

Aditya Birla Fashion

BSE SENSEX 61,054
S&P CNX 18,069



Stock Info

Bloomberg	ABFRL IN
Equity Shares (m)	949
M.Cap.(INRb)/(USD\$)	203.2 / 2.5
52-Week Range (INR)	359 / 200
1, 6, 12 Rel. Per (%)	1/-35/-31
12M Avg Val (INR M)	652
Free float (%)	44.5

Financials Snapshot (INR b)

Y/E March	FY23E	FY24E	FY25E
Sales	123.2	148.4	174.1
EBITDA	15.6	19.6	25.3
Adj. PAT	0.5	1.7	3.9
EBITDA Margin (%)	12.7	13.2	14.5
Adj. EPS (INR)	0.6	1.7	3.9
EPS Gr. (%)	-143.0	202.7	130.1
BV/Sh. (INR)	36.5	50.2	54.1

Ratios

Net D:E	0.1	-0.3	-0.2
RoE (%)	1.7	4.0	7.4
RoCE (%)	6.3	7.3	9.5
Payout (%)	0.0	0.0	0.0

Valuations

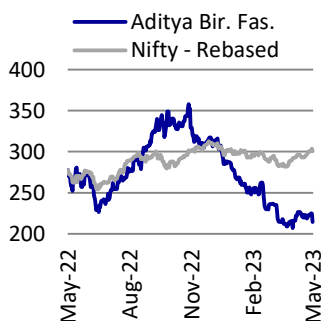
P/E (x)	387.8	128.1	55.7
EV/EBITDA (x)	15.9	12.8	10.2
EV/Sales (x)	1.7	1.4	1.2
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	0.4	5.1	3.1

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	55.5	55.5	56.1
DII	18.9	19.1	19.9
FII	14.9	15.1	13.7
Others	10.8	10.3	10.3

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR215 TP: INR235 (+9%) Downgrade to Neutral

ABFRL acquires TCNS clothing

Acquisition to make deeper inroads into women ethnic wear

ABFRL announced the acquisition of TCNS clothing in a two-step deal for a total value of INR29b, i.e., 10% below its current market cap of INR32.2b with INR16.5b of cash payout for 51% stake and 5.4% dilution for the remaining 49% stake. With a relatively low net debt of INR25m, the company's valuation in terms of EV/Sales and EV/EBITDA for FY23E at 2.3x/66.5x. Assuming a recovery to 8% EBITDA margin (Pre IND-AS 116) in FY25E, a middle ground from the current 3.5% and 16% in FY20, TCNS would be valued at 22.6x EV/EBITDA similar to ABFRL's FY25E EV/EBITDA (pre IND-AS 116) of 22x at the current price.

Deal Contours

The deal is structured in two steps, wherein, in the first step, it will acquire a total of 51% stake for cash at a price of INR503 per share, for INR16.5b. This will be partly from Promoter (between 22 and 30% stake) and open offer to minority shareholders (20-29% stake) depending on open offer demand. Post the cash deal, TCNS clothing will be merged with ABFRL, offering 11:6 share swap ratio (11 shares for every 6 share held) for the remaining 49% stake, implying 5.4% dilution. The current share swap offer, which is priced at 22% discount to the INR503 cash offer for a 51% stake, indicates that the share swap parity for ABFRL is at its CMP of INR280. Of the total shareholding, promoters can sell off a minimum 22% out of the 32% stake, i.e., ~68% of its holding, while the rest of the minority shareholders can sell 29% (in open offer) out of 68%, i.e., 44% of its holding.

Earnings dilution and Leverage Financial Impact

Assuming TCNS's recovery to 8% EBITDA margin (pre IND-AS 116) and 3% PAT margin in FY25E, it may generate revenue/PAT of INR16b/INR480m, i.e., 9%/12% of ABFRL. After adjusting for the financial cost of an 8% interest on INR16.5b cash outlay and 5.4% equity dilution, TCNS could register an incremental net loss and EPS of INR INR513m and INR0.7/share for FY25E. This would represent a decline of 18% for ABFRL, implying INR3.2/share. The cash composition of the deal could be funded by GIC's warrant issue of INR14.5b (6.2% dilution) due in FY24. After a large fund raise of INR22.5b, it reduced its leverage from the peak of INR21b in FY20. Since then, it has done a series of acquisitions in Ethnic Wear in FY21 (see exhibit 2), along with smaller acquisitions (Reebok India, House of Masaba, and D2C) in the last couple of years, reaching INR3.4b net debt in 3QFY23. The TCNS acquisition will push it back to net debt of INR5b (excluding lease liability) against a net cash of INR11b in Dec'23 (adjusting GIC warrant issue of INR14.5b).

