COMPANY UPDATE

FUTURE RETAIL

Vision 2047: Tathastu

India Equity Research| Retail

Edelweiss
Ideas create, values protect

Future Retail (FRL) today unveiled *Vision 2047: Tathastu*. The Future Group's target now is to become a USD1tn company by 2047 by blending online and offline retail to provide seamless experience to consumers. Its strategy is to address the issue of high logistics cost and prohibitive acquisition cost in e-commerce via proximity of physical stores to customers (within 2km radius) and loyalty programmes (10% discount on all products). The company has tied up with best technology provider in the world (google and Facebook) to leverage consumer data to enhance customer experiences. FRL remains among our top picks in the retail space. Maintain 'BUY'.

New Retail 3.0

FRL's strategy is to acquire new customers by opening 10,000 stores by 2022 (1,100 in FY18) and provide them store membership and market place. **The company is eyeing 20mn consumers (2,000 members per store) resulting in INR1,500bn opportunity over the next 5 years.** It is planning to use data gathered via the market place to target consumers. Consumers can buy products online/offline and avail credit/pay through the Future Group's wallet. **In our view, the group is looking at owning the customer completely by providing end-to-end services and seamless experience via online and offline platforms.**

Physical and digital blend is the way forward

In India, ~400mn consumers are connected to the internet, of which ~300mn are smartphone users. These consumers, on an average, spend ~3 hours a day on the internet. **By 2020, India is expected to have 650mn internet users with 500mn smartphone users consuming 10GB data.** Thus, management believes, digital will drive offline business as consumers will use the best of online and offline platforms. Hence, companies can blend these platforms to provide seamless experience to consumers. **Digital can provide a deep understanding of consumer behaviour, which can be used to personalise offerings to consumers.**

Outlook and valuations: On strong course; maintain 'BUY'

On sustained strong SSSG, improving margins and better inventory turns, we estimate ~742bps jump in RoE to 24.1% over FY17-19. We maintain **'BUY/SO'** with TP of INR628 (30x FY19E EV/EBIDTA). At CMP, the stock trades at 24.6x FY19E EV/EBITDA.

Financials

Year to March	FY16	FY17	FY18E	FY19E
Revenues (INR mn)	68,451	170,751	201,468	255,139
EBITDA (INR mn)	834	5,813	8,226	10,372
Adjusted Profit (INR mn)	151	3,683	6,102	8,954
Diluted EPS (INR)	3.5	7.8	12.5	17.9
EPS growth (%)	*0.0*	*125.0*	*59.6*	*44.0*
Diluted P/E (x)	148.6	66.0	41.4	28.7
Enterprise Value / EBITDA (x)	37.4	43.4	31.2	24.6

EDELWEISS 4D RATINGS

Absolute Rating	**BUY**
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	High
Sector Relative to Market	Underweight

MARKET DATA *(R: , B: FRETAIL IN)*

CMP	: INR 516
Target Price	: INR 628
52-week range (INR)	: 593 / 115
Share in issue (mn)	: 489.8
M cap (INR bn/USD mn)	: 252 / 0
Avg. Daily Vol.BSE/NSE('000)	: 807.7

SHARE HOLDING PATTERN (%)

	Current	Q1FY18	Q4FY17
Promoters *	47.7	49.5	49.5
MF's, FI's & BK's	5.0	4.9	4.7
FII's	17.5	17.4	17.3
Others	29.8	28.1	28.5

** Promoters pledged shares (% of share in issue) : NIL*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Retail Index
1 month	(0.9)	1.8	4.5
3 months	6.0	5.9	12.1
12 months	318.6	30.2	43.1

