



RESULT UPDATE

ADITYA BIRLA FASHION AND RETAIL LTD

Transparency improves, Pantaloon's SSG to recover



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Aditya Birla Fashion and Retail's (ABFRL) 12.5% YoY revenue growth came in line with estimate, while EBITDA spurt of 30.7% and PAT at INR218mn surpassed estimates. After 4-5 quarters of decline, Lifestyle brands (core Madura brands) posted flattish SSG; this, coupled with increased transparency—reported 15.6% core EBITDA margin for the first time—is encouraging. Pantaloon's SSG slipped 5% owing to advancing of EOSS, which should recover. Fast Fashion revenue (Forever21 and People) catapulted 205% and the growth story is on track. We are enthused by ABFRL's leadership in Madura, Pantaloon's stronghold in womens segment, as well as the Forever21 acquisition. Maintain 'BUY'.

Commendable transparency, Pantaloon's disappoints

Q4FY17 for ABFRL was characterised by improvement post demonetisation woes with flattish Lifestyle brands' SSG after 4-5 quarters of decline. The company surprised the Street by disclosing EBITDA margin for its Lifestyle brands, which came at 15.6% YoY versus Arvind's Power brands' ~14.0%. However, Pantaloon's disappointed by reporting negative 5% SSG, primarily due to store disruptions and early EOSS, which commenced in December end. Pantaloon's is, however, confident of recovery and has opened 79 stores (33 of which were added in Q4FY17, mostly back-ended). ABFRL's Fast Fashion is on track (205% YoY growth) and the company expects Forever21 to turn EBITDA positive by FY18. EBITDA margin expanded 98bps YoY, which we estimate to improve sharply once operating leverage benefits start kicking in.

Q4FY17 conference call: Key takeaways

ABFRL estimates the Indian branded apparel segment to double over the next 5 years. Womenswear and casualwear segments continued to lead market growth. ABFRL is planning to invest further in Madura brands, which is bound to improve margin. Pantaloon's SSG was impacted by 2 store shut downs/renovations. ABFRL is targeting SSG of 5% in Pantaloon's with a shortened EOSS.

Outlook and valuations: Robust growth trajectory; maintain 'BUY'

Anchored by anticipated revival in Madura and Pantaloon's, we are confident of resumption of strong growth trajectory starting H1FY18. We assign 20x FY19E EV/EBITDA and arrive at target price of INR200. The stock is currently trading at 17.3x FY19E EV/EBITDA. We maintain 'BUY/SO'.

Financials

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17E	FY18E	FY19E
Net rev.	16,149	14,356	12.5	16,990	(4.9)	66,025	74,724	86,884
EBITDA	1,140	872	30.7	877	30.0	4,368	6,108	8,545
Adjusted Profit	218	(1,090)	NM	(124)	NM	528	1,564	3,269
Dilu. EPS (INR)	0.3	(1.4)	NM	(0.2)	NM	0.7	2.0	4.3
Dilu.P/E (x)						247.5	83.6	40.0
EV/EBITDA (x)						34.6	24.6	17.3
ROAE (%)						5.4	14.6	24.8

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Low
Sector Relative to Market	Underweight

MARKET DATA (R: PNTA.BO, B: ABFRL IN)

CMP	: INR 170
Target Price	: INR 200
52-week range (INR)	: 186 / 123
Share in issue (mn)	: 771.5
M cap (INR bn/USD mn)	: 131 / 2,040
Avg. Daily Vol.BSE/NSE('000)	: 820.3

SHARE HOLDING PATTERN (%)

	Current	Q2FY17	Q1FY17
Promoters *	59.3	59.4	59.4
MF's, FI's & BK's	15.0	13.5	13.6
FII's	11.1	12.4	12.5
Others	14.5	14.7	14.5
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Retail Index
1 month	(5.0)	2.7	3.5
3 months	13.4	7.8	12.6
12 months	7.2	20.3	33.2

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Table 1: Trends at a glance

(%)	FY14	FY15	FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Madura							
Revenues (INRmn)	32,260	37,350	39,964	8,421	11,713	10,558	10,450
EBIT (INRmn)	2,990	3,770	2,862	284	895	372	864
EBO's (Nos.)	1,541	1,735	1,877	1,856	1,841	1,895	1,878
SSG	7.0	-	-	(4.0)	(10.0)	(7.0)	0.2
EBITDA margins *	12.0	12.4	9.1	5.6	10.3	6.0	15.6
Pantaloons							
Revenues (INRmn)	16,612	18,507	21,645	5,744	7,267	6,666	5,857
EBIT (INRmn)	(756)	(1,108)	(1,725)	(71)	175	(59)	(218)
Total number of stores (ex factory outlet) (Nos.)	83	104	135	146	162	179	184
SSG	(1.6)	5.5	5.9	16.0	6.2	(1.8)	(5.0)
EBITDA margins	2.0	3.9	3.1	4.5	7.2	4.9	2.5

