



TM

07 November 2023

## Trent Limited

### Margins add further impetus to gravity-defying growth trajectory

Trent Limited (TRENT) delivered another strong beat on both growth and margins with 59%/72% revenue/EBITDA YoY growth. Revenue grew 59.4% YoY on standalone basis to Rs 28.9bn, which is a strong 4-yr revenue CAGR of 37%. Growth continued to be led by a combination of strong LFL growth (10% across fashion concepts), aggressive store expansion in *Zudio* (27 additions in 2Q) and strong traction in emerging categories like BPC, innerwear and footwear (19% contribution). Margins also improved on account of lower operating expenses (down 232bps), Employee expenses (down 88bps) and rent cost (down 30bps). *Star Bazaar* continued to see increased traction and growing sales density post footprint tightening coupled with focus on fresh foods and own brands. *Star Bazaar* revenue grew 30% YoY and 4-yr revenue CAGR of 20%, entire growth coming from strong SSG and volume.

TRENT's margins also delivered a positive surprise this time with gross margin contraction of 230bps YoY to 44.7% and EBITDA margin expansion of 120bps to 15.9%, with operating profit at Rs 4.61bn vs 2.67bn in 2QFY23. As of September 2023, the company had 223 *Westside*, 411 *Zudio* and 27 stores across other lifestyle concepts; during the quarter, TRENT added 6 *Westside* and 27 *Zudio* stores.

We continue to like TRENT for its industry-leading operating metrics (best-in-class SSSG and balance sheet), albeit better disclosures from the company would give us a lot more clarity and add to our conviction. TRENT has accelerated its pace of store openings, as it targets a bigger share of the fast/ value-fashion pie through *Westside* and *Zudio* and also adding new formats like *Samoh* and *Misbu*. *Star Bazaar's* improving trajectory, coupled with higher traction in *Zara*, should aid industry-leading growth over the medium term. We increase our FY24/25 EBITDA estimates by 9%/10% to factor in higher growth and margins and now build in revenue/EBITDA CAGR of 37%/44% over FY23-25E, with RoE estimated to improve to ~25.2% in FY25E. We reiterate our BUY rating on the stock, with an SoTP-based target price of Rs 2,750 (Rs 2,005 earlier), valuing the standalone business at 40x (35x earlier) FY25E EV/EBITDA and other businesses on EV/sales basis. The multiple increase reflects our belief that the sharp outperformance on growth and now margins as well will see an increase in valuation premium to peers. Disruptions from intensifying competition or slowdown in store additions are key risks.

**Growth momentum set to sustain in the medium term despite relatively subdued market conditions:** Continued traction in LFL growth in *Westside* coupled with aggressive store expansion especially in *Zudio* drove continued traction in revenue growth trajectory for TRENT in 2Q. Emerging categories like beauty and personal care, innerwear and footwear witnessed strong traction from customers, with the category now contributing >19% of standalone revenue. Growth momentum in online platform continues, as consumers seek convenience through digital access. The company is investing in resetting technology across the entire value chain to make it commensurate with the growing scale and the growth strategy. *Star* business with 30% growth witnessed better consumer traction and growth in sales density with judicious store presence/ footprint, right price points and focus on fresh foods and own brands. We expect growth momentum at *Westside* to sustain, with deeper penetration through accelerated store openings, superior store economics, improved customer experience post modernisation of the stores and limited competition in the

### RESULT UPDATE

Sector: Retail Rating: BUY  
CMP: Rs 2,428 Target Price: Rs 2,750

#### Stock Info

Sensex/Nifty	64,942/ 19,406
Bloomberg	TRENT IN
Equity shares (mn)	356
52-wk High/Low	Rs 2,454/1155
Face value	Rs 1
M-Cap	Rs 863bn/USD 10.5bn
3-m Avg value	USD 13mn

