

20 December 2021

## Aditya Birla Fashion and Retail

*Investing in new and core businesses, upgrading to Buy*

Rating: **Buy**

Target Price: Rs.349

Share Price: Rs.258

With launches (Tasva, Marigold Lane) and network expansion, ABFRL's ethnic wear is gaining momentum. Its core businesses (Lifestyle brands, Pantaloons) continue generating healthy cash, helping fund its new initiatives. Driven by the ramp-up in its new businesses and growth in its core business, its revenue growth would pick up, we expect. Our FY22-24e revenue are raised 4-7%. We expect net debt to reduce. With the recovery in its core businesses, lower net debt and vigorous expansion of its new business, we are positive about the long-term growth trajectory. We upgrade our rating to a Buy with a higher TP of Rs349 on ~17x FY24e EV/EBITDA (earlier Rs333, 16x FY24e EV/EBITDA).

**Ethnic-wear brands launched.** Partnering Tarun Tahiliani, ABFRL launched an ethnic men's-wear brand, "Tasva", the first after it acquired a stake in the designer's couture business (Feb'21). Tasva has a wide range of high-quality men's celebration wear at accessible prices. An online store was launched; its first store was opened, in Bengaluru, with plans to add six more across Mumbai, Delhi, and other cities. It recently launched "Marigold Lane", its modern ethnic women's-wear brand. It expects to add over 100 ethnic stores next year.

**Core businesses continue cash generation.** Pantaloons and Lifestyle reported profitable revenue recovery in H1 FY22. We expect this momentum to continue, backed by network expansion and brand & category extensions.

**Steady debt reduction.** The sharp revenue recovery and fund raising led to net debt shrinking to Rs8.7bn by end-Q2 FY22 (from ~Rs12bn in Q1 FY22). With steady recovery in its core operations and better working capital, we expect Rs4.3bn net debt by FY24 (barring any further acquisitions).

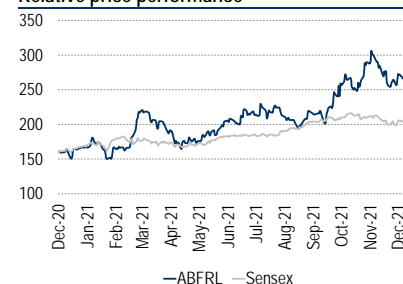
**Valuation.** We upgrade our rating to a Buy with a TP of Rs349, on ~17x FY24e EV/EBITDA (16x FY24e EV/EBITDA earlier). **Risk:** Slowdown in discretionary demand. Keen competition.

Key data	ABFRL IN / PNTA.BO
52-week high / low	Rs310 / 144
Sensex / Nifty	55822 / 16614
3-m average volume	\$19m
Market cap	Rs242bn / \$3192.2m
Shares outstanding	938m

Shareholding pattern (%)	Sept'21	Jun'21	Mar'21
Promoters	56.1	56.1	56.1
- of which, Pledged	-	-	-
Free float	43.9	43.9	43.9
- Foreign institutions	13.8	13.9	14.0
- Domestic institutions	17.8	16.6	17.5
- Public	12.3	13.3	12.4

Estimates revision (%)	FY22e	FY23e	FY24e
Sales	4.2	5.2	7.3
EBITDA	(1.9)	(1.0)	0.1
EPS	NA	(8.7)	(3.0)

### Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY20	FY21	FY22e	FY23e	FY24e
Sales (Rs m)	87,879	52,489	77,485	1,10,263	1,31,793
Net profit (Rs m)	(1,650)	(7,360)	(2,167)	3,115	5,583
EPS (Rs)	(2.1)	(8.0)	(2.3)	3.3	6.0
P/E (x)	NA	NA	NA	77.7	43.3
EV / EBITDA (x)	13.9	35.9	28.3	15.7	12.8
P/BV (x)	11.1	6.4	9.0	8.1	6.8
RoE (%)	(13.2)	(39.7)	(8.1)	11.0	17.1
RoCE (%)	9.4	(9.4)	(0.6)	12.7	17.3
Dividend yield (%)	-	-	-	-	-
Net debt / equity (x)	2.3	0.2	0.2	0.1	0.0

