

# Aditya Birla Fashion & Retail

Refer to important disclosures at the end of this report

## Flipkart's investment strengthens balance sheet and growth outlook

**CMP: Rs 165**  
as of (October 23, 2020)

**TP: Rs 180 (▲)**  
12 months

**Rating: BUY (■)**

**Upside: 9.1 %**

- ABFRL raised Rs15bn through a preferential allotment to Flipkart. ABFRL will issue ~73mn equity shares at a price of Rs205 per share (~35% premium), diluting its equity by 8.5%. Flipkart will own a 7.8% stake in ABFRL (post dilution).
- Capital infusion will significantly repair ABFRL's leveraged balance sheet. ABFRL will use the capital to scale-up its existing businesses and other high-growth categories (innerwear and athleisure). We now expect debt to decline to Rs5bn in FY23E (from Rs30bn).
- The deal also aims at strengthening ABFRL's omni-channel capabilities and expanding its range of brands on Flipkart/Myntra. We have currently not factored in any benefits and play as we await details from management.
- Factoring in debt reduction and high capex/store expansion, we increase sales/EBITDA estimates by 6-9% and EPS by 40-70% for FY22/23. Reduced leverage concerns and strong growth plans keep us positive on ABFRL. Faster demand recovery can drive more upsides, in our view. Retain Buy with a revised TP of Rs180, valuing at 22x Dec'22E EBITDA

**Flipkart's investment strengthens balance sheet and growth plans:** Capital infusion of Rs15bn by Flipkart for a 7.8% stake (post dilution) at a 35% premium should significantly repair ABFRL's leveraged balance sheet, improving its profitability and cash flows. Along with the rights issue, ABFRL has now raised Rs25bn with an equity dilution of ~20%. Post this deal, promoter holding will come down to 55.1% from 59.8%. Most of the funds are likely to be utilized for debt repayment, while some will also be used to step up ABFRL's growth plans, which were curtailed in the wake of Covid-19. This should help ABFRL restart its retail space expansion across formats and accelerate growth.

**Watch out for collaboration on digital/omni-channel play:** The deal aims at strengthening ABFRL's omni-channel capabilities and expanding its range of brands on Flipkart and Myntra. We note that this is not an exclusive deal and ABFRL already has a significant presence on Flipkart/Myntra. We believe that the deal still offers ABFRL a significant scope to improve its e-commerce and omni-channel play along with Flipkart over the long term. We have currently not baked in any benefits in our estimates as we await more details from management.

**Improved balance sheet and profitability; maintain Buy:** Factoring in debt reduction and increase in growth plans over FY22/23, our sales/EBITDA forecasts are increased by 6-9% and EPS by 40-70%. We expect ABFRL's debt to fall from more than Rs30bn now to Rs5bn in FY23E, with the Rs25bn fund raise and liquidation of inventory. Reduced leverage concerns and stronger growth plans keep us positive on ABFRL and we believe that further normalcy across key markets and faster recovery in consumer demand can drive more upsides. Retain Buy with a revised TP of Rs180, now valuing it at 22x Dec'22 EBITDA.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(page 6\)](#)

### Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	81,177	87,425	63,879	85,683	98,448
EBITDA	5,541	12,254	9,246	13,935	16,040
EBITDA Margin (%)	6.8	14.0	14.5	16.3	16.3
APAT	2,524	(1,452)	(1,250)	1,803	2,750
EPS (Rs)	3.3	(1.9)	(1.4)	1.9	2.9
EPS (% chg)	414.0	(157.5)	0.0	0.0	52.5
ROE (%)	20.0	(11.5)	(5.8)	5.3	7.3
P/E (x)	50.5	(87.9)	(120.7)	85.7	56.2
EV/EBITDA (x)	26.2	12.6	16.9	11.2	9.6
P/BV (x)	8.9	11.8	4.7	4.3	4.0

Source: Company, Emkay Research



### Change in Estimates

EPS Chg FY21E/FY22E (%)	NA/73
Target Price change (%)	16.1
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	(1.4)	1.9
Consensus	(5.1)	1.3
Mean Consensus TP (12M)	Rs 161	

