

FUTURE LIFESTYLE FASHIONS

Same store sales surpass peers

India Equity Research | Retail

Future Lifestyle Fashion's (FLF) Q1FY18 LTL revenue jumped 35.3% YoY and LTL EBITDA improved 32.4% YoY. Key positives were: i) 29.4% YoY SSSG in FLF stores (10.1% YoY in base) aided by 31.1% SSSG in *Central* and 31.2% SSSG in *Brand Factory* versus industry growth of 14-15% YoY; and ii) flattish LTL EBITDA margin despite end of season sales (EOSS) in Q1FY18. Though gross margin fell YoY due to EOSS, LTL improved YoY. Other expenses rose YoY due to higher ad spends and credit card charges (INR50-60mn). While Q2FY18 has started on a weak note, management expects revival due to upcoming festive season and is confident of 11-12% SSSG (our view: 12% SSSG growth in *Central*) in FY18. We envisage recovery in urban consumption to boost sales growth. Maintain 'BUY'.

End of season sales boost same store sales

FLF reported 29.4% SSSG, surpassing most peers (while Trent (Westside) reported 14.0%, Shoppers Stop (departmental) clocked 19.8%) led by superior execution. Other expenses jumped due to increase in ad spends and credit card charges. The company earned 60% revenue via credit cards versus 85% during demonetisation. It pays 1.1% credit card charges, leading to INR50-60mn credit charges in Q1FY18.

Double digit SSSG guidance in FY18

After a strong Q1FY18, Q2FY18 started on a weak note. However, management expects revival riding upcoming festive season and is confident of 11-12% SSSG (our view: 12% SSSG growth in *Central*) in FY18. Due to ongoing revamp, management expects power brands (*Scullers* and *Jealous* brands) to do well in Q2FY18. Other power brands (*Indigo Nation* and *John Millers*) clocked good secondary growth. *Bare Casuals* is also emerging as a strong brand.

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

We expect 12% SSSG in *Central* in FY18 aided by recovery in urban consumption and better execution. On account of sharpened focus on power brands and closing of loss making stores (*Planet Sports*) we revise up target multiple to 16x (from 15x) FY19E EV/EBITDA and arrive at revised TP of INR464 (INR416). We maintain 'BUY/SO'. At CMP, the stock is trading at 13.7x FY19E EV/EBITDA.

Financials		(INR mn)						
Year to March	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Revenues	10,314	8,005	28.8	9,874	4.5	38,771	45,783	56,372
EBITDA	853	737	15.7	948	(10.0)	3,580	4,443	5,750
Adj. Profit	235	183	28.7	192	22.4	460	1,277	2,157
Adj. dil. EPS	1.2	1.0	28.7	1.0	22.4	2.4	6.7	11.3
EV / EBITDA (x)						22.8	18.2	13.7
ROAE (%)						2.8	7.4	11.5

QoQ numbers are not comparable as Lee Cooper business shifted to a Future Speciality Retail

Edelweiss Research is also available on www.edelresearch.com, Bloomberg EDEL <GO>, Thomson First Call, Reuters and Factset.

EDELWEISS 4D RATINGS	
Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Low
Sector Relative to Market	Equalweight

MARKET DATA (R: , B: FLFL IN)

CMP	: INR 396
Target Price	: INR 464
52-week range (INR)	: 412 / 108
Share in issue (mn)	: 190.1
M cap (INR bn/USD mn)	: 75 / 0
Avg. Daily Vol.BSE/NSE('000)	: 0.0

SHARE HOLDING PATTERN (%)

	Current	Q4FY17	Q3FY17
Promoters *	60.4	60.5	60.2
MF's, FI's & BK's	14.1	13.6	14.1
FII's	7.0	6.5	6.0
Others	18.5	19.4	19.7
* Promoters pledged shares (% of share in issue)			NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Retail Index
1 month	26.9	3.9	8.9
3 months	18.9	5.0	8.4
12 months	225.4	15.8	23.8