Source: Company, Anand Rathi Research

Note: Estimates are as reported, i.e., adjusted for IND-AS 116

Vaishnavi Mandhaniya  
Research Analyst

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

## Quick Glance – Financials and Valuations

**Fig 1 – Income statement (Rs m)**

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
Net revenues	87,879	52,489	77,485	1,10,263	1,31,793
Growth (%)	8.3	-40.3	47.6	42.3	19.5
Direct costs	42,242	25,630	37,193	52,375	61,943
SG&A	33,519	21,312	30,653	40,686	48,911
<b>EBITDA</b>	<b>12,118</b>	<b>5,548</b>	<b>9,639</b>	<b>17,201</b>	<b>20,939</b>
EBITDA margins (%)	13.8	10.6	12.4	15.6	15.9
Depreciation	8,853	9,628	9,941	10,601	11,261
Other income	653	734	807	888	977
Interest expenses	4,247	5,026	3,373	3,313	3,189
PBT	-329	-8,372	-2,867	4,176	7,467
Effective tax rate (%)	-	12.1	25.0	25.0	25.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	-1,650	-7,360	-2,167	3,115	5,583
Adjusted income	-1,650	-7,360	-2,167	3,115	5,583
WANS	774	915	938	938	938
FDEPS (Rs/ sh)	-2.1	-8.0	-2.3	3.3	6.0
FDEPS growth (%)	(151.3)	277.2	(71.3)	(243.7)	79.3
Gross margins (%)	51.9	51.2	52.0	52.5	53.0

Note: Figures are as reported

**Fig 3 – Cash-flow statement (Rs m)**

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
PBT (Adj for int. exp. & other inc)	3,887	-3,396	484	7,466	10,633
+ Non-cash items	8,745	5,934	9,941	10,601	11,261
Oper. prof. before WC	12,632	2,538	10,424	18,067	21,894
- Incr./ (decr.) in WC	6,126	-8,528	-434	-384	1,997
Others incl. taxes	65	28	-722	1,038	1,861
Operating cash-flow	6,440	11,038	11,581	17,412	18,036
- Capex (tang. +intang.)	3,123	1,585	4,250	4,500	4,500
Free cash-flow	3,318	9,453	7,331	12,912	13,536
Acquisitions	-1,363	156	-	-	-
- Div. (incl. buyback & taxes)	-	-	-	-	-
+ Equity raised	72	22,388	2,489	-	-
+ Debt raised	4,856	-20,608	-200	-1,000	-1,500
- Fin investments	1,027	7,147	-	-	-
- Misc. (CFI + CFF)	3,760	4,448	10,697	10,637	10,513
Net cash-flow	2,096	-207	-1,078	1,275	1,523

Source: Company, AnandRathi Research Note: Figures are as reported

**Fig 5 – Price movement**



Source: Bloomberg

**Fig 2 – Balance sheet (Rs m)**

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
Share capital	7,740	9,151	9,377	9,377	9,377
Net worth	10,679	26,438	26,759	29,874	35,458
Debt	27,830	11,364	11,164	10,164	8,664
Minority interest	199	325	325	325	325
DTL/(Assets)*	23,068	21,295	21,295	21,295	21,295
<b>Capital employed</b>	<b>61,777</b>	<b>59,421</b>	<b>59,543</b>	<b>61,658</b>	<b>65,741</b>
Net tangible assets**	28,497	27,161	28,545	29,268	29,332
Net intangible assets	1,072	6,997	7,247	7,747	8,247
Goodwill	19,831	19,973	19,973	19,973	19,973
CWIP (tang. & intang.)	476	395	395	395	395
Investments (strategic)	72	736	736	736	736
Investments (financial)	70	3,443	3,443	3,443	3,443
Current assets (ex cash)	43,018	37,053	36,514	49,543	59,217
Cash	2,669	2,618	1,540	2,815	4,338
Current liabilities	33,929	38,954	38,849	52,261	59,939
Working capital	9,089	-1,901	-2,335	-2,719	-722
<b>Capital deployed</b>	<b>61,777</b>	<b>59,421</b>	<b>59,543</b>	<b>61,658</b>	<b>65,741</b>
Contingent liabilities	-	-	-	-	-