### Stock Details

Bloomberg Code	ABFRL IN
Face Value (Rs)	10
Shares outstanding (mn)	774
52 Week H/L	281 / 96
M Cap (Rs bn/USD bn)	137 / 1.86
Daily Avg Volume (nos.)	24,15,459
Daily Avg Turnover (US\$ mn)	4.5

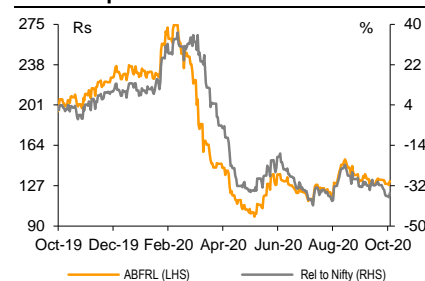
### Shareholding Pattern Sep '20

Promoters	59.8%
FIIs	6.1%
DIIIs	21.7%
Public and Others	12.4%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	25	30	35	(18)
<b>Rel. to Nifty</b>	17	23	5	(21)

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Ashit Desai

ashit.desai@emkayglobal.com  
+91 22 6612 1340

#### Devanshu Bansal

devanshu.bansal@emkayglobal.com  
+91 22 6612 1385

**Exhibit 1: Changes in Estimates**

Y/E Particulars (Rs. mn)	FY21E			FY22E			FY23E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	62,316	63,879	2.5	80,749	85,683	6.1	91,625	98,448	7.4
EBITDA	1,603	1,647	2.7	6,169	6,563	6.4	7,238	7,931	9.6
EBITDA Margin (%) - Pre-IndAS116	2.6	2.6	0 bps	7.6	7.7	0 bps	7.9	8.1	20 bps
PAT	-3,192	-594	-81.4	1,256	2,357	87.7	2,141	3,255	52.1
Comparable EPS (Rs)	-3.8	-0.6	-82.9	1.5	2.5	73.0	2.5	3.5	40.2

Source: Emkay Research

**Exhibit 2: Key Balance Sheet changes**

Y/E Particulars (Rs mn)	Pre-Investment			Post-Investment		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Share Capital	8,415	8,640	8,640	9,147	9,372	9,372
Net Worth	14,567	17,707	19,194	32,040	36,318	39,068
Debt	25,033	19,033	16,033	10,033	7,033	4,533
Debt/Equity	1.7	1.1	0.8	0.3	0.2	0.1
Capex	1,500	2,500	3,000	2,500	3,000	3,500
RoE	-24.4	3.8	7.9	-3.8	5.1	7.2
RoCE (Pre-IndAS116)	-3.0	8.0	10.3	-2.8	7.7	9.4

Source: Emkay Research

**Exhibit 3: Equity Dilution due to Rs10bn rights issue and Rs15bn preferential allotment to Flipkart**

Particulars	Shares Outstanding (mn)	Equity Dilution (%)
Pre-Rights Issue	774.0	
Rights Issue	90.0	
Equity dilution- Rights Issue		11.6
Post-Rights Issue	864.0	
Flipkart preferential allotment*	73.2	
Equity dilution- Flipkart Investment*		8.5
Post-Flipkart Investment*	937.2	

Source: Company, Emkay Research, \*Flipkart Investments Pvt. Ltd.

