Aditya Birla Fashion & Retail (ADIFAS)

ICICI direct Research

CMP: ₹ 260 | Target: ₹ 340 (31%) | Target Period: 12 months | BUY

May 25, 2022

Result Update

Lifestyle brands drive steady performance in Q4…

About the stock: ABFRL combines Madura's portfolio of leading power brands (Allen Solly, Van Heusen, Louis Philippe and Peter England) with Pantaloons' forte of largest value fashion retailer. The company has a robust distribution network with 3091 brand stores along with 342 Pantaloons stores.

- ABFRL has charted out growth strategies to become a ~US$2.8 billion entity (₹ 21000 crore) by FY26E, translating to 15% CAGR in FY20-26E
- It has enhanced focus on ethnic wear (through its recent acquisitions)

Q4FY22 Results: Overall revenue recovery rate (compared to Q4FY19) reached 119% in Q4FY22 (I-direct estimate: 114%).

- Revenue grew 25.3% YoY to ₹ 2282.2 crore. The accelerated trajectory was on the back of strong growth in Lifestyle brands (up 34% YoY)
- Owing to better product mix and price increases, gross margins improved ~210 bps YoY to 55.7%. Despite fixed overheads returning to normal levels, the company reported healthy EBITDA margins of 16.3% (up 340 bps YoY)
- Tracking healthy operational performance and lower finance cost, the company reported PAT of ₹ 31.9 crore vs. net loss of ₹ 195.9 crore
- Announced a fund raise to the tune of ₹ 2195 crore by way of preferential issue of equity and warrants to an affiliate of GIC wealth fund

What should investors do? Stock price of ABFRL has appreciated at a CAGR of ~10% over the last five years.

- ABFRL has strengthened its balance sheet through recent equity infusion with net debt declining sharply from ₹ 2500 crore (in FY20) to ~₹ 504 crore We remain structurally positive and maintain **BUY** rating on the stock

Target Price and Valuation: We value ABFRL at ₹ 340 i.e. 2.4x FY24E EV/Sales

Key triggers for future price performance:

- ABFRL has aggressive store addition plans for FY23E with 75+ Pantaloons store and 400+ (franchisee) lifestyle brand stores.
- Multiple strategic initiatives like entry into footwear by acquiring Reebok's India operations, acquisition of majority stake in Masaba to foray into beauty category, launch of premium menswear ethnic brand Tasva and setting up a separate platform to build a portfolio of D2C brands to add value over medium to long term
- Maintaining balance sheet strength coupled with aggressive expansion would be the focus of ABFRL going forward (debt/EBITDA: 1-2x)

Alternate Stock Idea: Apart from ABFRL, in our retail coverage we also like Trent.

- Inherent strength of brands (Westside, Zudio, Star, Zara) and proven business model position Trent as a preferred pick
- BUY with target price of ₹ 1510

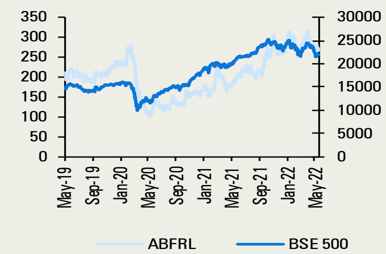
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	24,395.5
Total Debt (Mar-22) (₹ Crore)	1,232.3
Cash (Mar-22) (₹ Crore)	121.1
EV (₹ Crore)	25,506.7
52 week H/L	321 / 182
Equity Capital (₹ Crore)	938.3
Face Value (₹)	10.0

Shareholding pattern

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	56.1	56.1	56.1	56.1	56.1
FII	14.0	13.9	13.8	13.5	13.2
DII	18.1	17.0	18.2	19.2	19.9
Others	11.9	13.0	11.9	11.2	10.8

Price Chart



Recent event & key risks

- Fund raise to the tune of ₹ 2195 crore in next two years
- **Key Risk:** (i) Re-imposition of lockdown can lower sales (ii) Delay in expansion of store network