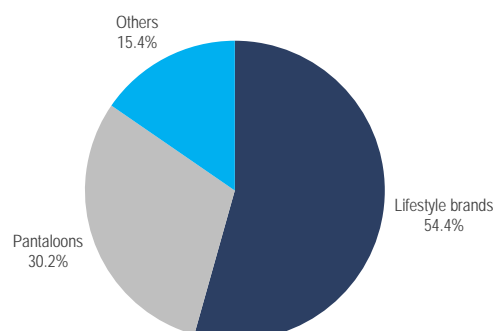
Note: Figures are as reported \*includes lease liabilities \*\*includes right-to-use assets

**Fig 4 – Ratio analysis**

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
P/E (x)	NA	NA	NA	77.7	43.3
EV / EBITDA (x)	13.9	35.9	28.3	15.7	12.8
EV / Sales (x)	1.9	3.8	3.5	2.5	2.0
P/B (x)	11.1	6.4	9.0	8.1	6.8
RoE (%)	-13.2	-39.7	-8.1	11.0	17.1
RoCE (%) - after tax	9.4	-9.4	-0.6	12.7	17.3
ROIC (%) - after tax	4.1	-3.8	-0.2	4.8	6.3
DPS (Rs /sh)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - incl. DDT	-	-	-	-	-
Net debt / equity (x)	2.3	0.2	0.2	0.1	0.0
Receivables (days)	35	51	40	35	35
Inventory (days)	98	128	94	91	91
Payables (days)	95	165	120	110	103
CFO : PAT %	-390	-150	-534	559	323

Source: Company, AnandRathi Research Note: Figures are as reported

**Fig 6 – H1 FY22 revenue break-up, by segment**



Source: Company

## Full steam ahead

### New brands, network expansion in ethnic wear

Until 2019, the company chiefly played the ethnic-wear market through Pantaloons, leveraging the value-retail-format's range of private brands. To target the premium, bridge-to-luxury and luxury ethnic wear, however, the company acquired or partnered with established luxury ethnic brands and designers. Further, it recently organically introduced two brands, Tasva and Marigold Lane, to help fill gaps in its portfolio.

**Fig 7 – Summary of ABFRL's ethnic brand acquisitions**

Acquisition	Segment	Stake bought (%)	Consideration (Rs m)	EV/Sales (x)
Jaypore	Premium	100.0	1,100	2.8
Shantanu and Nikhil	Luxury	51.0	600	3.3
Sabyasachi	Luxury	51.0	3,980	2.8
Tarun Tahiliani	Luxury	33.5	670	3.0

Source: Company, Anand Rath Research Note - EV/Sales for Jaypore and Shantanu & Nikhil are for FY19, and for Sabyasachi and Tarun Tahiliani for FY20

**Fig 8 – ABFRL's strategy to tap ethnic wear**

Segment	Share of organized market %	ABFRL strategy	Route	Existing	New
Luxury	18-20	Invest in established, aspirational designer brand	Inorganic, partnership	Shantanu & Nikhil	Sabyasachi, Tarun Tahiliani
Bridge to Luxury	7-10	Launch pret lines of designers	Brand extensions	Shantanu & Nikhil pret line	
Premium	30-33	Launch new brands & grow vigorously	Organic, Madura brand playbook	Jaypore	Marigold Lane, Tasva
Value	38-40	Play through Pantaloons	Leverage Pantaloons' portfolio of private brands	Pantaloons	

Source: Company, Anand Rath Research

ABFRL partnered with Tarun Tahiliani in the launch of an ethnic men's-wear brand, "Tasva". After it acquired a 33.5% stake in Tarun Tahiliani's couture business in Feb'21, this is the first brand to be launched. ABFRL owns 80% stake in this partnership and the remaining 20% is owned by Tarun Tahiliani.

Tasva offers a wide range of high-quality men's celebration wear at accessible prices. Its apparel range includes kurtas, kurta sets, kurta-bundi sets, bundis, bandhgallas, achkans and sherwanis. It also offers accessories such as mojaris, masks, pocket squares, malas and brooches. It offers products for the groom and his male friends and family.

Its online store has been launched ([www.Tasva.com](http://www.Tasva.com)) and it has opened its first store in Bangalore, with plans to add six more across Mumbai, Delhi, Indore and other cities. We believe the company, to capture market-share, will add ~250 stores over the next 3-4 years.