Source: Company, Edelweiss research

* SSG and EBITDA margins from Q4FY17 reflects numbers for core Madura brands categorized as Lifestyle brand

ABFRL Q4FY17 concall: Key takeaways

Market environment and demonetisation

- Overall quarter saw sharp recovery post demonetisation.
- Discounting and promotions continued to remain high during the full price periods as players sought growth in a soft business environment.
- Prolonged EOSS in summer (Jul-Aug 2016) as well as winter (Jan-Feb 2017).
- E-commerce discounts reduced marginally as the industry heads towards consolidation.

Indian branded apparel segment is poised to double in next 5 years.

- Wholesale channel and smaller towns more severely impacted and are slowly recovering.
- Nov-Dec sales fell by nearly 20-25% post announcement of demonetisation.
- Womenswear and casualwear segments continued to lead market growth.
- Value fashion players grew strongly driven by aggressive expansion.
- Large opportunity for ABFRL as a whole is still available in top 10 cities.

Lifestyle brand (Madura)

- SSSG was flat in Q4 FY17 compared to negative 6.9% in Q4FY16.
- Comprises Van Heusen, LP, Allen Solly and Peter England along with their adjacencies. This also includes Simon Carter.
- Q4FY17 revenue grew 4% YoY, while EBITDA grew 30% YoY.
- For FY17, volume dip was 5%.
- EBITDA margin at 15.6% YoY.
- Added 22 stores and shut 32 stores.



- The company is going to further reinvest in brand, which will help improve margin further.
- ABFRL has controlled cost, finding value proposition and going forward as organic growth comes back profitability will improve sharply.
- Ad spend needs to be seen on full year basis. The company will continue to invest in brand and will not cut down on ad spends.
- All channels grew in Q4 driven by EOSS and new season dispatches.
- Total EBOs at 1,878.

Fast Fashion (Forever 21 + People)

- Fast fashion includes organic brand PEOPLE and newly-acquired Forever21. These brands are currently in investment phase.
- Opened 4 stores of Forever 21 and has taken the count to 16 stores. Total 91 PEOPLE stores and 16 F21 stores. PEOPLE business was operational for full year FY17.
- The company is targeting gross margin of >40% plus in Forever21 business.
- ABFRL should close Forever 21 in FY18 to the extent of 25 stores. The company will open stores in Tier II towns now where the opportunity is large.
- Post-acquisition in July 2016, Forever 21 operations have now stabilised and integration has been completed.
- Goal is to turn Forever21 positive by next year. PEOPLE's business will take slightly longer to turn positive. Levers to make it EBITDA positive will be on cost side, price mix, rentals in new stores.
- PEOPLE is an important part of overall mix. The company has started expanding PEOPLE's business. This brand gives international fashion to youth at low rates.

Pantaloons

- Total growth was 11% YoY in Q4FY17.
- LTL of negative 5% YoY owing to EOSS preponment in December. South City mall in Kolkata was shut due to renovation (contributes 5% to overall revenue) and another mall in Bengaluru too was under renovation. Hence, LTL was down 5% YoY.
- 4% price cuts taken.
- Volume growth in Pantaloons for FY17 was at 7% YoY. Owned brand clocked double digit LTL.
- To clock 5% LTL going forward.
- Aim is to achieve sustainable margin of 7-9%.
- Going forward EOSS will be shortened.
- Most of the store openings were back-ended and hence revenue growth is not in sync with store expansion.
- The company is moving towards full price business and hence ABFRL is targeting that.
- Own brands mix improved from 56% in Q4FY16 to 59% in Q4FY17.



- Added 33 to the network in Q4FY17—added 79 stores during FY17 to take store count to 209.
- Currently, has 16 Woman and 9 Kids stores. Total franchisee network has increased to 28. Franchisee model is settling down and 20% of overall expansion will come through this model.
- Should be able to continue to see similar expansion.
- Commenced first season of 4-season strategy with the launch of Spring17.

