

## Sector Thematic

# Fashion & Lifestyle

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### From a disruptor's lens II

In this instalment of the 'From a Disruptor's Lens' series, we assess key vitals of offline apparel (Previous edition tracked F&G). The sight isn't pretty! Short of a few disciplined operators, most categories (especially their tails) perfectly fit our 'Prone-to-Disruption' framework. Meanwhile, e-tailers have evidently stepped up efforts on (1) broadening their online stack (i.e. online consumer lifetime value (LTV) continues to increase with reducing CAC), (2) improving F&L profitability and (3) expanding footprint. This can be vetted by India's rising relevance in global e-tailers' topline, profitability and capital allocation decisions. Against this backdrop, it is prudent to limit investment exposure to highly disciplined value retailers (largely off-limits to e-tail) such as V-MART and re-capitalised brands with reasonable consumer pull (ABFRL).

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- Focus on F&L segment rises, online stack becomes more potent:** Along with the increasing F&L skew in revenue mix, e-tailers have stepped up efforts to improve profitability of their F&L verticals. GMs for e-tailers have significantly improved (4-13pp over FY17-20) due to increasing (a) sourcing margins on private labels and partner brands and (b) skew of fresh brand assortment. This, is partly a consequence of weak offline retailers attempting to release cash from working capital (note: [contribution margins for both e-tailers](#) – Amazon and Flipkart - are now in the positive). This, along with their ever-increasing cloud/3P commission/ad-based services, is making the online stack more potent with time.
- Why is this important?** Cash flows from e-tailers' non-core operations can be used to woo brands, private label vendors, and 3P sellers alike with better terms-of-trade in exchange for better sourcing margins and fresher assortment ([Myntra is a classic case in point](#)). This, in turn, increases e-tailers' competitiveness vis-à-vis traditional formats (multi-brand department stores and weak brands/private labels) and leads to higher consumer traffic/conversion rates. Voila! E-tail's flywheel begins to work!
- 'Prone-to-Disruption' framework remains validated:** Our 'prone-to-Disruption' framework for offline F&L retailers (low differentiation and sales velocity + high AoV + high GM and cost structures + increasing vendor support = market share loss to e-tailers) remains validated. 3P department stores, ethnic wear, and weak brands seem most prone to disruption on this equation, while value fashion seems off-limits for e-tailers. [FY17-20 category-wise performance and FY21 recovery](#) corroborates this trend.
- COVID-19 second wave - final nail in the coffin for the tail!** Given the weak cash positions, sinking profitability, and debilitating working capital woes across category tails, the second wave of lockdowns could prove fatal for many. Even stronger ones are likely to report a second round of sub-optimal performance. Based on our [store map](#), Maharashtra and Delhi (both partially locked down) account for 25-40% of stores across all formats (ex-value fashion). Revenue exposure could be as high as 40-60% (HSIE). The most exposed companies in our coverage are STOP and TCNS Clothing.
- Slim pickings!** Amidst imminent disruption, deteriorating unit economics and second wave-led pains, investors have slim pickings across the F&L space. It is prudent to restrict exposure to highly disciplined value retailers such as V-MART (TP: 2,800/sh; implying 22x FY23 EV/EBITDA, Reco: ADD) and re-capitalised brands with reasonable consumer pull like ABFRL (TP: 200/sh, implying 14x FY23 EV/EBITDA, Reco: BUY). Trent remains a good biz at extra-ordinary valuations. Maintain SELL (TP: 585/sh, implying 26x FY23 EV/EBITDA; stock currently trades at 34x FY23 EV/EBITDA).

Company	RECO	CMP	TP (Rs)
Avenue Supermarts	SELL	2778	2160
Titan	SELL	1523	1300
ABFRL	BUY	174	200
Trent	SELL	736	585
STOP	SELL	193	170
TCNS Clo.	REDUCE	448	400
V-MART	ADD	2626	2800
Asian Paints	REDUCE	2556	2300
Berger Paints	SELL	710	610
Kansai Nerolac	BUY	548	650

CMP as on 23 Apr 21

### Did you know?

*The annual cash position of our apparel universe (25+ F&L retailers accounting for 2/3rds of the organised pie) < 20% of the annual fund raise of key e-tailers - capital divide is just too huge!*

Jay Gandhi

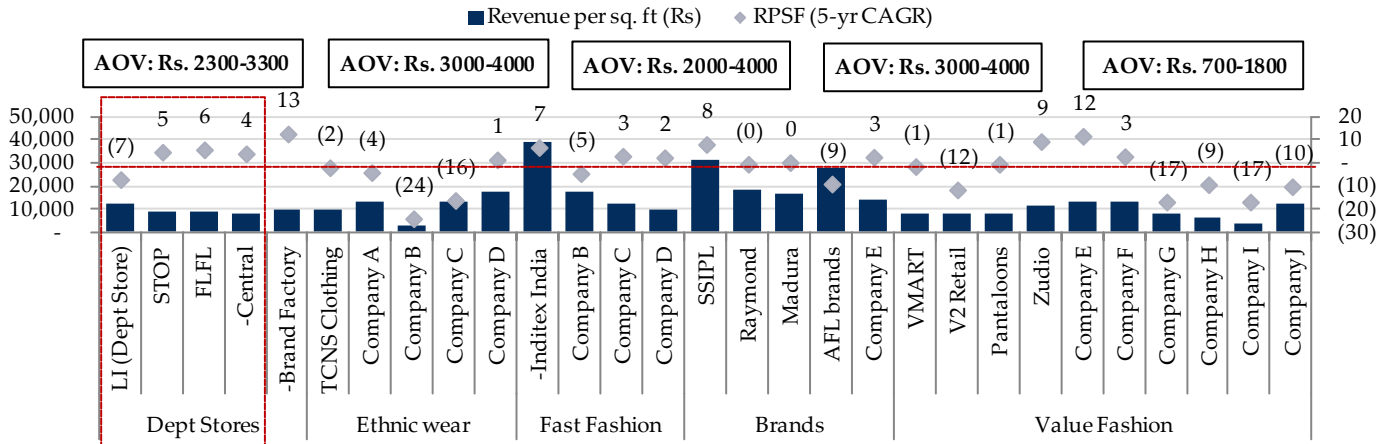
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# Story in Charts

Category-wise performance continues to validate our framework for the apparel universe

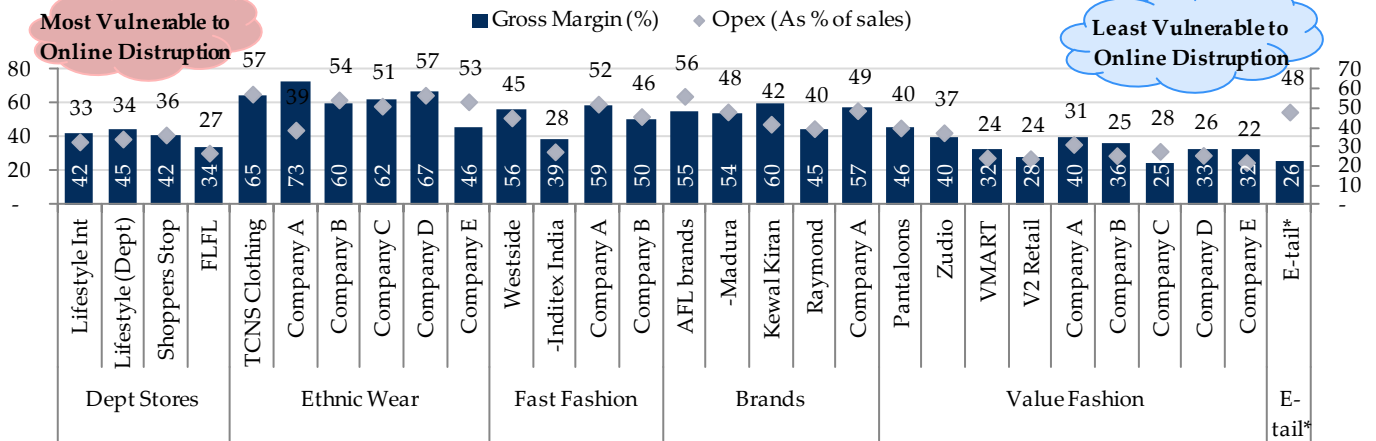
## No differentiation and low sales velocity



Source: Company, HSIE Research, Note: Revenue per sq. ft are estimates for unlisted companies



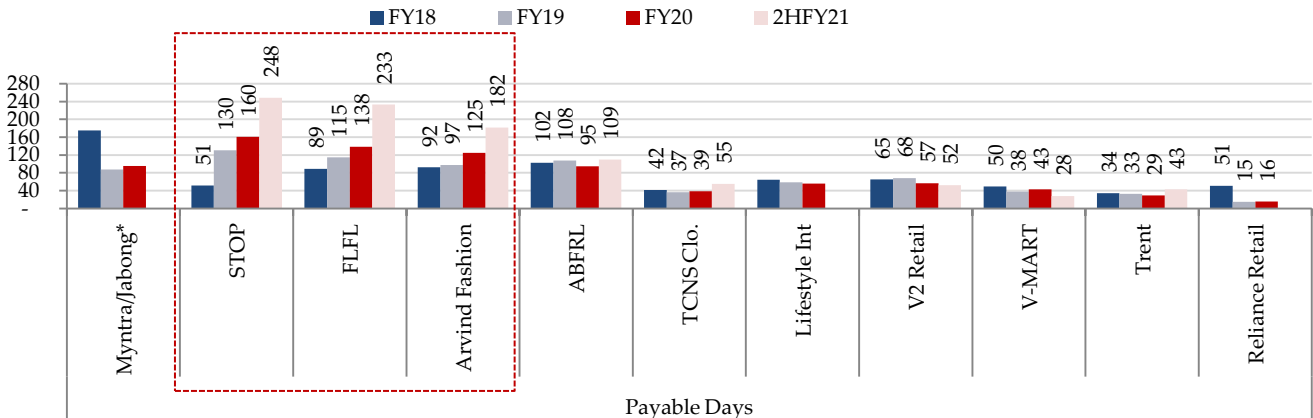
## High gross margins and cost structure...



Source: Company, HSIE Research



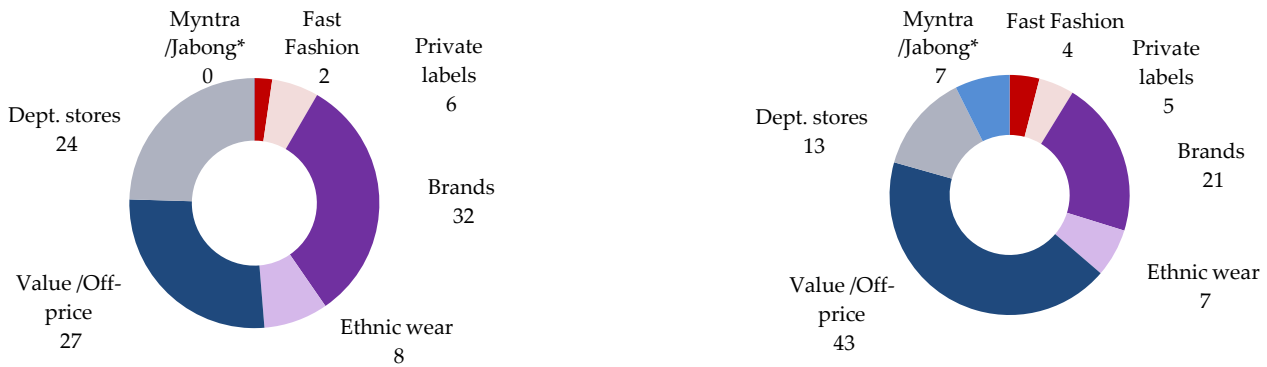
## Increasing vendors' crunch



Source: Company, HSIE Research

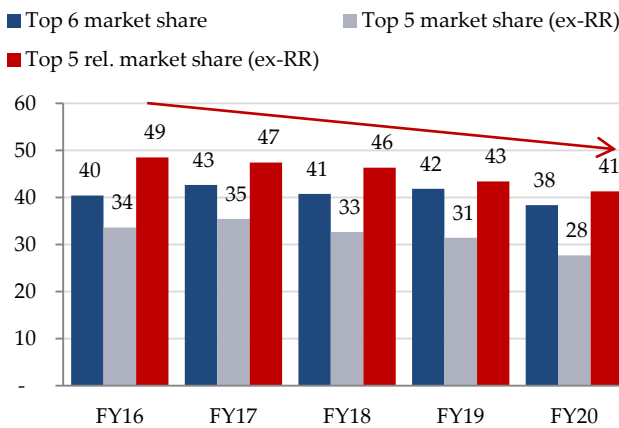


...Market share loss (for department stores/legacy brands) to e-tailers (pure play dept stores and select brands most vulnerable on this equation)



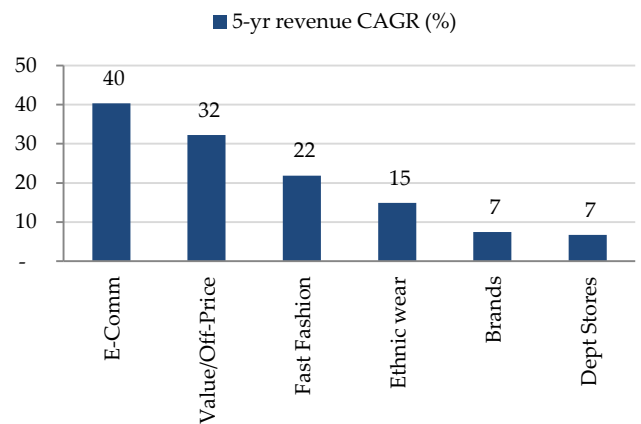
Source: Company, HSIE Research, Apparel retailers representing ~2/3rds the organized pie

**In Apparel, top continues to fragment**



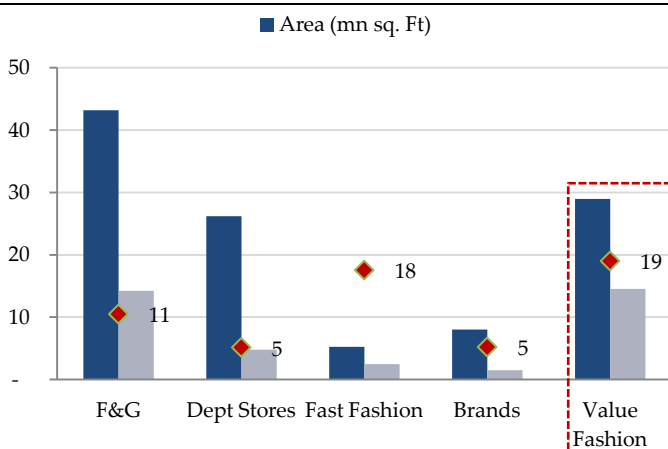
Source: Company, HSIE Research, Note: RR: Reliance Retail

**Category-wise growth rate (%)**



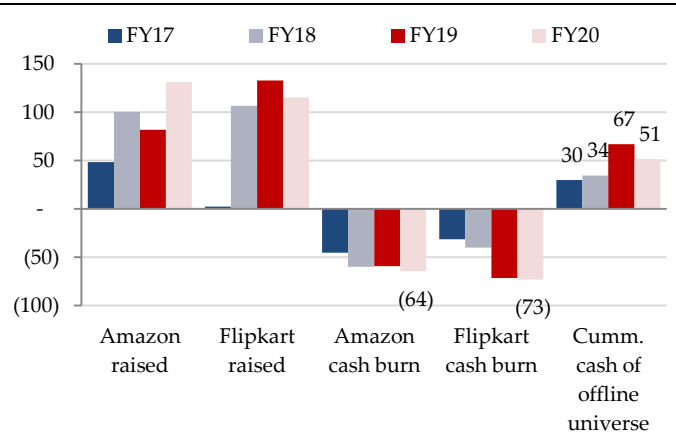
Source: Company, HSIE Research

**Value fashion has seen the fastest area addition across formats**



Source: Company, HSIE Research

**Did you know? The annual fund raise of e-tailers is >5x the cumm. cash reserves of 27 F&L retailers**



Source: Company, HSIE Research, 27 offline F&L retailers (representing ~2/3rds the organized pie) used as base

## Table of Contents

Online stack keeps becoming more potent .....	5
India's increasing relevance in global e-tailer's top-line, profitability and capital allocation decisions.....	5
Indian e-tailers' FY20/FY21E performance.....	6
E-tailers' growth vs unit economics – Not a binary decision anymore! .....	6
'Prone-to-Disruption' framework for offline remains validated! .....	9
FY17-20 category-wise performance and FY21 recovery .....	11
Multi-brand department stores .....	11
Ethnic wear .....	13
Brands.....	15
Fast fashion/private labels .....	17
Value fashion.....	19
Second wave - Final nail in the coffin for category tails!.....	21
Peer valuation.....	23

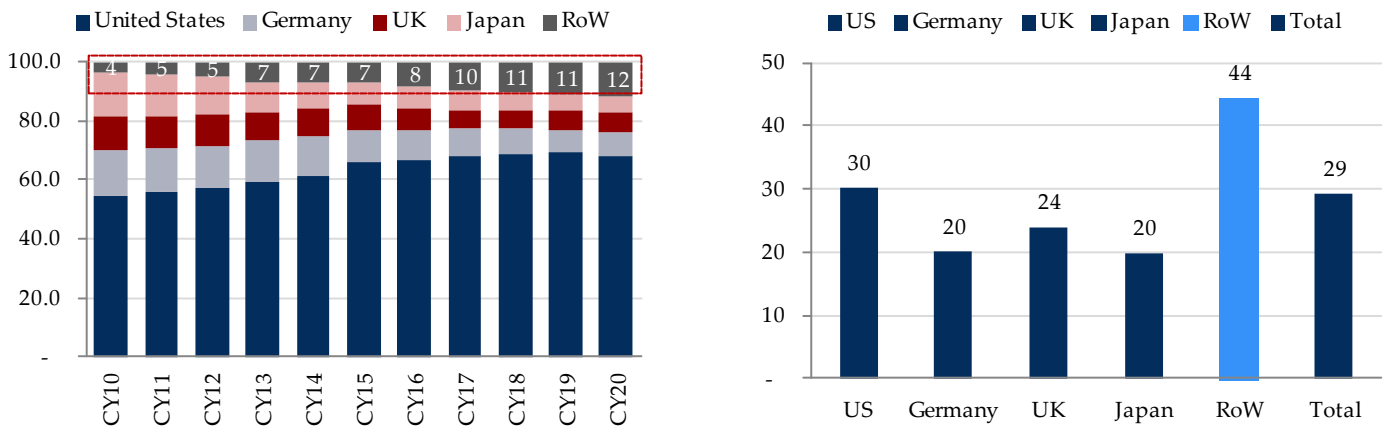
## Online stack gets more potent

- India is key to Global Retail dominance. Global e-tailers continue to increase their focus on the country for growth. Movement in capital investments towards 1. supply chain, 2. broadening of the online stack corroborates this trend.
- Interestingly, growth doesn't come at the cost of incremental unit economics. GM/contribution margins (ability to absorb 'bad costs') continue to improve for e-tailers as revenue mix improves.
- Focus to improve profitability of the Fashion & Lifestyle (F&L) segment is palpable (Myntra's performance corroborates this trend). We suspect that improving mix coupled with the ever-increasing commission-based services of e-tailers is making the online stack more potent with each passing year.

- India remains key to global retail dominance:** Over the past decade, India has singularly become the most important piece to solve for in the 'global retail dominance' puzzle as most global biggies have lost the retail war in China to locally bred Alibaba and Tencent. This can be easily gauged by India's increasing relevance in Amazon/Walmart's (1) topline/profitability (2) capital allocation decisions. Note: Domestic retailer Reliance Retail, too, remains aggressive in price action and supply chain investments post its recent INR 473bn fund raise.

**#1. India's increasing relevance in global e-tailers' topline/profitability:** Amazon international's Rest of the World (RoW) segment has consistently outpaced its operations in other countries over CY15-20 (grew at 44% CAGR; now constituting 12% of Amazon International's topline). Walmart's Indian entities too have seen a meaningful jump in contribution to topline.

RoW (including India) now accounts for 12% of Amazon's top-line, has grown at 44% CAGR over CY15-20



Source: Company, HSIE Research

- #2. India's increasing relevance in global e-tailers' capital allocation decisions:** Amazon has meaningfully expanded (post a soft CY18/19) its international fulfilment centre footprint (36% CAGR vs 44% revenue CAGR in CY20). A sizeable share of this footprint expansion is likely to have come from India. This rings true for Walmart-backed Flipkart too.