Fig 9 – Tasva store launched in Bangalore



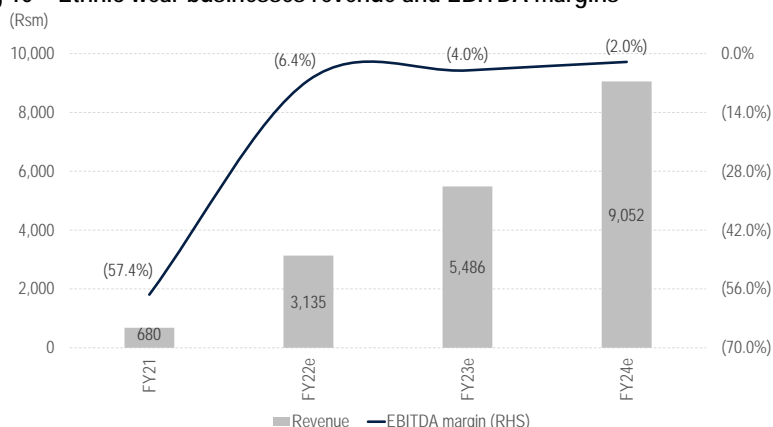
Source: Company

#### Other initiatives in its ethnic business

- Recently, it launched “Marigold Lane”, its modern women’s ethnic-wear brand, currently sold within Pantaloons and standalone EBOs. We expect ~100 stores to be added over the next 3-4 years.
- After the acquisition, it introduced new categories in Jaypore such as home, lounge and kids’ wear. Besides, it started offline store expansion and plans to add ~6 stores in Q3 FY22.
- In Shantanu and Nikhil, standalone eCommerce websites were launched for both couture and pret lines. It has been expanding its retail operations through the Phygital avatar.

The company expects to add more than 100 ethnic-wear stores by next year, 10-15 Shantanu and Nikhil, 25-30 Jaypore and ~50 Tasva.

We expect the ethnic-wear businesses to report a 110%+ revenue CAGR over FY20-24, propelled by acquisitions, brand extensions, rapid network expansion and brand launches. As most of the brands (barring a few luxury ones) will be in an investment phase, we don’t expect a positive EBITDA till FY25 in this segment.

**Fig 10 – Ethnic wear businesses revenue and EBITDA margins**

Source: Company, Anand Rath Research

### Core Lifestyle brands continue generating healthy cash

Its brand extensions and relentless network expansion have led to profitable revenue recovery in its Lifestyle brands, post-Covid'19. Despite its newer businesses, Lifestyle in FY21 still brought the most revenue and highest EBITDA contribution (respectively ~52% and 61%). The company will now focus on driving comparable growth in brands through extensions and premiumisation, and continue its rapid network expansion.

The Lifestyle category (of brands) has continued to innovate and reinvent products, raising the share of casual wear in its portfolio. It launched Denim flex from Van Heusen and grew its Allen Solly Tribe, LP Athleisure & Active range to build its casual-wear portfolio. In Q2 FY22 Louis Philippe launched its range of premium casual wear, the sub-brand Louis. Such extensions into sub-brands keep the brand contemporary and in line with evolving consumer needs.

The company expects to add 400 Lifestyle stores yearly, incl.~150 of Peter England and Fred, and 50 of Allen Solly. PE Red stores have grown markedly: 36 added in H1 FY22, taking the count to 350+. Allen Solly Prime added 18 in Q2 FY22, taking its count to 30. At end-H1 FY22, the company had 2,754 retail stores.

#### Other initiatives

- Peter England will soon venture into kids' wear for value-conscious customers.
- The company is penetrating further into smaller towns through new asset-light formats. At end-H1 FY22 it had 350+ PE Red stores and 30 of Allen Solly Prime.
- Its omni-channel is live across 1,000+ stores for all its brands.
- Its own website business grew 2.5x in Q2FY22 y/y, suggesting a strong customer affinity for the brands and a seamless shopping experience through its website.

### Significant turnaround in Pantaloons

From its acquisition in FY13, Pantaloons has significantly turned around in the last few years. A re-vamped product strategy, renewed brand positioning, established growth model (strong store economics, robust expansion plans,

scaling up digital channels), digital transformation and rapidly improving its financial model drove the turnaround.