TCNS – a boon or a bane?

TCNS is the leading player in the women's ethnic wear market with an estimated revenue of over INR12b revenue for FY23. The Indian wear market has a total size of INR1,150b as on FY20 (SKD is INR >500b). This segment is also the biggest in the entire fashion apparel market. It is seeing a large flux in demand as women become far more fashion conscious with higher propensity to buy. TCNS has four brands (W, Aurelia, Wishful, and Elleven) with 660+ EBOs, 2300+ large format stores, and 1100+ multi-brand outlets on Pan India basis, which is more than double the reach of its peers. It has a healthy store economics and working capital cycle see (exhibit 10). But the market remains highly crowded with a large section of unorganized players catering to highly price conscious women consumers. This possibly has led to a weak 2% revenue CAGR (FY19-23E) in TCNS operating at a premium pricing and >65% GMs. Therefore, we believe that TCNS's earnings revival would be challenging and that building scale internally could have been a good alternative for ABFRL.

Building future growth engines

In the last few years, ABFRL has invested in multiple new businesses, with a long tail of businesses that are presently loss-making or yet to stabilize, with revenue/operating loss of INR5.7b/INR730m in the ethnic wear segment (FY23E), INR12.7b/INR139m in other Madura brands for FY23E and INR1.1b/INR590m in D2C for 2HFY23E. TCNS's acquisition may add to that long tail. On the positive side, ABFRL, with a large play in the fashion market is leveraging its strength to drive sector consolidation and creating inroads into each of these categories, which should see multi-year growth prospects. The only worry is that the losses in each of these early growth ventures (making up ~20% of gross pre-Ind-AS EBITDA 116 of Lifestyle and Pantaloons) could create a long tail of a fragmented portfolio mix in multiple categories with a prolonged phase of investments, which could raise risks to near-term earnings.

Valuation and view

ABFRL's strong execution capability is reflected in its ability to scale up a series of strong brands in the decade. While the Lifestyle segment continues to deliver a healthy performance, a sluggish recovery in the Pantaloons segment and incremental investments in new businesses could drag down profitability in the near term. Expanding the ethnic wear segment and Reebok brand, as well as turning around the newly established D2C segment, could prove to be a challenging journey for the company. Inclusion of TCNS to this portfolio may further accentuate the near-term profitability risks. Assuming an 8% EBITDA margin (Pre IND-AS 116) in TCNS on FY25E, the company would be valued at par with ABFRL. However, the acquisition could potentially have an 18% impact on EPS (i.e., INR0.7 impact on EPS). Subsequently, we revise our rating to **Neutral** with a TP of INR245. We factor in a revenue/EBITDA CAGR of 19%/27% over FY23-25E. We value ABFRL on the SOTP basis, assigning EV/EBITDA of 10x to Lifestyle Brands, 10x to Pantaloons, and EV/sales of 1x to other businesses on FY25E.

Exhibit 1: SoTP-based valuation (INR m)

FY25E	EBITDA/Sales	Multiple	EV
Lifestyle Brands	15,649	10	1,57,433
Pantaloons	8,449	10	84,485
Others	20,921	1	20,921
Total EV			2,62,839
Less: Net debt			38,606
Equity Value			2,24,233
No of Shares			949
TP			235
CMP			215
Upside			9%