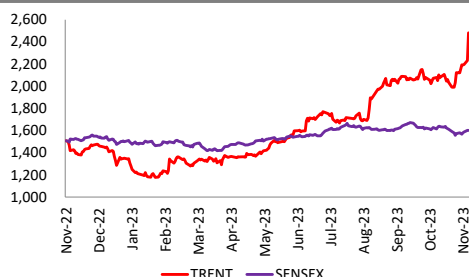
#### Financial Snapshot (Rs mn)

Y/E March	FY23	FY24E	FY25E
Sales	82,420	120,163	154,809
PAT	3,967	6,849	9,527
EPS (Rs)	11.2	19.3	26.8
PE (x)	217.6	126.0	90.6
EV/EBITDA (x)	86.3	56.4	42.7
P/BV (x)	29.6	24.2	19.1
EV/Sales	11.2	7.9	6.1
RoE (%)	15.5	22.6	25.2
RoCE (%)	7.1	10.1	11.7
NWC (days)	35	34	32
Net gearing (x)	2.3	2.6	2.1

#### Shareholding pattern (%)

	Sept 23	Jun 23	Mar 23
Promoter	37.0	37.0	37.0
-Pledged	-	-	-
FII	26.2	25.0	24.4
DII	14.89	15.81	16.10
Others	21.9	22.2	22.5

#### Stock Performance (1-year)



Himanshu Nayyar

himanshunayyar@systematixgroup.in  
+91 22 6704 8079

Rajesh Mudaliar

rajeshmudaliar@systematixgroup.in  
+91 22 6704 8084

fast-fashion category beyond metros and tier-1 cities. For *Zudio*, aggressive store addition plans in tier-2/3 cities offer significant growth opportunities in the value-fashion market. We estimate 26% CAGR in *Westside's* revenue over FY23-25E, backed by 30 annual store additions. We see *Zudio* as be a key beneficiary of the push towards value fashion, and estimate 55% CAGR in revenue for the format over FY23-25E, driven by 200 new store additions per annum. The company is also looking to expand its new formats like Misbu, Samoh and looking at international opportunities as well.

**Margins improved on the back of better operating efficiencies and low employee cost:** TRENT's gross margin contracted 230bps YoY to 44.7% in 2QFY24 but on sequential basis it improved 13bps; we expect improvement in gross margin going forward led by upcoming festive season and lower discounting. EBITDA margin was 15.9% (up 120bps), with operating profit of Rs 4.61bn vs Rs 3.65bn in 2QFY23. Employee costs as % of sales declined 88bps, operating expenses declined 232bps and rental cost declined 30bps. We have built in 140bps of EBITDA margin expansion for TRENT over FY23-25E.

**Grocery business continues to see good traction:** The grocery retail business is also turning around well witnessing improved customer traction and growing throughput with a LFL-backed growth of 30% in 2Q. Star business stores count stood at 65 with continued focus on exclusive brands. The strategy of price leadership, own brands and fresh offerings is poised to make this business an additional growth engine for the company.

