	1,318	4,170
Add: Depreciation	2,823	8,853	9,628	10,002	11,502
Add: Interest	1,874	4,250	5,030	2,248	2,392
Less: taxes paid	196	65	28	(332)	(1,051)
Add: other adjustments	221	(140)	(3,743)	-	-
Less: WC changes	937	6,126	(8,528)	633	4,247
Total OCF	5,276	6,440	11,038	12,602	12,766
Operating CF w/o WC changes	6,213	12,567	2,510	13,236	17,013
Capital expenditure	(2,867)	(3,184)	(1,613)	(3,250)	(3,250)
Leased asset	-	-	-	-	-
Change in investments	98	(2,328)	(6,964)	-	-
Interest/Dividend received	4	3	24	-	-
Total ICF	(2,766)	(5,509)	(8,552)	(3,250)	(3,250)
Free Cash Flows	2,409	1,894	9,581	9,352	9,516
Share issuances	9	72	22,388	-	-
Payment of lease liability	-	(5,886)	(4,061)	(6,500)	(3,000)
Change in borrowings	(1,576)	10,742	(11,502)	(500)	-
Dividends	-	-	-	-	-
Interest payment	(1,098)	(4,243)	(4,759)	(2,248)	(2,392)
Others	-	479	(4,759)	-	-
Total FCF	(2,664)	1,165	(2,693)	(9,248)	(5,392)
Net change in cash	(154)	2,096	(207)	104	4,124
Opening cash & CE	726	572	2,668	2,461	2,566
Closing cash & CE	572	2,668	2,461	2,566	6,690

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Equity capital	7,735	7,740	9,151	9,151	9,151
Reserves and surplus	6,554	3,138	17,612	18,598	21,717
Total Equity	14,289	10,878	26,763	27,748	30,867
Total Debt/Lease	17,029	48,706	32,818	28,818	28,818
Other long term liabilities	2,889	2,896	7,020	7,020	7,020
Total sources	34,206	62,480	66,600	63,586	66,705
Net Block/ ROU asset	6,588	28,938	27,537	23,785	18,533
Net deferred tax	2,634	1,950	3,339	3,339	3,339
Other assets	4,065	4,121	4,843	4,843	4,843
Intangibles	19,191	20,938	26,969	26,969	26,969
Investments	42	-	-	-	-
Cash	574	2,669	2,618	2,722	6,846
Inventories	20,446	23,668	18,470	27,394	31,377
Debtors	5,355	8,405	7,305	8,870	10,839
Other Current assets	4,805	6,967	10,634	10,634	10,634
Current Assets	30,606	39,039	36,408	46,898	52,850
Creditors	23,986	22,899	23,734	33,591	35,295
Other Current Liabilities	5,507	12,277	11,380	11,380	11,380
Current Liabilities	29,493	35,176	35,115	44,971	46,675
Net Working Capital	1,113	3,863	1,294	1,927	6,175
Total Uses	34,206	62,480	66,600	63,586	66,705

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY19	FY20	FY21	FY22E	FY23E
Yoy growth in Revenue	13.0	8.3	(40.3)	63	37
Yoy growth in EBITDA	18.3	118.7	(54.2)	132.2	37.6
Yoy growth in Net income	159.9	(229.9)	279.6	(115.7)	216.4
Effective tax rate	14.6	-	-	25.2	25.2
EBITDA margin	6.8	13.8	10.6	15.0	15.1
PAT margin	1.6	(1.9)	(12.0)	1.2	2.7
ROACE	10.4	8.2	(5.4)	5.9	10.8
ROAE	10.1	(13.1)	(33.3)	3.6	10.6
Net debt to equity (x)	1.2	4.2	1.1	0.9	0.7
Inventory days	190	205	263	243	208
Debtor days	24	35	51	38	34
Payable days	223	198	338	298	234
NWC days	8	38	14	11	22
Per share numbers (Rs)					
Reported earnings	1.6	(2.1)	(6.9)	1.1	3.4
Dividend	-	-	-	-	-
Free cash	3.1	(5.2)	6.0	3.1	7.1
Book Value	18.5	14.1	29.2	30.3	33.7
Valuations (x)					
Price to diluted earnings	54.1	(105.2)	(28.0)	208.7	66.0
EV / EBITDA	34.4	18.2	42.5	18.0	12.8
Price to sales	2.1	2.0	3.9	2.4	1.8