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September 12, 2017

Table 1: Trends at a glance

	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18
Revenues (INR mn)	7,019	8,706	8,776	8,501	8,005	10,222	10,637	9,874	10,314
Material costs (INR mn)	4,239	5,599	5,332	5,286	4,895	6,606	6,762	6,190	6,555
Rent expense (INR mn)	904	924	957	941	995	1,034	1,093	1,081	1,192
EBITDA (INR mn)	632	744	1,010	865	737	848	1,005	948	853
Key metrics									
FLF (SSSG growth)	5.7	3.1	16.9	9.0	10.1	16.1	20.6	17.4	29.4
Central (SSSG growth)	9.9	7.1	16.6	8.2	10.0	15.6	21.7	23.3	31.1
Brand Factory (SSSG growth)	NA	NA	NA	NA	11.8	23.2	20.7	9.6	31.2
Central stores	29	29	30	31	31	33	34	35	36
Brand factory outlets	38	39	40	42	46	46	51	53	54
EBOs	295	292	300	296	289	288	295	284	267
Total sq ft (mn)	4.89	4.83	4.83	4.97	5.05	5.27	5.50	5.40	5.20
Power brands MRP sales (INR mn)									
Lee Cooper	890	1,180	1,800	1,800	1,190	2,240	1,650	1,430	1,370
Scullers	320	470	310	510	360	640	440	580	340
Indigo Nation	310	420	450	470	370	630	580	530	320
John Millers	490	720	590	630	480	540	640	460	400
Bare Casuals	370	490	350	360	330	450	560	510	470
aLL	NA	NA	NA	NA	NA	NA	400	550	450
Jealous 21	270	430	350	400	270	320	220	270	150
% of revenues									
Material costs	60.4	64.3	60.8	62.2	61.1	64.6	63.6	62.7	63.6
Rent expense	12.9	10.6	10.9	11.1	12.4	10.1	10.3	10.9	11.6
EBITDA margin	9.0	8.5	11.5	10.2	9.2	8.3	9.4	9.6	8.3

Source: Edelweiss research

Other key highlights

SSSG

- FLF reported 29.4% SSSG, ahead of most peers, due to better execution.
- *Brand Factory* is doing extremely well and reported 31.2% SSSG.
- Industry reported 14-15% SSSG in Q1FY18.
- Q2 has started on a weak note, but FLF revival in the later half.
- The company is confident of clocking double digit SSSG (11-12%) in FY18.

Gross margin

- There is no discount price in base. Hence, gross margin declined YoY.
- However, LTL gross margin has improved.
- Gross margin of non-discount products improved.

Brands business

- Full price products contributed 65% to revenues 7-8 years ago.
- Currently, full price products contribute 50% to revenue.
- Management expects full price contribution to move to high fifties.

Other expenses

- Other expenses jumped due to increase in ad spends and credit card charges.
- 60% of revenues were via credit cards (85% during demonetisation).
- The company pays 1.1% credit charges. Therefore, it incurred INR50-60mn extra credit charges in Q1FY18.

Store closures

- FLF will continue to shut down *Planet Sports* stores.
- By Q2FY18, the company will have 0 *Planet Sports* stores.

Power brands

- FLF expects improvement in *Scullers & Jealous* brands in Q2FY18.
- *John Millers* and *Indigo Nation* have reported good secondary sales.

Depreciation

- Due to IND-AS, depreciation is low.
- The company expects INR1,850mn depreciation in FY18.

Outlook and valuations: On growth trajectory; maintain ‘BUY’

FLF is one of the largest branded apparel and physical retailers in India with total retail space of 5.4mn sq ft spread across 90 cities (ABFRL is spread across ~6mn sq ft) and a diversified portfolio of 30 brands straddling different segments (men’s, women’s and kid’s wear) and price points. The company has been logging strong SSSG (double-digit in past 4 quarters) and outperforming industry led by better inventory management, focus on premiumisation, better store layout, inventory liquidation and strong brands. From its strong portfolio of owned, licensed and investee brands, the company has identified 6 power brands to drive growth (*Lee Cooper* being the largest), which are currently contributing ~64% of FLF’s total brands (share expected to increase further due to higher focus and better brands).

Power brands are margin accretive; as these gain scale, operating leverage sets in leading to better margins. Investee brands, on the other hand, provide an opportunity for stake sale as the brands grows. FLF, being an integrated model, is a much better bet than other retailers as well as ABFRL which has size as well as stronger brands and retail space. On account of sharpened focus on power brands and closing of loss making stores (*Planet Sports*) we revise up target multiple to 16x (from 15x) FY19E EV/EBITDA and arrive at revised TP of INR464 (INR416 earlier). We maintain ‘BUY/SO’.