#### Exhibit 1: Quarterly performance (Standalone)

(Rs mn)	Q2FY24	Q2FY23	Q1FY24	YoY (%)	QoQ (%)
Net sales	28,907	18,136	25,364	59.4	14.0
COGS	15,997	9,619	14,070	66.3	13.7
(% of sales)	55.3	53.0	55.5		
Employee cost	2,106	1,481	1,854	42.2	13.6
(% of sales)	7.3	8.2	7.3		
Others	6,196	4,361	5,784	42.1	7.1
(% of sales)	21.4	24.0	22.8		
<b>EBITDA</b>	<b>4,609</b>	<b>2,675</b>	<b>3,657</b>	<b>72.3</b>	<b>26.0</b>
<b>EBITDA margin (%)</b>	<b>15.9</b>	<b>14.8</b>	<b>14.4</b>		
Other income	1,511	1,680	498	(10.1)	203.6
<b>PBIDT</b>	<b>6,119</b>	<b>4,356</b>	<b>4,154</b>	<b>40.5</b>	<b>47.3</b>
Depreciation	1,448	1,043	1,335	38.9	8.5
Interest	923	880	891	4.9	3.6
<b>PBT</b>	<b>3,748</b>	<b>2,432</b>	<b>1,928</b>	<b>54.1</b>	<b>94.4</b>
Tax	851	574	445	48.3	91.1
ETR (%)	22.7	23.6	23.1		
<b>Adjusted PAT</b>	<b>2,897</b>	<b>1,859</b>	<b>1,483</b>	<b>55.9</b>	<b>95.4</b>
PATAMI margin	10.0	10.2	5.8		
Extraordinary income/ (exp.)	-	-	-		
<b>Reported PAT</b>	<b>2,897</b>	<b>1,859</b>	<b>1,483</b>	<b>55.9</b>	<b>95.4</b>
No. of shares (mn)	356	356	356		
<b>Adj EPS (Rs)</b>	<b>8.1</b>	<b>5.2</b>	<b>4.2</b>	<b>55.9</b>	<b>95.4</b>

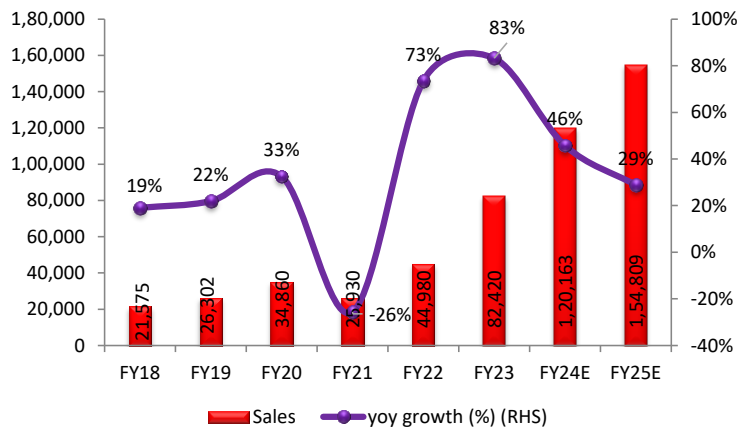
Source: Company, Systematix Institutional Research

Exhibit 2: Change in estimates

(Rs mn)	Old estimates		Revised estimates		Variation (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Net sales	114,217	144,542	120,163	154,809	5%	7%
EBITDA	15,419	20,236	16,823	22,292	9%	10%
EBITDA margin	13.5%	14.0%	14.0%	14.4%		
Adj. PAT	5,604	7,818	6,849	9,527	22%	22%

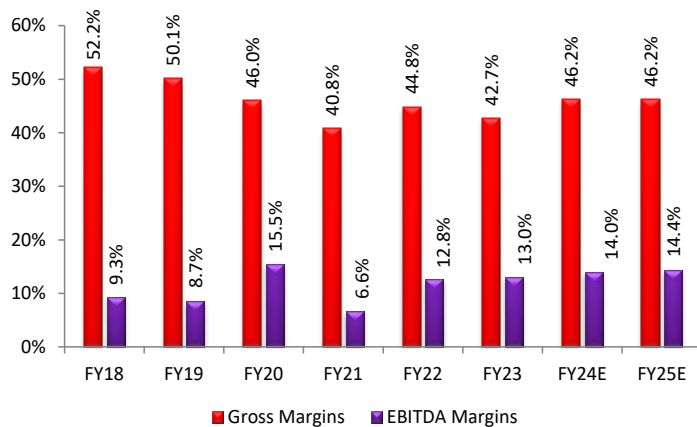
Source: Company, Systematix Institutional Research

Exhibit 3: Expect revenue CAGR of 37% over FY23-25E...