Source: MOFSL, Company

Exhibit 2: Acquisitions made across various segments

Date	Acquisition	Segment	Stake Purchased (%)	Consideration (INR m)
Jul-19	Jaypore	Premium - Ethnic	100	1,048
Jul-19	Shantanu & Nikhil	Luxury- Ethnic	51	579
Jul-19	TG Apparel & Decor Pvt Ltd	Premium - Ethnic	100	3
Jan-21	Sabyasachi	Luxury- Ethnic	51	3,898
Feb-21	Tarun Tahiliani (Goodview Fashion Private Limited)	Luxury- Ethnic	34	672
Dec-21	Reebok India - Exclusive Licence	Athleisure	100	875
Jan-22	House of Masaba	Lifestyle, Apparel, Beauty and Accessories.	51	900
Dec-22	TMRW - 8 brands			
	BerryLush	Women's Western Wear	51	270
	Bewakoof	Casual & Expressive Wear	73-80	2,000
	Natilene	Teen's Occasion Wear	100	100
	Nauti Nati	Kid's Wear		
	Nobero	Athleisure & Active Wear	66	130
	Urbano	Casual & Denim Wear	55	180
	Verido	Casual Wear & Fast Fashion	55	210
	Juneberry	Women's Casual & Western Wear		
	Total			10,864

Source: Company, MOFSL

Exhibit 3: Tranches-wise Deal Contours

	(In Millions)
Tranche 1	
Share of TCNS through SPA	
Promoter stake	14.2
Open offer stake	18.7
Total shares	32.9
Offer price/share (INR)	503
Total consideration	16,549
Stake acquired	51%
Deemed Valuation	32,449
Tranche 2	
Share swap for remaining shareholders	
Remaining Shares (49% shareholders)	31.6
Share swap ratio	11:6
Total shares to be issued	58.0
Price per Share (CMP ABFRL)	214.0
Total consideration paid	12,402
Tranche 3	
Consideration paid	
SPA consideration (51% stake)	16,549
Share swap Value	12,402
Total consideration	28,951
Current EV	32,170
Discount	-10%

Source: MOFSL, Company

Exhibit 4: Discount on swap (Calculated)

	INR m
Total consideration	12,402
Implied valuation	16,248
(Discount)/Premium on swap	-24%
Implied value for ABFRL shares	280

Source: MOFSL, Company

Exhibit 5: Consideration differential based on minimum acceptance

(Figures in m)	SPA	% holding	Share swap	% holding	Total
Promoter shares	14.2	22.0	6.58	10.20	20.77
Minority shareholders	18.7	29.0	25.03	38.80	43.74
No of shares	32.9	51.0	31.6	49.0	64.51
Consideration	16,549		12,402		
Per share consideration	503		392		

Source: MOFSL, Company

Exhibit 6: Valuation of acquisition

INR m	Current profitability	Historical profitability	Base case (FY25 basis)
TCNS	FY23*	FY23*	FY25
Revenue	12,440	12,440	16,000
EBITDA margins (Pre-Ind AS 116)	3.50%	16%	8%
EBITDA	435	1,990	1,280
Consideration	28,951	28,951	28,951
Valuation (x)			
EV/Sales	2.3	2.3	1.8
EV/EBITDA	66.5	14.5	22.6
*(9MFY23 annualised)			

Source: MOFSL, Company

Exhibit 7: Share dilution post swap

Share dilution on Swap	(In Millions)
Total shares for TCNS	31.6
Swap Ratio	11:6
Shares issued	58.0
Current O/s shares	1,011.7
Total shares	1,069.7
Dilution	5.4%

Source: MOFSL, Company

Exhibit 8: Earnings impact on ABFRL (INR m)

Calculation of margin and EPS impact (FY25E)	Pre-deal	Post deal
Revenue		
ABFRL	1,74,127	1,74,127
TCNS		16,000
Total	1,74,127	1,90,127
Cost of Funding:		
Amount paid for SPA		16,549
Rate of Interest		8%
Cost of funding (excl. Tax)		993
PAT		
ABFRL	3,898	3,898
TCNS (3% PAT margins)		480
Total (Incl. Cost of funding for post deal)	3,898	3,385
Margin (%)		
Total	2.2	1.8
No of Shares		
	1,012	1,070
EPS		
Total	3.9	3.2

Source: MOFSL, Company

Exhibit 9: Peer comparison within the Indian ethnic wear space (%)