Abneesh Roy
+91 22 6620 3141
abneesh.roy@edelweissfin.com

Rajiv Berlia
+91 22 6623 3377
rajiv.berlia@edelweissfin.com

Alok Shah
+91 22 6620 3040
alok.shah@edelweissfin.com

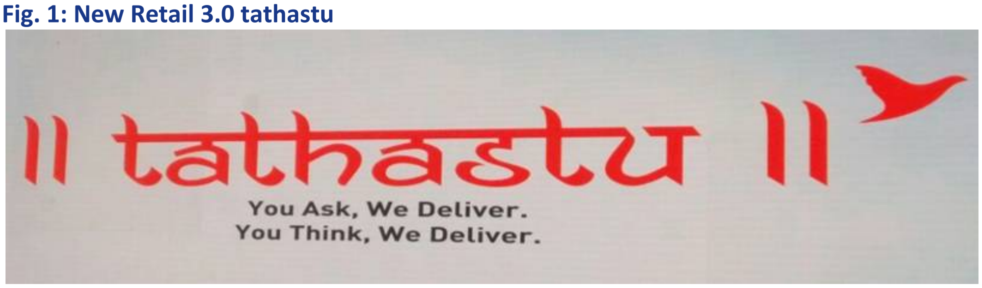
November 21, 2017

Future Group Vision 2047

FRL's aim is to build Asia's leading integrated consumer business. Currently, the company influences more than 500mn consumers and is expected to sell 300mn garments in 2018. It is looking to open stores within 2km of every consuming area and is targeting 10,000 stores by 2022. By FY18, the company is looking at opening 1,100 stores. Each store will be of 2,500-3,000 sq ft with 3,500 SKUs of daily needs.

It will also have a market place to cater to the needs of consumers. FRL is targeting 2,000 members per store. Overall, the company is eyeing 20mn consumers with INR1,500bn opportunity over the next 5 years. It will also provide digital wallet service *Future Katha*. Hence, it anticipates to become a USD1tn company by 2047. The plan is to use the consumer database to sell insurance. It is also planning tie ups with third party agencies to offer entertainment and travel services.

Fig. 1: New Retail 3.0 tathastu



Source: Edelweiss research

Future Group App

- The company is targeting 2,000 members per store.
- FRL will provide 10% discounts to members on all products.
- Further, it will also provide credit facilities to members.
- The app will also remind the consumer to add products based on his/her consumption pattern.
- Also, family members can add products in the same cart.

Physical and digital blend is the way forward

Globally, 2.5bn plus consumers are connected to the internet. In India, ~ 400mn consumers are connected to internet, of which ~300mn are smartphone users. These consumers, on an average, spend ~3 hours a day on the internet. By 2020, India is expected to have 650 internet users with 500mn smartphone users consuming 10GB of data. Thus, digital can drive offline business as consumers will use best of both the platforms. Hence, companies can blend the best of both the platforms to provide seamless experience to consumers.

Initially, companies created artificial boundaries between online and offline. However, there is natural saturation of online as consumers need experiences. Digital enhances only visible senses but it can't replicate other senses.

The offline channel enables the consumer to experience the brand (touch, smell, visible senses). However, going ahead, online and offline channels will be blended to provide seamless experience to consumers. Digital drops the barrier between business and customers. Neither can survive without the other. Digital can provide deep understanding of consumer behaviour. FRL is focusing on cutting costs, amplifying scale of business and providing personalised offerings to consumers.

Fig. 2: Owning the customer's Ecosystem

Source: Edelweiss research

Journey of Retail Industry

- **Retail 1.0**: It started in 1990 which was brick & mortar era. The cost of operation for brick & mortar stood at 8-18%.
- **Retail 2.0**: It started in 2007, which was the e-commerce era. The cost of operation for e-commerce stores stood at 45-55%.
- **Retail 3.0**: It is blended commerce which is layering of technology over physical stores. The cost of operation for Retail 3.0 is expected to be 7-10%.

Trends emerging in China

Internet giant Alibaba Group Holding will be investing USD2.87bn for a major stake in China's top hypermart operator Sun Art Retail Group, part of a wider push into offline retail. The alliance will target opportunities in China's USD500bn food retail sector, as Alibaba races to build big-data capabilities in the offline retail market. 82% of the retail in China happens through offline channel.