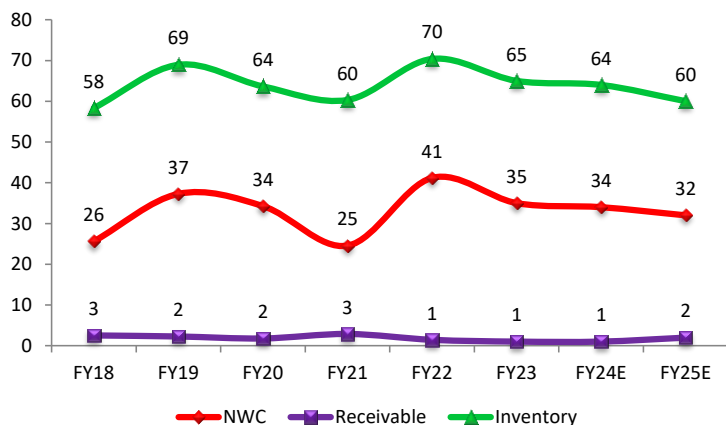
Source: Company, Systematix Institutional Research

Exhibit 4: ...with GM/ EBITDA margin of 46.2%/ 14.4% by FY25E



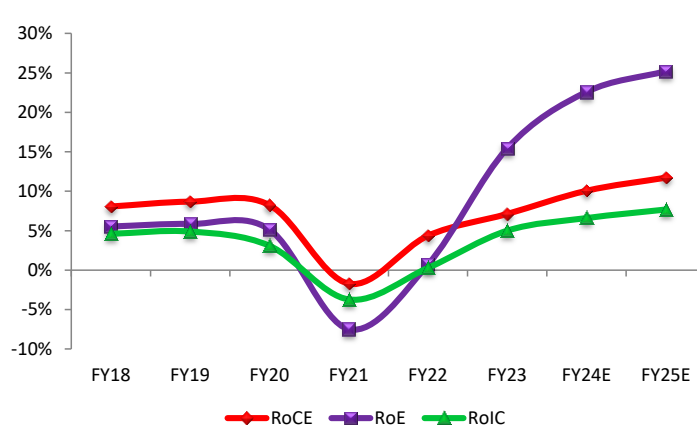
Source: Company, Systematix Institutional Research

Exhibit 5: Net cash conversion days likely at 32 in FY25E



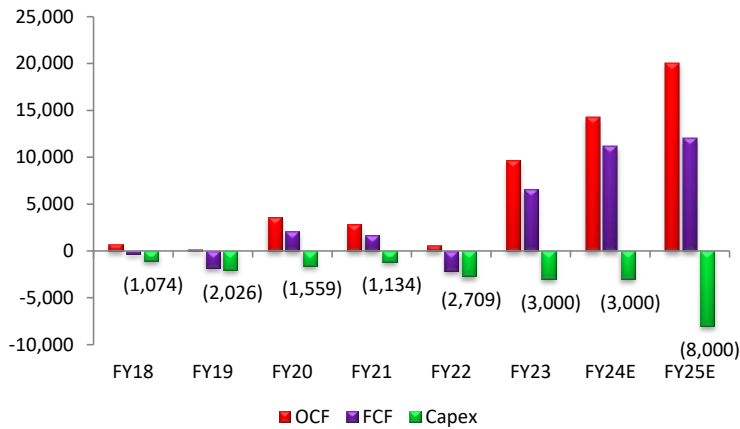
Source: Company, Systematix Institutional Research

Exhibit 6: RoE/ RoCE to touch 25.2%/ 11.7% by FY25E



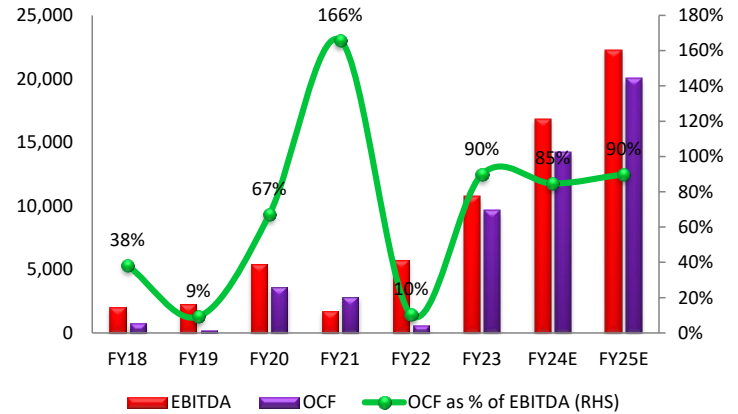
Source: Company, Systematix Institutional Research