Other (Inner wear + International Brands)

- Van Heusen inner wear is sold through 1,300 doors. Initial response has been encouraging.
- Significant part of growth in other category came from inner wear.

Balance sheet:

- Increase in debt levels is due to acquisition of Forever21. Net debt stands at INR2bn. Going forward, net debt should dip.
- Receivables jumped because of trade departments and increase in number of stores.
- ABFRL's RoCE was at 19% (ex-goodwill).
- Freshness of inventory, and improving inventory turnover—the journey going forward.
- The company is targeting 120-day inventory cycle.

GST

- Sales tax is charged on MRP. Even post GST, discounts will not change under GST.

Way forward

- ABFRL will continue to build on its leadership through investments in key strategic themes:
 - Brand development via investment in brand building, merchandise and refreshed store experience.
 - Aggressive retail expansion for value and fashion formats: Pantaloons and Forever 21.
 - Building agile design and supply chain.
- Enhancing capital productivity and focus on cost optimization.

Outlook and valuations: Primed for growth; maintain 'BUY'

ABFRL is the No.1 player in menswear on account of Madura. The company is No. 1 in womenswear too on account of Pantaloons. It will be key beneficiary of recovery in discretionary spending and is better placed to gain from it than other branded apparel players owing to its sheer scale and widespread network.

Madura's growth and margins, which were impacted by heightened competition from e-commerce players, higher ad spends and lower operating leverage, have likely bottomed out. We envisage gradual recovery riding renewed focus on new & fast-growing segments to



aid growth and improve throughput per outlet. Entry in the online segment and focus on becoming the largest brand therein are also bound to boost long term growth. ABFRL has completed the restructuring of Madura and aligned inventory. Hence, growth should come back strongly in Madura starting H1FY18.

Pantaloons is a turnaround story and expected to sustain its robust run and gradual margin improvement. We expect the company to record decent SSG led by new business model with focus on right pricing and fashion. The company’s initiatives like increasing private labels, enhancing inventory turns and reducing sale season period are bound to lead to sustained margin improvement.

Anchored by robust growth potential, margin improvement, ~1900bps RoE expansion and immense opportunity in India for branded players, we assign 20x FY19E EBITDA to arrive at target price of INR200. We remain positive on the stock from long-term perspective as we believe that though disruption from online players will continue, it is largely factored in the stock price. The risk-reward is thus favourable. We maintain ‘BUY/SO’.

Chart 1: EBO ramp up for Madura

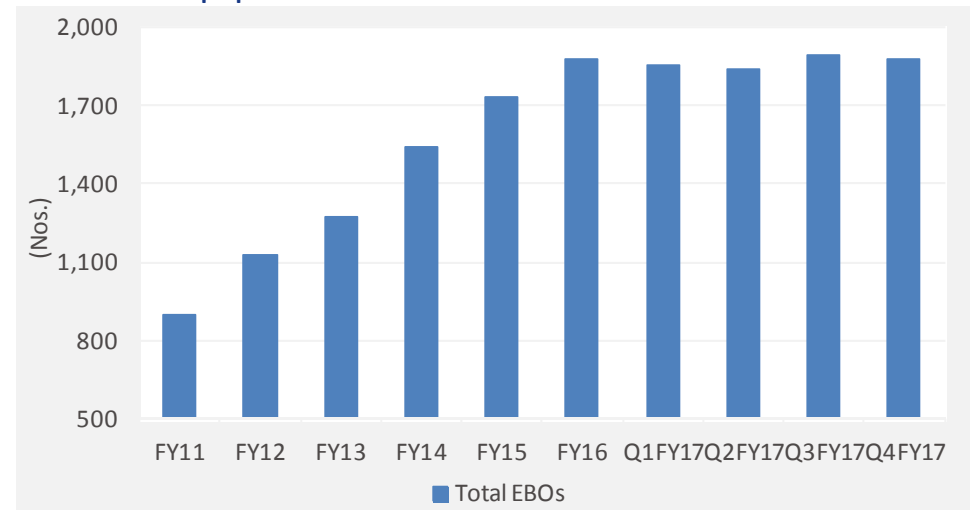
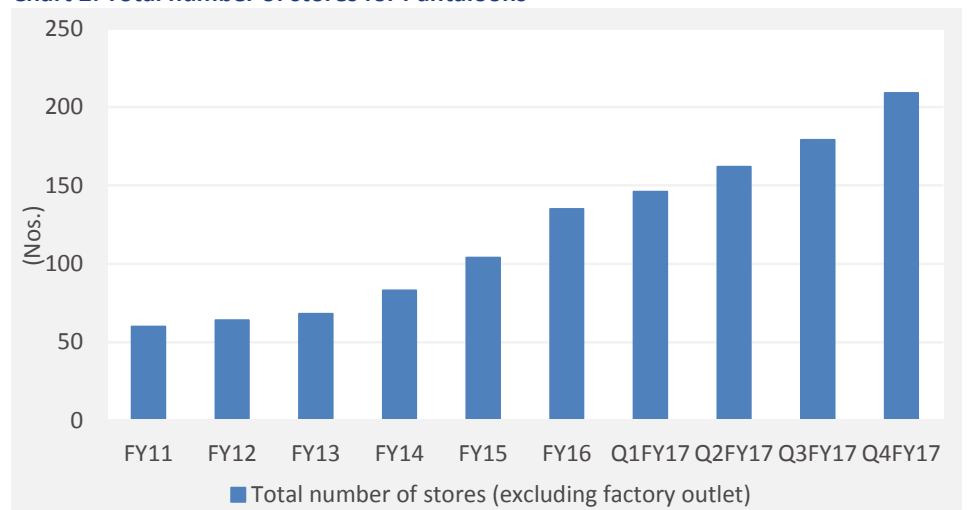