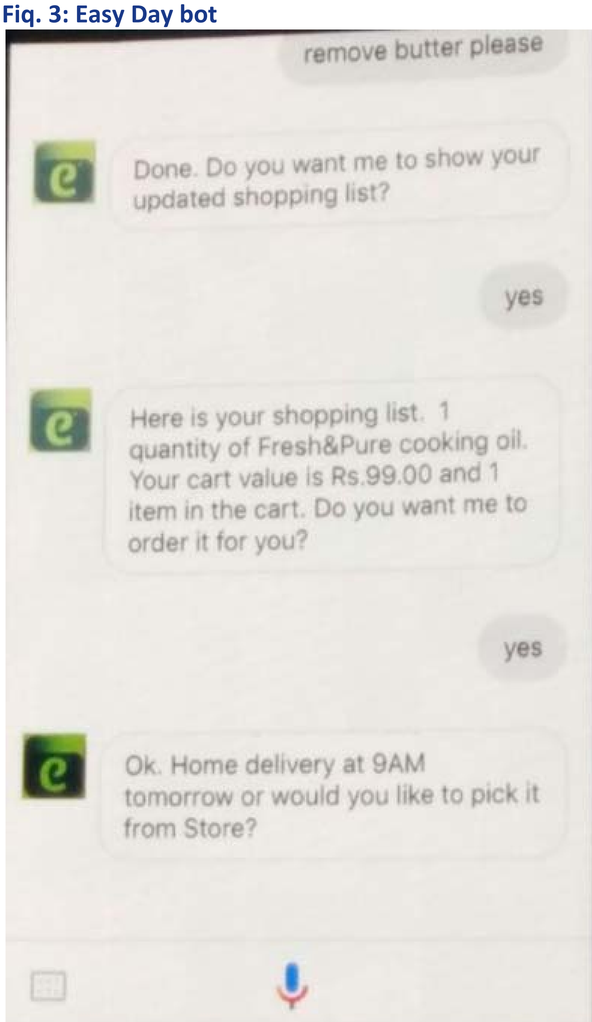
Neighbouring store Easy Day to drive growth

Post acquiring Easy Day, FRL's focus was on cost reduction, closure of loss-making stores (now largely done), changing store layout, shelf arrangement, etc. The company has figured out the hyper market model with Big Bazaar, while the convenience store is a relatively new territory for it. It has been trying to crack the model and took some notes from the Walmart team.

Now, Easy Day is focused on wide scale expansion — it has adopted the cluster approach and identified 11 consumption micro markets (11 clusters) where its expansion will roll out over the next 15-18 months. NCR, Mumbai, Chennai, Hyderabad and Bengaluru are the top5 cities of India in terms of GDP per capita, entailing huge opportunity for organised retail and form part of the cluster defined by the company.

FRL is planning to take overall Easy Day store count to 1,000 within the next 18 months, while its long-term target is 4,000 stores by 2022. The focus is on ensuring that the supermarket format of Easy Day meets the daily & weekly requirements of consumers (to make it their neighbourhood store), while the hypermarket format of Big Bazaar caters to the monthly consumption basket of urban India. Considering that, on an average, still ~42,600 households have only one Easy Day store in clusters identified. This offers ample scope for further expansion – cluster approach is the right way to go as it helps in fragmenting the market with one brand, thereby making it difficult for another brand to enter that market.

Fiq. 3: Easy Day bot



Source: Edelweiss research

Why is FRL going for cluster approach in Easy Day?

The basic idea of an Easy Day store is that it poses to be a neighbourhood store which is closer to the homes of consumers and meets their daily needs. Clustering helps the company identify consumption trends in a particular area and enhance focus on catering to consumer demand as per their needs. For instance, consumer demand and consumption in the Jaipur cluster may be different from the Bengaluru cluster. Hence, the company will have a different focus towards assortment and inventory at these 2 clusters.

Some other benefits of clustering are:
Data analytics: It helps collect data about consumer behaviour and buying pattern of different areas according to cluster and accordingly the decision on inventory and replenishment can be taken.

Brand creation: Higher number of stores in one particular cluster leads to increased visibility of the store and hence helps in brand building.