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>81,177</b>	<b>87,425</b>	<b>63,879</b>	<b>85,683</b>	<b>98,448</b>
<b>Expenditure</b>	<b>75,637</b>	<b>75,172</b>	<b>54,633</b>	<b>71,748</b>	<b>82,408</b>
<b>EBITDA</b>	<b>5,541</b>	<b>12,254</b>	<b>9,246</b>	<b>13,935</b>	<b>16,040</b>
Depreciation	2,823	8,768	9,087	9,317	10,489
<b>EBIT</b>	<b>2,717</b>	<b>3,486</b>	<b>159</b>	<b>4,618</b>	<b>5,551</b>
Other Income	648	522	2,574	643	740
Interest expenses	1,874	4,098	3,983	2,664	2,444
<b>PBT</b>	<b>1,491</b>	<b>(91)</b>	<b>(1,250)</b>	<b>2,597</b>	<b>3,847</b>
Tax	(1,721)	1,361	0	794	1,097
Extraordinary Items	1,940	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>4,464</b>	<b>(1,452)</b>	<b>(1,250)</b>	<b>1,803</b>	<b>2,750</b>
<b>Adjusted PAT</b>	<b>2,524</b>	<b>(1,452)</b>	<b>(1,250)</b>	<b>1,803</b>	<b>2,750</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	7,735	7,740	9,147	9,372	9,372
Reserves & surplus	6,554	3,119	22,893	26,946	29,697
<b>Net worth</b>	<b>14,289</b>	<b>10,859</b>	<b>32,040</b>	<b>36,318</b>	<b>39,068</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>18,400</b>	<b>29,033</b>	<b>10,033</b>	<b>7,033</b>	<b>4,533</b>
Net deferred tax liability	(2,634)	(1,950)	(1,950)	(1,950)	(1,950)
<b>Total Liabilities</b>	<b>30,055</b>	<b>37,942</b>	<b>40,123</b>	<b>41,401</b>	<b>41,652</b>
<b>Net block</b>	<b>25,555</b>	<b>22,645</b>	<b>22,339</b>	<b>22,051</b>	<b>21,695</b>
<b>Investment</b>	<b>42</b>	<b>1,700</b>	<b>1,700</b>	<b>1,700</b>	<b>1,700</b>
<b>Current Assets</b>	<b>37,756</b>	<b>45,520</b>	<b>43,015</b>	<b>48,275</b>	<b>52,123</b>
Cash & bank balance	574	2,651	4,541	5,633	5,002
Other Current Assets	10,018	10,868	12,498	14,373	16,529
<b>Current liabilities &amp; Provision</b>	<b>33,522</b>	<b>32,324</b>	<b>27,331</b>	<b>31,026</b>	<b>34,267</b>
<b>Net current assets</b>	<b>4,235</b>	<b>13,196</b>	<b>15,684</b>	<b>17,249</b>	<b>17,856</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>30,055</b>	<b>37,942</b>	<b>40,123</b>	<b>41,401</b>	<b>41,652</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>843</b>	<b>44</b>	<b>(3,167)</b>	<b>2,508</b>	<b>3,612</b>
Other Non-Cash items	(66)	(656)	(656)	(554)	(505)
Chg in working cap	(1,855)	(6,885)	(598)	(473)	(1,238)
<b>Operating Cashflow</b>	<b>5,341</b>	<b>(4,247)</b>	<b>393</b>	<b>4,742</b>	<b>5,091</b>
Capital expenditure	(2,320)	(2,684)	(2,500)	(3,000)	(3,500)
<b>Free Cash Flow</b>	<b>3,021</b>	<b>(6,932)</b>	<b>(2,107)</b>	<b>1,742</b>	<b>1,591</b>
Investments	(1,946)	1,955	0	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(3,618)</b>	<b>(207)</b>	<b>74</b>	<b>(2,357)</b>	<b>(2,760)</b>
Equity Capital Raised	211	(1,978)	22,431	2,475	0
Loans Taken / (Repaid)	(214)	10,633	(19,000)	(3,000)	(2,500)
Dividend paid (incl tax)	0	0	0	0	0
Other Financing Cash Flow	0	0	0	0	0
<b>Financing Cashflow</b>	<b>(1,877)</b>	<b>6,531</b>	<b>1,423</b>	<b>(1,293)</b>	<b>(2,963)</b>
<b>Net chg in cash</b>	<b>(154)</b>	<b>2,076</b>	<b>1,890</b>	<b>1,092</b>	<b>(631)</b>
Opening cash position	728	574	2,651	4,541	5,633
<b>Closing cash position</b>	<b>574</b>	<b>2,651</b>	<b>4,541</b>	<b>5,633</b>	<b>5,002</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EBITDA Margin	6.8	14.0	14.5	16.3	16.3
EBIT Margin	3.3	4.0	0.2	5.4	5.6
Effective Tax Rate	(115.4)	(1,497.2)	0.0	30.6	28.5
Net Margin	4.0	(1.7)	(2.0)	2.1	2.8
ROCE	11.4	11.8	7.0	12.9	15.1
ROE	20.0	(11.5)	(5.8)	5.3	7.3
RoIC	9.6	11.2	0.5	13.8	16.3