Table 2: Stores

(Nos.)	FY16	FY17	Q1FY18
Central	31	35	36
Brand Factory	42	53	54
EBO's	296	284	267
Total	369	372	357
Area (mn sq ft)	5.0	5.4	5.2

Source: Edelweiss research

Table 3: Comparable financials

(INR mn)

Year to march	Q1FY18	Q1FY17	% change
Total Income	10,830	8,000	35.4
COGS	6,870	4,890	40.5
Employee cost	610	480	27.1
Rent	1,200	1,000	20.0
Other Expenditure	1,170	890	31.5
Total Expenditure	9,850	7,260	35.7
EBITDA	980	740	32.4
Depreciation	330	200	65.0
EBIT	650	540	20.4
Other income	60	50	20.0
Interest net	230	310	(25.8)
Profit before tax	490	280	
Provision for Tax	170	100	70.0
Reported Profit	320	180	77.8
As % of net revenues			
COGS	63.4	61.1	231
Employee	5.6	6.0	(37)
Rent	11.1	12.5	(142)
Other expenditure	10.8	11.1	(32)
EBITDA	9.0	9.3	(20)
PAT	3.0	2.3	70
Tax Rate	34.7	35.7	(102)

Source: Edelweiss research

Financial snapshot

(INR mn)

Year to march	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Total Income	10,314	8,005	28.8	9,874	4.5	38,771	45,783	56,372
COGS	6,555	4,895	33.9	6,190	5.9	24,452	28,783	35,328
Employee cost	570	485	17.6	530	7.5	2,049	2,381	2,931
Rent	1,192	995	19.7	1,081	10.3	4,157	4,853	5,919
Other Expenditure	1,143	893	28.0	1,125	1.6	4,533	5,323	6,444
Total Expenditure	9,460	7,268	30.2	8,926	6.0	35,191	41,339	50,622
EBITDA	853	737	15.7	948	(10.0)	3,580	4,443	5,750
Depreciation	321	196	63.2	487	(34.2)	1,869	1,848	2,024
EBIT	533	541	(1.5)	461	15.6	1,710	2,595	3,726
Other inc	63	53	17.0	18	251.1	66	70	73
Interest net	231	311	(25.5)	283	(18.3)	1,172	877	786
Add: Prior period	-	-	-	-	-	-	-	-
Exceptional Items (Net of Tax)	-	-	-	(3)	-	(3)	-	-
Profit before tax	364	284	-	193	-	602	1,788	3,013
Provision for Tax	129	101	27.4	4	3,577.1	145	501	844
Less: Minority Interest	-	-	-	-	-	-	10	12
Add: Share of profits from associates	-	-	-	-	-	-	-	-
Reported Profit	235	183	28.7	189	24.2	457	1,277	2,157
Adjusted Profit	235	183	28.7	192	22.4	460	1,277	2,157
No. of Shares outstanding (mn) - FV INR2	190	190	-	190	-	190	190	190
Adjusted Diluted EPS	1.2	1.0	28.7	1.0	22.4	2.4	6.7	11.3
Diluted P/E (x)	-	-	-	-	-	163.6	58.9	34.9
EV/EBITDA (x)	-	-	-	-	-	22.8	18.2	13.7
ROAE (%)	-	-	-	-	-	2.8	7.4	11.5
As % of net revenues								
COGS	63.6	61.1	241	62.7	86	63.1	62.9	62.7
Employee	5.5	6.1	(53)	5.4	16	5.3	5.2	5.2
Rent	11.6	12.4	(88)	10.9	61	10.7	10.6	10.5
Other expenditure	11.1	11.2	(7)	11.4	(31)	11.7	11.6	11.4
EBITDA	8.3	9.2	(94)	9.6	(133)	9.2	9.7	10.2
PAT	2.3	2.3	(0)	1.9	33	1.2	2.8	3.8
Tax Rate	35.4	35.6	(23)	1.8	3,355	24.1	28.0	28.0

Company Description

FLF was formed from the de-merged branded fashion business of Future Consumer (erstwhile Future Ventures India) and the Lifestyle Fashion business of Future Retail. FLF commenced operations in May 2013. Starting from a small portfolio, it now boasts of ~30 brands spread over retail footprint of 5.4mn sq ft. Post demerger, FLF has continued to build and strengthen its portfolio as a lifestyle fashion arm of Future group. In its fourth successful year of operations, FLF has reinforced its position as a leading fashion retailer with a strong fashion portfolio in India.