Chart 2: Total number of stores for Pantaloons



Source: Company, Edelweiss research



Chart 3: SSG for Madura and Pantaloons

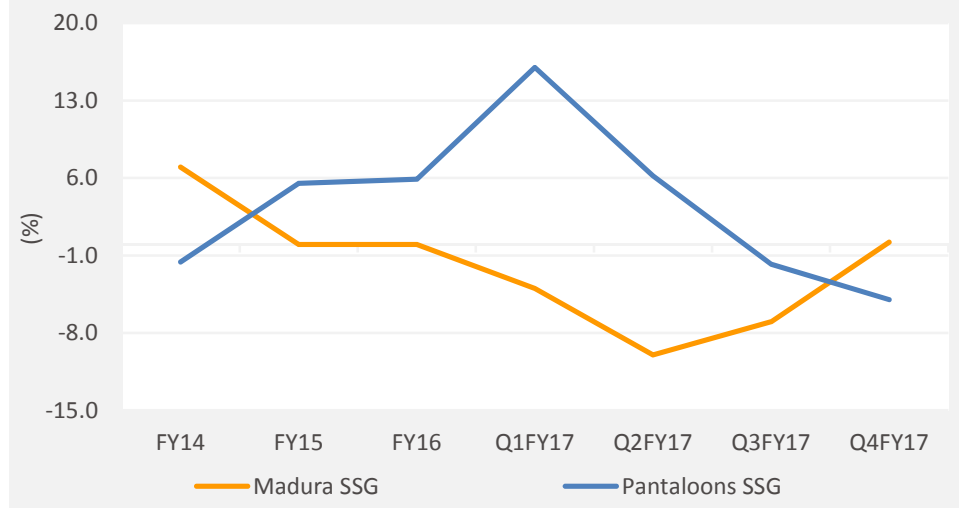
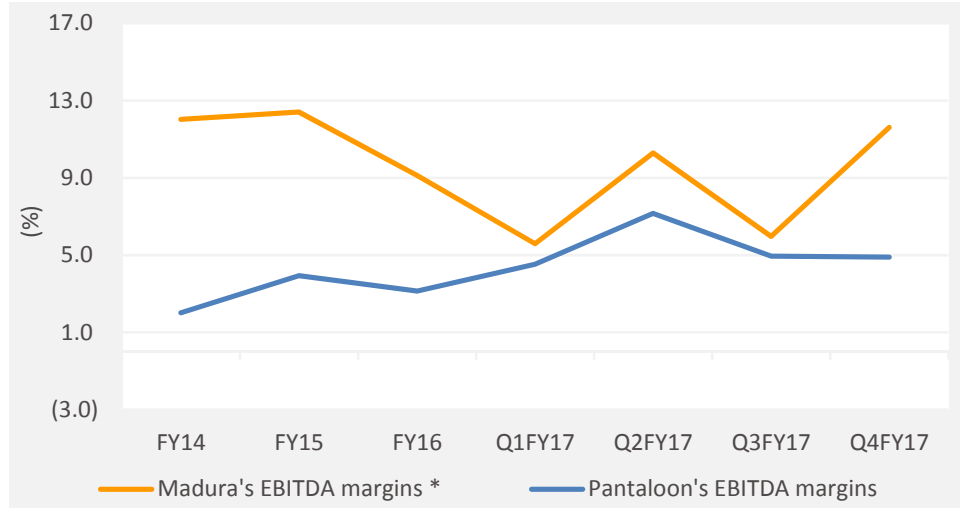
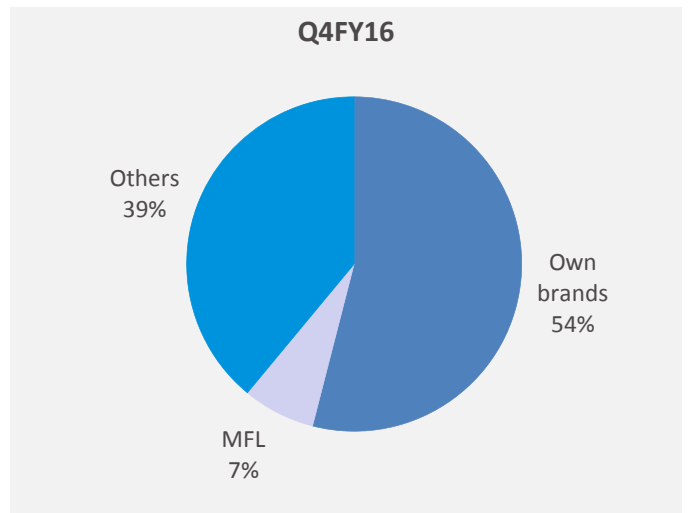
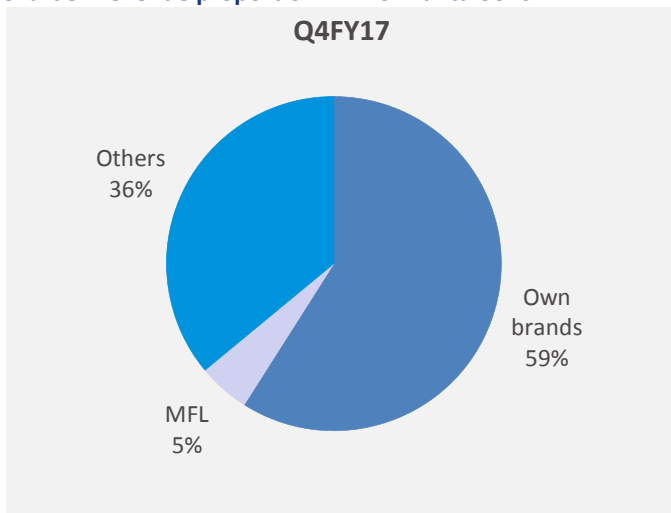