Differentiated pricing and discounting strategy: FRL can follow different pricing and promotion strategy depending on the cluster and consumer profile of a particular culture. This also helps in pushing a particular brand or product depending on the customer profile in a cluster.

This approach will allow FRL identify clusters and undertake significant expansion there instead of opening retail stores in a staggered manner. Easy Day has identified 11 clusters for expansion.

Outlook and valuations: On strong course; maintain 'BUY'

FRL, India's largest grocery retailer and the number 2 fashion retailer, has been witnessing robust SSSG in past 5 quarters which is expected to continue going forward too led by changing consumer habits (helped by demonetisation), consolidation in distribution network (wholesale getting consolidated), and various initiatives to reduce inventory and assortment, etc. The company is expected to record gradual improvement in margins led by better mix and turnaround in Easy Day business. Balance sheet improvement will be led by further improvement in inventory days.

Improvement in financial metrics apart, FRL has successfully realigned to have in place an asset-light model with better return ratios. Notably, FRL is one of the few players to have successfully cracked this model along with being profitable (D-Mart being the bellwether) and with reach across the country. We value the stock at 30x EV/EBIDTA to arrive at a target price of INR628. We maintain **'BUY/ Sector Outperformer'** recommendation/rating.

Company Description

Future Retail (FRL, housing Big Bazaar, FBB, Easy Day, ezone, Foodhall) is a pioneer of retail market in India with market leadership in the food and grocery retail market (market share of 13% in 2016). The company, which is the largest organised retailer in India, has total retail space of 13.8mn sq ft with presence in 26 states and 240 cities with a total store count of 901 stores at the end of FY17. A major realignment and consolidation exercise was undertaken to make FRL a asset light and a pure play retail company with strong presence in multiple formats – hypermarket and supermarket. In May 2015, the company acquired the supermarket format, Easy Day, from Bharti Group and enhanced its overall presence across the country. Recently it also acquired the retail operations of Heritage foods and expanded into Southern India.

Investment Theme

Brighter GDP growth prospects and changing consumer behaviour in favour of larger discretionary and organized spends has set the stage for a healthy growth in the retail space. Future retail with the largest store network will be the biggest beneficiary of the increasing change in consumer spending habits. Also in the current restructured form, Future Retail is asset light and generates free cash flow thereby giving investors a pure play retail company. Having cracked the Hypermarket model with Big Bazaar, the company is on the journey of store expansion and turnaround in the convenience store format, Easy Day. This along with increase in the private label mix will bolster margins.

Key Risks

Economic slowdown: A slowdown in economy and GDP growth rate can have significant impact on company's overall footfalls and SSSG.

Increase in inventory levels: Rise in inventory has been a concern for Future group investors. Though various measures have been taken to reduce inventory days and the same are bearing results, the risk of increase in inventory always lingers due to slowdown in SSSG.

Reckless diversification and expansion: This remains a key risk though the company has hived off non-retail portion of business. Diversification in non-related areas and aggressive acquisitions not only result in business risks, but can also increase debt that has been taken for any acquisition.

Failure of supermarket model: Future Group has a long experience in running the hypermarket format. However, they are new to super markets which has not been a successful format for most players in India.

Intensifying competition: Heightened competition from both brick and mortar and online players could impact overall SSSG of FRL. Competition from online delivery players, such as, bigbasket.com. grofers.com, Amazon etc., remains a key threat.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.9	6.6	6.8	7.4
Inflation (Avg)	4.9	4.5	4.0	4.5
Repo rate (exit rate)	6.8	6.3	5.8	5.8
USD/INR (Avg)	65.5	67.1	65.0	66.0
Company				
No. of stores - BB	228.0	235.0	257.0	272.0
No. of stores - FBB	51.0	54.0	104.0	154.0
No. of stores - Easyday	320.0	538.0	763.0	988.0
No. of stores - Others	139.0	74.0	22.0	22.0
Retail Sp (mn sq.ft)- BB	9.8	10.2	11.1	11.7
Retail Space (mn sq. ft) - FBB	0.5	0.6	1.1	1.6
Retail Space (mn sq. ft) - Easyday	0.7	1.4	1.9	2.5
SSSG - Big Bazaar	-	14.0	14.0	12.0
SSSG - FBB	-	20.0	20.0	17.0
SSSG - Easyday	-	8.0	9.0	9.0
COGS as % of sales	74.0	75.2	75.0	74.7
Staff costs (% of rev)	4.8	4.7	4.6	4.7
Rent costs (% of rev)	8.8	8.0	7.8	7.7
Other expenses as % of sales	11.2	8.8	8.5	8.8
Capex (INR mn)	-	870	300	1,000
Debtor days	6	5	5	5
Inventory days	238	106	100	95
Payable days	159	79	80	80
Cash conversion cycle	85	32	25	20
Int rate on debt (%)	5.1	18.9	19.0	9.6
Dep. (% gross block)	-	34.3	34.0	34.0
Dividend payout	-	-	7.2	6.0