**Management commentary across key Indian entities of Amazon and Walmart:**

**Amazon**

"Company continues to invest in, opening new fulfilment centres, and technology advancement"

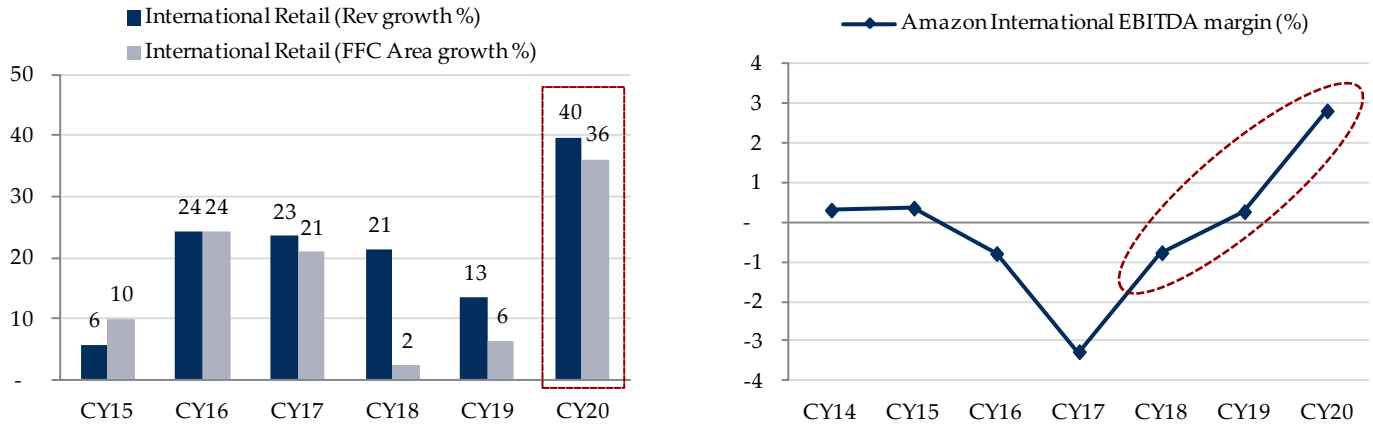
"Company has continued to invest heavily on building infrastructure and logistics business to expand keeping in mind the future growth. Therefore, expenses grew considerably. It will keep on investing in further expansion and technology"

**Flipkart**

"Technology, infrastructure and supply chain through Ekart were the top investment areas for Flipkart in the past few years as will be in the next few years.

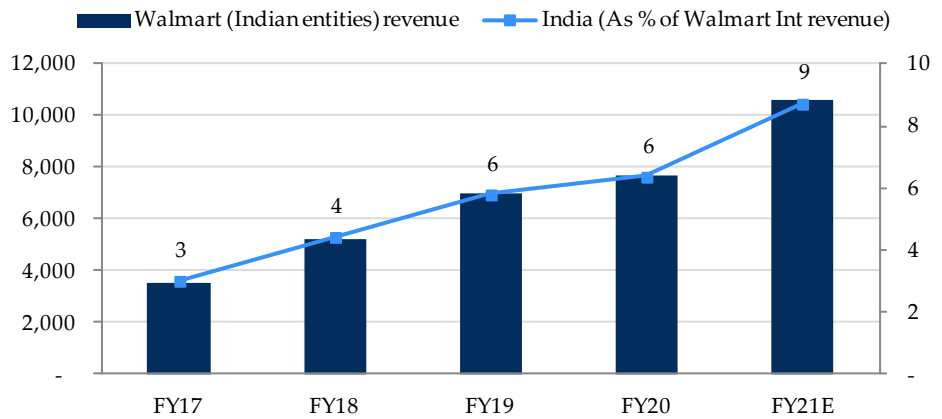
- Kalyan Krishnamurthy, Chief Executive Officer, Flipkart

**Amazon’s (international business) capital commitments in CY20, sizably increased with improving unit economics; India has had a crucial part to play in both**



Source: Company, HSIE Research

**India’s share in Walmart’s topline is estimated to have increased too courtesy Flipkart**



Source: Company, HSIE Research

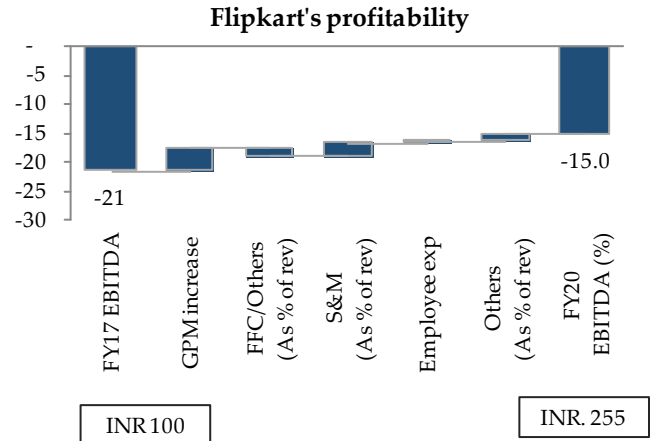
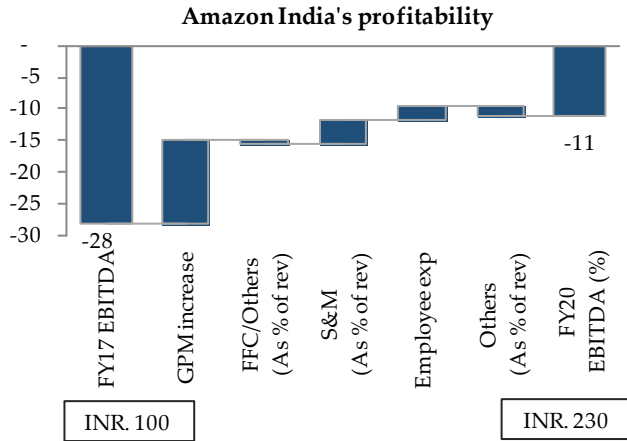
- Indian e-tailers’ FY20/FY21E topline performance:** While growth did moderate for both Amazon and Flipkart’s Indian units in FY20 (10/13% respectively) due to slower customer adoption to regulatory changes in business/ownership framework dictated by Press Note 2, channel checks suggest both have bounced back well in FY21 (**HSIE: 45-50% topline growth**). Interestingly, growth doesn’t come at the cost of incremental unit economics. **Amazon’s international operation is now profitable (USD. 0.7bn). We estimate India to have contributed ~30% to Amazon international’s CY20 profit swing.**

- E-tailers’ growth vs unit economics – not a binary decision anymore!**  
 Indian e-tailers have meaningfully stepped up focus on improving profitability of their F&L vertical (**case in point: Myntra**). This, along with the ever-increasing commission/ad-based/3P seller services of e-tailers, is making the online stack more potent with each passing year.  
 (1) Gross margins for e-tailers have significantly improved (4-13pp over FY17-20) with scale as (a) sourcing margins on private labels and partner brands and (b) skew of fresh brand assortment continues to improve. The latter is a consequence of weak offline retailers (with weak balance sheets) attempting to release cash (discussed in subsequent chapters). Note: contribution margins for both e-tailers are now in the positive. Amazon has done a better job on profitability than Flipkart.



- (2) 'Bad costs' absorption (such as fulfillment costs, returns and parts of S&M expenses) has meaningfully improved courtesy scale and higher GMs (pre-COVID too). The pandemic has only helped in increasing AoVs, minimising CACs thereby improving profitability further.
- (3) E-tailers have been sweating their assets better with each passing year.

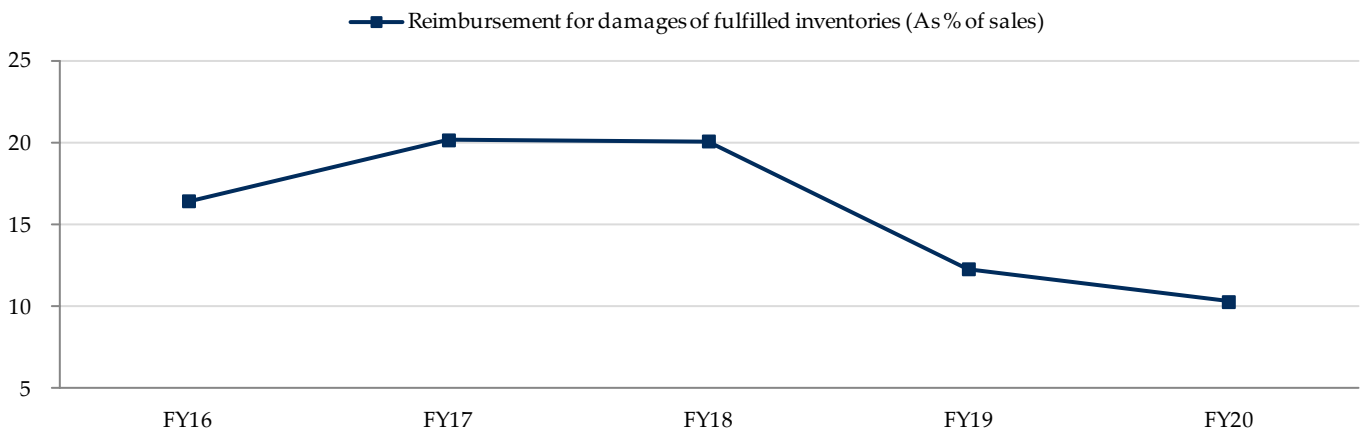
**Indian e-tailers continues to improve on scale, profitability, and efficiency**



Source: Company, HSIE Research, All entities (Ex-AWS). Note: Financials are unadjusted for Related party transactions, hence, inferences are strictly directional. Base revenue indexed to INR 100

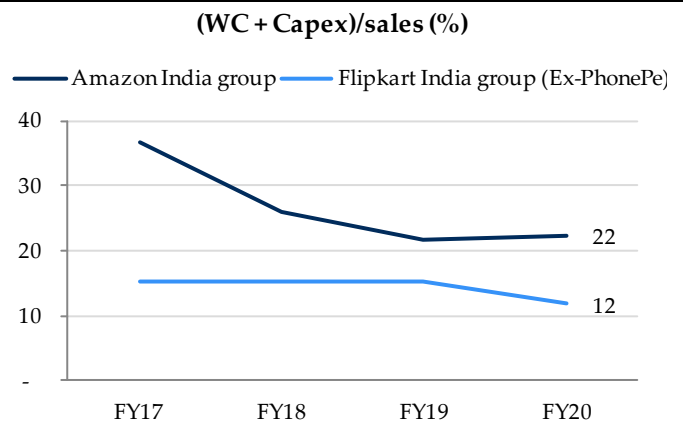
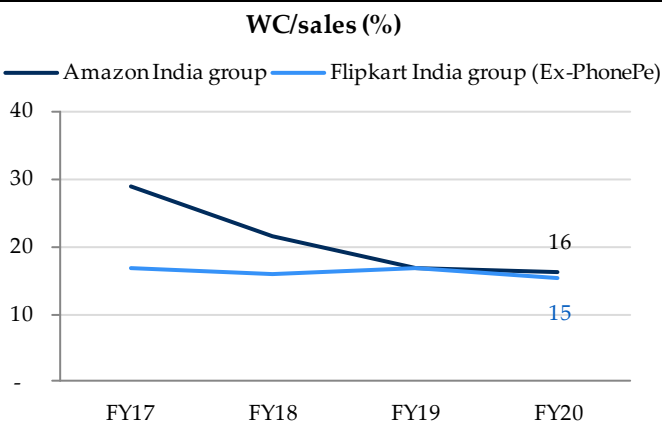
Source: Company, HSIE Research, Note: Financials are unadjusted for related party transactions, hence, inferences are strictly directional. Base revenue indexed to INR 100

**Reimbursements for damages of fulfilled inventory for a key e-tailer has significantly dropped over FY17-20. This 'bad' cost is likely to meaningfully decline in FY21 too as returns have reduced during the pandemic**



Source: Company, HSIE Research

**E-tailers have been sweating their assets better with each passing year**



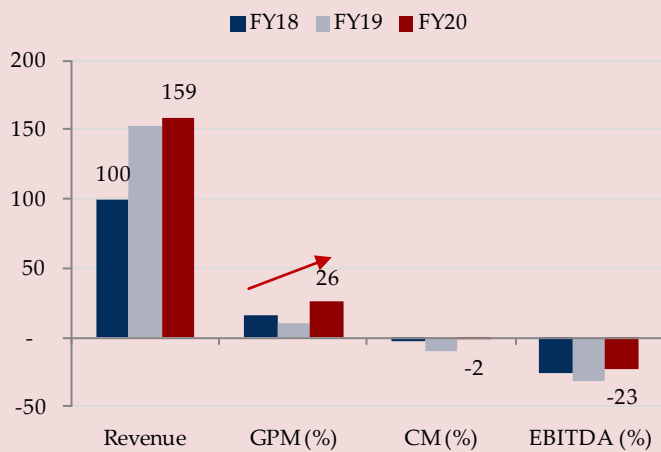
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## Myntra continues to improve terms of trade to woo brands and 3P sellers alike

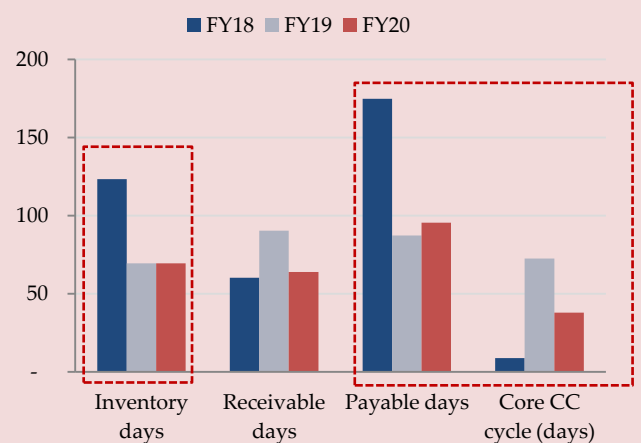
- It is important to appreciate that, from a capital allocation point of view, F&G (a low AoV, Low GM category) is expected to attract a big chunk of Walmart/Amazon’s capital in India. Hence, if the groups were to attempt at maintaining cash burn, profitability improvement of their respective F&L verticals is an imperative. Hence at the risk of being prescriptive, a higher focus on brand sales and private labels makes more sense than being aggressive on the low AOV, low margin categories. This narrative already seems to be in the works (case in point: Myntra’s performance).
- Myntra continues to better terms of trade to woo brands:** Since Walmart’s acquisition of Myntra, there seems to be a clear focus on increasing (1) fresher assortment from brands and (2) private labels in Myntra’s revenue mix. We suspect this is being done by wooing more brands with better terms of trade. This can be seen in Myntra’s improving gross and contribution margins.
- Channel checks suggest, during the pandemic, offline retailers’ desperation to liquidate fresher inventory across categories has only helped e-tailers’ profitability (as online AoVs and GMs increased, and CAC decreased). **In its CY20 annual report, Walmart attributed the GM increase primarily to Flipkart’s improving mix (along with reduced fuel sales in the US).**
- Better terms of trade for brands and 3P sellers could make Myntra/other big F&L e-tailers partners of choice over older pipes like multi-brand department stores and other inefficient formats. This could, in turn, translate into better sourcing margins and improved competitiveness for e-tailers vis-a-vis weak private labels and brands, which in turn could lead to reduced footfalls for the weak offline operators and, hence, more pressure on their already weak cash position.

### Myntra's performance over FY18-20



Source: Company, HSIE Research, Revenue is indexed to 100 in base year

### Myntra seems to be bettering terms of trade to woo brands/3P sellers



Source: Company, HSIE Research

## 'Prone-to-disruption' framework remains validated!

- Against the backdrop of e-tailers training eyes on growth and improving profitability from their F&L vertical, it is key to assess which categories are more prone to disruption. In our initiating coverage report titled **'Who's moving the Retail Flywheel?'**, we introduced a framework to assess this trend. It remains validated till date.
- The framework: low differentiation, low sales velocity + high AoV + high GM + high cost structures + increasing vendor support = market share loss for e-tailers.
- Based on the framework, multi-brand departmental stores, ethnic wear and weak private labels seem most prone to disruption on this equation, while value fashion retail seems nearly insulated.
- Did you know?** The annual cash position of our apparel universe (25+ F&L retailers accounting for 2/3rds of the organised pie) < 20% of the annual fund raise of key e-tailers - capital divide is just too huge!

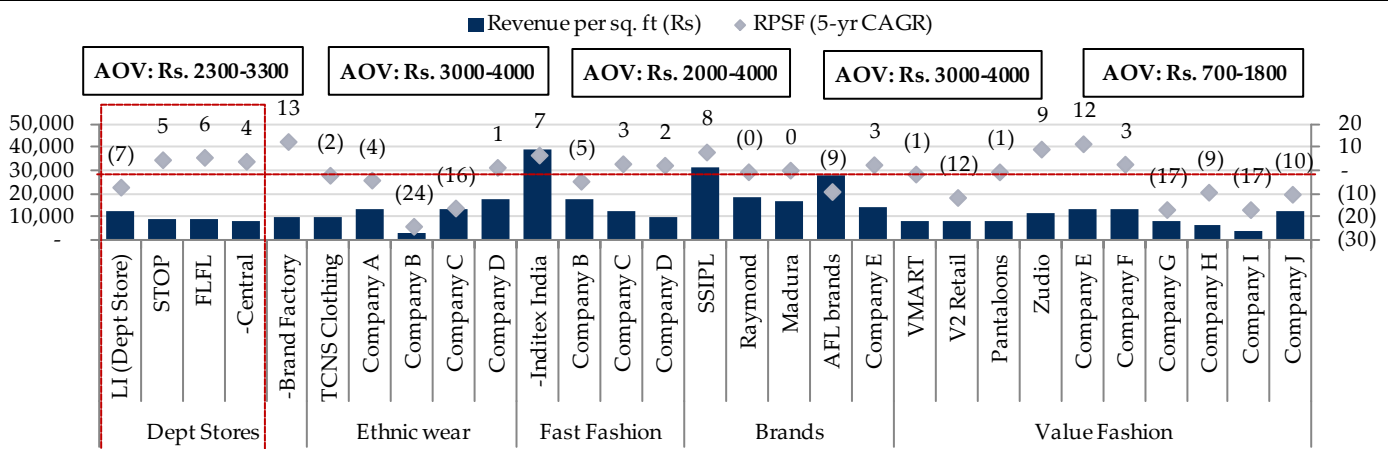
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### 'Prone-to-Disruption' framework in apparel:

**Low differentiation and sales velocity + high AoV + high GM + high-cost structures + increasing vendor support = market share loss to e-tailers.**

- Let's look at how different apparel categories stack up on this framework and how they have their fared over the past 4-5 years – a phase when F&L e-tailers came into their own.

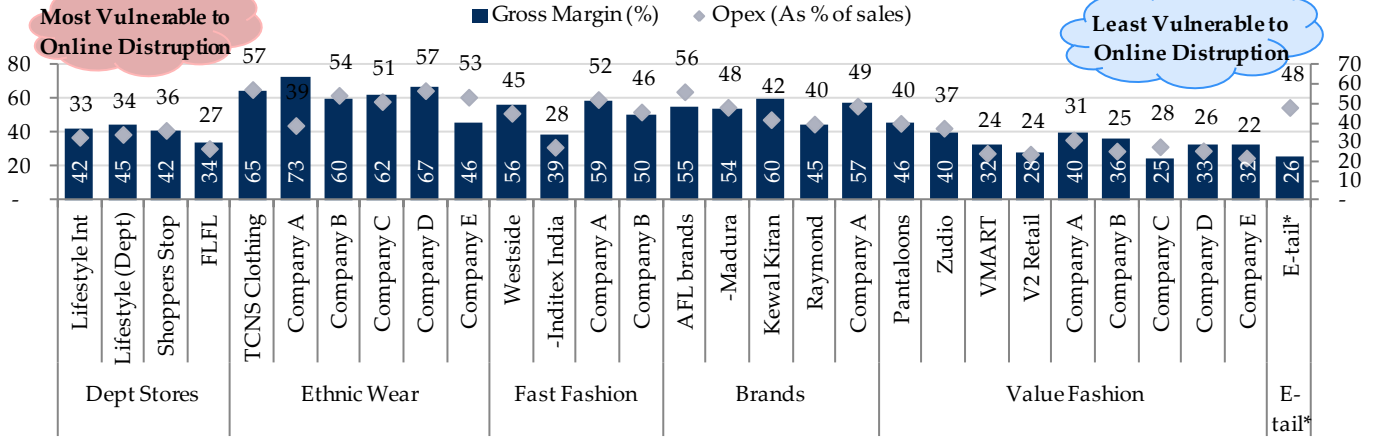
### No differentiation, low sales velocity and high AoV



Source: Company, HSIE Research, Note: Revenue per sq. ft are estimates for unlisted companies



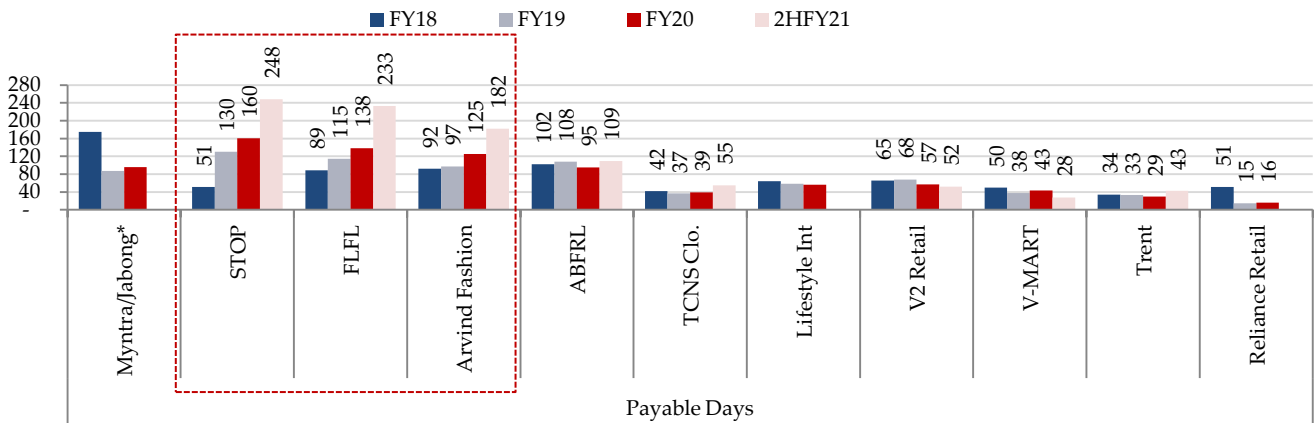
High gross margins and cost structure...