Research Analyst

Bharat Chhoda
bharat.chhoda@icicisecurities.com

Cheragh Sidhwa
cheragh.sidhwa@icicisecurities.com

ICICI Securities – Retail Equity Research

Key Financial Summary

Financials	FY19	FY20	FY21E	FY22	5 year CAGR (FY17-FY22)	FY23E	FY24E	2 year CAGR (FY22-FY24E)
Net Sales	8,117.7	8,787.9	5,249.0	8,136.2	4.1%	11,630.5	13,970.2	31%
EBITDA	554.1	1,211.8	554.9	1,099.9		1,855.8	2,247.3	43%
PAT*	321.2	(163.0)	(673.1)	(108.7)		391.4	563.8	
EV/Sales (x)	2.7	2.6	4.8	3.1		2.2	1.8	
EV/EBITDA (x)	39.3	18.7	-	23.2		13.5	11.3	
RoCE (%)	10.7	10.2	(8.9)	5.1		13.4	16.4	
RoE (%)	22.5	-15.3	-25.5	-3.9		7.3	9.5	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Lifestyle brands:

- Revenue from the segment (Allen Solly, Van Heusen, Louis Philippe, Peter England) reported healthy topline growth of 34% YoY to ₹ 1342 crore (two-year CAGR: 12%) in Q4FY22. Growth was witnessed across all channels with retail channel (46% of sales) growing 25% YoY (SSSG: 13%). Wholesale channel (31% of sales) grew 71% YoY and is back to pre-Covid levels (98% of pre-Covid sales). E-commerce continued to display strong momentum with growth of 61% YoY growth. For FY22, the company displayed a resilient show as new category launches in active wear and casual wear fuelled growth. Also, introduced kids segment in Peter England. The small town store expansion agenda continues and Peter England Red network has been scaled up to 400 stores. The company, on a net basis, added more than 140+ stores taking overall count to 2522. Despite a challenging year, sales recovery led to EBITDA margins back to pre-Covid levels (FY22: 17.4%, FY20: 17.2%). We expect the company to continue its accelerated store expansion strategy especially in Tier III/IV cities and build in 600 new stores (~90% franchise led) during FY23-24. With average SSSG of ~12%, we expect the company to register revenue CAGR of 20% in FY22-24E

Pantaloons:

- Pantaloons division reported moderated sales growth of 13% YoY to ₹ 675 crore in Q4FY22 as the segment was the most impacted owing to Covid disruptions (two-year CAGR: 4%). ABFRL witnessed strong recovery in March with sales growing 50% YoY. For FY22, sales recovery for Pantaloons has been laggard compared to lifestyle brands (revenue recovery rate: ~75%) owing to a larger share of mall stores (~ 58%) that had prolonged restrictions. The company continues to strengthen its e-commerce channel and recently launched exclusive Pantaloons app and revamped the website. Revenue from e-commerce grew 81% in Q4 and ~68% in FY22. On the store addition front, it accelerated the trajectory by adding 31 new stores (added mere four in FY21) taking the total store count to 377 (~4.9 million sq ft). Revenue per sq ft was at ₹ 5342 (FY20: ₹ 8054). Going forward, the company is aiming to add 75+ new stores annually with higher focus on franchisee led formats (~20% of new additions). On a favourable base, we expect revenue to grow at CAGR of 37% in FY22-24E. The company would continue to strive for increasing the share of private labels, which would enable to improve profitability over the longer term

Other segments

- Revenue from other segment (which included fast fashion) grew 1% YoY to ₹ 217 crore (two-year CAGR: 18%). For FY22, revenue grew a robust 31% YoY to ₹ 859.0 crore with a healthy two-year CAGR: 28%. The growth was mainly driven by Innerwear and athleisure category, which grew 33% YoY to ₹ 384 crore. The company has made rapid progression in women's athleisure wear category, which now contributes ~33% to overall sales. It has also strengthened its distribution reach with product now available at 27000 touchpoints (up 40% YoY). Super premium brands (The Collective) reported its highest ever annual sales with e-commerce growing more than 60%+ while under fast fashion brands, Forever 21 grew 13% and American Eagle grew 79% YoY

Ethnic wear:

- In the ethnic space, all the business combined reported a revenue of ₹ 101 crore (₹ 38 crore in Q3FY21) driven by network and category expansions. The company believes that ethnic wear has strong growth potential and, hence, would continue to invest in the business. The ethnic business is currently operating at an annual run rate of ₹ 400 crore. On the brand per se, *Jaypore* recorded 40% sales growth led by retail expansion (added seven stores) and growth in e-commerce business. Brand Sabyasachi grew 2x YoY and continues to hold leadership position in celebrity weddings