Investment Theme

The Indian retail landscape is evolving with interplay of several demographic and economic factors. The big opportunity lies in the growing share of organised retail with the growing trend among consumers to allocate a larger share of income to consumption and gradual improvement in lifestyle. The improving liquidity is also positive as it means better delivery of retail space for expansion. FLF is a niche play with strong brand position in the lifestyle space. The strong positioning and brand recall gives the company a strategic advantage in the light of increasing competition. With its steadfast focus on systems and processes and its ability to attract global brands as venture partners, it is well placed to emerge as a leading departmental store player in the long run.

Key Risks

Slower GDP revival leading to lower traction in discretionary spending

Currently, FLF's target customers are in tier I & II geographies. Clothing and footwear spending is discretionary and correlated with increase in consumer confidence index, GDP revival, etc. Any delay in revival of GDP and slowdown in these geographies can impact the company's growth.

Heightened competition

Many foreign brands are enhancing presence in India to cash in on the humongous growth opportunity. While foreign brands such as Zara, Tommy Hilfiger, etc., have already established themselves, other brands such as H&M and GAP, among others, are venturing into India's fast fashion market. Entry of these foreign brands, more sale period and offers will keep the competitive intensity high.

Threat from e-commerce

FY15 and FY16 were marked by aggressive discounts and sale seasons by e-commerce companies, leading to shift in customers' loyalty. FLF has Braand Factory to counter the threat from e-commerce. However, any other unexpected action taken by e-commerce companies may hamper FLF's SSG and hence its growth.

Financial Statements

Key assumptions

Year to March	FY16	FY17	FY18E	FY19E
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
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)	65.0	67.5	66.0	66.0
Company assumptions				
Revenue assumption				
Central - SSS growth (%)	10.3	18.1	12.0	11.0
Brand factory - SSS growth (%)	8.4	16.6	15.0	12.0
Central - Total stores	31	35	40	45
Brand factory - Total stores	42	53	61	69
Share of own and licensed brands	40.3	38.3	39.1	39.0
Cost assumptions				
COGS as % of sales	62.0	63.1	62.9	62.7
Overall Staff costs as % of sales	5.7	5.3	5.2	5.2
Overall A&P as % of sales	2.1	2.3	2.3	2.3
Overall Electricity exp. as % of sales	2.8	2.5	2.5	2.4
Overall Rent exp. as % of sales	11.0	11.3	10.7	10.6
Financial assumptions				
Standalone Tax rate (%)	34.5	24.0	28.0	28.0
Overall Dep. as % of gross block	6.5	7.9	8.8	8.6
Overall Debtor days	28	20	18	16
Overall Inventory days	221	203	185	175
Overall Payable days	156	153	153	153
Overall Capex (INR mn)	686	1,655	2,475	2,510

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Net revenues	33,002	38,771	45,783	56,372
Cost of materials	20,455	24,452	28,783	35,328
Gross profit	12,547	14,319	17,000	21,045
Employee expenses	1,886	2,049	2,381	2,931
Rent expense	3,727	4,157	4,853	5,919
Advertisement & sales costs	705	900	1,065	1,314
Electricity expenses	923	951	1,145	1,353
SG &A expenses	2,055	2,682	3,113	3,777
Total operating expenses	9,295	10,739	12,556	15,294
EBITDA	3,252	3,580	4,443	5,750
Depreciation & amortization	1,614	1,869	1,848	2,024
EBIT	1,638	1,710	2,595	3,726
Less: Interest Expense	1,352	1,172	877	786
Add: Other income	58	66	70	73
Add: Exceptional items	-	(3)	-	-
Profit before tax	450	602	1,788	3,013
Less: Provision for Tax	155	145	501	844
Less: Minority Interest	-	-	10	12
Reported Profit	295	457	1,277	2,157
Less: Prior Period (Net of Tax)	107	-	-	-
Less: Exceptional Items (Net of Tax)	-	(3)	-	-
Adjusted Profit	188	460	1,277	2,157
No. of Shares outstanding (mn)	190	190	190	190
Adjusted Basic EPS	1.0	2.4	6.7	11.3
No. of Dil. shares outstanding (mn)	190	190	190	190
Adjusted Diluted EPS	1.0	2.4	6.7	11.3
Adjusted Cash EPS	9.5	12.3	16.4	22.0
Dividend per share (DPS)	0.4	0.8	0.7	0.7
Dividend Payout Ratio (%)	25.7	33.2	10.0	6.0