FY20	Revenue (INR m)	Gross Margins	EBITDA margin	RoE	RoCE
TCNS	11,490	65	16.2	10.5	15.9
Biba	7,570	67	17.9	3.1	14.8
Fabindia	11,610	58	23.5	7.4	24.2
HOAD	5,080	80	20.0	-4.5	8.4
Jaypore	280	30	-48.2	NA	NA
Neeru's	1,810	50	6.2	-23.8	1.9
Ritu Kumar	2,850	85	-5.0	-19.2	-15.3
Soch	2,810	46	-7.4	-153.2	-20.5
Vedant Fashion	9,150	72	43.5	22.8	37.8

Source: MOFSL, Company

Exhibit 10: Working capital comparatives

	FY19	FY20	FY21	FY22*
Biba				
Debtors days	17	16	47	31
Inventory days	141	182	222	173
Payables days	31	45	35	42
WC days	127	153	234	162
TCNS	FY19	FY20	FY21	FY22
Debtors days	57	56	95	71
Inventory days	87	105	160	147
Payables days	37	39	52	70
WC days	108	122	202	148

Source: MOFSL, Company

Story in charts

Exhibit 11: Segment wise Indian women's wear market (INR t)

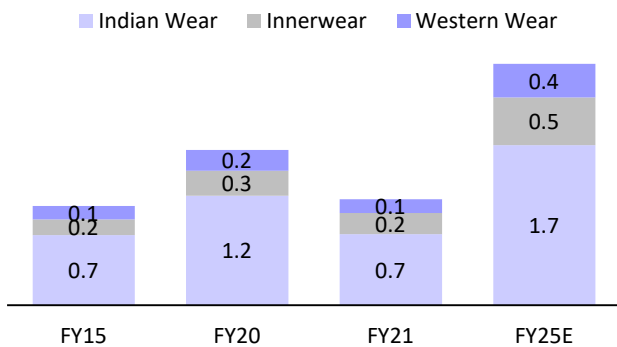


Exhibit 12: Organized women's wear to grow faster, gaining share

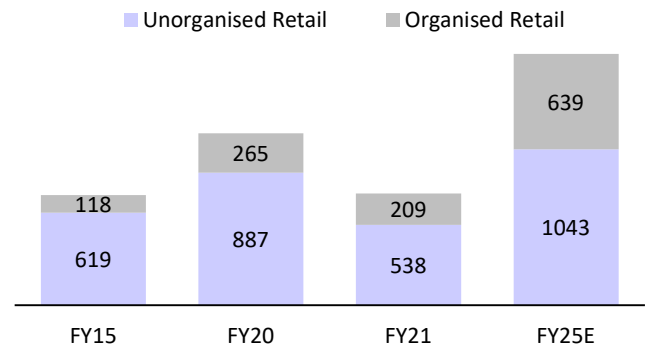


Exhibit 13: Improved footprints across players

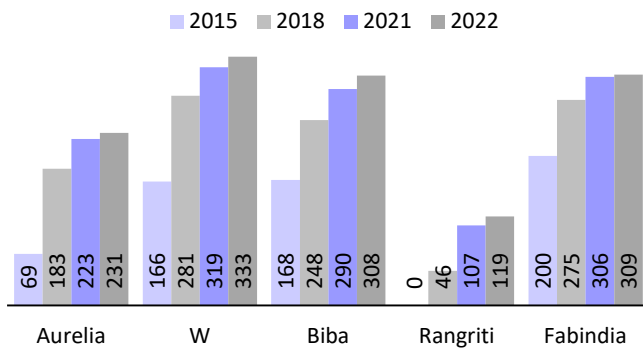


Exhibit 14: TCNS' revenue growth remained tepid over FY19-23 (FY23 annualized on 9MFY23)