- On the balance sheet front, higher inventory stocking on the back of a stronger anticipated Q1FY23 (as seen for other retailer's b/s), ABFRL generated negative OCF in Q4FY22, which led to net debt of ₹ 504 crore vs. net cash surplus in Q3FY22. However, debt levels continue to remain significantly below pre-Covid levels (₹ 2500 crore). Capex also accentuated to ₹ 351 crore vs. ₹ 162 crore in FY21. With the recent capital infusion and the company generating positive FCF in FY24E, we do not expect gross debt levels to increase in the medium term. **We believe ABFRL with lighter balance sheet and strong bouquet of brands is well placed to accelerate the pace of store addition and revenue growth. We reiterate our BUY rating with a target price of ₹ 340 (2.4x EV/sales FY24E)**

The management announced a fund raise to the tune of ₹ 2195 crore by way of preferential issue of equity and warrants to an affiliate of GIC, Singapore's Sovereign wealth fund (GIC). GIC will invest ₹ 770 crore immediately towards subscription of equity and warrants, followed by up to ₹ 1,425 crore in one or more tranches within 18 months upon exercise of warrants. Post the entire investment, GIC will own ~7.5% equity stake in ABFRL. Aditya Birla Group will hold ~ 51.9% stake in the company post the completion of this transaction.

The management highlighted the rationale behind the fund raise initiative; Key focus areas of the same are:

Strengthening of balance sheet

The management indicated that the fund raise was to meet its long term capital needs, strengthen its balance sheet and to improve its competitive positioning which would require higher spending across its product portfolio.

Providing capital to the new business

Over the last two years the company has acquired various platforms/businesses but has not committed commensurate investments in these platforms. Hence, it is now planning to accelerate growth across existing and new businesses. The company is planning to use the funds to scale up Reebok brand in India, accelerate the pace of growth of Innerwear and provide scale to the ethnic wear businesses as the company believes that these segments have large business opportunity.

Invest in expanding Pantaloons presence

The company is of the view that Pantaloons format has a huge growth potential and proceeds from the fund raise would be utilised to accelerate the pace of store addition in Pantaloons.

Q4FY22 conference call highlights:

- On the demand front, the management indicated that the demand trends were strong and the major driver of revenues were strong wedding season, revival of formal portfolio with opening up of offices and a strong performance by its sportswear portfolio. The management highlighted that various initiatives taken by the company during the pandemic were bearing fruit and the company's focus on providing the customer with better retail assortment was resulting into strong revenue performance across brands and categories

- For Lifestyle brands, product innovations and expansion into newer categories have driven growth. The business has continued its expansion into smaller town markets after completion of successful pilots carried out earlier this year

- Pantaloons performance was impacted more than the company's other portfolio owing to it having higher presence in malls and also the performance of large format stores category was subdued due to impact of the pandemic in Q4FY22 (January-February 2022). On the store expansion front, Pantaloons plans to increase its store opening pace to 75 stores (current ~ 50 stores) each year from FY23 onwards

- The management indicated that the innerwear business continued to grow at 15-16% during the quarter. However, the performance of Forever 21 was below expectation, which impacted the growth of the other business segment
- The company is planning a capex spend of ₹ 700 crore in FY23 and expects similar momentum of capex over the next two to three years (at ₹ 600-800 crore). The capex spend would be focused on Pantaloons (₹ 150 crore), while the rest would be spent on enhancing digital presence, strengthening the back end and supply chain for all the brands, and in scaling up the ethnic wear business
- The management highlighted that it has taken several cost initiatives across the organisation and also closed lower productive stores and refurbished and renovated the old stores, which has led to improved profitability for the company
- The company, during the pandemic, had reduced advertisement spend due to the low demand scenario. However, it is now planning to pursue its aggressive growth ambition and is looking to increase the advertisement spend to pre-Covid levels
- On its D2C brand initiative the management indicated that it would continue to make initial investment in the D2C brands. Though it is looking at tying up with brands which are profitable, the management also indicated that they may have to spend on these brands to gain scale, which could result in cash burn initially. It is looking to get external capital for the D2C venture after it gains critical mass