Source: Company, HSIE Research



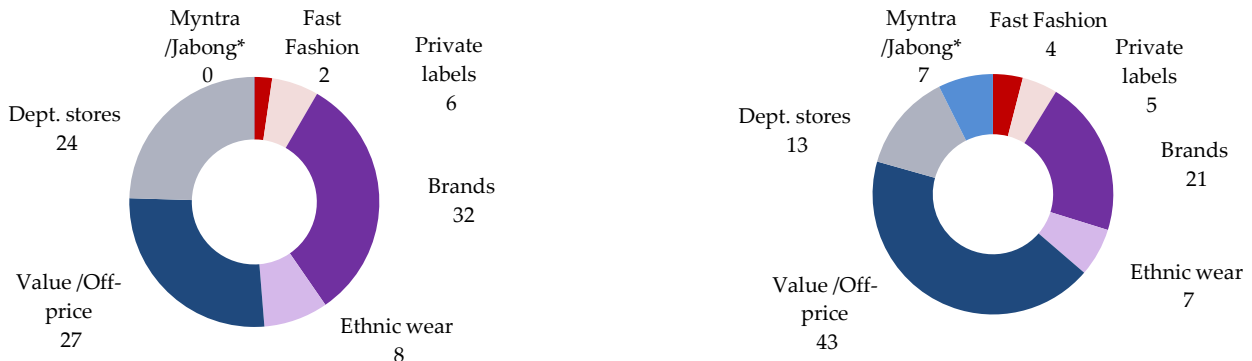
Increasing vendors' crunch



Source: Company, HSIE Research



...market share loss (for department stores/ethnic wear/weak brands) to e-tailers



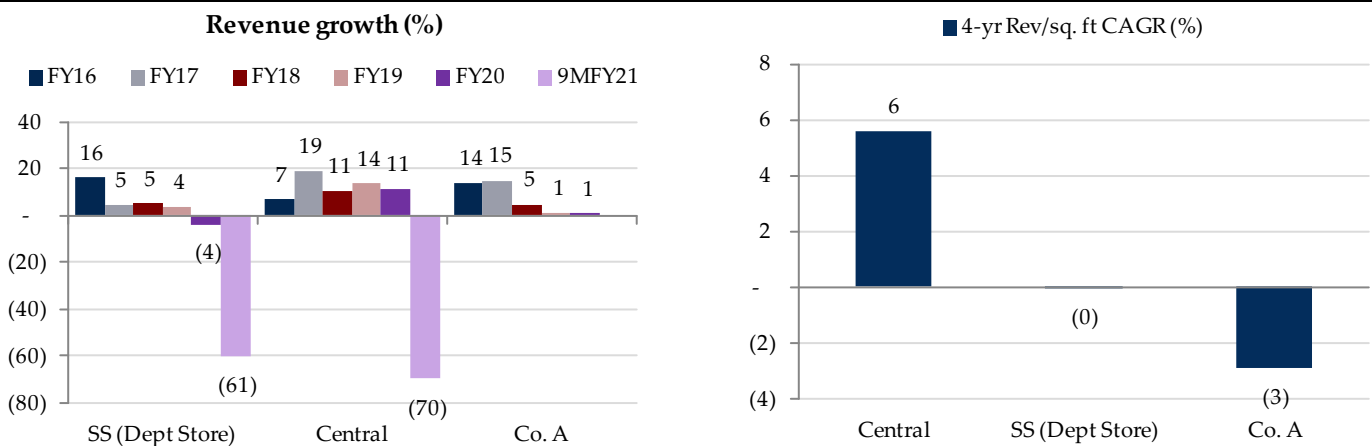
Source: Company, HSIE Research

## FY17-20 category-wise performance/FY21 recovery

### Multi-brand department stores

- Sales velocity:** Multi-brand department stores predominantly sell 3P brands (no/low product differentiation). Private labels form an insignificant part of the portfolio. The format’s sales velocity typically ranges between INR 8,500-12,500/sq. ft (among the lowest across apparel formats) and has remained under pressure over FY17-20 (as highlighted in the chart below), given their over-indexation to (1) a predominately urban consumer base and (2) Malls. Migration of this urban cohort to e-tail has been the fastest in apparel. Fulfilment cost – rent arbitrage has now evidently shifted in favour of online platforms in these high population density urban districts. Healthy AoVs of this format (INR 2,300-3,300) make this format prime for online disruption.
- GMs and cost of retailing** continue to rise, making the format less competitive with each passing year. The format remains the worst-hit by the pandemic.
- Vendor support:** Creditor days have untenably increased over the years and cash position remains extremely weak. While STOP has raised ~INR 3bn via rights issue, this is at best survival capital and not growth capital. Hence, over the next few years, focus is likely to be on fixing working capital, while growth takes a backseat. Meanwhile, e-tailers continue to sweeten the deal for vendors.

#### Revenue growth and sales velocity remain uninspiring for multi-brand department stores

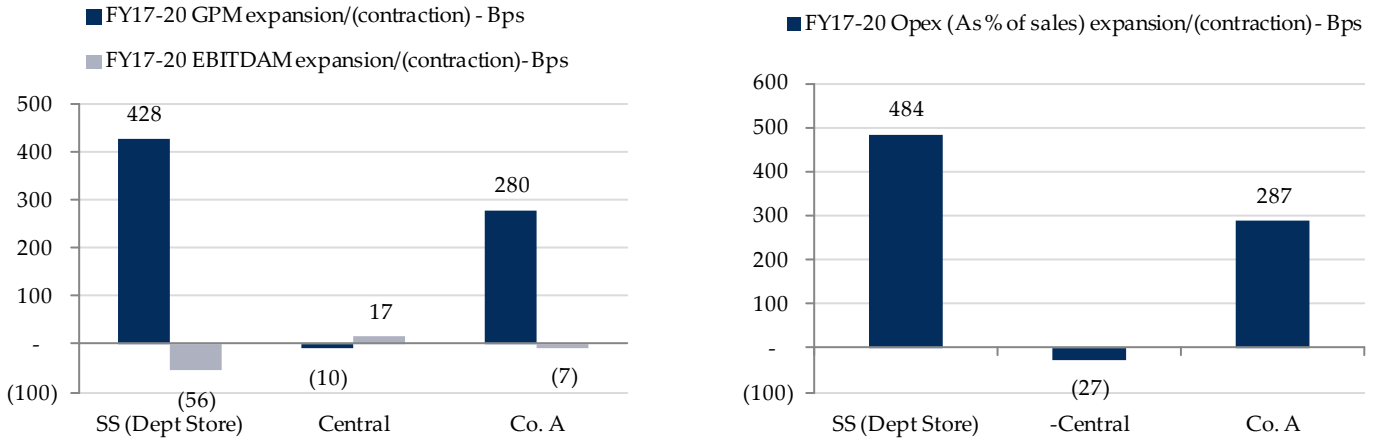


Source: Company, HSIE Research

#### Department stores remain over-indexed to the urban consumer base

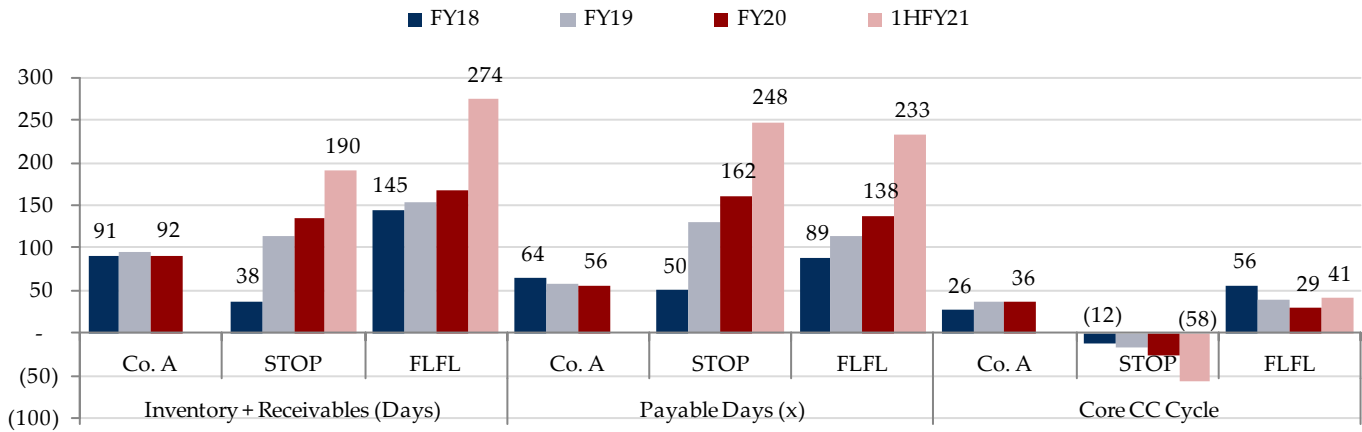
PCI/Store Distribution (%)	Population (mn)	District (#)	Co. A (%)	Districts (#)	Shoppers Stop (%)	Districts (#)	Central (%)	Districts (#)	Brand Factory (%)	Districts (#)	Planet Fashion (%)	Districts (#)
<100K	371	130	7.0	4	2.5	1	2.9	1	3.8	3	18.9	33
100-150K	141	54	11.3	7	11.1	7	5.7	2	8.8	7	19.3	24
150-200K	107	40	21.1	10	19.8	10	11.4	3	25.0	10	19.7	29
200-250K	68	25	11.3	7	2.5	2	8.6	3	6.3	4	13.3	18
250-300K	27	5	11.3	3	6.2	2	25.7	3	7.5	1	9.9	5
300-500K	38	8	26.8	4	35.8	4	34.3	4	43.8	4	12.0	7
500K+	20	3	11.3	3	22.2	3	11.4	3	5.0	1	6.9	2
	771	265	100	38	100	29	100	19	100	30	100	118

**Gross margins and cost of retailing are on the rise, thereby ceding competitiveness to the online channel**



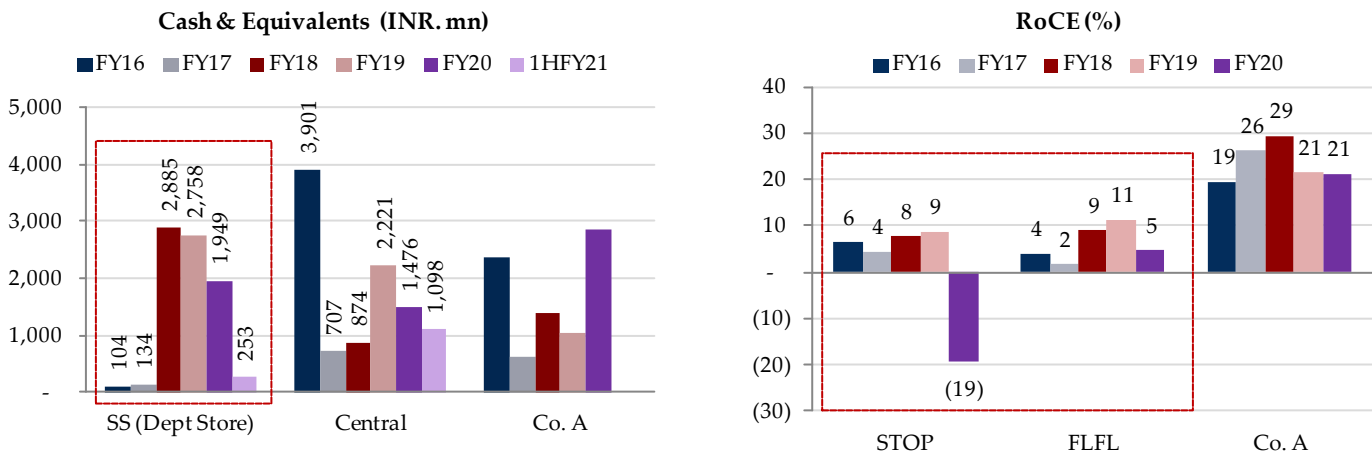
Source: Company, HSIE Research

**Vendor support has reached untenable levels; hence, over the next few years, focus would likely be on fixing working capital, while growth takes a backseat**



Source: Company, HSIE Research

**Given the wafer-thin cash position, fixing working capital is likely to take precedence over growth**

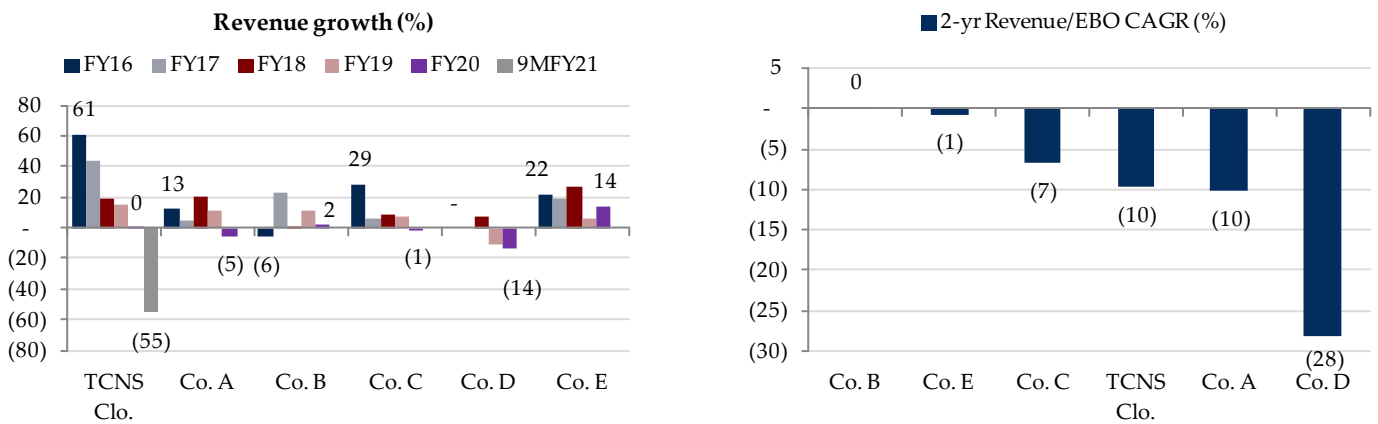


Source: Company, HSIE Research

## Ethnic wear

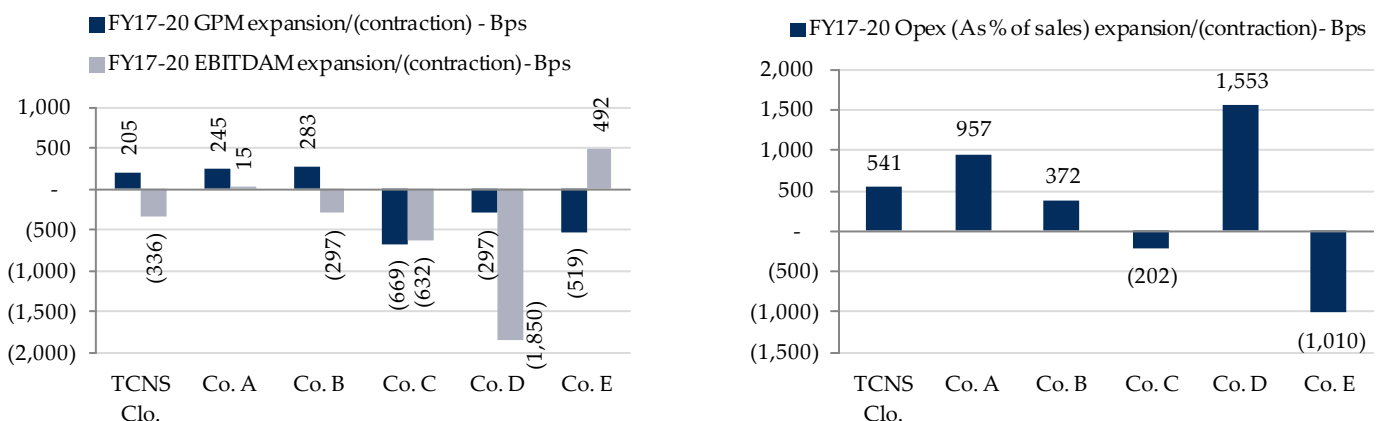
- **Primed for online disruption:** Organised ethnic wear as a category remains highly fragmented with the Top 5 constituting <7% of the category. Hence, even the top hasn't really achieved meaningful scale yet.
- The relatively higher (than department store) sales velocity (INR10,000-14,000/sq. ft) is underpinned by a high AoV (INR. 3,000-4,000), Hence, sensitivity to a footfall cut is higher for this category. This, coupled with high GM (60-65%), high and increasing cost of retailing (50-60%) and a deteriorating working capital cycle, is a perfect recipe to cede share to the online channel and it has.
- The consistent drop in sales velocity (0 to -10% CAGR) across all offline distribution channels (EBOs, LFS, MBOs) over the past four years even for the category leader corroborates the loss in share/pricing power to e-tail. Note: category tails are worse off.
- Meanwhile, e-tailers have been aggressive in introducing their ethnic wear private labels over the past few years.
- Rental expense as a percentage of owned EBO sales for women's ethnic wear retailers are grossly higher (25-40%) vs online fulfilment costs (8-11%). Hence, this category seems primed for online disruption. The format remains amongst the worst-hit along with department stores by the pandemic.
- Vendor support While still manageable, creditor days have been rising steadily for this cohort to cushion the impact of rising inventory + receivable days. This, along with weak cash position of the cohort, could translate into desperation to liquidate inventory ergo compromised profitability.