Chart 4: EBITDA margins for Madura and Pantaloons



* EBITDA margins for Q4FY17 reflects numbers for core Madura brands

Chart 5: Revenue proportion mix for Pantaloons



Source: Company, Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17	FY18E	FY19E
Net revenues	16,149	14,356	12.5	16,990	(4.9)	66,025	74,724	86,884
Raw material costs	7,319	6,483	12.9	7,813	(6.3)	30,085	33,955	39,313
Employee expenses	1,623	1,404	15.6	1,841	(11.9)	7,058	7,774	8,737
Lease charges	2,770	2,001	38.4	2,961	(6.4)	10,873	11,358	12,569
Other expenses	3,298	3,596	(8.3)	3,498	(5.7)	13,640	15,529	17,720
Total expenditure	15,010	13,484	11.3	16,113	(6.8)	61,657	68,616	78,339
EBITDA	1,140	872	30.7	877	30.0	4,368	6,108	8,545
Depreciation	658	1,620	(59.4)	651	1.1	2,424	2,766	3,231
EBIT	482	(748)	(164.4)	226	113.6	1,944	3,343	5,314
Other income	174	89	95.7	79	120.9	381	400	450
Interest	437	431	1.4	428	2.1	1,797	1,788	1,678
Profit before tax	218	(1,090)	(120.0)	(124)	(276.0)	528	1,955	4,086
Provision for taxes	-	-	-	-	-	-	391	817
Reported net profit	218	(1,090)	(120.0)	(124)	(276.0)	528	1,564	3,269
Adjusted Profit	218	(1,090)	(120.0)	(124)	(276.0)	528	1,564	3,269
Diluted shares (mn)	769	769	-	769	-	769	769	769
Adjusted Diluted EPS	0.3	(1.4)	(120.0)	(0.2)	(276.0)	0.7	2.0	4.3
Diluted P/E (x)						247.5	83.6	40.0
EV/EBITDA (x)						34.6	24.6	17.3
ROAE (%)						5.4	14.6	24.8
COGS	45.3	45.2	-	46.0	-	45.6	45.4	45.2
Employee cost	10.0	9.8	-	10.8	-	10.7	10.4	10.1
Lease charges	17.2	13.9	-	17.4	-	16.5	15.2	14.5
Other expenses	20.4	25.0	-	20.6	-	20.7	20.8	20.4
EBITDA	7.1	6.1	-	5.2	-	6.6	8.2	9.8
EBIT	3.0	(5.2)	-	1.3	-	2.9	4.5	6.1
PBT	1.4	(7.6)	-	(0.7)	-	0.8	2.6	4.7
Adjusted net profit	1.4	(7.6)	-	(0.7)	-	0.8	2.1	3.8