Exhibit 1: Variance Analysis

	Q4FY22	Q4FY22E	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	Comments
Revenue	2282.8	2181.1	1821.6	25.3	2987	-23.6	On the base of Q4FY19, recovery rate stood at ~116% of pre-covid levels.
Raw Material Expense	1,010.9	964.0	844.8	19.7	1,352.9	-25.3	Tighter markdown management and better product offerings resulted in gross margins improving ~210 bps YoY to 55.7%.
Employee Expenses	306.8	305.3	241.2	27.2	315.5	-2.8	
Rent	140.3	152.7	86.9	61.5	202.5		
Other Expenses	451.7	479.8	413.3	9.3	534.1	-15.4	
EBITDA	373.0	279.2	235.3	58.5	582.0	-35.9	Despite fixed overheads returning to normal levels, company reported healthy EBITDA margins of 16.3%
EBITDA Margin (%)	16.3	12.8	12.9	342 bps	19.5	-315 bps	On the segmental front, margins for lifestyle brands improved by 570 bps YoY to 23.2%, while EBITDA margins for Pantaloons division declined 230 bps YoY to 12.1%.
Depreciation	266.8	261.0	253.3	5.3	250.9	6.3	
Interest	89.5	92.9	120.9	-26.0	88.4	1.2	
Other Income	26.7	25.0	17.7	51.3	24.3	10.0	
PBT before Exceptional item	43.5	-49.6	-121.2	-135.8	267.0	-83.7	
Share of JV	1.1	0.0	-0.3		2.4		
PBT	44.6	-49.6	-120.9		269.4		
Tax Outgo	12.7	0.0	74.3		72.7		
PAT	31.9	-49.6	-195.9	-116.3	196.7	-83.8	

Source: Company, ICICI Direct Research

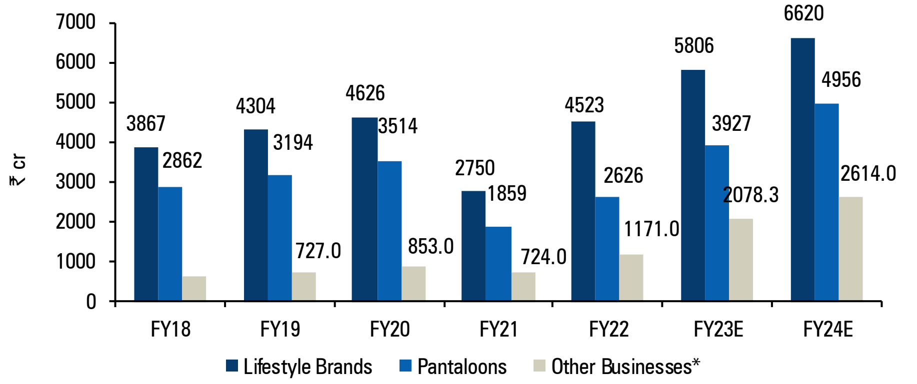
Exhibit 2: Change in estimates

	FY 23E			FY 24E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	11,390.4	11,630.5	2.1	13,565.0	13,970.2	3.0
EBITDA	1,824.2	1,855.8	1.7	2,186.1	2,247.3	2.8
EBITDA Margin (%)	16.0	16.0	-6 bps	16.1	16.1	-3 bps
PAT	447.2	391.4	-12.5	569.2	563.8	-1.0
EPS (₹)	4.9	4.1	-15.8	6.2	5.6	-10.3