Pantaloons expanded its private label range with bags, sarees, home-, lounge- and infant-wear. It launched new labels in premium athleisure and premium ethnic-wear.

#### Other initiatives

- Designed specifically for e-commerce, new merchandise lines aided in driving higher traffic to the e-commerce channel.
- e-commerce operations accelerated, with a revamped pt.com experience, besides a remarkable sales performance with commerce-partner websites.
- Expanded omnipresence across more than 250 stores. The omni-channel sales in Q2 FY22 doubled from the corresponding previous-year period.
- The company re-launched its six iconic stores with a new retail identity.

It plans to open 100+ stores in the next few years, 20-25% of them franchised. Pantaloons added seven stores in Q2 FY22, taking its store count to 347. It plans to add 40+ stores in H2 FY22.

#### Others brands continue to recover, and do well

Building on its leading position, the company made a foray into potentially attractive arenas; active athleisure innerwear, youth western fashion for men and women, and the super-premium segment.

Van Heusen has emerged as an aspirational brand, extending its product range from innerwear to athleisure and active-wear. Campaigns were focused on product innovations, brand image, and seasonal themes such as thermals and pre-winter wear for active athleisure and innerwear. The women's segment continues to be a growth pillar in this category.

Van Heusen Active Athleisure Innerwear added 1,300+ MBOs in Q2 FY22, taking the count to more than 23,000 outlets. It exited the quarter with 54 EBOs. It plans to double its EBO count by the year end.

#### Other initiatives

- In innerwear and athleisure, the company vigorously expanded online, doubling the share of e-commerce revenue to ~15% in FY21.
- American Eagle is a strong denim brand in ABFRL's portfolio. Its many marketplace engagements drove digital visibility manifold. The company seeks to expand American Eagle relentlessly across all channels.
- A revised agreement was signed with Forever 21's new parent at better terms (reducing by half the royalty percentage). ABFRL launched (piloted) its franchised Forever 21 store in Q2 FY22. Management expects it to turn EBIT positive by FY23.
- The company has been building 'TheCollective' range through new brands and categories. It aims to position itself as a premium one-stop destination for women's apparel and accessories. TheCollective.in has been doing well, growing 4x y/y in Q2 FY22, and continues on its journey to being India's leading luxury shopping portal.



## Foray into sports lifestyle in a deal with Reebok

The company signed a long-term licensing agreement with the Authentic Brand Group (ABG) to acquire the right to distribute and sell Reebok products through e-commerce and Reebok-branded retail stores in India and other ASEAN countries (besides in wholesale). The expected consideration is Rs0.75bn-1bn toward purchase of inventory and other current assets and liabilities.

The transaction would be effective on the complete transfer of the global ownership of the 'Reebok' Brand from Adidas to ABG, US. This deal marks ABFRL's foray into India's fast-growing sport- and active-wear segment. Reebok India's FY20, FY19 and FY18 revenues were respectively Rs4,290m, Rs4,000m and Rs3,880m; it enjoys healthy double-digit EBITDA margins.

## Reduction in debt

With Rs22.5bn equity infused in FY21 (rights and preference issues), ABFRL's net debt slid ~74%, from Rs25.1bn in FY20 to Rs6.5bn in FY21. Besides, the funds raised were used to invest in ethnic partnerships with Sabyasachi and Tarun Tahiliani (Rs5.2bn). Prior to such investments, debt in FY21 was Rs1.34bn. Net working capital was down Rs7.6bn y/y since it was utilised to cover losses suffered in the year.

Losses in Q1 and the rise in working capital required, in line with the expected sales-recovery, kept Q1 FY22 net debt at Rs12bn. From Rs12bn in Q1 FY22, debt slid to Rs8.7bn by end-Q2 FY22. We believe debt has reduced further in Q3 FY22, aided by the strong revenue pick-up during and after the festival season.

Along with profitable sales recovery and cash generation in core businesses, the company improved its working capital: days on sales were 18 in H1 FY22 (14 in FY21, 38 in FY20). This was driven by better inventory turns and flexible payment terms from suppliers. It received lengthened payable periods from its suppliers without compromising on its gross margins. We expect this to persist, and working capital to improve.