Company Description

In May 2015, ABFRL came into being following consolidation of ABNL's branded apparel business of Madura and Pantaloons. Post consolidation, Pantaloons was renamed Aditya Birla Fashion and Retail (ABFRL). ABFRL brings with it learnings and businesses of 2 renowned Indian fashion icons/brands, Madura and Pantaloons. This amalgamation has helped ABFRL emerge as India's No. 1 fashion lifestyle entity.

Madura has a vast retail network comprising exclusive outlets, premium multi-brand and department stores – total presence of 1,878 stores. Four of its brands are among India's top fashion names, with MRP sales in excess of INR10bn each. Pantaloons brand is now present in 78 plus Indian cities/towns through 184 stores. Forever21 is a fashion retailer of women's, men's and kids clothing and accessories and is known for offering the hottest, most current fashion trends at great value to consumers.

Investment Theme

Aditya Birla Fashion and Retail (ABFRL) is one of the largest branded clothing players with 5 brands clocking >INR10bn sales each. ABFRL has now ventured into fast fashion via Forever 21 and innerwear under the Van Heusen brand thereby now housing full bouquet of segments in the apparel category. Anchored by these potent growth boosters, we estimate ABFRL to post sales and EBITDA CAGR of 12.8% and 29.1%, respectively, over FY16-19 and 24.8% RoE by FY19.

Key Risks

Slow GDP revival leading to lower traction in discretionary spending

While foreign brands such as Zara, Tommy Hilfiger, etc., have already established themselves, other brands such as H&M, GAP, among others, are venturing in the Indian market thereby heightening competition.

Implementation of GST with anticipated tax neutral rate of 18% could lead to higher tax outgo of 5-7% for branded apparel players.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.3	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Company				
Revenue growth Pantaloon	17.0	12.7	18.9	18.6
Revenue growth Madura	7.0	(4.1)	7.8	11.8
SSSG growth - Pantaloon (%)	5.9	2.0	6.0	10.0
SSSG growth EBOs - Madura (%)	-	(6.7)	5.0	7.0
Net Store addition - Pantaloon	28.0	47.0	58.0	48.0
Net Store addition - Madura	142.0	27.0	50.0	100.0
Forever 21 (revenue growth %)	23.0	25.8	32.7	42.8
Pantaloons - COGS as % of sales	55.9	54.3	53.8	53.0
Madura - COGS as % of sales	39.4	39.4	39.0	38.6
Pantaloons - EBITDA as % of sales	3.1	2.2	3.0	4.9
Madura - EBITDA as % of sales	9.1	10.4	12.3	14.1
Tax rate (%)	-	-	10.0	20.0
Capex (INR mn)	11,078	4,376	3,526	3,384
Debtor days	25	23	22	20
Inventory days	165	176	170	165
Payable days	86	88	86	84
Cash conversion cycle	104	111	107	100
Dep. (% gross block)	20.1	13.7	12.8	12.9