<b>Per Share Data (Rs)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
EPS	3.3	(1.9)	(1.4)	1.9	2.9
CEPS	6.9	9.5	8.6	11.9	14.1
BVPS	18.5	14.0	35.0	38.8	41.7
DPS	0.0	0.0	0.0	0.0	0.0

<b>Valuations (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
PER	50.5	(87.9)	(120.7)	85.7	56.2
P/CEPS	23.9	17.4	19.3	13.9	11.7
P/BV	8.9	11.8	4.7	4.3	4.0
EV / Sales	1.8	1.8	2.5	1.8	1.6
EV / EBITDA	26.2	12.6	16.9	11.2	9.6
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

<b>Gearing Ratio (x)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Net Debt/ Equity	1.2	2.4	0.2	0.0	0.0
Net Debt/EBIDTA	3.2	2.2	0.6	0.1	0.0
Working Cap Cycle (days)	16.5	44.0	63.7	49.5	47.7

<b>Growth (%)</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21E</b>	<b>FY22E</b>	<b>FY23E</b>
Revenue	13.2	7.7	(26.9)	34.1	14.9
EBITDA	18.3	121.2	(24.5)	50.7	15.1
EBIT	44.7	28.3	(95.4)	2,799.0	20.2
PAT	278.9	(132.5)	0.0	0.0	52.5

<b>Quarterly (Rs mn)</b>	<b>Q2FY20</b>	<b>Q3FY20</b>	<b>Q4FY20</b>	<b>Q1FY21</b>	<b>Q2FY21</b>
Revenue	22,972	25,625	18,174	3,200	9,406
EBITDA	3,462	4,091	1,561	(3,513)	(789)
<b>EBITDA Margin (%)</b>	<b>15.1</b>	<b>16.0</b>	<b>8.6</b>	<b>(109.8)</b>	<b>(8.4)</b>
PAT	69	(334)	(1,403)	(3,999)	(2,717)
<b>EPS (Rs)</b>	<b>0.1</b>	<b>(0.4)</b>	<b>(1.8)</b>	<b>(5.2)</b>	<b>(3.5)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Mar-20</b>	<b>Jun-20</b>	<b>Sep-20</b>
Promoters	59.1	59.1	59.1	59.1	59.8
FII	9.7	9.4	8.4	6.4	6.1
DII	20.3	20.5	21.3	22.1	21.7
Public and Others	10.9	11.0	11.2	12.4	12.4

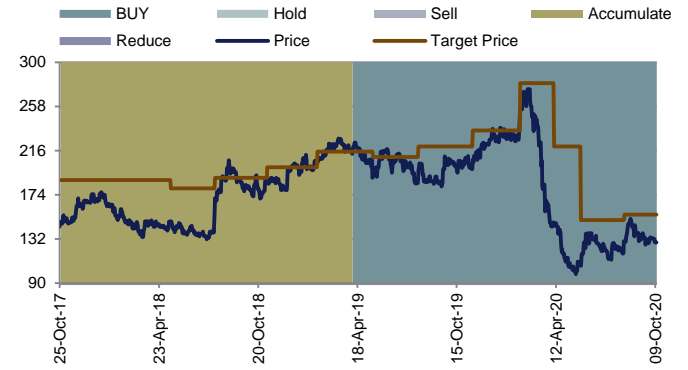
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
14-Aug-20	129	155	12m	Buy	Ashit Desai
27-May-20	107	150	12m	Buy	Ashit Desai
14-Apr-20	143	220	12m	Buy	Ashit Desai
08-Apr-20	147	220	12m	Buy	Ashit Desai
07-Feb-20	257	280	12m	Buy	Ashit Desai
25-Dec-19	225	235	12m	Buy	Ashit Desai
13-Nov-19	207	235	12m	Buy	Ashit Desai
20-Sep-19	198	220	12m	Buy	Ashit Desai
06-Aug-19	197	220	12m	Buy	Ashit Desai
16-May-19	192	210	12m	Buy	Ashit Desai
09-Apr-19	215	215	12m	Buy	Ashit Desai
04-Feb-19	204	215	12m	Accumulate	Ashit Desai
05-Nov-18	190	200	12m	Accumulate	Ashit Desai
02-Aug-18	171	190	12m	Accumulate	Ashit Desai
14-May-18	148	180	12m	Accumulate	Ashit Desai
27-Oct-17	147	188	12m	Accumulate	Sameep Kasbekar