There has been a constant drop in topline growth and sales velocity across all offline distribution channels for ethnic wear



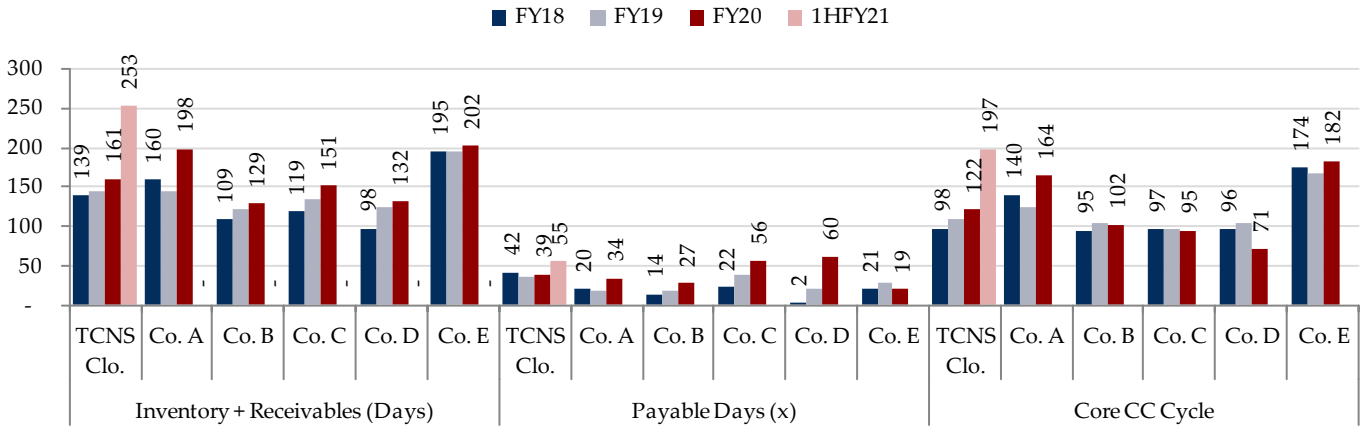
Source: Company, HSIE Research

Most ethnic retailers seem to be hiding behind high GMs as cost of retailing has inched up meaningfully over FY17-20



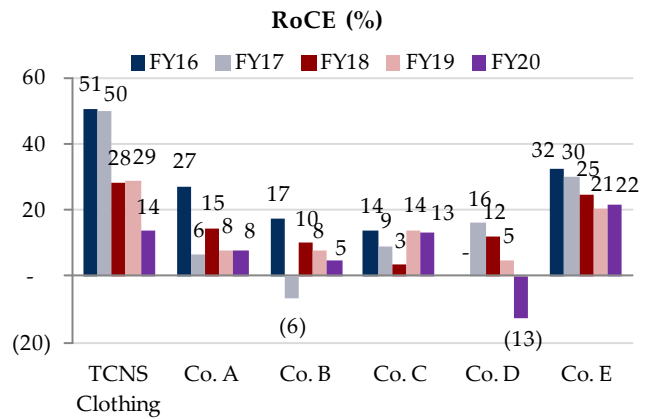
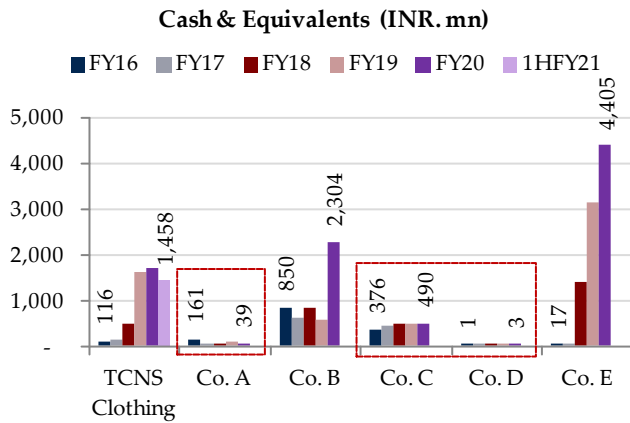
Source: Company, HSIE Research

Core cash conversion cycle has been deteriorating with time for this cohort



Source: Company, HSIE Research

...this is reflected in the weak cash position and deteriorating return profile across the cohort



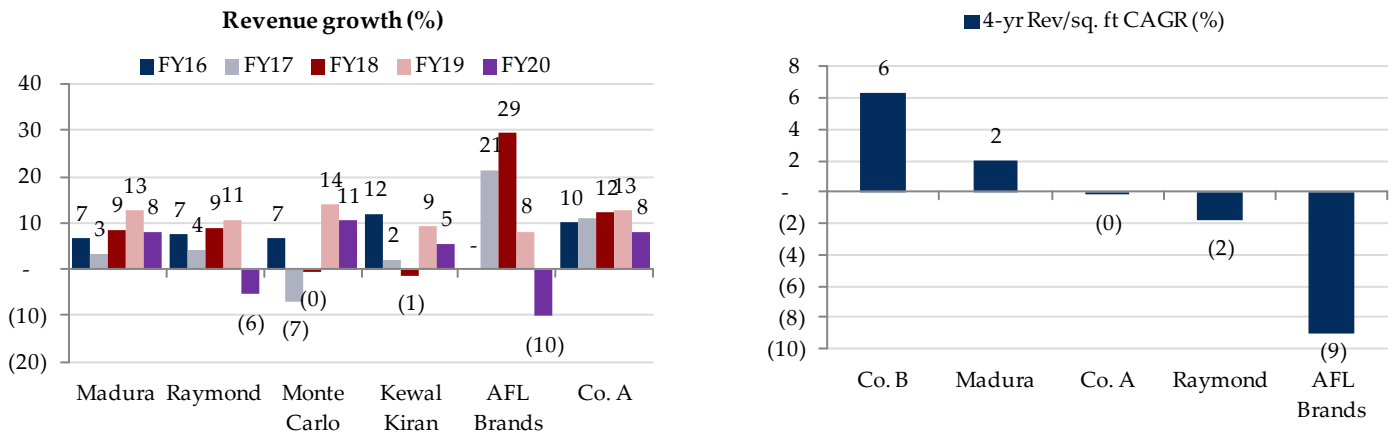
Source: Company, HSIE Research



## Brands

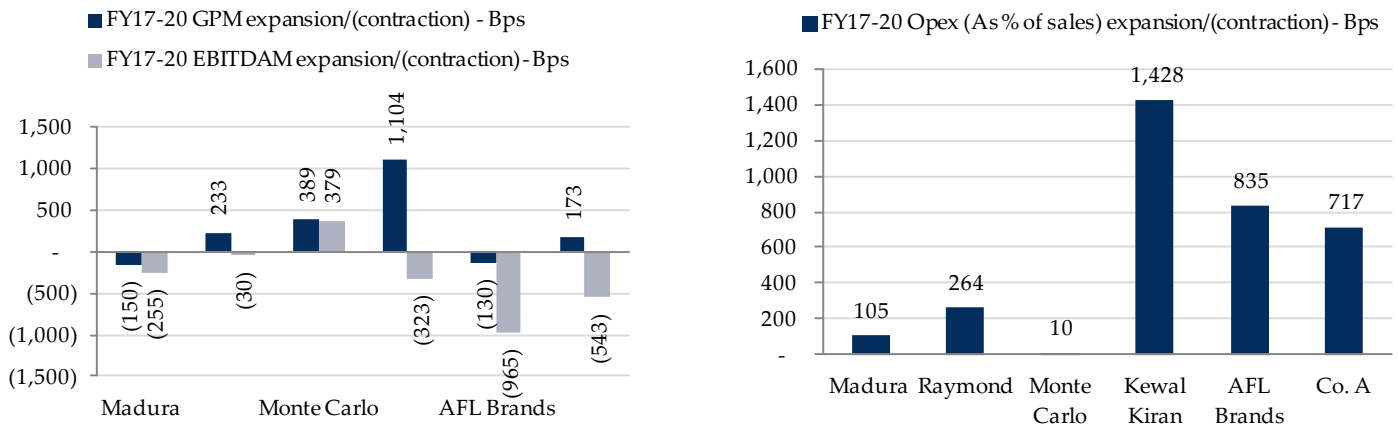
- **Differentiation and topline performance:** While brands as a cohort have been relatively more stable than department stores and women’s ethnic wear in topline performance, given a reasonable pull (high differentiation), especially in metros, performance leaves one wanting for more, given the gross under-penetration of the category.
- Sales velocity and GMs at INR 14,000-18,000/sq. ft, while healthy, doesn’t quite justify the rising cost of retailing (up 1 to 14pp over FY17-20) and many brands have been found hiding behind higher gross margins.
- This coupled with a deteriorating working capital and increasing payables support means that most in the cohort are likely to focus on fixing their balance sheets, while growth takes a backseat over the next 1-2 years.
- Also, high AoVs (INR 3,000-4,000) could be at risk if brands continue to lose consumer wardrobe-share to fast fashion and strong private labels.
- Re-capitalised balance sheets (ABFRL) are better off. Strong brands may perhaps be able to switch to a relatively leaner working capital by reducing lead times (fast fashion-esque). However, execution is key.
- For the tail, RoCEs have dropped below cost of capital (pre-COVID too) and cash position remains weak.

### For a cohort which should by definition have higher consumer pull, growth remains lackluster



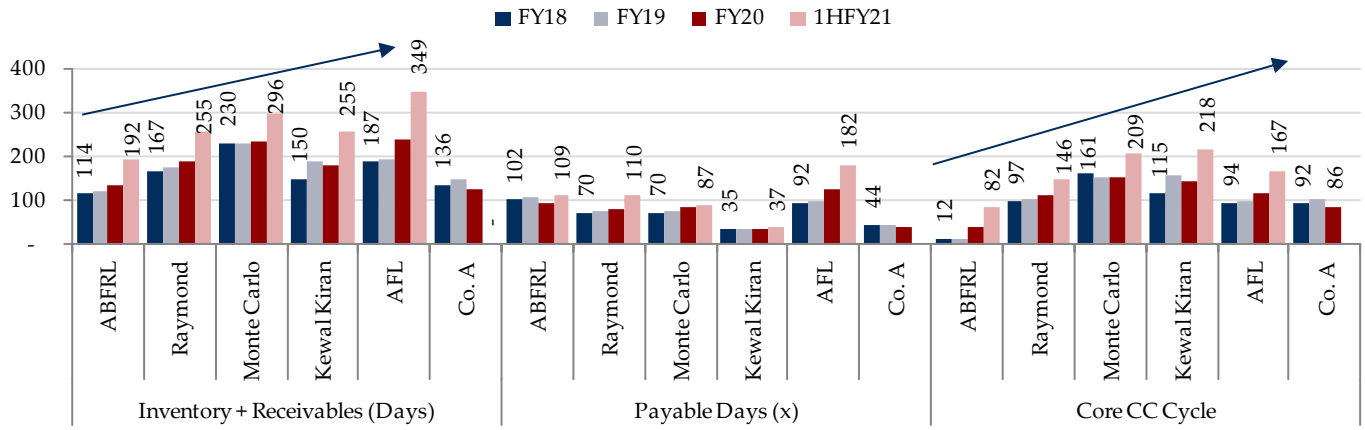
Source: Company, HSIE Research

### Most brands seem to be hiding behind higher gross margins as cost of retailing has consistently increased



Source: Company, HSIE Research

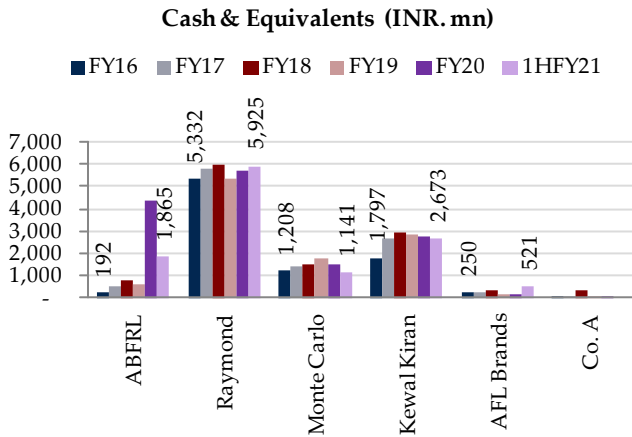
Working capital has deteriorated too and is likely to be the focus over FY21-23 and growth will take a backseat or be over-reliant on online channel, which could lead to reduction in pricing power



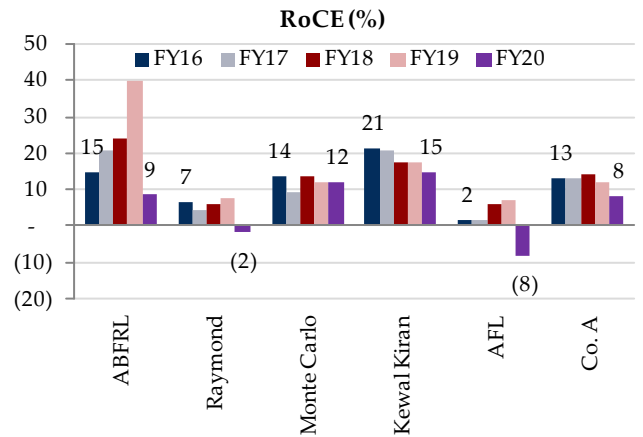
Source: Company, HSIE Research

Cash position for the tail is weak

Return ratios have slipped below cost of capital for most



Source: Company, HSIE Research

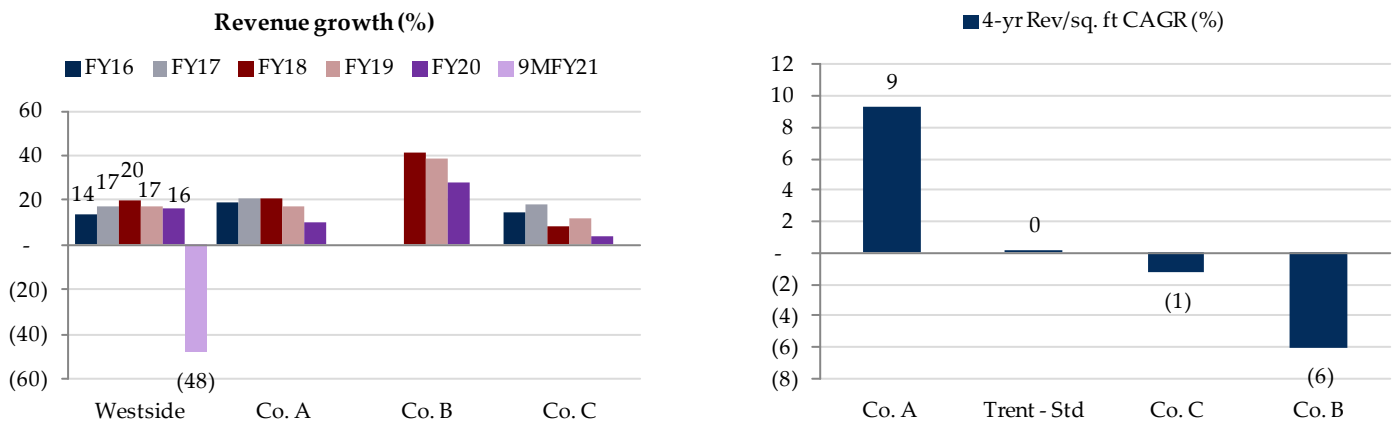


Source: Company, HSIE Research

## Fast fashion/private labels

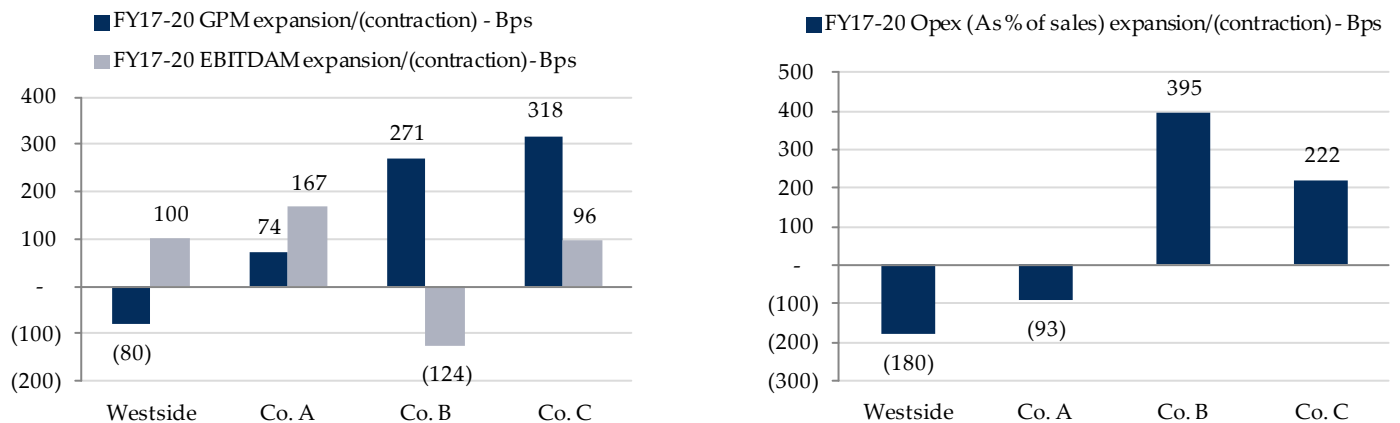
- Cohort of fast fashion and strong private labels remains amongst the fastest growing (behind value fashion and e-tail). The segment has grown at 22% CAGR over FY15-20.
- The more palatable price points (ASP: INR 800-2000, AoV: INR 2,000-3,000), variety, focus on the faster growing women's category have been underpinnings of the success of this segment.
- While GMs are high, they have been reducing for the more efficient ones along with reducing cost of retailing (Westside). Ergo, profitability has remained intact. Pure-play fast fashion retailers, while growing (nascent stage), may have to better balance cost structures/investments and growth as they mature.
- Working capital and creditors' assistance remains tightly managed for this universe. Hence, poaching vendors from this universe is likely to be tougher for e-tailers.
- Note: This is the top of the segment. The same cannot be said for the rest of the cohort. Also, Myntra has been aggressively partnering with small companies to create brands in these segments.
- Players in this segment are either backed by deep-pocketed Indian groups or global fast fashion industry leaders. Hence, capital infusion is not likely to be a problem. Barring Zara, RoCEs remain mediocre.

### Fast fashion/strong private labels have been among the more successful F&L formats in India



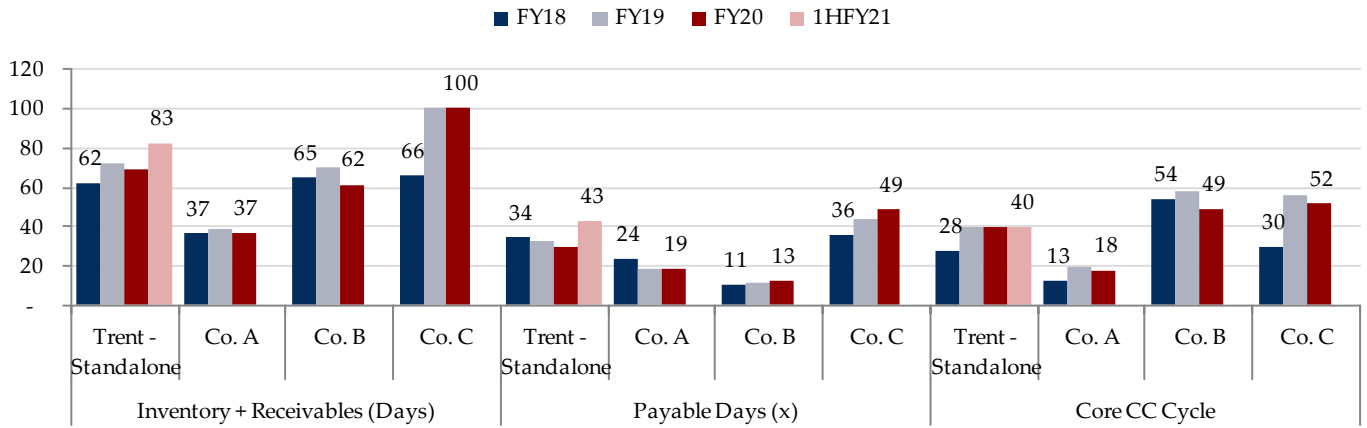
Source: Company, HSIE Research

### Westside is smartly getting more and more competitive vis-a-vis peers



Source: Company, HSIE Research

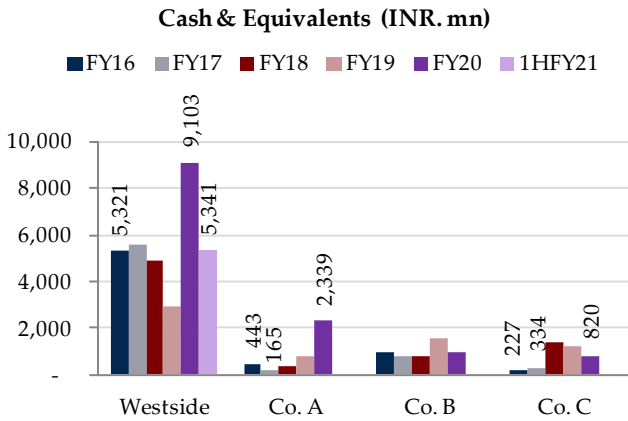
Working capital in this cohort remains tightly managed for most



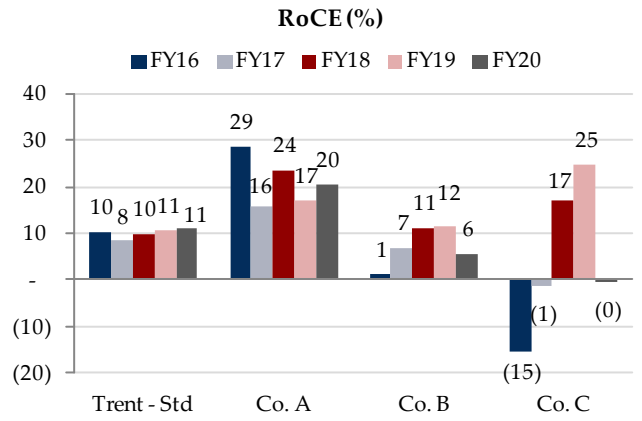
Source: Company, HSIE Research

Backed by deep-pocketed Indian conglomerates or global fast fashion retailers, cash infusion is unlikely to be an issue