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	60,601	66,025	74,724	86,884
Materials costs	27,549	30,085	33,955	39,313
Gross profit	33,051	35,940	40,769	47,571
Employee costs	5,969	7,058	7,774	8,737
Rent and lease expenses	6,479	10,873	11,358	12,569
Other Expenses	16,635	13,640	15,529	17,720
EBITDA	3,968	4,368	6,108	8,545
Depreciation	3,380	2,424	2,766	3,231
EBIT	588	1,944	3,343	5,314
Add: Other income	119	381	400	450
Less: Interest Expense	1,749	1,797	1,788	1,678
Profit Before Tax	(1,041)	528	1,955	4,086
Less: Provision for Tax	-	-	391	817
Reported Profit	(1,041)	528	1,564	3,269
Adjusted Profit	(1,041)	528	1,564	3,269
Shares o /s (mn)	769	769	769	769
Diluted shares o/s (mn)	769	769	769	769
Adjusted Diluted EPS	(1.4)	0.7	2.0	4.3

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Rent and lease expenses	10.7	16.5	15.2	14.5
Materials costs	45.5	45.6	45.4	45.2
EBITDA margins	6.5	6.6	8.2	9.8
Net Profit margins	(1.7)	0.8	2.1	3.8

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	227.4	9.0	13.2	16.3
EBITDA	445.8	10.1	39.8	39.9
Adjusted Profit	NM	NM	196.0	109.0
EPS	NM	NM	196.0	109.0



Balance sheet		(INR mn)			
As on 31st March	FY16	FY17	FY18E	FY19E	
Share capital	7,731	7,728	7,728	7,728	
Reserves & Surplus	1,706	2,235	3,799	7,068	
Shareholders' funds	9,437	9,963	11,527	14,796	
Total Borrowings	18,493	20,560	20,000	17,935	
Long Term Liabilities	82	82	82	82	
Sources of funds	28,012	30,605	31,609	32,813	
Gross Block	15,550	19,926	23,452	26,836	
Net Block	4,822	6,774	7,534	7,686	
Capital work in progress	254	254	254	254	
Intangible Assets	18,395	18,395	18,395	18,395	
Total Fixed Assets	23,471	25,423	26,182	26,335	
Cash and Equivalents	203	92	268	935	
Inventories	13,881	15,124	16,579	18,895	
Sundry Debtors	3,909	4,318	4,501	4,884	
Loans & Advances	4,464	4,481	4,499	4,517	
Other Current Assets	257	259	262	264	
Current Assets (ex cash)	22,511	24,182	25,841	28,560	
Trade payable	14,367	15,287	16,878	19,213	
Other Current Liab	3,805	3,805	3,805	3,805	
Total Current Liab	18,172	19,092	20,683	23,017	
Net Curr Assets-ex cash	4,339	5,090	5,158	5,543	
Uses of funds	28,012	30,605	31,609	32,813	
BVPS (INR)	12.3	13.0	15.0	19.2	

Free cash flow		(INR mn)			
Year to March	FY16	FY17	FY18E	FY19E	
Reported Profit	(1,041)	528	1,564	3,269	
Interest (Net of Tax)	1,749	1,797	1,609	1,342	
Others	(94)	(381)	(221)	(115)	
Less: Changes in WC	3,482	752	68	385	
Operating cash flow	511	3,616	5,650	7,343	
Less: Capex	11,078	4,376	3,526	3,384	
Free Cash Flow	(10,566)	(760)	2,124	3,959	

Profitability and efficiency ratios		FY16	FY17	FY18E	FY19E
Year to March					
ROAE (%)	(16.2)	5.4	14.6	24.8	
ROACE (%)	3.2	8.0	12.1	17.9	
Inventory Days	165	176	170	165	
Debtors Days	25	23	22	20	
Payable Days	86	88	86	84	
Cash Conversion Cycle	104	111	107	100	
Current Ratio	1.2	1.3	1.3	1.3	
Gross Debt/EBITDA	4.7	4.7	3.3	2.1	
Gross Debt/Equity	2.0	2.1	1.7	1.2	
Adjusted Debt/Equity	2.0	2.1	1.7	1.2	
Interest Coverage Ratio	0.3	1.1	1.9	3.2	

Operating ratios		FY16	FY17	FY18E	FY19E
Year to March					
Total Asset Turnover	2.7	2.3	2.4	2.7	
Fixed Asset Turnover	3.1	2.7	2.9	3.3	
Equity Turnover	9.4	6.8	7.0	6.6	

Valuation parameters		FY16	FY17	FY18E	FY19E
Year to March					
Adj. Diluted EPS (INR)	(1.4)	0.7	2.0	4.3	
Y-o-Y growth (%)	-	NM	196.0	109.0	
Adjusted Cash EPS (INR)	3.0	3.8	5.6	8.5	
Diluted P/E (x)	NM	247.5	83.6	40.0	
P/B (x)	13.9	13.1	11.3	8.8	
EV / Sales (x)	2.5	2.3	2.0	1.7	
EV / EBITDA (x)	37.6	34.6	24.6	17.3	