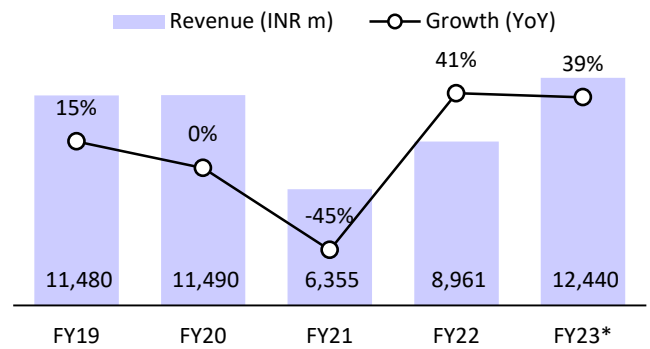


Exhibit 15: Improved share of EBO and online in revenue mix for TCNS

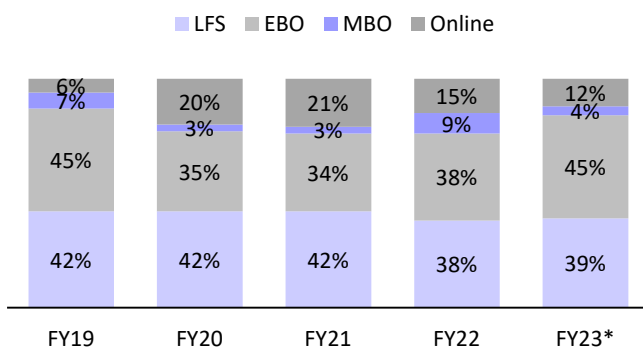


Exhibit 16: Gross margins to improve in FY23

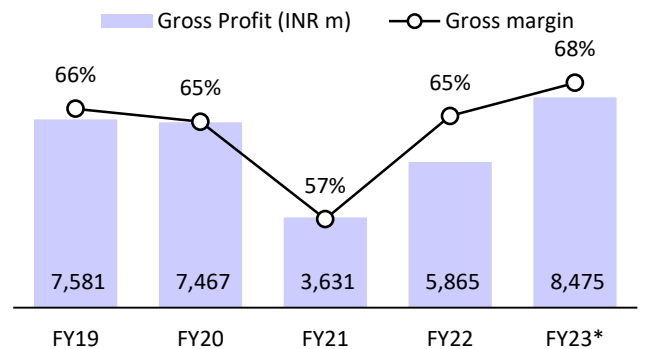


Exhibit 17: ABFRL's revenue expected to revive from FY23

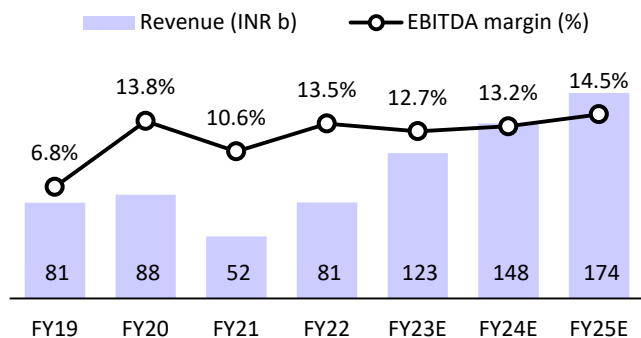
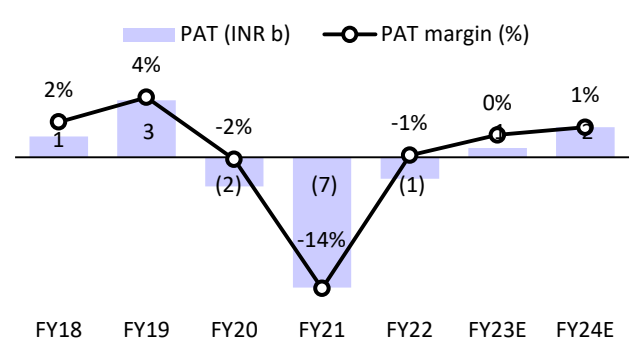