Ex-Zara, return profile remains mediocre for now



Source: Company, HSIE Research

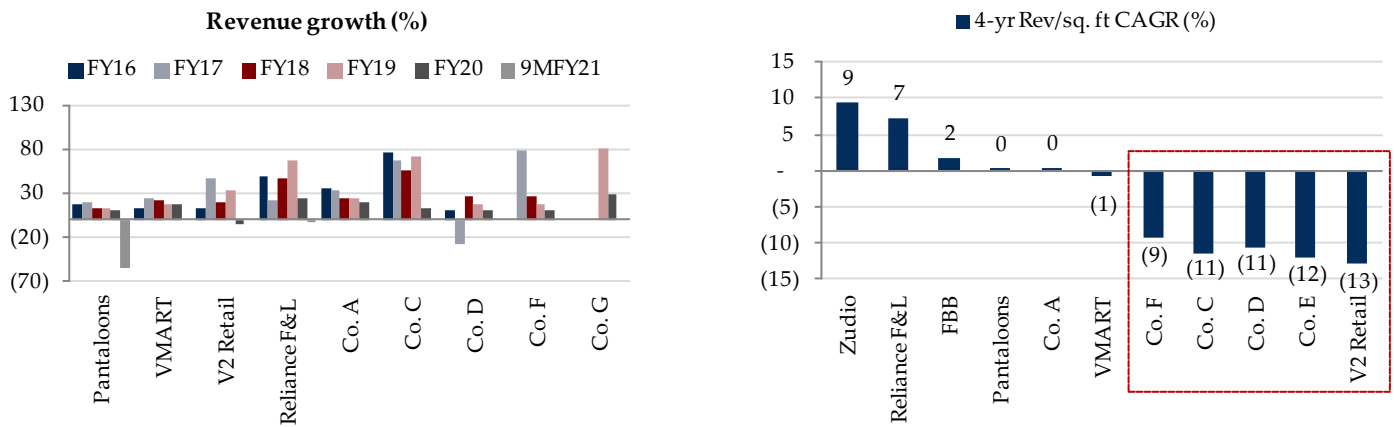


Source: Company, HSIE Research

## Value fashion

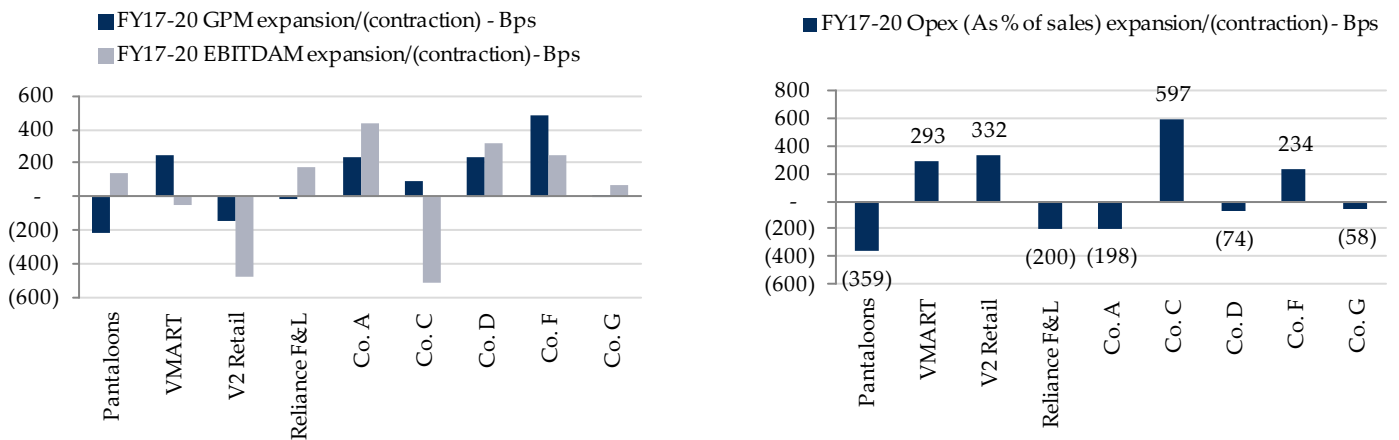
- Value fashion constitute ~54% of the Rs. 3.5tn Indian apparel market and has the biggest target group in India. Top retailers account for a meager 13% of the value fashion (VF) market.
- Format remains amongst the most successful (22% revenue CAGR over FY16-20) & profitable ones across apparel retail
- Low AoVs (INR. 700-1,800), low GMs (30-40%) and cost of retailing (25-30%) have kept this segment largely out of reach for e-tailers as it is extremely difficult to be profitable online in this category even at scale. The deterrent is the big cost arbitrage - Rent (4-8%) vs Online Fulfilment (10-15%).
- However, short of a few disciplined operators (VMART), growth for the tail has come at significant deterioration in unit economics and working capital position.
- Given that cash for expansion remains absent for the VF tail, we suspect focus will shift to liquidating inventory and paying of creditors. This also presents an opportunity for stronger VF retailers such as V-MART to scout for inorganic growth. V-MART's recently raised INR 3.7bn which could come in handy for the same.

### While V-MART remains disciplined, value fashion tail's growth has come at the cost of unit economics



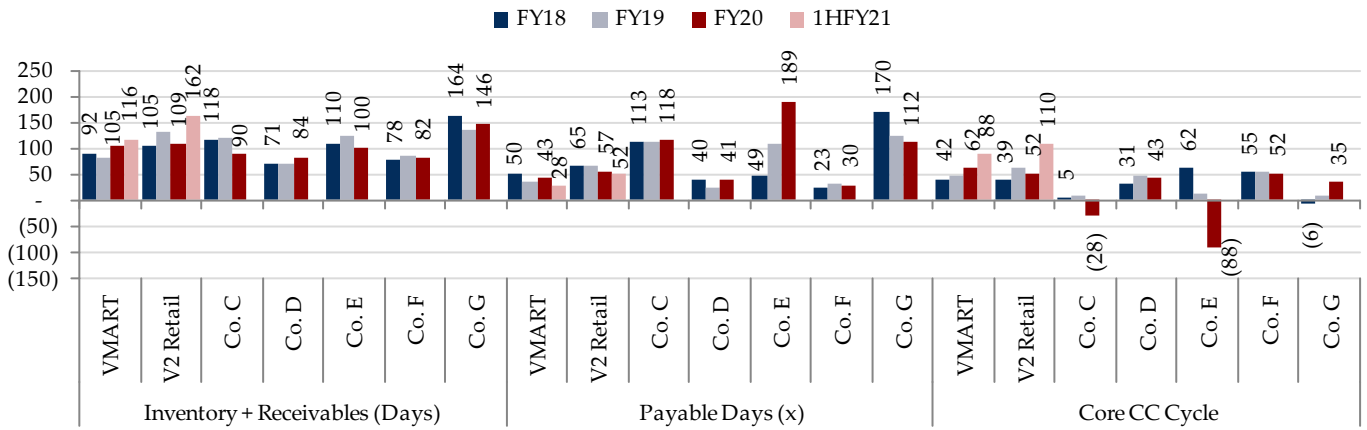
Source: Company, HSIE Research

### Ex-Pantaloons, cost of retailing has been on its way up for value fashion retailers



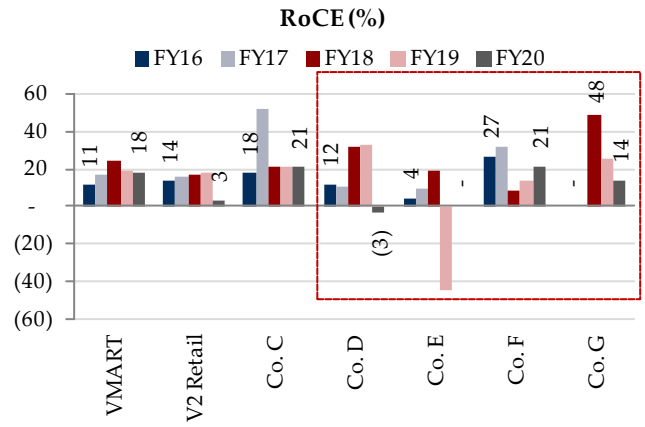
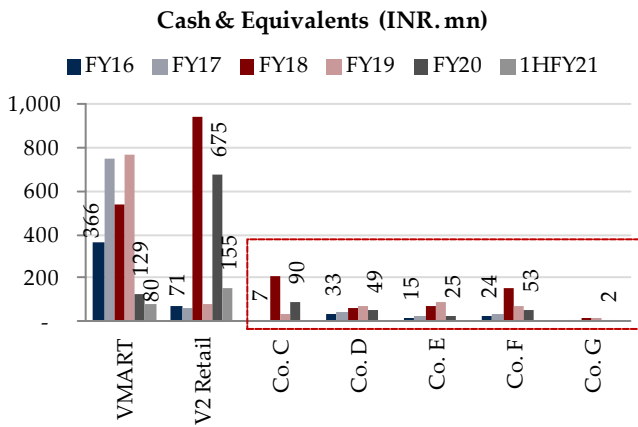
Source: Company, HSIE Research

**Working capital management for the tail remains messy, focus will be on liquidating inventory as soon as possible to pay off creditors**



Source: Company, HSIE Research

**Cash position and return profile for the tail remains weak**

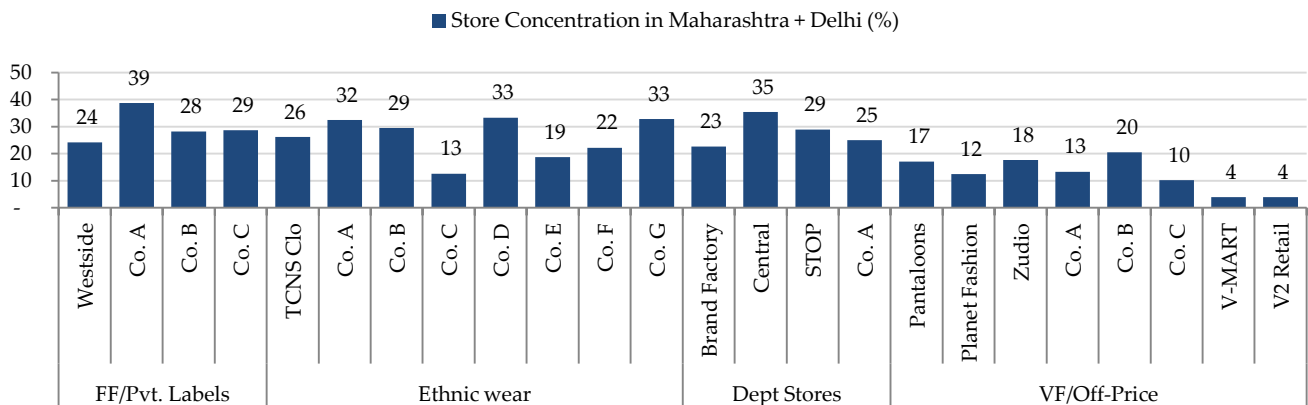


Source: Company, HSIE Research

## Second wave - final nail in the coffin for the tail!

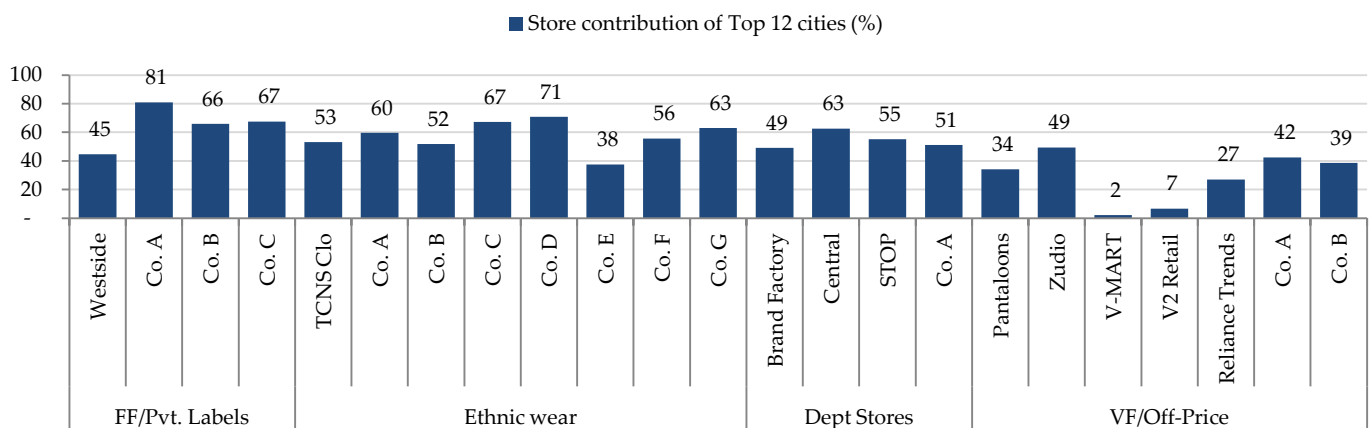
- **Second wave could prove to be the final nail in the coffin for many category tails:** Given the weak cash position, sinking profitability, and debilitating working capital woes across category tails, a second wave of lockdowns could prove to be the final nail in the coffin for weak retailers. Even for stronger retailers, it is likely to translate into a second round of sub-optimal financial performance.
- Key Indian states and UTs (Maharashtra, Delhi, Rajasthan, and Gujarat) are already under a partial lockdown in some shape or form with restricted sale of non-essential products.
- Our proprietary store map suggests that for our entire apparel universe, Maharashtra, and Delhi (partially locked down currently) account for 25-40% of stores across all formats (ex-value fashion). Revenue exposure could be as high as 40-60%. Hence, the most impacted are likely to be department stores and ethnic wear retailers, who incidentally have a weak cash cover and worsening working capital position (**most impacted companies/formats under coverage/ listed: Central, Brand Factory, STOP, and TCNS Clothing**)
- 4/12 top cities (high on per capita income and population density are currently under partial lockdown, while the next 5-6 cities are on the verge of imposing stricter restrictions/partial lockdowns).
- Note: Top 12 cities in India account for 40-80% of stores for our coverage universe (ex-value fashion), accounting for an estimated 60-95% of their revenue base.

### Store concentration of retailers in Maharashtra and Delhi



Source: Company, HSIE Research

### Top 12 cities footprint exposure across retailers



Source: Company, HSIE Research



### Value fashion leads the pack in recovery too (FY21 Performance)

Revenue growth (%)	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21E
<b>Department stores</b>								
Shoppers Stop	0.7	(2.2)	(0.5)	(10.4)	(93.5)	(65.4)	(28.8)	(12.5)
FLFL	18.0	19.2	3.1	7.4	(94.7)	(73.4)	(45.0)	(10.0)
<b>Private labels/Brands</b>								
Trent	29.9	32.8	32.5	8.1	(87.4)	(44.7)	(16.6)	2.4
Lifestyle Brands	6.5	15.0	13.9	(5.3)	(81.1)	(57.7)	(20.8)	(6.8)
Arvind Fashions	(10.5)	(7.4)	(9.8)	(39.2)	(88.5)	(61.0)	(20.6)	-
AFL brands	(6.5)	(9.4)	(7.1)	(42.3)	(89.8)	11.2	(6.5)	2.0
Kewal Kiran	4.0	9.5	13.2	(4.9)	(93.6)	(59.5)	(6.5)	5.0
Monte Carlo	1.1	21.5	7.4	14.3	(81.3)	(35.7)	0.1	10.0
<b>Value Fashion</b>								
Pantaloons	9.4	16.3	12.7	(1.1)	(90.8)	(59.7)	(25.1)	(4.5)
Reliance (F&L)	37.7	31.6	34.4	(0.3)	(70.7)	(8.2)	9.0	34.4
V-MART	25.4	19.8	20.7	(3.4)	(82.8)	(44.1)	(16.4)	12.0
V2 Retail	7.8	(3.2)	(9.1)	(21.2)	(81.7)	(43.6)	3.8	10.0

Source: Company, HSIE Research

## Peer Valuation

Company	CMP	MCap (Rs bn)	Reco	TP	Revenue (Rs. bn)			EBITDA (Rs. bn)			EBITDAM (%)			EPS (Rs)			P/E (x)			EV/EBITDA (x)			RoE(%)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
<b>Retail</b>																									
Avenue	2,778	1,767	SELL	2,160	238	351	436	18	30	38	7.4	8.7	8.7	17.8	31.6	39.0	155.9	87.8	71.3	100.8	58.1	44.8	9.9	15.4	16.2
ABFRL	174	150	BUY	200	52	83	96	2	12	14	4.0	14.3	14.7	(6.8)	(0.6)	0.1	NM	NM	NM	82.8	13.9	9.8	(45.5)	(2.7)	0.2
Shoppers Stop	193	17	SELL	170	17	30	33	(2)	2	2	(11.3)	5.1	6.0	(17.8)	(5.9)	(3.3)	NM	NM	NM	NM	10.9	8.0	(21.6)	(8.3)	(4.3)
V Mart	2,626	48	ADD	2,800	11	17	23	1	1	2	4.7	8.6	8.9	19.5	59.0	78.1	134.7	44.5	33.6	82.0	28.4	20.8	5.1	11.4	13.4
Trent	736	213	SELL	580	20	38	46	2	7	8	8.4	17.5	17.1	(2.6)	4.6	5.2	NM	NM	NM	143.4	33.4	28.0	(3.8)	6.7	7.1
TCNS Clo.	448	27	REDUCE	400	6	11	13	(1)	1	1	(13.1)	7.9	9.0	(6.2)	9.0	10.9	NM	44.6	39.7	(30.6)	29.9	23.2	(6.2)	9.9	10.5
Titan	1,523	1,352	SELL	1,300	217	267	314	20	31	36	9.4	11.5	11.6	13.2	21.4	26.2	115.7	71.2	58.1	68.6	45.3	38.2	16.6	24.2	26.3
Reliance Retail	560	3,750	NR	560	1,410	2,034	2,429	84	116	132	6.0	5.7	5.4	8.5	14.1	15.2	66.7	42.5	39.8	40.2	29.2	25.6	12.4	12.0	11.8
<b>Paints</b>																									
Asian Paints	2,556	2,451	REDUCE	2,300	213	244	273	48	54	60	22.5	22.0	21.8	32.5	37.2	42.8	78.7	68.8	59.7	50.9	45.0	40.2	28.3	28.0	28.2
Berger Paints	710	689	SELL	610	66	79	89	11	14	16	17.0	17.3	17.5	7.1	8.8	9.9	99.6	81.0	71.4	61.0	50.1	43.9	23.9	24.7	23.4
Kansai Paints	548	305	BUY	650	50	59	67	9	10	11	17.3	16.6	16.8	9.9	11.4	13.2	55.3	48.0	41.7	35.2	30.7	26.9	13.5	14.1	14.6