Income statement (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	68,451	170,751	201,468	255,139
Materials costs	50,651	128,344	151,074	190,655
Gross profit	17,800	42,407	50,394	64,484
Employee costs	3,285	8,034	9,328	11,994
Rent and lease expenses	6,043	13,595	15,715	19,564
Other Expenses	7,638	14,965	17,125	22,555
EBITDA	834	5,813	8,226	10,372
Depreciation	368	326	425	1,068
EBIT	466	5,487	7,802	9,304
Add: Other income	182.2	238.00	200.00	1,100.00
Less: Interest Expense	498	2,042	1,900	1,450
Profit Before Tax	151	3,683	6,102	8,954
Reported Profit	151	3,683	6,102	8,954
Adjusted Profit	151	3,683	6,102	8,954
Shares o /s (mn)	44	472	490	499
Adjusted Basic EPS	3.5	7.8	12.5	17.9
Diluted shares o/s (mn)	44	472	490	499
Adjusted Diluted EPS	3.5	7.8	12.5	17.9
Adjusted Cash EPS	11.9	8.5	13.3	20.1
Dividend per share (DPS)	-	-	0.7	0.9
Dividend Payout Ratio(%)	-	-	7.2	6.0

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Rent and lease expenses	8.8	8.0	7.8	7.7
Materials costs	74.0	75.2	75.0	74.7
Staff costs	4.8	4.7	4.6	4.7
Other expenses	11.2	8.8	8.5	8.8
Interest Expense	0.7	1.2	0.9	0.6
EBITDA margins	1.2	3.4	4.1	4.1
EBIT margins	0.7	3.2	3.9	3.6
Net Profit margins	0.2	2.2	3.0	3.5

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	-	149.4	18.0	26.6
EBITDA	-	597.2	41.5	26.1
PBT	-	2,340.6	65.7	46.8
Adjusted Profit	-	2,340.6	65.7	46.8
EPS	-	125.0	59.6	44.0

Balance sheet (INR mn)

As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	87	944	979	998
Reserves & Surplus	18,653	24,593	30,255	42,225
Shareholders' funds	18,740	25,537	31,235	43,223
Short term borrowings	9,682	10,776	10,000	10,000
Long term borrowings	-	8	-	2,560
Total Borrowings	9,682	10,784	10,000	12,560
Long Term Liabilities	1,661	1,896	1,896	1,896
Sources of funds	**30,083**	**38,217**	**43,131**	**57,679**
Gross Block	-	950	1,250	2,250
Net Block	2,609	5,656	5,531	7,437
Total Fixed Assets	2,609	5,656	5,531	7,437
Cash and Equivalents	895	1,560	5,394	14,616
Inventories	32,972	37,352	41,390	49,155
Sundry Debtors	1,149	2,281	2,760	4,599
Loans & Advances	12,448	17,074	19,074	21,519
Other Current Assets	5,781	5,452	5,452	5,997
Current Assets (ex cash)	52,350	62,159	68,676	81,269
Trade payable	22,085	27,800	33,112	41,090
Other Current Liab	3,686	3,358	3,358	4,553
Total Current Liab	25,771	31,158	36,471	45,643
Net Curr Assets-ex cash	26,579	31,000	32,206	35,627
Uses of funds	**30,083**	**38,217**	**43,131**	**57,679**
BVPS (INR)	430.8	54.1	63.8	86.6