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Consumer Goods & Retail



### Analyst: Ashit Desai

#### Contact Details

ashit.desai@emkayglobal.com  
+91 22 6612 1340

#### Sector

Consumer Goods & Retail

#### Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 12 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Consumer Goods &amp; Retail</b>	<b>11.67</b>	<b>11.67</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Asian Paints	1.44	0.71	-51%	-73	6.12
Berger Paints	0.23	0.00	-100%	-23	0.00
Britannia Industries	0.62	0.89	43%	26	7.58
Colgate-Palmolive	0.29	0.35	19%	6	2.97
Dabur India	0.44	0.49	11%	5	4.16
Emami	0.12	0.00	-100%	-12	0.00
Godrej Consumer Products	0.39	0.46	19%	7	3.95
Hindustan Unilever	2.97	2.41	-19%	-55	20.69
ITC	2.25	2.49	11%	25	21.37
Marico	0.28	0.33	18%	5	2.84
Nestle India	0.87	0.66	-24%	-21	5.66
Pidilite Industries	0.35	0.00	-100%	-35	0.00
Radico Khaitan	0.00	0.38	NA	38	3.25
United Breweries	0.10	0.46	360%	36	3.96
United Spirits	0.00	0.29	NA	29	2.46
Varun Beverages	0.10	0.22	129%	13	1.91
ABFRL	0.07	0.26	251%	19	2.22
Jubilant FoodWorks	0.21	0.22	9%	2	1.93
Page Industries	0.18	0.00	-100%	-18	0.00
Shoppers Stop	0.00	0.00	NA	0	0.00
Titan Company	0.78	1.04	33%	26	8.93
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

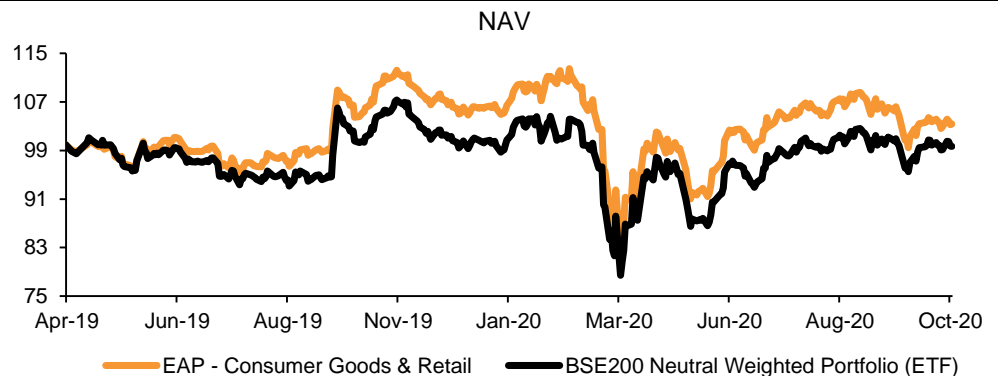
### Sector portfolio NAV

	Base					Latest
	1-Apr-19	23-Jan-20	23-Apr-20	23-Jul-20	22-Sep-20	22-Oct-20
EAP - Consumer Goods & Retail	100.0	108.8	99.4	106.7	100.7	103.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	103.3	95.9	100.2	96.1	99.7

\*Performance measurement base date 1<sup>st</sup> April 2019

Source: Emkay Research

### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 23 Oct 2020 23:12:12 (SGT)

Dissemination Date: 23 Oct 2020 23:13:12 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of October 23, 2020
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report  
**Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of October 23, 2020.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 23, 2020
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the October 23, 2020



**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com