Source: HSIE Research

## Financials (ABFRL)

### Consolidated Income Statement

Year End (March)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>60,339</b>	<b>66,029</b>	<b>71,721</b>	<b>81,177</b>	<b>87,425</b>	<b>52,039</b>	<b>83,402</b>	<b>95,658</b>
Growth (%)	226.0	9.4	8.6	13.2	7.7	(40.5)	60.3	14.7
Material Expenses	27,518	30,087	33,901	39,250	42,058	25,943	41,578	47,210
Employee Expense	6,205	7,058	7,723	9,130	10,584	8,534	10,008	11,431
Rent Expense	9,032	10,172	10,429	11,104	12,468	4,059	4,254	4,831
Advertisement Expense	3,954	2,867	3,380	4,415	4,755	1,561	4,170	5,166
Other Expenses	9,847	11,470	11,605	11,738	12,906	9,877	11,449	12,943
<b>EBITDA</b>	<b>3,784</b>	<b>4,375</b>	<b>4,683</b>	<b>5,541</b>	<b>4,655</b>	<b>2,065</b>	<b>11,943</b>	<b>14,078</b>
EBITDA Growth (%)	420.5	15.6	7.0	18.3	(16.0)	(55.6)	478.5	17.9
EBITDA Margin (%)	6.3	6.6	6.5	6.8	5.3	4.0	14.3	14.7
Depreciation	3,381	2,425	2,805	2,823	2,488	9,294	10,264	11,171
<b>EBIT</b>	<b>403</b>	<b>1,950</b>	<b>1,878</b>	<b>2,717</b>	<b>2,167</b>	<b>(7,229)</b>	<b>1,680</b>	<b>2,906</b>
Other Income (Including EO Items)	264	382	328	648	522	4,092	565	548
Interest	1,765	1,797	1,716	1,874	2,123	4,703	3,031	3,359
<b>PBT</b>	<b>(1,097)</b>	<b>535</b>	<b>490</b>	<b>1,491</b>	<b>565</b>	<b>(7,840)</b>	<b>(787)</b>	<b>95</b>
Total Tax	-	-	(688)	(1,721)	1,361	(1,973)	(198)	24
<b>RPAT</b>	<b>(1,097)</b>	<b>535</b>	<b>1,178</b>	<b>3,212</b>	<b>(796)</b>	<b>(5,867)</b>	<b>(589)</b>	<b>71</b>
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-
<b>Adjusted PAT</b>	<b>(1,097)</b>	<b>535</b>	<b>1,178</b>	<b>3,212</b>	<b>(796)</b>	<b>(5,867)</b>	<b>(589)</b>	<b>71</b>
APAT Growth (%)	(51.9)	(148.7)	120.2	172.7	(124.8)	637.3	(90.0)	(112.1)
Adjusted EPS (Rs)	(1.4)	0.7	1.5	4.2	(1.0)	(7.6)	(0.8)	0.1
EPS Growth (%)	(51.9)	(148.7)	120.2	172.7	(124.8)	637.3	(90.0)	(112.1)

### Consolidated Balance sheet

Year End (March)	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	7,688	7,705	7,717	7,735	7,740	8,644	9,376	9,376
Reserves	1,367	1,876	3,214	6,554	3,119	6,299	19,978	19,371
<b>Total Shareholders Funds</b>	<b>9,055</b>	<b>9,582</b>	<b>10,931</b>	<b>14,289</b>	<b>10,859</b>	<b>14,943</b>	<b>29,354</b>	<b>28,747</b>
Preference Share Capital	5	5	0	-	-	-	-	-
Long Term Debt	6,766	12,705	11,879	7,238	8,550	8,550	1,550	1,550
Short Term Debt	11,727	7,736	6,735	9,791	19,213	15,213	4,213	4,213
<b>Total Debt</b>	<b>18,493</b>	<b>20,441</b>	<b>18,614</b>	<b>17,029</b>	<b>27,763</b>	<b>23,763</b>	<b>5,763</b>	<b>5,763</b>
Net Deferred Taxes	-	-	(688)	(2,634)	(1,950)	(1,950)	(1,950)	(1,950)
Other Non-current Liabilities & Provns	1,127	1,418	1,607	1,737	25,894	25,867	29,084	32,861
<b>TOTAL SOURCES OF FUNDS</b>	<b>28,680</b>	<b>31,446</b>	<b>30,464</b>	<b>30,420</b>	<b>62,567</b>	<b>62,624</b>	<b>62,252</b>	<b>65,422</b>
<b>APPLICATION OF FUNDS</b>								
Net Block	5,280	6,275	7,227	6,959	6,943	5,658	5,752	5,984
CWIP	254	250	459	224	436	436	436	436
Other Non-current Assets	17,956	18,606	19,875	19,917	41,328	41,172	44,307	48,018
<b>Total Non-current Assets</b>	<b>23,490</b>	<b>25,131</b>	<b>27,561</b>	<b>27,100</b>	<b>48,707</b>	<b>47,266</b>	<b>50,495</b>	<b>54,438</b>
Inventories	14,105	14,313	16,912	19,213	23,494	19,247	22,850	26,208
Debtors	3,124	4,522	5,518	7,866	8,402	8,554	8,683	9,173
Other Current Assets	4,913	5,897	5,889	8,782	9,986	5,944	9,527	10,927
<b>Cash &amp; Equivalents</b>	<b>192</b>	<b>497</b>	<b>770</b>	<b>616</b>	<b>4,351</b>	<b>3,033</b>	<b>2,743</b>	<b>2,742</b>
<b>Total Current Assets</b>	<b>22,335</b>	<b>25,228</b>	<b>29,089</b>	<b>36,477</b>	<b>46,233</b>	<b>36,779</b>	<b>43,803</b>	<b>49,049</b>
Creditors	14,298	14,578	20,093	23,986	22,733	15,683	22,850	27,518
Other Current Liabilities & Provns	2,846	4,335	6,093	9,170	9,640	5,738	9,196	10,548
<b>Total Current Liabilities</b>	<b>17,144</b>	<b>18,913</b>	<b>26,186</b>	<b>33,157</b>	<b>32,373</b>	<b>21,421</b>	<b>32,046</b>	<b>38,066</b>
<b>Net Current Assets</b>	<b>5,191</b>	<b>6,315</b>	<b>2,903</b>	<b>3,321</b>	<b>13,860</b>	<b>15,358</b>	<b>11,757</b>	<b>10,984</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>28,680</b>	<b>31,446</b>	<b>30,464</b>	<b>30,420</b>	<b>62,567</b>	<b>62,624</b>	<b>62,252</b>	<b>65,422</b>

Source: Company, HSIE Research

## Consolidated Cash flow statement

Year ending March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	(1,098)	535	490	149	565	(7,840)	(787)	95
Non-operating & EO Items	(179)	134	237	1,590	(502)	(4,092)	(565)	(548)
Interest Expenses	1,765	1,761	1,669	1,846	2,123	4,703	3,031	3,359
Depreciation	3,381	2,425	2,805	2,823	2,488	2,845	3,291	3,613
Working Capital Change	(741)	(573)	760	(937)	(2,229)	(2,816)	3,311	772
Tax Paid	(19)	(30)	(10)	(196)	(61)	1,973	198	(24)
<b>OPERATING CASH FLOW ( a )</b>	<b>3,109</b>	<b>4,252</b>	<b>5,951</b>	<b>5,276</b>	<b>2,384</b>	<b>(5,226)</b>	<b>8,480</b>	<b>7,267</b>
Capex	(2,076)	(4,499)	(3,271)	(2,792)	(4,668)	(1,560)	(3,385)	(3,844)
Free Cash Flow (FCF)	1,033	(247)	2,680	2,484	(2,283)	(6,787)	5,095	3,423
Investments	-	4	(36)	22	47	-	-	-
Non-operating Income	217	38	55	4	(599)	4,248	(2,570)	(3,163)
<b>INVESTING CASH FLOW ( b )</b>	<b>(1,859)</b>	<b>(4,456)</b>	<b>(3,252)</b>	<b>(2,766)</b>	<b>(5,220)</b>	<b>2,688</b>	<b>(5,955)</b>	<b>(7,007)</b>
Debt Issuance/(Repaid)	(1,313)	498	(2,481)	(2,674)	8,602	(8,703)	(21,031)	(3,359)
FCFE	(280)	251	199	(189)	6,318	(15,490)	(15,936)	64
Share Capital Issuance	(16)	11	12	9	72	9,951	15,000	-
Dividend	-	-	-	-	-	-	-	(678)
Others	-	-	-	-	479	(27)	3,217	3,777
<b>FINANCING CASH FLOW ( c )</b>	<b>(1,330)</b>	<b>509</b>	<b>(2,469)</b>	<b>(2,664)</b>	<b>9,153</b>	<b>1,221</b>	<b>(2,814)</b>	<b>(261)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(80)</b>	<b>305</b>	<b>230</b>	<b>(154)</b>	<b>6,318</b>	<b>(1,318)</b>	<b>(290)</b>	<b>(1)</b>
EO Items, Others	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	190	495	726	572	2,651	1,333	1,043	1,042

## Key Ratios

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>PROFITABILITY (%)</b>								
GPM	54.4	54.4	52.7	51.6	51.9	50.1	50.1	50.6
EBITDA Margin	6.3	6.6	6.5	6.8	5.3	4.0	14.3	14.7
EBIT Margin	0.7	3.0	2.6	3.3	2.5	(13.9)	2.0	3.0
APAT Margin	(1.8)	0.8	1.6	4.0	(0.9)	(11.3)	(0.7)	0.1
RoE	(17.6)	5.7	11.5	25.5	(6.3)	(45.5)	(2.7)	0.2
RoC (or Core RoCE)	1.8	6.6	6.1	8.7	4.7	(8.9)	2.0	3.4
RoCE	2.9	7.8	9.2	15.8	2.7	(3.6)	2.6	3.9
<b>EFFICIENCY</b>							(6.61)	
Tax Rate (%)	-	-	-	-	-	25.2	25.2	25.2
Fixed Asset Turnover (x)	9.3	8.3	6.6	6.5	5.8	3.1	4.2	4.0
Inventory (days)	85	79	86	86	98	135	100	100
Debtors (days)	19	25	28	35	35	60	38	35
Other Current Assets (days)	30	33	30	39	42	42	42	42
Payables (days)	86	81	102	108	95	110	100	105
Other Current Liab & Provns (days)	17	24	31	41	40	40	40	40
Cash Conversion Cycle (days)	30	32	11	12	40	86	39	31
Net Debt (Rs mn)	18,301	19,945	17,844	16,412	23,413	20,730	3,020	3,021
Net D/E (x)	2.0	2.1	1.6	1.1	2.2	1.4	0.1	0.1
Interest Coverage (x)	0.2	1.1	1.1	1.4	1.0	(1.5)	0.6	0.9
<b>PER SHARE DATA (Rs)</b>								
EPS	(1.4)	0.7	1.5	4.2	(1.0)	(7.6)	(0.8)	0.1
CEPS	3.0	3.8	5.2	7.8	2.2	3.2	10.2	12.0
Dividend	-	-	-	-	-	-	0.6	0.9
Book Value	11.8	12.4	14.2	18.5	14.0	17.3	31.3	30.7
<b>VALUATION</b>								
P/E (x)	(122.3)	251.0	114.0	41.8	(168.7)	(22.9)	(228.0)	1,888.3
P/BV (x)	14.8	14.0	12.3	9.4	12.4	10.1	5.6	5.7
EV/EBITDA (x)	40.3	35.3	32.5	27.3	33.9	82.8	13.9	9.8
EV/Revenues (x)	2.5	2.3	2.1	1.9	1.8	3.3	2.0	1.4
OCF/EV (%)	2.0	2.8	3.9	3.5	1.5	(3.1)	5.1	5.3
FCF/EV (%)	0.7	(0.2)	1.8	1.6	(1.4)	(4.0)	3.1	2.5
FCFE/Mkt Cap (%)	(0.2)	0.2	0.1	(0.1)	4.7	(10.3)	(9.8)	0.0

Source: Company, HSIE Research

## Financials (Trent Ltd)

### Standalone Income Statement

Year End (March)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>14,919</b>	<b>17,166</b>	<b>20,663</b>	<b>25,317</b>	<b>31,777</b>	<b>20,141</b>	<b>37,565</b>	<b>45,655</b>
Growth (%)	9.9	15.1	20.4	22.5	25.5	(36.6)	86.5	21.5
COGS	7,213	8,060	9,588	12,324	16,037	10,601	19,274	23,776
Employee Expense	1,323	1,661	2,026	2,525	3,131	2,618	3,756	4,565
A&P Expense	424	461	382	430	493	272	601	730
Rent Expense	1,874	2,278	2,668	3,180	2,026	1,540	2,318	2,739
Other Expenses	3,158	3,479	3,987	4,494	4,458	3,424	5,034	6,026
<b>EBITDA</b>	<b>927</b>	<b>1,226</b>	<b>2,014</b>	<b>2,365</b>	<b>5,632</b>	<b>1,687</b>	<b>6,582</b>	<b>7,817</b>
EBITDA Growth (%)	68.9	32.3	64.2	17.5	138.1	(70.1)	290.2	18.8
EBITDA Margin (%)	6.2	7.1	9.7	9.3	17.7	8.4	17.5	17.1
Depreciation	345	376	417	465	2,311	2,350	2,804	3,364
<b>EBIT</b>	<b>582</b>	<b>850</b>	<b>1,597</b>	<b>1,901</b>	<b>3,321</b>	<b>(663)</b>	<b>3,778</b>	<b>4,454</b>
Other Income (Including EO Items)	886	837	426	359	1,517	1,714	751	704
Interest	376	337	306	368	2,383	2,370	2,349	2,694
<b>PBT</b>	<b>1,093</b>	<b>1,350</b>	<b>1,716</b>	<b>1,892</b>	<b>2,455</b>	<b>(1,318)</b>	<b>2,180</b>	<b>2,464</b>
Total Tax	227	282	549	617	909	(385)	549	620
<b>RPAT before share of associate earnings</b>	<b>866</b>	<b>1,069</b>	<b>1,167</b>	<b>1,275</b>	<b>1,546</b>	<b>(933)</b>	<b>1,631</b>	<b>1,844</b>
Share of associate earnings	-	-	-	-	-	-	-	-
Minority share of Profit/(Loss)	-	-	-	-	-	-	-	-
<b>RPAT</b>	<b>866</b>	<b>1,069</b>	<b>1,167</b>	<b>1,275</b>	<b>1,546</b>	<b>(933)</b>	<b>1,631</b>	<b>1,844</b>
Exceptional (Gain)/loss	1	(247)	-	5	0	-	-	-
<b>Adjusted PAT</b>	<b>867</b>	<b>822</b>	<b>1,167</b>	<b>1,279</b>	<b>1,546</b>	<b>(933)</b>	<b>1,631</b>	<b>1,844</b>
APAT Growth (%)	98.6	(5.2)	42.1	9.6	20.8	(160.4)	(274.8)	13.0
<b>Adjusted EPS (Rs)</b>	<b>26.1</b>	<b>2.5</b>	<b>3.5</b>	<b>3.8</b>	<b>4.3</b>	<b>(2.6)</b>	<b>4.6</b>	<b>5.2</b>

### Standalone Balance sheet

Year End (March)	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	332	332	332	332	355	355	355	355
Reserves	14,000	15,076	15,839	16,636	24,634	23,271	24,902	26,254
<b>Total Shareholders Funds</b>	<b>14,332</b>	<b>15,408</b>	<b>16,172</b>	<b>16,968</b>	<b>24,990</b>	<b>23,626</b>	<b>25,257</b>	<b>26,609</b>
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long Term Debt	960	998	999	2,996	2,997	2,997	2,997	2,997
Short Term Debt	2,998	2,919	2,915	1,946	-	-	-	-
Lease Liability	-	-	-	-	21,471	21,556	24,467	28,670
<b>Total Debt</b>	<b>3,958</b>	<b>3,917</b>	<b>3,914</b>	<b>4,941</b>	<b>24,468</b>	<b>24,554</b>	<b>27,464</b>	<b>31,667</b>
Net Deferred Taxes	(86)	(101)	(28)	(72)	(1,070)	(1,070)	(1,070)	(1,070)
Other Non-current Liabilities & Provns	-	24	23	4	69	69	69	69
<b>TOTAL SOURCES OF FUNDS</b>	<b>18,205</b>	<b>19,248</b>	<b>20,081</b>	<b>21,842</b>	<b>48,458</b>	<b>47,179</b>	<b>51,721</b>	<b>57,276</b>
<b>APPLICATION OF FUNDS</b>								
Net Block	4,160	4,899	5,779	6,271	7,142	7,633	8,866	10,543
CWIP	537	55	96	850	231	231	231	231
Other Non-current Assets	5,803	6,139	6,119	7,250	9,125	9,125	9,125	9,125
RoU Assets	-	-	-	-	19,041	19,127	21,442	24,754
<b>Total Non-current Assets</b>	<b>10,499</b>	<b>11,093</b>	<b>11,993</b>	<b>14,372</b>	<b>35,539</b>	<b>36,117</b>	<b>39,665</b>	<b>44,654</b>
Inventories	2,701	2,983	3,392	4,894	5,865	3,863	6,895	8,318
Debtors	20	31	131	141	133	84	158	192
Other Current Assets	2,202	2,074	2,701	3,157	2,241	1,338	2,341	2,657
<b>Cash &amp; Equivalents</b>	<b>5,321</b>	<b>5,593</b>	<b>4,899</b>	<b>2,970</b>	<b>9,103</b>	<b>8,802</b>	<b>7,892</b>	<b>7,749</b>
<b>Total Current Assets</b>	<b>10,244</b>	<b>10,681</b>	<b>11,122</b>	<b>11,162</b>	<b>17,343</b>	<b>14,087</b>	<b>17,286</b>	<b>18,916</b>
Creditors	1,492	1,565	1,946	2,289	2,565	1,846	3,032	3,622
Other Current Liabilities & Provns	1,046	962	1,088	1,403	1,859	1,178	2,197	2,671
<b>Total Current Liabilities</b>	<b>2,538</b>	<b>2,526</b>	<b>3,034</b>	<b>3,692</b>	<b>4,423</b>	<b>3,025</b>	<b>5,229</b>	<b>6,293</b>
<b>Net Current Assets</b>	<b>7,706</b>	<b>8,155</b>	<b>8,088</b>	<b>7,470</b>	<b>12,919</b>	<b>11,063</b>	<b>12,057</b>	<b>12,623</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>18,205</b>	<b>19,248</b>	<b>20,081</b>	<b>21,842</b>	<b>48,458</b>	<b>47,179</b>	<b>51,721</b>	<b>57,276</b>

Source: Company, HSIE Research

## Standalone Cash flow statement

Year ending March	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
Reported PBT	1,094	1,103	1,716	1,896	2,455	(1,318)	2,180	2,464
Non-operating & EO Items	(617)	(324)	(40)	(122)	(1,228)	-	-	-
Interest Expenses	160	128	87	180	2,058	2,370	2,349	2,694
Depreciation	353	383	424	465	2,319	2,350	2,804	3,364
Working Capital Change	280	(336)	(668)	(1,356)	(1,112)	1,556	(1,904)	(709)
Tax Paid	(189)	(313)	(491)	(781)	(807)	385	(549)	(620)
<b>OPERATING CASH FLOW ( a )</b>	<b>1,081</b>	<b>642</b>	<b>1,029</b>	<b>282</b>	<b>3,686</b>	<b>5,342</b>	<b>4,881</b>	<b>7,192</b>
Capex	(1,326)	(488)	(1,369)	(2,890)	(1,501)	(949)	(1,865)	(2,420)
Free Cash Flow (FCF)	(245)	153	(341)	(2,609)	2,185	4,393	3,016	4,772
Investments	(67)	176	881	2,234	(5,870)	-	-	-
Non-operating Income	500	207	186	199	(200)	-	-	-
(Increase)/decrease in RoU						(1,979)	(4,487)	(5,933)
<b>INVESTING CASH FLOW ( b )</b>	<b>(892)</b>	<b>(105)</b>	<b>(302)</b>	<b>(457)</b>	<b>(7,570)</b>	<b>(2,928)</b>	<b>(6,352)</b>	<b>(8,353)</b>
Debt Issuance/(Repaid)	541	(466)	(341)	841	(4,367)	(2,370)	(2,349)	(2,694)
FCFE	297	(313)	(681)	(1,768)	(2,182)	2,023	666	2,078
Share Capital Issuance	-	-	-	-	9,498	-	-	-
Dividend	(752)	(6)	(399)	(459)	(520)	(430)	-	(492)
Others	(0)	-	-	-	-	85	2,911	4,203
<b>FINANCING CASH FLOW ( c )</b>	<b>(211)</b>	<b>(472)</b>	<b>(740)</b>	<b>382</b>	<b>4,611</b>	<b>(2,715)</b>	<b>562</b>	<b>1,018</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(22)</b>	<b>64</b>	<b>(12)</b>	<b>206</b>	<b>727</b>	<b>(301)</b>	<b>(910)</b>	<b>(143)</b>
EO Items, Others	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	252	316	303	509	441	140	(770)	(913)