Exhibit 18: Expect ABFRL's profitability to resume from FY23



Financials and valuations

Consolidated - Income Statement								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	71,721	81,177	87,879	52,489	81,362	1,23,216	1,48,409	1,74,127
Change (%)	8.6	13.2	8.3	-40.3	55.0	51.4	20.4	17.3
Raw Materials	33,901	39,250	42,242	25,630	37,202	55,166	67,423	79,555
Employees Cost	7,723	9,130	10,805	8,654	11,585	15,772	18,551	22,985
Rent	10,429	11,104	4,870	107	3,932	8,933	10,389	11,318
Other Expenses	14,985	16,153	17,843	12,552	17,644	27,701	32,410	35,003
Total Expenditure	67,038	75,637	75,760	46,942	70,363	1,07,571	1,28,773	1,48,861
% of Sales	93.5	93.2	86.2	89.4	86.5	87.3	86.8	85.5
EBITDA	4,683	5,541	12,118	5,548	10,999	15,645	19,637	25,265
Margin (%)	6.5	6.8	13.8	10.6	13.5	12.7	13.2	14.5
Depreciation	2,805	2,823	8,853	9,628	9,970	12,090	13,991	16,158
EBIT	1,878	2,717	3,265	-4,080	1,029	3,555	5,645	9,107
Int. and Finance Charges	1,716	1,874	4,247	5,026	3,507	4,009	4,366	4,890
Other Income	328	648	653	734	1,006	980	980	980
PBT bef. EO Exp.	490	1,491	-329	-8,372	-1,473	526	2,259	5,197
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	490	1,491	-329	-8,372	-1,473	526	2,259	5,197
Total Tax	-688	-1,721	1,321	-1,015	-266	1	565	1,299
Tax Rate (%)	-140.5	-115.4	-401.7	12.1	18.0	0.3	25.0	25.0
Reported PAT	1,178	3,212	-1,650	-7,357	-1,207	525	1,694	3,898
Adjusted PAT	1,178	3,212	-1,650	-7,357	-1,207	525	1,694	3,898
Change (%)	113.4	172.7	-151.4	345.8	-83.6	-143.5	222.8	130.1
Margin (%)	1.6	4.0	-1.9	-14.0	-1.5	0.4	1.1	2.2

Consolidated - Balance Sheet								(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	7,717	7,735	7,740	9,151	9,383	9,487	10,117	10,117
Total Reserves	3,214	6,554	3,138	17,612	18,502	25,158	40,722	44,619
Net Worth	10,931	14,289	10,878	26,763	27,885	34,645	50,839	54,737
Total Loans	18,615	11,982	23,688	11,364	12,323	14,123	14,123	14,123
Lease Liability			25,018	24,634	28,681	33,952	40,539	46,269
Deferred Tax Liabilities	-688	-2,634	-1,950	-3,339	-3,805	-3,805	-3,805	-3,805
Capital Employed	28,857	23,637	57,634	59,421	65,085	78,916	1,01,696	1,11,324
Gross Block	30,667	32,410	63,457	75,981	92,395	1,05,810	1,23,570	1,41,330
Less: Accum. Deprn.	4,844	6,855	14,022	21,851	31,821	41,880	55,872	72,030
Net Fixed Assets	25,823	25,555	49,435	54,130	60,573	63,929	67,698	69,300
Right to use Assets			22,069	21,414	25,229	24,559	24,780	23,645
Capital WIP	459	224	441	376	1,032	1,026	1,026	1,026
Total Investments	42	42	142	4,198	6,860	6,860	6,860	6,860
Curr. Assets, Loans&Adv.	30,326	37,756	45,688	39,671	51,796	65,503	92,389	97,588
Inventory	16,912	19,213	23,668	18,470	29,296	37,134	40,660	42,935
Account Receivables	5,518	7,808	8,405	7,305	7,564	11,815	14,231	16,697
Cash and Bank Balance	728	574	2,669	2,618	1,205	3,388	21,234	18,873
Loans and Advances	7,168	10,161	10,946	11,279	13,731	13,166	16,264	19,082
Curr. Liability & Prov.	27,793	39,940	38,072	38,954	55,176	58,401	66,276	63,449
Account Payables	20,093	23,974	22,899	23,734	34,106	43,885	48,792	42,935
Other Current Liabilities	5,780	13,943	13,284	13,342	19,041	11,815	14,231	16,697
Provisions	1,920	2,023	1,888	1,878	2,030	2,701	3,253	3,816
Net Current Assets	2,533	-2,184	7,616	717	-3,380	7,101	26,113	34,139