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Navin Roy Vallabhaneni	President & Head – IE & ECM	+91-22-6704 8065	navin@systematixgroup.in
Equity Research			
Analysts	Industry Sectors	Desk-Phone	E-mail
Rahul Jain	Metals & Mining	+91-22-6704 8066	rahuljain@systematixgroup.in
Ronak Sarda	Auto, Auto Ancillaries	+91-22-6704 8059	ronaksarda@systematixgroup.in
Rakesh Kumar	Banking, Insurance	+91-22-6704 8041	rakeshkumar@systematixgroup.in
Praful Bohra	Pharmaceuticals and Healthcare	+91-22-6704 8064	prafulbohra@systematixgroup.in
Shubhranshu Mishra	NBFCs & Diversified Financials	+91-22-6704 8024	shubhranshumishra@systematixgroup.in
Sanjeev Kumar Singh	Cement, Building Materials, Paints	+91-22-6704 8017	sanjeevsingh@systematixgroup.in
Premal Kamdar	Consumer Staples	+91-22-6704 8090	premalkamdar@systematixgroup.in
Amar Kedia	Infra, Cap Goods, Logistics, Consumer Durables	+91-22-6704 8084	amaruedia@systematixgroup.in
Ashutosh Joytiraditya	Consumer, Retail	+91-22-6704 8068	ashutoshj@systematixgroup.in
Naushad Chaudhary	Chemicals, Textiles, Building Materials, Midcaps	+91-22-6704 8036	naushadchaudhary@systematixgroup.in
Harsh Mittal	Cement, Building Materials, Paints	+91-22-6704 8098	harshmittal@systematixgroup.in
Poorvi Banka	Auto, Auto Ancillaries	+91-22-6704 8063	poorvibanka@systematixgroup.in
Nikhil Shah	Banking, Insurance	+91-22-6704 8091	nikhilshah@systematixgroup.in
Tausif Shaikh	Pharmaceuticals and Healthcare	+91-22-6704 8046	tausifshaikh@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Shilpasree Venkatesh	Macro-Strategy	+91-22-6704 8078	shilpav@systematixgroup.in
Equity Sales & Trading			
Name		Desk-Phone	E-mail
Vipul Sanghvi	Director and Head - Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Ashok Kumar Agarwal	Sales	+91-22-6704 8058	ashokagarwal@systematixgroup.in
Jigar Kamdar	Sales	+91-22-6704 8060	jigarkamdar@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8033	rahul@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Rahul Thakar	Sales Trading - Derivatives	+91-22-6704 8073	rahulthakar@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8050	vipulchheda@systematixgroup.in
Amit Sawant	Dealer	+91-22-6704 8054	amitsawant@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Suketu Vyas	Dealer	+91-22-6704 8050	suketuvyas@systematixgroup.in
Corporate Access			
Audrey Leolyn Mendonca	Assistant Vice President	+91-22-6704 8088	audreymendonca@systematixgroup.in
Production			
Yukti Vidyarthi	Editor	+91-22-6704 8071	yukti@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
Operations			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Sugandha Rane	Assistant Vice President	+91-22-6704 8056	sugandha@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Ravikiran Dasaka	Manager	+91-22-6704 8622	ravikiran@systematixgroup.in
Ravi Agarwal	Assistant Manager	+91-22-6704 8016	raviagarwal@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Ashutosh Joytiraditya, Premal Kamdar**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSL through this presentation.

SSSL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
 CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 34600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | Investment Advisor SEBI Reg. No. INA000010414 | AMFI : ARN - 64917