Free cash flow (INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Reported Profit	151	3,683	6,102	8,954
Add: Depreciation	368	326	425	1,068
Interest (Net of Tax)	498	2,042	1,900	1,450
Others	-	106	(200)	(1,469)
Less: Changes in WC	(1,604)	4,186	1,206	1,524
Operating cash flow	2,620	1,970	7,021	8,480
Less: Capex	4,012	870	300	1,000
Free Cash Flow	**(1,393)**	**1,100**	**6,721**	**7,480**

Cash flow metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating cash flow	2,620	1,970	7,021	8,480
Investing cash flow	(3,002)	(757)	(100)	(100)
Financing cash flow	(113)	(884)	(3,088)	842
Net cash Flow	(496)	329	3,833	9,222
Capex	4,012	870	300	1,000
Dividend paid	-	-	439	536

Profitability and efficiency ratios

Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	1.6	16.6	21.5	24.1
ROACE (%)	4.6	17.7	20.6	21.4
Inventory Days	238	106	100	95
Debtors Days	6	5	5	5
Payable Days	159	79	80	80
Cash Conversion Cycle	85	32	25	20
Current Ratio	2.1	2.0	2.0	2.1
Gross Debt/EBITDA	11.6	1.9	1.2	1.2
Gross Debt/Equity	0.5	0.4	0.3	0.3
Adjusted Debt/Equity	0.5	0.4	0.3	0.3
Net Debt/Equity	0.5	0.4	0.1	-
Interest Coverage Ratio	0.9	2.7	4.1	6.4

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	2.3	5.0	5.0	5.1
Fixed Asset Turnover	52.5	41.3	36.0	39.3
Equity Turnover	7.3	7.7	7.1	6.9

Valuation parameters

Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	3.5	7.8	12.5	17.9
Y-o-Y growth (%)	-	*125.0*	*59.6*	*44.0*
Adjusted Cash EPS (INR)	11.9	8.5	13.3	20.1
Diluted P/E (x)	148.6	66.0	41.4	28.7
P/B (x)	1.2	9.5	8.1	6.0
EV / Sales (x)	0.5	1.5	1.3	1.0
EV / EBITDA (x)	37.4	43.4	31.2	24.6
Dividend Yield (%)	-	-	0.1	0.2

Peer comparison valuation

	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
Name	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Future Retail	41.4	28.7	31.2	24.6	21.5	24.1
Aditya Birla Fashion and Retail Ltd	77.4	37.3	23.3	16.4	14.9	25.1
Future Lifestyle Fashions Limited	52.0	30.8	16.1	12.1	7.4	11.5
Jubilant Foodworks	69.2	49.8	28.0	21.6	18.1	21.8
Shoppers Stop	305.8	41.9	19.8	13.8	2.7	16.0
Titan Company	68.1	53.3	44.8	34.9	23.1	25.2
Wonderla Holidays	42.0	27.2	19.8	13.3	10.8	15.1

Source: Edelweiss research

Additional Data

Directors Data

Mr. Kishore Biyani	Chairman and Managing Director	Chairman and Managing Director	Joint Managing Director
Mr. Shailendra Bhandari	Independent Director	Ms. Sridevi Badiga	Independent Director
Mr. Rajan Bharti Mittal	Non Executive Director	Ms Gagan Singh	Independent Director
Mr. Ravindra Dhariwal	Independent Director		

Auditors - M/s. NGS & Co.