## Key Ratios

	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E	FY23E
<b>PROFITABILITY (%)</b>								
GPM	51.7	53.0	53.6	51.3	49.5	47.4	48.7	47.9
EBITDA Margin	6.2	7.1	9.7	9.3	17.7	8.4	17.5	17.1
EBIT Margin	3.9	5.0	7.7	7.5	10.5	(3.3)	10.1	9.8
APAT Margin	5.8	4.8	5.6	5.1	4.9	(4.6)	4.3	4.0
RoE	6.2	5.5	7.4	7.7	7.4	(3.8)	6.7	7.1
RoIC (or Core RoCE)	3.8	4.8	7.5	7.5	7.2	(1.2)	6.9	7.1
RoCE	6.8	5.7	7.0	7.3	8.7	1.6	6.9	7.1
<b>EFFICIENCY</b>								
Tax Rate (%)	20.8	25.5	32.0	32.5	37.0	29.2	25.2	25.2
Fixed Asset Turnover (x)	2.6	2.7	3.0	3.4	3.7	2.1	3.3	3.3
Inventory (days)	66	63	60	71	67	70	67	67
Debtors (days)	0	1	2	2	2	2	2	2
Other Current Assets (days)	54	44	48	46	26	24	23	21
Payables (days)	37	33	34	33	29	33	29	29
Other Current Liab & Provns (days)	26	20	19	20	21	21	21	21
Cash Conversion Cycle (days)	58	54	56	65	44	41	40	39
Net D/E (x)	(0.1)	(0.1)	(0.1)	0.1	0.6	0.7	0.8	0.9
Interest Coverage (x)	1.5	2.5	5.2	5.2	1.4	(0.3)	1.6	1.7
<b>PER SHARE DATA (Rs)</b>								
EPS	26.1	2.5	3.5	3.8	4.3	(2.6)	4.6	5.2
CEPS	36.5	3.6	4.8	5.2	10.8	4.0	12.4	14.6
Dividend								
Book Value	431.3	46.4	48.7	51.1	70.0	66.2	70.8	74.5
<b>VALUATION</b>								
P/E (x)	28.2	297.5	209.4	191.1	169.8	(281.3)	161.0	142.4
P/BV (x)	1.7	15.9	15.1	14.4	10.5	11.1	10.4	9.9
EV/EBITDA (x)	262.2	198.0	120.9	104.2	46.1	154.3	40.1	34.3
EV/Revenues (x)	16.3	14.1	11.8	9.7	8.2	12.9	7.0	5.9
OCF/EV (%)	0.4	0.3	0.4	0.1	1.4	2.1	1.8	2.7
FCF/EV (%)	(0.1)	0.1	(0.1)	(1.1)	0.8	1.7	1.1	1.8
FCFE/Mkt Cap (%)	0.1	(0.1)	(0.3)	(0.7)	(0.9)	0.8	0.3	0.9
Dividend Yield (%)	-	-	-	-	-	-	-	-

Source: Company, HSIE Research

## Financials (V-MART Retail)

### Consolidated Income Statement

Year End (March)	FY16	FY17	FY18	FY19P	FY20E	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>8,093</b>	<b>10,017</b>	<b>12,224</b>	<b>14,337</b>	<b>16,630</b>	<b>10,962</b>	<b>17,450</b>	<b>22,563</b>
Growth (%)	12.4	23.8	22.0	17.3	16.0	(34.1)	59.2	29.3
COGS	5,712	7,028	8,303	9,703	11,263	7,426	11,804	15,217
Employee Expense	623	783	984	1,257	1,536	1,184	1,605	2,076
A&P Expense	191	226	262	339	394	197	401	517
Rent Expense	400	452	526	672	942	769	923	1,180
Other Expenses	549	682	821	1,037	1,171	866	1,221	1,557
<b>EBITDA</b>	<b>618</b>	<b>848</b>	<b>1,328</b>	<b>1,329</b>	<b>1,324</b>	<b>520</b>	<b>1,495</b>	<b>2,017</b>
EBITDA Growth (%)	(2.9)	37.1	56.7	0.1	(0.4)	(60.7)	187.5	34.9
EBITDA Margin (%)	7.6	8.5	10.9	9.3	8.0	4.7	8.6	8.9
Depreciation	190	186	229	276	334	364	434	527
<b>EBIT</b>	<b>428</b>	<b>662</b>	<b>1,099</b>	<b>1,053</b>	<b>990</b>	<b>156</b>	<b>1,061</b>	<b>1,490</b>
Other Income (Including EO Items)	26	41	41	(39)	45	219	419	429
Interest	31	35	15	16	34	67	48	23
<b>PBT</b>	<b>423</b>	<b>668</b>	<b>1,125</b>	<b>998</b>	<b>1,001</b>	<b>308</b>	<b>1,432</b>	<b>1,895</b>
Total Tax	147	229	348	382	202	(46)	360	477
<b>RPAT</b>	<b>276</b>	<b>439</b>	<b>777</b>	<b>616</b>	<b>799</b>	<b>354</b>	<b>1,071</b>	<b>1,418</b>
Exceptional Gain/(loss)	14	-	-	(98)	-	-	-	-
<b>Adjusted PAT</b>	<b>262</b>	<b>439</b>	<b>777</b>	<b>714</b>	<b>799</b>	<b>354</b>	<b>1,071</b>	<b>1,418</b>
APAT Growth (%)	(33.1)	67.6	77.0	(8.1)	11.9	(55.7)	202.7	32.4
Adjusted EPS (Rs)	14.5	24.3	42.9	39.5	44.0	19.5	59.0	78.1

### Consolidated Balance sheet

Year End (March)	FY16	FY17	FY18	FY19P	FY20E	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	181	181	181	181	182	197	197	197
Reserves	2,127	2,520	3,293	3,911	4,643	8,732	9,738	11,025
<b>Total Shareholders Funds</b>	<b>2,307</b>	<b>2,700</b>	<b>3,474</b>	<b>4,093</b>	<b>4,825</b>	<b>8,929</b>	<b>9,935</b>	<b>11,221</b>
Long Term Debt	-	6	3	0	-	-	-	-
Short Term Debt	270	351	3	219	229	729	229	229
<b>Total Debt</b>	<b>270</b>	<b>357</b>	<b>6</b>	<b>219</b>	<b>229</b>	<b>729</b>	<b>229</b>	<b>229</b>
Net Deferred Taxes	(42)	(79)	(92)	(118)	(160)	(160)	(160)	(160)
Other Non-current Liabilities & Provns	84	37	42	60	-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>	<b>2,619</b>	<b>3,016</b>	<b>3,430</b>	<b>4,254</b>	<b>4,894</b>	<b>9,498</b>	<b>10,004</b>	<b>11,291</b>
<b>APPLICATION OF FUNDS</b>								
Net Block	1,103	1,173	1,447	1,655	1,749	1,454	1,979	1,994
CWIP	23	12	35	40	25	25	25	25
Other Non-current Assets	1	0	1	12	53	53	53	53
<b>Total Non-current Assets</b>	<b>1,127</b>	<b>1,185</b>	<b>1,483</b>	<b>1,707</b>	<b>1,827</b>	<b>1,532</b>	<b>2,057</b>	<b>2,072</b>
Inventories	2,044	2,692	3,071	3,290	4,779	3,304	4,255	5,378
Debtors	-	-	-	-	-	-	-	-
Other Current Assets	252	204	317	431	420	271	421	533
<b>Cash &amp; Equivalents</b>	<b>366</b>	<b>748</b>	<b>536</b>	<b>773</b>	<b>129</b>	<b>5,787</b>	<b>5,443</b>	<b>6,055</b>
<b>Total Current Assets</b>	<b>2,662</b>	<b>3,644</b>	<b>3,924</b>	<b>4,493</b>	<b>5,328</b>	<b>9,361</b>	<b>10,119</b>	<b>11,966</b>
Creditors	956	1,599	1,668	1,483	1,968	1,201	1,865	2,349
Other Current Liabilities & Provns	215	214	309	464	293	193	308	398
<b>Total Current Liabilities</b>	<b>1,171</b>	<b>1,813</b>	<b>1,977</b>	<b>1,946</b>	<b>2,261</b>	<b>1,395</b>	<b>2,172</b>	<b>2,747</b>
<b>Net Current Assets</b>	<b>1,491</b>	<b>1,831</b>	<b>1,947</b>	<b>2,547</b>	<b>3,067</b>	<b>7,966</b>	<b>7,947</b>	<b>9,219</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>2,619</b>	<b>3,016</b>	<b>3,430</b>	<b>4,254</b>	<b>4,894</b>	<b>9,498</b>	<b>10,004</b>	<b>11,291</b>

Source: Company, HSIE Research



### Consolidated Cash flow statement

Year ending March	FY16	FY17	FY18	FY19P	FY20E	FY21E	FY22E	FY23E
Reported PBT	423	668	1,125	993	1,001	308	1,432	1,895
Non-operating & EO Items	173	(22)	8	89	13	(219)	(419)	(429)
Interest Expenses	31	35	15	16	34	67	48	23
Depreciation	190	179	222	268	334	364	434	527
Working Capital Change	(207)	69	(346)	(270)	(1,091)	758	(324)	(660)
Tax Paid	(149)	(243)	(381)	(332)	(241)	46	(360)	(477)
<b>OPERATING CASH FLOW ( a )</b>	<b>461</b>	<b>687</b>	<b>643</b>	<b>763</b>	<b>49</b>	<b>1,324</b>	<b>810</b>	<b>880</b>
Capex	(260)	(415)	(478)	(407)	(546)	(69)	(959)	(542)
Free Cash Flow (FCF)	201	272	166	357	(497)	1,256	(149)	338
Investments	(101)	(337)	395	(339)	550	-	-	-
Non-operating Income	(10)	25	(68)	12	2	219	419	429
<b>INVESTING CASH FLOW ( b )</b>	<b>(372)</b>	<b>(728)</b>	<b>(151)</b>	<b>(734)</b>	<b>5</b>	<b>151</b>	<b>(540)</b>	<b>(113)</b>
Debt Issuance/(Repaid)	(50)	47	(366)	(19)	(26)	433	(548)	(23)
FCFE	151	319	(201)	338	(523)	1,688	(696)	315
Share Capital Issuance	8	0	9	19	13	3,750	-	-
Dividend	(53)	(6)	(27)	(44)	(37)	-	(66)	(131)
Others	-	8	-	-	(60)	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>(96)</b>	<b>49</b>	<b>(384)</b>	<b>(44)</b>	<b>(110)</b>	<b>4,183</b>	<b>(614)</b>	<b>(154)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(6)</b>	<b>8</b>	<b>109</b>	<b>(14)</b>	<b>(56)</b>	<b>5,658</b>	<b>(344)</b>	<b>612</b>
EO Items, Others	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	20	29	196	123	110	5,708	5,364	5,977

### Key Ratios

	FY16	FY17	FY18	FY19P	FY20E	FY21E	FY22E	FY23E
<b>PROFITABILITY (%)</b>								
GPM	29.4	29.8	32.1	32.3	32.3	32.3	32.4	32.6
EBITDA Margin	7.6	8.5	10.9	9.3	8.0	4.7	8.6	8.9
EBIT Margin	5.3	6.6	9.0	7.3	6.0	1.4	6.1	6.6
APAT Margin	3.2	4.4	6.4	5.0	4.8	3.2	6.1	6.3
RoE	12.0	17.5	25.2	18.9	17.9	5.1	11.4	13.4
RoC (or Core RoCE)	12.5	19.2	29.4	21.5	19.2	4.2	19.2	22.8
RoCE	11.2	16.4	24.4	18.9	18.1	6.0	11.4	13.5
<b>EFFICIENCY</b>								
Tax Rate (%)	35.9	34.3	30.9	34.8	20.2	(15.0)	25.2	25.2
Fixed Asset Turnover (x)	4.8	7.6	6.8	6.4	6.2	4.0	4.7	5.3
Inventory (days)	92	98	92	84	105	110	89	87
Debtors (days)	-	-	-	-	-	-	-	-
Other Current Assets (days)	11	7	9	11	9	9	9	9
Payables (days)	43	58	50	38	43	40	39	38
Other Current Liab & Provns (days)	10	8	9	12	6	6	6	6
Cash Conversion Cycle (days)	51	39	42	45	64	73	52	51
Net D/E (x)	(0.0)	(0.1)	(0.2)	(0.1)	0.0	(0.6)	(0.5)	(0.5)
Interest Coverage (x)	13.7	18.8	71.9	65.3	29.4	2.3	22.1	64.9
<b>PER SHARE DATA (Rs)</b>								
EPS	14.5	24.3	42.9	39.5	44.0	19.5	59.0	78.1
CEPS	25.0	34.6	55.6	54.7	62.4	39.6	82.9	107.2
Dividend	1.25	1.25	2.00	1.70	-	3.00	6.00	4.50
Book Value	127.7	149.5	192.0	226.1	265.8	491.8	547.2	618.1
<b>VALUATION</b>								
P/E (x)	181.1	108.1	61.2	66.5	59.7	134.7	44.5	33.6
P/BV (x)	20.6	17.6	13.7	11.6	9.9	5.3	4.8	4.2
EV/EBITDA (x)	76.7	55.6	35.4	35.3	36.1	82.0	28.4	20.8
EV/Revenues (x)	5.9	4.7	3.8	3.3	2.9	3.9	2.4	1.9
OCF/EV (%)	1.0	1.5	1.4	1.6	0.1	3.1	1.9	2.1
FCF/EV (%)	0.4	0.6	0.4	0.8	(1.0)	2.9	(0.3)	0.8
FCFE/Mkt Cap (%)	0.3	0.7	(0.4)	0.7	(1.1)	3.5	(1.5)	0.7
Dividend Yield (%)	0.0	0.0	0.1	0.1	-	0.1	0.2	0.2

Source: Company, HSIE Research

## Financials (TCNS Clothing)

### Consolidated Income Statement

Year End (March) (Rs mn)	FY16	FY17	FY18 (IND-AS)	FY19	FY20E	FY21E	FY22E	FY23E
<b>Net Revenues</b>	4,854	7,009	9,971	11,480	11,487	6,362	10,910	12,522
Growth (%)	61.3	44.4	18.9	15.1	0.1	(44.6)	71.5	14.8
COGS	1,883	2,599	3,425	3,899	4,023	2,670	3,823	4,394
Selling and distribution	218	386	1,717	2,388	2,691	1,566	2,462	2,790
Employee Expense	678	798	1,021	1,274	1,489	1,297	1,516	1,697
ESOPs	898	736	215	164	87	-	70	25
Rent Expense	568	776	938	1,099	1,224	776	1,146	1,315
Other Expenses	648	952	1,100	887	1,108	885	1,036	1,177
<b>Reported EBITDA</b>	(39)	763	1,554	1,768	865	(832)	857	1,124
<b>Adjusted EBITDA - adjusted for ESOPs</b>	860	1,499	1,770	1,932	951	(832)	927	1,149
Adj EBITDA Growth (%)	68.2	74.4	18.0	9.2	(50.8)	(187.5)	(211.4)	23.9
<b>Reported EBITDA Margin (%)</b>	(0.8)	10.9	15.6	15.4	7.5	(13.1)	7.9	9.0
<b>Adjusted EBITDA Margin (%)</b>	17.7	21.4	17.8	16.8	8.3	(13.1)	8.5	9.2
Depreciation	89	134	167	222	261	191	245	315
<b>Reported EBIT</b>	(128)	629	1,388	1,546	603	(1,024)	612	809
<b>Adjusted EBIT</b>	771	1,365	1,603	1,710	690	(1,024)	682	834
Other Income (Including EO Items)	21	19	67	75	123	428	251	221
Interest	29	25	7	5	7	60	90	90
<b>PBT</b>	(136)	624	1,448	1,616	719	(656)	773	940
Total Tax	279	466	467	302	(33)	(255)	195	237
<b>RPAT</b>	(415)	158	981	1,314	752	(401)	579	704
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-
<b>Adjusted PAT (adj for ESOP)</b>	483	894	1,196	1,478	839	(401)	649	729
APAT Growth (%)	83.9	85.0	(0.0)	23.6	(43.2)	(147.8)	(261.6)	12.4
<b>Adjusted EPS (Rs)</b>	5.3	8.0	21.2	23.2	13.1	(6.2)	10.0	11.3

### Consolidated Balance sheet

Year End (March) (Rs mn)	FY16	FY17	FY18 (IND-AS)	FY19	FY20E	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	92	111	113	123	123	129	129	129
Reserves	380	2,708	4,202	6,063	6,477	6,130	6,708	6,868
<b>Total Shareholders Funds</b>	471	2,819	4,315	6,186	6,600	6,259	6,837	6,997
Preference Share	12	-	-	-	-	-	-	-
Long Term Debt	78	3	2	-	-	-	-	-
Short Term Debt	304	86	1	-	-	1,000	1,000	1,000
<b>Total Debt</b>	382	88	3	-	-	1,000	1,000	1,000
Net Deferred Taxes	(155)	(97)	(115)	(160)	(350)	(350)	(350)	(350)
Other Non-current Liabilities & Provns	48	44	63	66	3,691	3,691	3,691	3,691
<b>TOTAL SOURCES OF FUNDS</b>	759	2,854	4,266	6,092	9,941	10,600	11,179	11,338
<b>APPLICATION OF FUNDS</b>								
Net Block	393	469	575	592	434	342	629	827
CWIP	2	33	25	3	21	21	21	21
Other Non-current Assets	-	-	198	208	3,568	3,568	3,568	3,568
<b>Total Non-current Assets</b>	395	502	798	804	4,023	3,931	4,217	4,416
Inventories	1,371	1,940	2,239	2,741	3,302	2,876	3,288	3,602
Debtors	642	997	1,571	1,807	1,756	1,569	1,793	2,024
Other Current Assets	408	573	735	739	832	456	743	808
<b>Cash &amp; Equivalents</b>	116	150	512	1,608	1,713	2,986	2,807	2,388
<b>Total Current Assets</b>	2,537	3,659	5,057	6,896	7,604	7,887	8,631	8,822
Creditors	846	1,093	1,144	1,150	1,223	959	1,225	1,389
Other Current Liabilities & Provns	1,328	214	444	457	462	259	444	510
<b>Total Current Liabilities</b>	2,174	1,307	1,588	1,607	1,685	1,218	1,670	1,899
<b>Net Current Assets</b>	364	2,352	3,468	5,288	5,919	6,669	6,961	6,923
<b>TOTAL APPLICATION OF FUNDS</b>	759	2,854	4,266	6,092	9,941	10,600	11,179	11,338

Source: Company, HSIE Research

## Consolidated Cash flow statement

Year ending March (Rs mn)	FY16	FY17	FY18 (IND-AS)	FY19	FY20E	FY21E	FY22E	FY23E
Reported PBT	(415)	158	981	1,616	661	(656)	773	940
Non-operating & EO Items	1,178	1,208	683	157	(23)	(428)	(251)	(221)
Interest Expenses	29	25	7	5	382	60	90	90
Depreciation	89	134	167	222	1,032	191	245	315
Working Capital Change	(212)	(646)	(971)	(778)	(475)	523	(471)	(381)
Tax Paid	(325)	(628)	(452)	(323)	(266)	255	(195)	(237)
<b>OPERATING CASH FLOW ( a )</b>	<b>344</b>	<b>251</b>	<b>413</b>	<b>899</b>	<b>1,310</b>	<b>(55)</b>	<b>191</b>	<b>507</b>
Capex	(271)	(242)	(274)	(237)	(315)	(100)	(532)	(513)
Free Cash Flow (FCF)	74	9	140	662	995	(155)	(341)	(6)
Investments	(18)	(40)	(14)	(1,250)	210	(500)	(300)	(300)
Non-operating Income	9	12	12	53	80	428	251	221
<b>INVESTING CASH FLOW ( b )</b>	<b>(279)</b>	<b>(271)</b>	<b>(276)</b>	<b>(1,434)</b>	<b>(25)</b>	<b>(172)</b>	<b>(580)</b>	<b>(592)</b>
Debt Issuance/(Repaid)	(16)	(294)	(86)	(1)	(634)	1,000	-	-
FCFE	58	(285)	54	662	361	845	(341)	(6)
Share Capital Issuance	-	331	302	389	46	63	-	-
Dividend	-	-	-	-	-	-	-	(544)
Others	(30)	(25)	(7)	(5)	(382)	(60)	(90)	(90)
<b>FINANCING CASH FLOW ( c )</b>	<b>(45)</b>	<b>12</b>	<b>210</b>	<b>383</b>	<b>(971)</b>	<b>1,003</b>	<b>(90)</b>	<b>(634)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>20</b>	<b>(8)</b>	<b>347</b>	<b>(151)</b>	<b>314</b>	<b>776</b>	<b>(479)</b>	<b>(719)</b>
EO Items, Others	-	-	-	-	-	-	-	-
Closing Cash & Equivalents	28	20	367	216	529	1,305	826	107