Peer comparison valuation

Name	Market cap (USD mn)	EV / EBITDA (X)		EV / Sales (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Aditya Birla Fashion and Retail Ltd	2,040	24.6	17.3	2.0	1.7	14.6	24.8
Jubilant Foodworks	1,011	15.7	13.0	2.1	1.8	18.1	18.2
Shoppers Stop	445	14.2	9.5	0.7	0.6	(2.6)	13.3
Titan Company	6,832	29.1	22.8	2.9	2.4	23.5	25.3
Wonderla Holidays	344	18.0	12.6	6.6	5.6	13.8	17.5
Median	-	18.0	13.0	2.1	1.8	14.6	18.2
AVERAGE	-	20.3	15.0	2.9	2.4	13.5	19.9

Source: Edelweiss research



Additional Data

Directors Data

Mr. PranabBarua	Managing Director	Mr. Sushil Agarwal	Non-Executive Director
Mr. ArunThiagarajan	Non Executive - Independent Director	Mr. Bharat Patel	Non Executive - Independent Director
Ms. Sukanya Kripalu	Non Executive - Independent Director	Mr. Sanjeeb Chaudhuri	Non Executive - Independent Director

Auditors - M/s SRBC & Co. LLP

**as per last annual report*

Top 10 holdings

	Perc. Holding		Perc. Holding
Life Insurance Corp Of India	4.11	Templeton Asset Mgmt	3.53
Reliance Capital Trustee Co Ltd	1.16	Franklin Resources	0.80
India Opportunities Growth	1.57	Tata Asset Management Ltd	1.34
Hsbc Holdings Plc	1.23	Dimensional Fund Advisors Lp	1.06
Bnp Paribas	0.68	Camden Industries Ltd	0.42

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
Aditya Birla Fashion and Retail Ltd	BUY	SO	L	Future Retail	HOLD	SU	H
Jubilant Foodworks	HOLD	SU	M	Shoppers Stop	BUY	SP	L
Titan Company	BUY	SO	L	Wonderla Holidays	BUY	SO	M

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

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Ideas create, values protect



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Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Retail

Aditya Birla Fashion and Retail Ltd, Jubilant Foodworks, Shoppers Stop, Titan Company, Wonderla Holidays

Recent Research

Date	Company	Title	Price (INR)	Recos
12-May-17	Titan Company	Sales zoom; margin miss a one off; <i>Result Update</i>	495	Buy
08-May-17	Shoppers Stop	External factors impair growth; <i>Result Update</i>	360	Buy
04-May-17	Retail	Q1CY17: On road to gradual recovery; <i>Sector Update</i>		

Distribution of Ratings / Market Cap

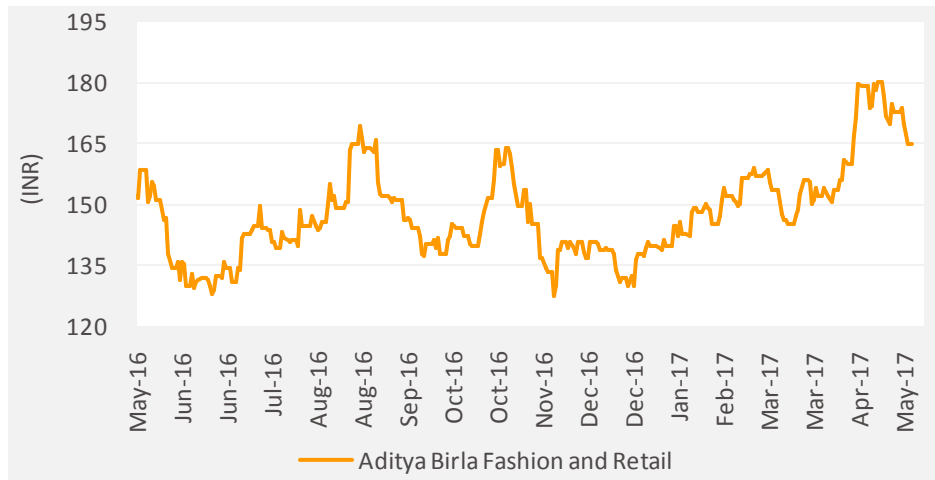
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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