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
EPS	1.5	4.2	-2.1	-8.0	-1.3	0.6	1.7	3.9
Cash EPS	5.2	7.8	9.3	2.5	9.3	13.3	15.5	19.8
BV/Share	14.2	18.5	14.1	29.2	29.7	36.5	50.2	54.1
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	140.3	51.7	-100.6	-26.7	-166.7	387.8	128.1	55.7
Cash P/E	41.5	27.4	23.0	86.4	23.0	16.1	13.8	10.8
P/BV	15.1	11.6	15.3	7.3	7.2	5.9	4.3	4.0
EV/Sales	2.6	2.2	2.1	3.9	2.6	1.7	1.4	1.2
EV/EBITDA	39.2	32.0	17.5	41.4	21.9	15.9	12.8	10.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	3.5	3.2	2.5	9.8	6.7	1.0	11.0	6.7
Return Ratios (%)								
RoE	11.5	25.5	-13.1	-39.1	-4.4	1.7	4.0	7.4
RoCE	7.5	12.8	9.6	-5.7	3.3	6.3	7.3	9.5
RoIC	7.8	13.3	10.2	-6.3	3.8	7.3	9.4	12.8
Working Capital Ratios								
Fixed Asset Turnover (x)	2.3	2.5	1.4	0.7	0.9	1.2	1.2	1.2
Asset Turnover (x)	2.5	3.4	1.5	0.9	1.3	1.6	1.5	1.6
Inventory (Days)	86	86	98	128	131	110	100	90
Debtor (Days)	28	35	35	51	34	35	35	35
Creditor (Days)	102	108	95	165	153	130	120	90
Leverage Ratio (x)								
Current Ratio	1.1	0.9	1.2	1.0	0.9	1.1	1.4	1.5
Interest Cover Ratio	1.1	1.4	0.8	-0.8	0.3	0.9	1.3	1.9
Net Debt/Equity	1.6	0.8	1.9	0.2	0.2	0.1	-0.3	-0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	490	1,491	-329	-8,375	-1,449	526	2,259	5,197
Depreciation	2,805	2,823	8,853	9,628	9,970	12,090	13,991	16,158
Interest & Finance Charges	1,669	1,846	4,220	5,004	3,484	4,009	4,366	4,890
Direct Taxes Paid	-10	-196	-65	-28	-164	-1	-565	-1,299
(Inc)/Dec in WC	760	-937	-6,126	8,528	241	-8,299	-1,166	-10,387
CF from Operations	5,714	5,028	6,552	14,756	12,082	8,325	18,886	14,559
Others	237	249	-112	-3,718	-2,577	-980	-980	-980
CF from Operating incl EO	5,951	5,276	6,440	11,038	9,505	7,345	17,906	13,579
(Inc)/Dec in FA	-3,271	-2,792	-4,485	-2,101	-3,185	-6,440	-6,760	-6,760
Lease Payments					0	-6,023	-7,130	-8,513
Free Cash Flow	2,680	2,484	1,955	8,937	6,321	905	11,146	6,819
(Pur)/Sale of Investments	-36	22	-1,027	-6,475	-2,422	0	0	0
Others	58	6	5	181	116	1,003	1,003	1,003
CF from Investments	-3,250	-2,763	-5,508	-8,396	-5,491	-11,460	-12,887	-14,271
Issue of Shares	12	9	72	22,388	2,476	6,235	14,500	0
Inc/(Dec) in Debt	-1,832	-1,576	10,742	-16,547	960	1,800	0	0
Interest Paid	-649	-1,098	-4,243	-4,759	-3,097	-1,714	-1,650	-1,647
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	-5,407	-3,774	-5,609	0	0	0
CF from Fin. Activity	-2,469	-2,664	1,165	-2,692	-5,270	6,321	12,850	-1,647
Inc/Dec of Cash	233	-152	2,098	-50	-1,256	2,206	17,869	-2,338
Opening Balance	495	725	571	2,668	2,461	1,182	3,365	21,211
Closing Balance	727	574	2,669	2,618	1,205	3,388	21,234	18,873
less: Other Bank Balance	2	2	1	156	23	23	23	23
Net Closing Balance	725	571	2,668	2,461	1,182	3,365	21,211	18,850

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts", and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement. The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential 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 MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected 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. This report and information herein is solely for informational purpose and may 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. Nothing in this report constitutes investment, legal, accounting 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 must 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. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, 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 MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all 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. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@motilaloswal.com.