Source: Company, ICICI Direct Research

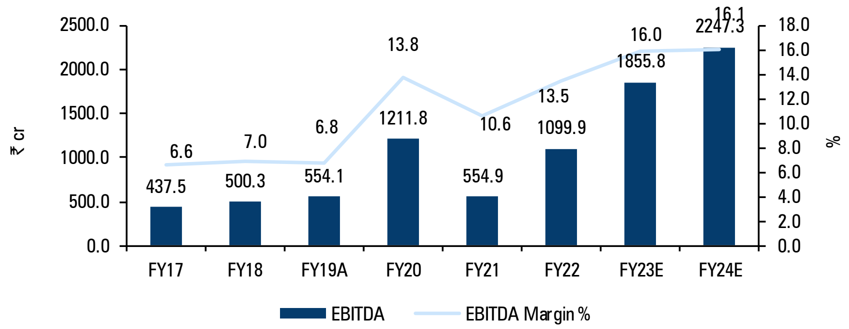
Financial story in charts

Exhibit 3: Revenue growth trend



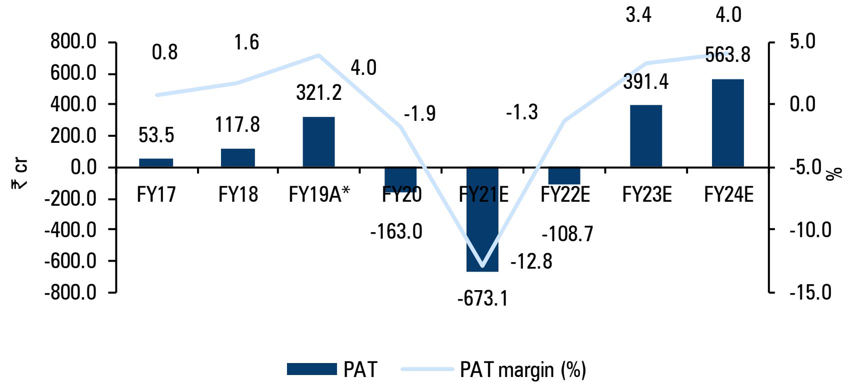
Source: Company, ICICI Direct Research. Other business includes ethnic segment and Reebok revenues

Exhibit 4: EBITDA and EBITDA margin trend (post Ind-AS 116)



Source: Company, ICICI Direct Research

Exhibit 5: Net profit trend



Source: Company, ICICI Direct Research. FY19 PAT includes deferred tax assets worth ₹ 193 crore

Exhibit 6: Valuation

Target EV/Sales multiple	2.4
2024E Sales	13,970.2
2023E EV	33,528.6
2023E Debt	1,000.0
2023E Cash	2,057.1
2023E Market Cap.	34,585.7
No. of shares	101.4
Target Price	**340**
CMP	260.0
Upside/(Downside)	31

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 7: Profit and loss statement ₹ crore

(Year-end March)	FY 21	FY 22E	FY 23E	FY 24E
Gross Revenue	**5,249.0**	**8,136.2**	**11,630.5**	**13,970.2**
Growth (%)	(40.3)	55.0	42.9	20.1
Cost of Sales	2,563.0	3,720.2	5,425.9	6,511.7
Employee Costs	865.0	1,158.5	1,444.9	1,733.9
Administration & Other Exp	1,266.1	2,157.6	2,903.9	3,477.4
EBITDA	**554.9**	**1,099.9**	**1,855.8**	**2,247.3**
Growth (%)	(54.2)	98.2	68.7	21.1
Depreciation	963.0	997.0	1,108.9	1,256.8
EBIT	(408.1)	102.9	747.0	990.4
Interest	503.0	350.7	359.0	396.8
Other Income	73.0	100.5	120.6	144.7
PBT	(838.1)	(147.3)	508.5	738.4
Growth (%)	-	-	LP	45.2
Tax	(101.5)	(26.6)	127.1	184.6
Reported PAT	**(736.6)**	**(120.7)**	**381.4**	**553.8**
Minority Interest	(63.5)	(12.0)	(10.0)	(10.0)
Adjusted PAT	**(673.1)**	**(108.7)**	**391.4**	**563.8**
Growth (%)	-	-	LP	44.0
Reported EPS	**(7.2)**	**(1.2)**	**4.1**	**5.6**

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement ₹ crore

(Year-end March)	FY 21	FY 22E	FY 23E	FY 24E
Profit after Tax	(673.1)	(108.7)	391.4	563.8
Add: Interest Expense	503.0	350.7	359.0	396.8
Add: Depreciation	963.0	997.0	1,108.9	1,256.8
Add: Others	-	-	-	-
Increase/(Decrease) in CL	452.8	1,408.4	732.9	834.4
(Increase)/Decrease in CA	(18.5)	(1,582.8)	(816.3)	(939.7)
CF from Operating Activities	**1,227.2**	**1,064.5**	**1,776.0**	**2,112.0**
(Add) / Dec in Fixed Assets	(162.0)	(351.5)	(650.0)	(750.0)
(Inc)/Dec in Investments	(710.0)	(266.1)	(68.6)	(75.5)
CF from Investing Activities	**(872.0)**	**(617.6)**	**(718.6)**	**(825.5)**
Inc/(Dec) in Loan Funds	(1,646.6)	96.0	(132.3)	(100.0)
Inc/(Dec) in Sh. Cap. & Res.	2,249.2	238.0	768.3	1,426.0
Others	(459.5)	(571.3)	(781.8)	(832.3)
Less: Interest Expense	(503.0)	(350.7)	(359.0)	(396.8)
CF from financing activities	**(359.9)**	**(588.0)**	**(504.9)**	**96.9**
Change in cash Eq.	(4.6)	(141.1)	552.5	1,383.5
Op. Cash and cash Eq.	266.9	262.3	121.1	673.6
Cl. Cash and cash Eq.	262.3	121.2	673.6	2,057.1