## Key Ratios

	FY16	FY17	FY18 (IND-AS)	FY19	FY20E	FY21E	FY22E	FY23E
<b>PROFITABILITY (%)</b>								
GPM	61.2	62.9	65.7	66.0	66.0	65.0	58.0	65.0
EBITDA Margin	17.7	21.4	17.8	16.8	8.3	(13.1)	8.5	9.2
EBIT Margin	15.9	19.5	16.1	14.9	6.0	(16.1)	6.2	6.7
APAT Margin	10.0	12.8	12.0	12.9	7.3	(6.3)	5.9	5.8
RoE	61.8	54.4	27.7	28.2	13.1	(6.2)	9.9	10.5
RoIC (or Core RoCE)	226.9	20.7	28.9	33.8	11.4	(7.9)	6.4	7.2
RoCE	50.7	49.9	28.2	28.6	10.6	(3.6)	6.6	7.1
<b>EFFICIENCY</b>								
Tax Rate (%)	(204.3)	74.7	32.3	18.7	(4.7)	38.8	25.2	25.2
Fixed Asset Turnover (x)	7.8	12.3	13.1	12.7	13.3	6.6	7.3	6.2
Inventory (days)	103	101	82	87	105	165	110	105
Debtors (days)	48	52	57	57	56	90	60	59
Other Current Assets (days)	31	30	27	24	26	26	25	24
Payables (days)	64	57	42	37	39	55	41	41
Other Current Liab & Provns (days)	100	11	16	15	15	15	15	15
<b>Cash Conversion Cycle (days)</b>	<b>19</b>	<b>115</b>	<b>108</b>	<b>117</b>	<b>134</b>	<b>211</b>	<b>139</b>	<b>132</b>
Net D/E (x)	0.6	(0.0)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)
Interest Coverage (x)	(4.3)	25.5	206.8	300.8	83.5	(17.1)	6.8	9.0
<b>PER SHARE DATA (Rs)</b>								
EPS	5.3	8.0	21.2	23.2	13.1	(6.2)	10.0	11.3
CEPS	6.2	9.2	24.2	26.6	17.2	(3.3)	13.8	16.2
Dividend	-	-	-	-	-	-	7.0	8.0
Book Value	5.1	25.3	76.5	96.9	103.2	96.9	105.8	108.3
<b>VALUATION</b>								
P/E (x)	85.0	55.7	21.1	19.3	34.2	(72.1)	44.6	39.7
P/BV (x)	87.2	17.7	5.9	4.6	4.3	4.6	4.2	4.1
EV/EBITDA (x)	(715.2)	35.9	17.3	14.6	29.8	(30.6)	29.9	23.2
EV/Revenues (x)	5.7	3.9	2.7	2.3	2.2	4.0	2.4	2.1
OCF/EV (%)	1.2	0.9	1.5	3.5	5.1	(0.2)	0.7	1.9
FCF/EV (%)	0.3	0.0	0.5	2.6	3.9	(0.6)	(1.3)	(0.0)
FCFE/Mkt Cap (%)	0.2	(1.0)	0.2	2.4	1.3	3.1	(1.2)	(0.0)
Dividend Yield (%)	-	-	-	-	-	-	1.6	1.8

Source: Company, HSIE Research

## Financials (Shoppers Stop)

### Consolidated Income Statement

Year End (March)	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>44,320</b>	<b>37,569</b>	<b>36,967</b>	<b>35,779</b>	<b>34,639</b>	<b>17,466</b>	<b>30,351</b>	<b>33,363</b>
Growth (%)	3.4	(15.2)	(1.6)	(3.2)	(3.2)	(49.6)	73.8	9.9
COGS	28,632	23,448	22,679	20,783	20,142	10,880	17,635	19,090
Employee Expense	3,330	2,873	3,157	3,296	3,346	2,731	2,957	3,246
A&P Expense	805	619	573	723	700	178	611	673
Rent Expense	3,830	3,642	3,766	4,045	4,211	2,248	3,717	4,082
Other Expenses	5,932	5,064	4,678	4,476	4,479	3,398	3,890	4,271
<b>EBITDA</b>	<b>1,791</b>	<b>1,924</b>	<b>2,115</b>	<b>2,457</b>	<b>1,761</b>	<b>(1,969)</b>	<b>1,542</b>	<b>2,000</b>
EBITDA Growth (%)	(33.2)	7.4	9.9	16.2	(28.3)	(211.8)	(178.3)	29.7
<b>EBITDA Margin (%)</b>	<b>4.0</b>	<b>5.1</b>	<b>5.7</b>	<b>6.9</b>	<b>5.1</b>	<b>(11.3)</b>	<b>5.1</b>	<b>6.0</b>
Depreciation	1,297	1,187	1,149	1,406	2,534	1,812	2,239	2,345
<b>EBIT</b>	<b>494</b>	<b>737</b>	<b>966</b>	<b>1,051</b>	<b>(774)</b>	<b>(3,780)</b>	<b>(697)</b>	<b>(345)</b>
Other Income (Including EO Items)	260	184	2,325	187	246	2,076	240	374
Interest	848	600	377	138	76	354	203	382
<b>PBT</b>	<b>(95)</b>	<b>321</b>	<b>2,914</b>	<b>1,099</b>	<b>(604)</b>	<b>(2,059)</b>	<b>(661)</b>	<b>(353)</b>
Total Tax	334	203	176	449	704	(494)	(142)	(65)
<b>RPAT before share of associate earnings</b>	<b>(428)</b>	<b>119</b>	<b>2,739</b>	<b>650</b>	<b>(1,308)</b>	<b>(1,565)</b>	<b>(519)</b>	<b>(288)</b>
Share of associate earnings	25	-	-	-	-	-	-	-
Minority share of Profit/(Loss)	-	-	-	-	-	-	-	-
<b>RPAT</b>	<b>(403)</b>	<b>119</b>	<b>2,739</b>	<b>650</b>	<b>(1,308)</b>	<b>(1,565)</b>	<b>(519)</b>	<b>(288)</b>
Exceptional (gain)/loss	-	128	(2,160)	-	97	97	97	97
<b>Adjusted PAT</b>	<b>(403)</b>	<b>247</b>	<b>579</b>	<b>650</b>	<b>(1,211)</b>	<b>(1,468)</b>	<b>(422)</b>	<b>(192)</b>
APAT Growth (%)	(195.0)	(161.4)	134.1	12.3	(286.4)	21.2	(71.3)	(54.5)
<b>Adjusted EPS (Rs)</b>	<b>(4.8)</b>	<b>3.0</b>	<b>6.6</b>	<b>7.4</b>	<b>(13.8)</b>	<b>(16.7)</b>	<b>(4.8)</b>	<b>(2.2)</b>

### Consolidated Balance sheet

Year End (March)	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>								
Share Capital - Equity	417	418	440	440	440	440	440	440
Reserves	4,734	4,375	8,605	8,707	7,698	4,987	4,278	3,767
<b>Total Shareholders Funds</b>	<b>5,151</b>	<b>4,792</b>	<b>9,044</b>	<b>9,147</b>	<b>8,138</b>	<b>5,427</b>	<b>4,718</b>	<b>4,207</b>
<b>Minority Interest</b>	<b>(12)</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long Term Debt	4,581	3,710	440	20	2	2	2	2
Short Term Debt	3,710	5,141	813	724	1,553	1,553	1,553	1,553
<b>Total Debt</b>	<b>8,290</b>	<b>8,851</b>	<b>1,253</b>	<b>745</b>	<b>1,555</b>	<b>1,555</b>	<b>1,555</b>	<b>1,555</b>
Net Deferred Taxes	(36)	(43)	(198)	(320)	(2,641)	(2,641)	(2,641)	(2,641)
<b>Other Non-current Liabilities &amp; Provns</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>TOTAL SOURCES OF FUNDS</b>	<b>13,393</b>	<b>13,653</b>	<b>10,106</b>	<b>9,578</b>	<b>7,058</b>	<b>4,348</b>	<b>3,638</b>	<b>3,128</b>
<b>APPLICATION OF FUNDS</b>								
Net Block	8,093	8,248	6,630	6,050	5,927	3,267	2,152	921
CWIP	333	200	182	351	102	102	102	102
Other Non-current Assets	2,005	2,217	97	97	-	-	-	-
<b>Total Non-current Assets</b>	<b>10,431</b>	<b>10,665</b>	<b>6,908</b>	<b>6,498</b>	<b>6,029</b>	<b>3,369</b>	<b>2,254</b>	<b>1,023</b>
Inventories	5,792	5,776	3,563	10,719	12,392	6,727	11,108	11,936
Debtors	519	568	477	472	341	172	299	328
Other Current Assets	3,436	3,378	3,845	3,988	4,035	2,035	3,536	3,886
<b>Cash &amp; Equivalents</b>	<b>104</b>	<b>134</b>	<b>2,885</b>	<b>2,758</b>	<b>1,949</b>	<b>1,298</b>	<b>1,680</b>	<b>2,430</b>
<b>Total Current Assets</b>	<b>9,850</b>	<b>9,856</b>	<b>10,770</b>	<b>17,938</b>	<b>18,716</b>	<b>10,232</b>	<b>16,622</b>	<b>18,580</b>
Creditors	4,944	4,908	5,191	12,771	15,219	8,009	13,086	14,110
Other Current Liabilities & Provns	1,945	1,961	2,381	2,087	2,468	1,245	2,163	2,377
<b>Total Current Liabilities</b>	<b>6,889</b>	<b>6,869</b>	<b>7,572</b>	<b>14,858</b>	<b>17,724</b>	<b>9,385</b>	<b>15,533</b>	<b>16,487</b>
<b>Net Current Assets</b>	<b>2,962</b>	<b>2,987</b>	<b>3,198</b>	<b>3,080</b>	<b>992</b>	<b>847</b>	<b>1,089</b>	<b>2,093</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>13,393</b>	<b>13,653</b>	<b>10,106</b>	<b>9,578</b>	<b>7,058</b>	<b>4,348</b>	<b>3,638</b>	<b>3,128</b>

Source: Company, HSIE Research

## Consolidated Cash flow statement

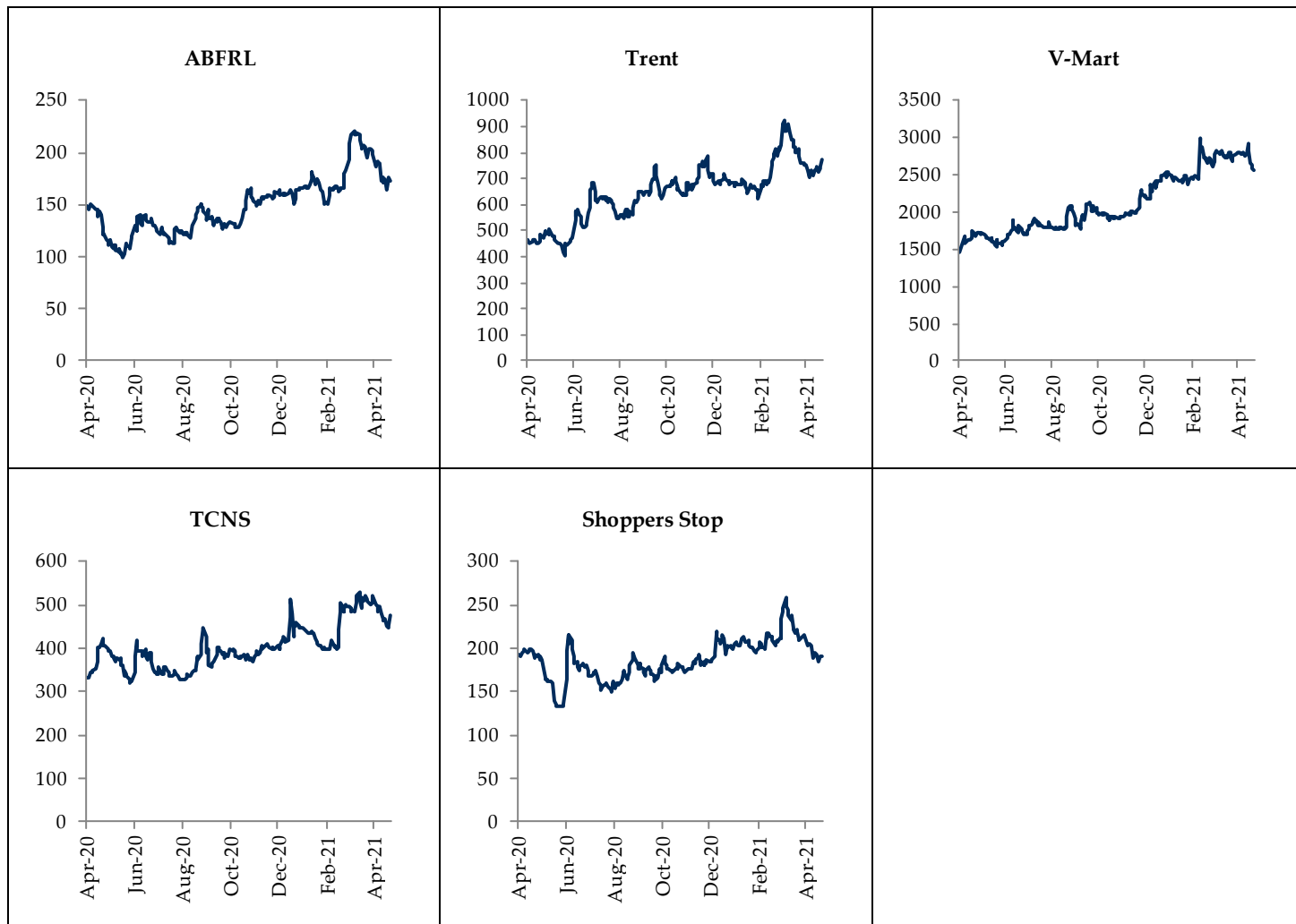
Year ending March	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E
Reported PBT	(95)	(581)	2,320	1,099	(716)	(1,962)	(564)	(257)
Non-operating & EO Items	(3)	178	(2,258)	(7)	(191)	(2,173)	(336)	(471)
Interest Expenses	848	600	377	138	1,973	354	203	382
Depreciation	1,297	1,187	1,149	1,406	4,504	1,812	2,239	2,345
Working Capital Change	(69)	(502)	1,749	17	616	(599)	(13)	30
Tax Paid	(425)	(241)	(356)	(565)	(424)	494	142	65
<b>OPERATING CASH FLOW ( a )</b>	<b>1,554</b>	<b>640</b>	<b>2,981</b>	<b>2,088</b>	<b>5,761</b>	<b>(2,074)</b>	<b>1,671</b>	<b>2,095</b>
Capex	(1,722)	(1,114)	(297)	(1,133)	(1,764)	(394)	(1,231)	(1,212)
Free Cash Flow (FCF)	(169)	(474)	2,684	955	3,997	(2,468)	439	883
Investments	-	-	(200)	(224)	(1,078)	-	-	-
Non-operating Income	4	7	146	37	0	2,173	336	471
<b>INVESTING CASH FLOW ( b )</b>	<b>(1,718)</b>	<b>(1,107)</b>	<b>(351)</b>	<b>(1,320)</b>	<b>(2,842)</b>	<b>1,779</b>	<b>(895)</b>	<b>(741)</b>
Debt Issuance/(Repaid)	24	(584)	(3,594)	(565)	(4,253)	(354)	(203)	(382)
FCFE	(145)	(1,058)	(910)	390	(255)	(2,823)	236	501
Share Capital Issuance	232	486	1,959	11	-	-	-	-
Dividend	(151)	-	(75)	(80)	(80)	-	(191)	(222)
Others	-	-	-	-	-	-	-	-
<b>FINANCING CASH FLOW ( c )</b>	<b>105</b>	<b>(98)</b>	<b>(1,710)</b>	<b>(634)</b>	<b>(4,332)</b>	<b>(354)</b>	<b>(394)</b>	<b>(605)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(60)</b>	<b>(566)</b>	<b>920</b>	<b>134</b>	<b>(1,413)</b>	<b>(650)</b>	<b>382</b>	<b>749</b>
EO Items, Others								
Closing Cash & Equivalents	72	55	53	171	40	(607)	(225)	525

## Key Ratios

	FY16	FY17	FY18	FY19E	FY20E	FY21E	FY22E	FY23E
<b>PROFITABILITY (%)</b>								
GPM	35.4	37.6	38.7	41.9	41.9	37.7	41.9	42.8
EBITDA Margin	4.0	5.1	5.7	6.9	5.1	(11.3)	5.1	6.0
EBIT Margin	1.1	2.0	2.6	2.9	(2.2)	(21.6)	(2.3)	(1.0)
APAT Margin	(0.9)	0.7	1.6	1.8	(3.5)	(8.4)	(1.4)	(0.6)
RoE	(7.7)	5.0	8.4	7.1	(14.0)	(21.6)	(8.3)	(4.3)
RoC (or Core RoCE)	17.2	3.0	7.1	8.8	(31.0)	(69.3)	(20.8)	(19.4)
RoCE	26.1	4.3	7.3	7.4	(12.4)	(21.1)	(6.8)	2.8
<b>EFFICIENCY</b>								
Tax Rate (%)	(352.6)	45.0	23.3	40.9	(138.7)	25.2	25.2	25.2
Fixed Asset Turnover (x)	5.4	4.3	4.8	4.4	3.7	1.8	2.8	2.8
Inventory (days)	48	56	35	109	131	141	134	131
Debtors (days)	4	6	5	5	4	4	4	4
Other Current Assets (days)	28	33	38	41	43	43	43	43
Payables (days)	41	48	51	130	160	167	157	154
Other Current Liab & Provns (days)	16	19	24	21	26	26	26	26
Cash Conversion Cycle (days)	24	28	3	3	(10)	(7)	(4)	(4)
Net D/E (x)	1.6	1.8	(0.2)	(0.2)	(0.0)	0.0	(0.0)	(0.2)
Interest Coverage (x)	0.6	1.2	2.6	7.6	(10.1)	(10.7)	(3.4)	(0.9)
<b>PER SHARE DATA (Rs)</b>								
EPS	(4.8)	3.0	6.6	7.4	(13.8)	(16.7)	(4.8)	(2.2)
CEPS	10.7	17.2	19.6	23.4	15.0	3.9	20.7	24.5
Dividend	0.8	0.8	0.8	0.8	-	1.8	2.1	3.0
Book Value	61.7	57.4	102.8	104.0	92.5	61.7	53.6	47.8
<b>VALUATION</b>								
P/E (x)	(39.9)	65.1	29.3	26.1	(14.0)	(11.5)	(40.2)	(88.3)
P/BV (x)	3.1	3.4	1.9	1.9	2.1	3.1	3.6	4.0
EV/EBITDA (x)	13.5	12.9	7.2	6.1	9.4	(8.7)	10.9	8.0
EV/Revenues (x)	0.5	0.7	0.4	0.4	0.5	1.0	0.6	0.5
OCF/EV (%)	6.4	2.6	19.5	14.0	34.8	(12.1)	9.9	13.0
FCF/EV (%)	(0.7)	(1.9)	17.5	6.4	24.1	(14.3)	2.6	5.5
FCFE/Mkt Cap (%)	(0.9)	(6.6)	(5.4)	2.3	(1.5)	(16.7)	1.4	3.0
Dividend Yield (%)	0.4	0.4	0.4	0.4	-	0.9	1.1	1.6

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

- BUY: >+15% return potential
- ADD: +5% to +15% return potential
- REDUCE: -10% to +5% return potential
- SELL: > 10% Downside return potential



Thematic reports by HSIE



Cement: WHRS – A key cog in the flywheel



Autos: Where are we on “S” curve?



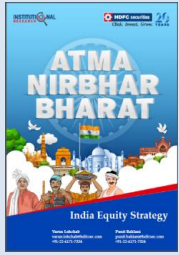
FMCG: Defensive businesses but not valuations



Autos: A changed landscape



Banks: Double whammy for some



India Equity Strategy: Atma Nirbhar Bharat



Indian IT: Demand recovery in sight



Life Insurance: Recovery may be swift with protection driving margins



Retail: Whole flywheel is broken?



Appliances: Looming beyond near-term disruption



Pharma: Chronic therapy – A portfolio prescription



Indian Gas: Looking beyond the pandemic



India Equity Strategy: Quarterly flipbook



Real Estate: Ripe for consumption



Indian IT: expanding centre of gravity



Indian Chemical: Evolution to revolution!



Life Insurance: ULIP vs. MF



Infrastructure: On the road to rerating



Cement: Spotting the sweet spot



Pharma: Cardiac: the heartbeat of domestic market



Life Insurance: Comparative annual report analysis



Indian microfinance: Should you look micro as macros disappoint?



India Equity Strategy: Quarterly flipbook



Autos: Divergent trends in PVs and 2Ws



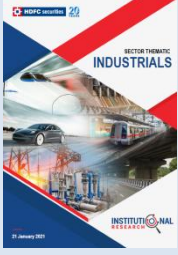
India Internet: the stage is set



FMCG: Opportunity in adversity - A comparative scorecard



Logistics: Indian Railways - getting aggressive



Industrials: Triggering a new cycle



Indian IT: raising the bar



India Equity Strategy: Quarterly flipbook



India Equity Strategy: Quarterly flipbook



India Hospitals: capital discipline improving, sustenance is key



Autos: Will EVs impact the 'EV'?



Cement: Riding High



Power: Reforms essential for renaissance

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