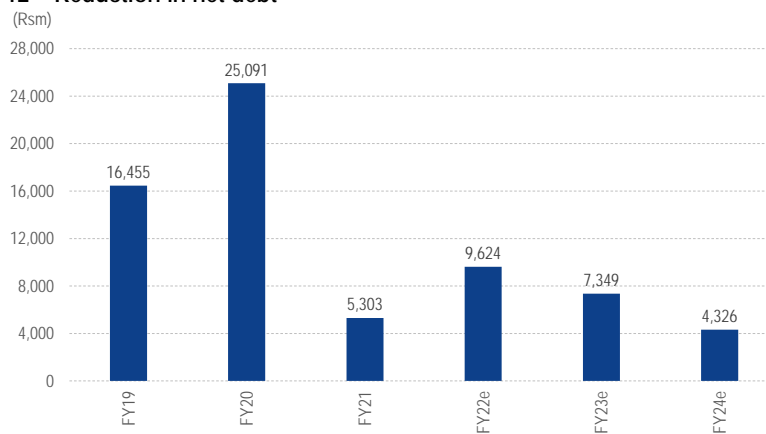
Management says that, despite the vigorous growth plans for brands and channels, debt in FY22 is expected to be range-bound at these levels. It expects debt to be in a similar range by end-FY22 and, in the medium to long term, will maintain its 1-1.5x debt/EBITDA.

With the steady recovery in its core operations and better working capital we expect its net debt to reduce to Rs4.3bn by FY24, from Rs8.7bn in H1 FY22 (barring any further acquisitions).

**Fig 11 – Cash-conversion cycle**

Days on sales	FY19	FY20	FY21	H1 FY22
Inventory	86	98	128	155
Debtors	35	35	51	64
Creditors	108	95	165	201
Cash-conversion cycle	14	38	14	18

Source: Company, Anand Rath Research

**Fig 12 – Reduction in net debt**

Source: Company, Anand Rath Research



## Change in estimates

The company's higher ethnic wear revenue impels us to raise our FY22e, FY23e and FY24e revenue respectively ~4%, 5% and 7%. The investments in its ethnic wear keep our FY22e and FY23e EBITDA respectively ~2% and 1% lower. We expect such investments to continue over the next few years and to be funded through cash generated from its core Lifestyle brands and Pantaloons. We expect 12.4%, 15.6% and 15.9% EBITDA margins in respectively FY22, FY23 and FY24.

**Fig 13 – Change in estimates**

(Rsm)	Old estimates			New estimates			Change (%)		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Revenue	74,394	1,04,853	1,22,868	77,485	1,10,263	1,31,793	4.2	5.2	7.3
EBITDA	9,827	17,381	20,915	9,639	17,201	20,939	(1.9)	(1.0)	0.1
PAT	(1,864)	3,411	5,758	(2,167)	3,115	5,583	NA	(8.7)	(3.0)
EPS (Rs)	(2.0)	3.6	6.1	(2.3)	3.3	6.0	NA	(8.7)	(3.0)

Source: Anand Rath Research

**Fig 14 – Segment-wise estimates**

(Rsm)	FY20	FY21	FY22e	FY23e	FY24e
<b>Lifestyle brands</b>					
Revenue	46,260	27,500	40,700	53,724	60,708
Growth (%)	7.5	(40.6)	48.0	32.0	13.0
EBITDA	7,970	3,400	5,902	9,670	11,535
EBITDA margin (%)	17.2	12.4	14.5	18.0	19.0
<b>Pantaloons</b>					
Revenue	35,140	18,590	24,911	37,366	44,839
Growth (%)	10.0	(47.1)	34.0	50.0	20
EBITDA	5,630	2,760	3,737	6,165	7,623
EBITDA margin (%)	16.0	14.8	15.0	16.5	17.0
<b>Ethnic wear</b>					
Revenue	450	680	3,135	5,486	9,052
Growth (%)		51.1	361.0	1,343.8	1,460.7
EBITDA	(130)	(390)	(200)	(219)	(181)
EBITDA margin (%)	(28.9)	(57.4)	(6.4)	(4.0)	(2.0)
<b>Others</b>					
Revenue	8,080	6,560	9,840	15,252	19,065
Growth (%)	119.0	(18.8)	50.0	55.0	25.0
EBITDA	(510)	260	590	1,525	2,097
EBITDA margin (%)	(6.3)	4.0	6.0	10.0	11.0

Source: Anand Rath Research

## Valuation

Its diverse categories lead us to value the company on a sum-of-parts basis. We assign 17x FY24e EV/EBITDA for its Lifestyle brands and 15x FY24e EV/EBITDA for its high-growth, value-fashion category, Pantaloons. To the Fast Fashion and other businesses (innerwear, ethnic and other premium brands), we assign 1.5x FY24e EV/sales.