Common size metrics- as % of revenues

Year to March	FY16	FY17	FY18E	FY19E
Cost of materials	62.0	63.1	62.9	62.7
Employee expenses	5.7	5.3	5.2	5.2
Rent and lease	11.3	10.7	10.6	10.5
SG &A expenses	6.2	6.9	6.8	6.7
Total operating expenses	28.2	27.7	27.4	27.1
Depreciation and Amortization	4.9	4.8	4.0	3.6
Interest expenditure	4.1	3.0	1.9	1.4
EBITDA margin	9.9	9.2	9.7	10.2
EBIT margin	5.0	4.4	5.7	6.6
Net profit margins	0.6	1.2	2.8	3.8

Growth metrics

Year to March	FY16	FY17	FY18E	FY19E
Revenues	5.3	17.5	18.1	23.1
EBITDA	(1.5)	10.1	24.1	29.4
PBT	91.7	33.7	197.0	68.5
Adjusted Profit	274.5	144.8	177.9	68.9
EPS	267.8	144.3	177.9	68.9

Balance sheet					Cash flow metrics				
(INR mn)									
As on 31st March	FY16	FY17	FY18E	FY19E	Year to March	FY16	FY17	FY18E	FY19E
Share capital	379	380	380	380	Operating cash flow	3,583	5,117	4,419	5,174
Reserves & surplus	15,853	16,350	17,474	19,476	Financing cash flow	(2,481)	(5,841)	(1,181)	(2,192)
Shareholders funds	16,232	16,730	17,854	19,856	Investing cash flow	(1,553)	876	(2,405)	(2,437)
Minority Interests	-	-	10	22	Net cash flow	(451)	152	833	545
Long term borrowings	8,990	4,701	4,701	3,951	Capex	(1,384)	(2,481)	(2,475)	(2,510)
Short term borrowings	2,416	2,123	1,973	1,473	Dividends paid	(91)	(91)	(153)	(155)
Total Borrowings	11,405	6,824	6,674	5,424					
Long Term Liabilities & Provisions	702	833	875	918					
Deferred Tax Liability (net)	709	649	649	649					
Sources of funds	29,048	25,036	26,062	26,869	Profitability & liquidity ratios				
Gross Block	16,145	18,242	20,667	23,128	Year to March	FY16	FY17	FY18E	FY19E
Net Block	11,995	12,644	13,251	13,722	Return on Avg. Equity (ROAE) (%)	1.2	2.8	7.4	11.5
Capital work in progress	1,862	1,898	1,898	1,898	Return on Cap. Emp. (pre-tax) (%)	6.0	6.9	11.1	15.2
Intangible assets	433	99	120	134	Inventory days	221	203	185	175
Total Fixed Assets	14,290	14,642	15,269	15,755	Debtors days	28	20	18	16
Non current investments	-	70	70	70	Payable days	156	153	153	153
Current investments	3,754	363	363	363	Cash Conversion Cycle	93	70	50	38
Cash and cash equivalents	146	298	1,130	1,675	Current Ratio	2.0	1.8	1.7	1.6
Inventories	13,050	14,180	14,997	18,879	Gross Debt/EBITDA	4	2	2	1
Sundry debtors	2,418	1,889	2,627	2,316	Gross Debt/Equity	0.7	0.4	0.4	0.3
Loans & advances	5,586	5,954	5,624	5,973	Adjusted Debt/Equity	0.7	0.4	0.4	0.3
Other Current Assets	571	144	151	158	Interest Coverage Ratio	1.2	1.5	3.0	4.7
Total current assets (ex cash)	21,625	22,166	23,399	27,325					
Trade payable	9,216	11,331	12,800	16,818	Operating ratios				
Other Current Liabilities & ST Prov.	1,552	1,172	1,370	1,502	Year to March	FY16	FY17	FY18E	FY19E
Total current liabilities & prov.	10,767	12,503	14,170	18,320	Total asset turnover	1.1	1.4	1.8	2.1
Net current assets (ex cash)	10,858	9,663	9,229	9,006	Fixed asset turnover	2.6	3.1	3.5	4.1
Uses of funds	29,048	25,036	26,062	26,869	Equity turnover	2.0	2.4	2.6	3.0
Book value per share	86	88	94	104					
					Valuation parameters				
					Year to March	FY16	FY17	FY18E	FY19E
Free cash flow					Adjusted Diluted EPS (INR)	1.0	2.4	6.7	11.3
Year to March	FY16	FY17	FY18E	FY19E	Y-o-Y growth (%)	267.8	144.3	177.9	68.9
Reported Profit	295	457	1,277	2,157	Adjusted Cash EPS (INR)	9.5	12.3	16.4	22.0
Add: Depreciation	1,614	1,869	1,848	2,024	Dil. Price to Earnings Ratio (P/E) (x)	399.7	163.6	58.9	34.9
Add: Interest Expense (net of tax)	886	890	632	566	Price to Book Ratio (P/B) (x)	4.6	4.5	4.2	3.8
Others	636	587	186	160	Enterprise Value / Sales (x)	2.6	2.1	1.8	1.4
Less: Changes in WC	(152)	(1,315)	(476)	(267)	Enterprise Value / EBITDA (x)	26.5	22.8	18.2	13.7
Operating cash flow	3,583	5,117	4,419	5,174	Dividend Yield (%)	0.1	0.2	0.2	0.2
Less: Capex	1,384	2,481	2,475	2,510					
Free cash flow	2,199	2,635	1,944	2,664					