Source: Company, ICICI Direct Research

Exhibit 9: Balance Sheet ₹ crore

(Year-end March)	FY 21	FY 22E	FY 23E	FY 24E
Source of Funds				
Equity Capital	915.1	938.3	948.5	1,014.3
Others	-	-	1,898.8	-
Reserves & Surplus	1,729.0	1,835.0	2,510.7	4,908.5
Shareholder's Fund	2,644.1	2,773.3	5,358.0	5,922.8
Total Loan Funds	1,136.4	1,232.3	1,100.0	1,000.0
Other Non Current Liabilities	2,463.4	2,868.0	2,868.0	2,868.0
Minority Interest	32.8	15.2	15.5	15.8
Source of Funds	6,455.3	7,281.5	9,734.2	10,199.3
Application of Funds				
Gross Block	1,536.9	1,863.4	2,513.4	3,263.4
Less: Acc. Depreciation	(962.2)	(1,232.2)	(1,559.0)	(1,983.2)
Net Block	574.7	631.2	954.5	1,280.2
Capital WIP	37.6	102.6	102.6	102.6
Total Fixed Assets	612.3	733.8	1,057.0	1,382.8
Goodwill	2,696.7	2,903.6	2,903.6	2,903.6
Investments	419.8	686.0	754.5	830.0
Inventories	1,847.0	2,929.6	3,505.1	4,210.2
Debtors	730.5	756.4	955.9	1,148.2
Cash	262.3	121.1	673.6	2,057.1
Loan & Advance, Other CA	1,461.8	1,752.9	1,794.2	1,836.5
Total Current assets	4,301.5	5,560.1	6,928.8	9,252.1
Creditors	2,373.4	3,410.4	4,142.4	4,975.7
Provisions & Other CL	1,343.0	1,714.4	1,715.4	1,716.4
Total CL and Provisions	3,716.4	5,124.8	5,857.7	6,692.1
Net Working Capital	585.1	435.3	1,071.1	2,560.0
Other NCA	2,141.4	2,522.9	3,947.9	2,522.9
Application of Funds	6,455.3	7,281.5	9,734.2	10,199.3

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY 21	FY 22E	FY 23E	FY 24E
Per share data (₹)				
Book Value	28.2	29.6	56.5	58.4
EPS	(7.2)	(1.2)	4.1	5.6
Cash EPS	3.1	9.5	15.8	17.9
DPS	-	-	-	-
Profitability & Operating Ratios				
EBITDA Margin (%)	10.6	13.5	16.0	16.1
PAT Margin (%)	(12.8)	(1.3)	3.4	4.0
Fixed Asset Turnover (x)	1.4	2.0	1.8	2.0
Inventory Turnover (Days)	128.4	131.4	110.0	110.0
Debtor (Days)	50.8	33.9	30.0	30.0
Current Liabilities (Days)	165.0	153.0	130.0	130.0
Return Ratios (%)				
RoE	(25.5)	(3.9)	7.3	9.5
RoCE	(8.9)	5.1	13.4	16.4
RoIC	(31.0)	6.3	35.5	37.9
Valuation Ratios (x)				
P/E	-	-	63.0	46.8
Price to Book Value	9.2	8.8	4.6	4.5
EV/EBITDA	-	23.2	13.5	11.3
EV/Sales	4.8	3.1	2.2	1.8
Leverage & Solvency Ratios				
Debt to equity (x)	0.4	0.4	0.2	0.2
Interest Coverage (x)	-	0.3	2.1	2.5
Debt to EBITDA (x)	2.0	1.1	0.6	0.4
Current Ratio	1.1	1.1	1.1	1.1
Quick ratio	0.6	0.5	0.5	0.4

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey | **Head – Research** | **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bharat Chhoda, MBA, Cheragh Sidhwa, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about th subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentione Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) a a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broke ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capita fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationshi with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interes in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, a such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or ma not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selecte recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we woul endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICIC Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstance where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein i solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customer simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accountin and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who mus make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Th recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilitie whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risk associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelv months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or othe benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict o interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication o the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflic of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 us would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in a jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.