We upgrade our rating to Buy, with a target price of Rs349 at an EV/EBITDA of ~17x FY24e (~16x FY24e EV/EBITDA earlier).

**Fig 15 – Sum-of-parts valuation summary**

Business segment	FY24e	Target multiple (x)	EV (Rs m)
Madura (EBITDA)	11,535	17	1,96,087
Pantaloons (EBITDA)	7,623	15	1,14,340
Others (sales)	28,117	1.5	42,176
<b>Sum-of-parts</b>	<b>47,274</b>		<b>3,52,603</b>
Debt*			33,298
Cash			7,781
Net debt			25,517
Shareholder value			3,27,086
No. of shares (m)			938
<b>TP (Rs)</b>			<b>349</b>
CMP (Rs)			258
<b>Upside / (downside) %</b>			<b>35.2</b>

Source: Anand Rath Research

Note: Estimates are adjusted for IND-AS 116

\*Debt includes lease liabilities

**Fig 16 – Valuation parameters**

	FY20	FY21	FY22e	FY23e	FY24e
P/E (x)	NA	NA	NA	77.7	43.3
EV / EBITDA (x)	13.9	35.9	28.3	15.7	12.8
EV / Sales (x)	1.9	3.8	3.5	2.5	2.0
RoE (%)	-13.2	-39.7	-8.1	11.0	17.1
RoCE (%)	9.4	-9.4	-0.6	12.7	17.3

Source: Company, Anand Rath Research

## Risks

- Keen competition, slashing revenue growth.
- Mounting losses in its Fast Fashion and other businesses piling pressure on overall profitability.

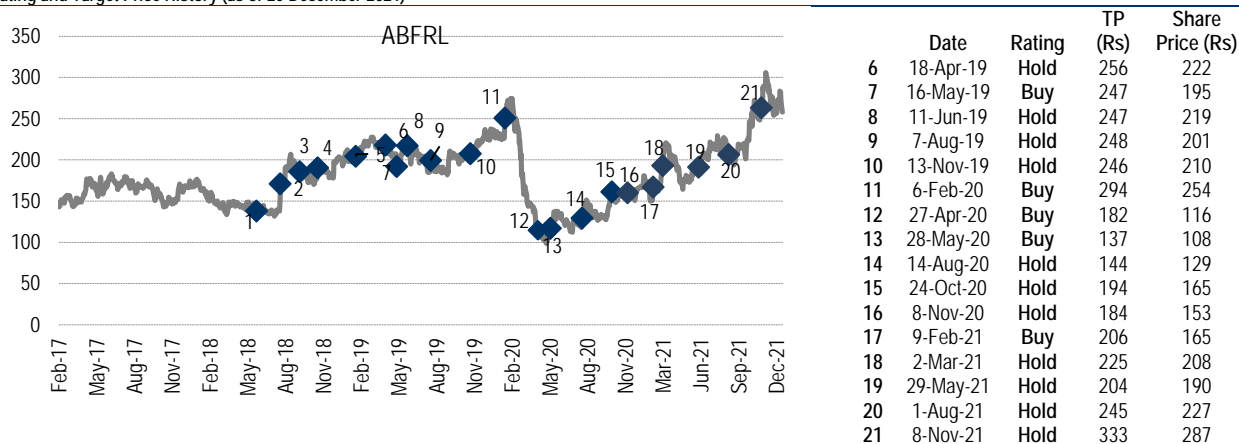
## Appendix

### Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

### Important Disclosures on subject companies

#### Rating and Target Price History (as of 20 December 2021)



### Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

#### Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

### Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

**General Disclaimer:** This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may: (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. [www.rathionline.com](http://www.rathionline.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

#### Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

##### Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative 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 twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

##### Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, 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 ARSSBL 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, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2021. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.  
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.