as per last annual report

Holding – Top10

	Perc. Holding		Perc. Holding
Suhani trading & inv	47.7	Cedar support servic	8.88
Arisaig partners asi	6.46	Brand equity treatie	5.1
Bennett coleman & co	5	Verlinvest sa	2.19
Wgi em smaller co fu	2.08	Government pension f	1.48
Counseled merchantil	1.21	Counseled mercantile	1.17

in last one year

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
06 Apr 2017	Gargi Business Ventures Private Limited	Buy	1684663.00
06 Apr 2017	Future Capital Investment Private Limited	Sell	531375.00
06 Apr 2017	Ryka Commerical Ventures Private Limited	Sell	1684663.00
06 Apr 2017	Gargi Business Ventures Private Limited	Buy	531375.00
06 Apr 2017	Future Corporate Resources Limited	Buy	1875000.00

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 Lifestyle Fashions Limited	BUY	SO	L
Future Retail	BUY	SO	H	Jubilant Foodworks	HOLD	SP	M
Shoppers Stop	BUY	SO	L	Titan Company	BUY	SO	L
Wonderla Holidays	BUY	SP	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

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.
Board: (91-22) 4009 4400**,** Email*: research@edelweissfin.com*

Aditya Narain
Head of Research
aditya.narain@edelweissfin.com

ADITYA NARAIN

Digitally signed by ADITYA NARAIN
DN: c=IN, o=EDELWEISS SECURITIES LIMITED, ou=HEAD RESEARCH, cn=ADITYA NARAIN, serialNumber=e0576796072ad1a3266c27990f20bf0213f69235fc3f1bcd0fa1c30092792c20, postalCode=400005, 2.5.4.20=6b7d777d3c8c77e0e2c454e91543f9f4d9b8311cf0678cd975097fc645327865, st=Maharashtra
Date: 2017.11.21 23:18:01 +05'30'

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

Aditya Birla Fashion and Retail Ltd, Future Lifestyle Fashions Limited, Future Retail, Jubilant Foodworks, Shoppers Stop, Titan Company, Wonderla Holidays

Recent Research

Date	Company	Title	Price (INR)	Recos
16-Nov-17	**Wonderla Holidays**	Price hikes dampen show; *Result Update*	368	Buy
07-Nov-17	**Future Retail**	Big Bazaar sustains double digit growth run; *Result Update*	523	Buy
03-Nov-17	**Titan Company**	Jewellery sparkles; Cost cuts boost margins; *Result Update*	660	Buy

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

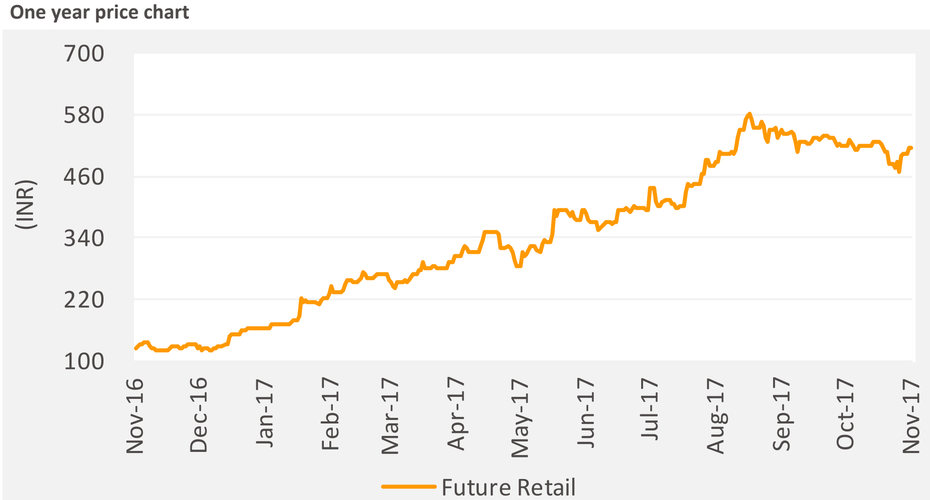
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 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



DISCLAIMER

Edelweiss Securities Limited (“ESL” or “Research Entity”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. The business of ESL and its Associates (list available on www.edelweissfin.com) are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No.INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance .The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL 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 the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/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 at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.

ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may 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 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of Edelweiss Securities Limited, 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 Edelweiss Securities Limited 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, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Edelweiss Financial Services Inc. ("EFSI"). Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the “Order”); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”).

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.