Additional Data

Directors Data

Mr. Kishore Biyani	Group CEO, Future Group	Mr. Rakesh Biyani	Non Executive Director
Ms. Avni Biyani	Non Executive Director	Mr. C.P. Toshniwal	Non Executive Director
Mr. Shailesh Haribhakti	Non-Executive Independent Director	Dr. Darlie Koshy	Non-Executive Independent Director
Mr. Bijou Kurien	Non-Executive Independent Director	Ms. Sharda Agarwal	Non-Executive Independent Director
Ms. Sukanya Kripalu	Non Executive - Independent Director		

Auditors - Auditor - M/s NGS & Co., LLP

**as per last annual report*

Holding – Top10

	Perc. Holding	Perc. Holding
No Data Available		

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
31 Mar 2017	Pioneer Investment Fund	Buy	15527950	254.90
31 Mar 2017	Pi Opportunities Fund 1 Lt	Sell	11627950	254.90
31 Mar 2017	Pi Opportunities Fund I	Sell	3900000	254.90
26 Dec 2016	Future Enterprises Ltd	Sell	30570108	123.00
26 Dec 2016	Future Corporate Resources Ltd	Buy	30570108	123.00

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
06 Apr 2017	Future Capital Investment Pvt. Ltd.	Sell	2820000.00
06 Apr 2017	PIL Industries Limited	Sell	8858262.00
06 Apr 2017	Future Corporate Resources Limited	Sell	60438173.00
06 Apr 2017	Weavette Business Ventures Limited	Sell	1808708.00
05 Apr 2017	PIL Industries Limited	Sell	8858262.00

**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	SP	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



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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
10-Aug-17	Wonderla Holidays	Steady show; spade work on Chennai park gets going; <i>Result Update</i>	340	Buy
08-Aug-17	Future Retail	Extends stellar streak; <i>Result Update</i>	443	Buy
04-Aug-17	Retail	Yum! Brands Q2CY17: Back to core mantra drives growth ; <i>Sector Update</i>		

Distribution of Ratings / Market Cap

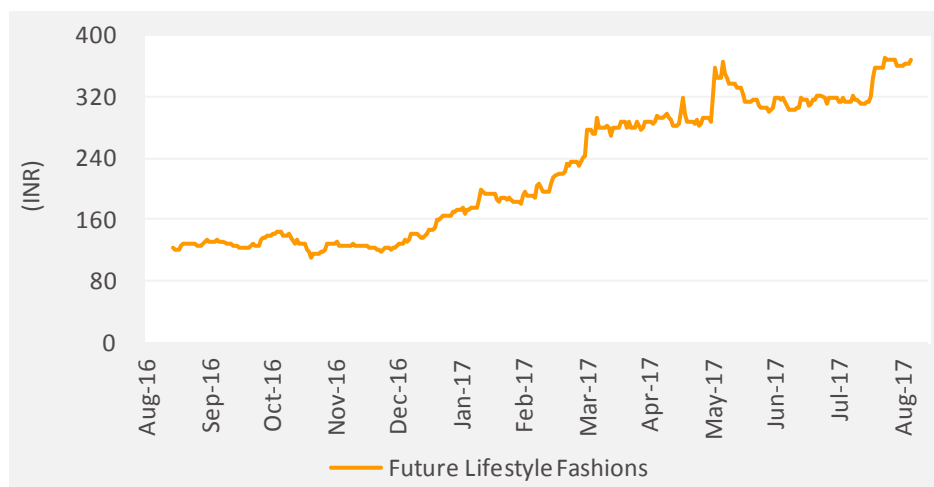
Edelweiss Research Coverage Universe

	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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