Exhibit 7: Strong free cash flow generation



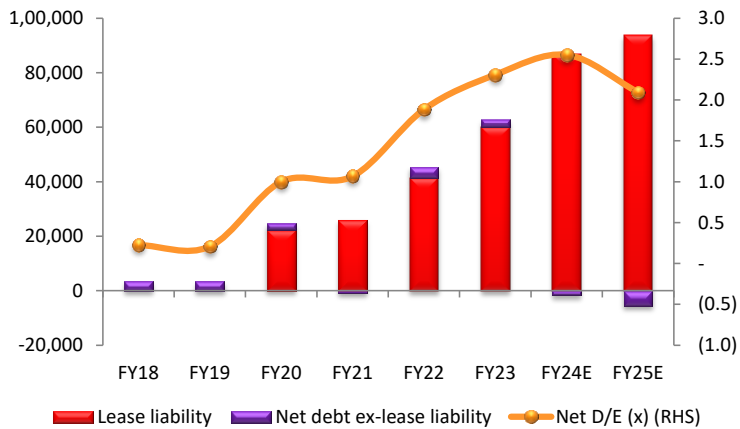
Source: Company, Systematix Institutional Research

Exhibit 8: Strong EBITDA to OCF conversion rate



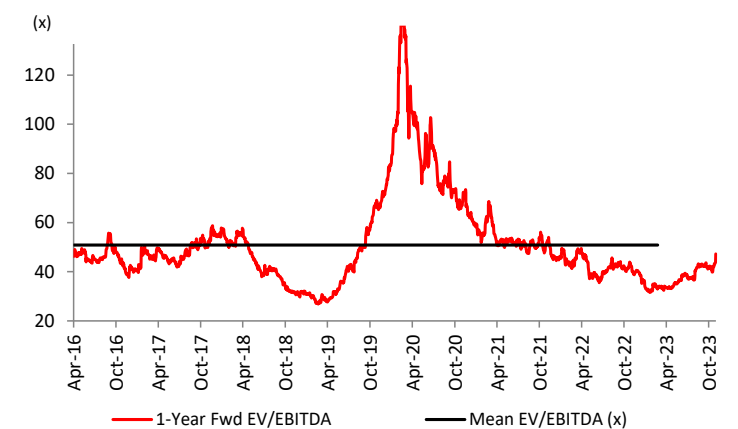
Source: Company, Systematix Institutional Research

Exhibit 9: Net debt to equity trend



Source: Company, Systematix Institutional Research

Exhibit 10: TRENT trades at 47.2x one-year forward EV/EBITDA



Source: Bloomberg, Systematix Institutional Research

Exhibit 11: SoTP-based target price of Rs 2,750

Segment (Rs bn)	EBITDA/ Sales (Rs bn) (FY25E)	Valuation Metric	Multiple (x)	Value (Rs bn)	Per share (Rs)
Standalone	22	EV/EBITDA	40	895	2,519
Zara (49%)	29	EV/Sales	4	56	158
Trent Hypermarket (50%)	22	EV/Sales	2	22	63
Booker and Others	6	EV/Sales	1	6	18
<b>Target EV of company</b>				<b>980</b>	<b>2,758</b>
Net debt				3	8
<b>Target equity value</b>				<b>978</b>	<b>2,750</b>
Current market price (Rs)					2,428
<b>Potential upside (x)</b>					<b>13.3%</b>

Source: Company, Systematix Institutional Research

## FINANCIALS

### Profit & Loss Statement

YE: Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>25,930</b>	<b>44,980</b>	<b>82,420</b>	<b>1,20,163</b>	<b>1,54,809</b>
Purchase of finished goods	13,716	29,204	52,111	62,485	80,500
Changes in Inventory	1,624	(4,388)	(4,913)	2,163	2,787
<b>Gross Profits</b>	<b>10,590</b>	<b>20,165</b>	<b>35,223</b>	<b>55,515</b>	<b>71,522</b>
Employee costs	3,019	3,990	6,552	9,613	12,385
Selling & Admin costs	5,852	10,437	17,934	29,079	36,844
<b>Total Expenses</b>	<b>24,211</b>	<b>39,242</b>	<b>71,684</b>	<b>1,03,340</b>	<b>1,32,516</b>
<b>EBITDA</b>	<b>1,719</b>	<b>5,739</b>	<b>10,737</b>	<b>16,823</b>	<b>22,292</b>
Depreciation	2,573	3,108	4,937	5,993	6,920
Other income	2,016	1,752	2,609	2,870	3,157
<b>EBIT</b>	<b>1,162</b>	<b>4,383</b>	<b>8,409</b>	<b>13,700</b>	<b>18,529</b>
Interest/lease cost	2,487	3,495	3,692	4,687	5,969
PL of associate	(714)	51	835	139	170
<b>PBT</b>	<b>(2,038)</b>	<b>939</b>	<b>5,552</b>	<b>9,152</b>	<b>12,731</b>
Taxes	(237)	766	1,584	2,304	3,204
Pl of MI	-	-	-	-	-
<b>Adj. PAT</b>	<b>(1,801)</b>	<b>173</b>	<b>3,967</b>	<b>6,849</b>	<b>9,527</b>
Exceptional items	(10)	(274)	(30)	-	-
Extraordinary items	-	-	-	-	-
<b>Reported PAT</b>	<b>(1,801)</b>	<b>173</b>	<b>3,967</b>	<b>6,849</b>	<b>9,527</b>
No. of shares (mn)	356	356	356	356	356
<b>Adj. EPS</b>	<b>(5.1)</b>	<b>0.5</b>	<b>11.2</b>	<b>19.3</b>	<b>26.8</b>

Source: Company, Systematix Institutional Research

### Cash Flow

YE: Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
<b>PBT</b>	<b>(2,038)</b>	<b>939</b>	<b>5,552</b>	<b>9,152</b>	<b>12,731</b>
Add: Depreciation	2,573	3,108	4,937	5,993	6,920
Add: Interest	2,487	3,495	3,692	4,687	5,969
Less: taxes paid	(11)	(816)	(1,704)	(2,304)	(3,204)
Add: other adjustments	(1,222)	(1,848)	-	-	-
Less: WC changes	1,063	(4,293)	(2,827)	(3,290)	(2,379)
<b>Total OCF</b>	<b>2,850</b>	<b>585</b>	<b>9,649</b>	<b>14,238</b>	<b>20,036</b>
OCF w/o WC changes	1,788	4,878	12,476	17,528	22,415
Capital expenditure	(1,134)	(2,709)	(3,000)	(3,000)	(8,000)
Change in investments	1,034	2,042	-	-	-
Interest/Dividend reced.	256	1,228	-	-	-
<b>Total ICF</b>	<b>157</b>	<b>560</b>	<b>(3,000)</b>	<b>(3,000)</b>	<b>(8,000)</b>
Free Cash Flows	1,717	(2,124)	6,649	11,238	12,036
Share issuances	(3)	5,513	-	-	-
Change in borrowings	(632)	(3,703)	(1,600)	(3,000)	(1,500)
Dividends	(355)	(427)	(782)	(711)	(747)
Interest payment	(1,841)	(2,463)	(3,692)	(4,687)	(5,969)
Others	-	-	-	-	-
<b>Total Financing CF</b>	<b>(2,831)</b>	<b>(1,080)</b>	<b>(6,074)</b>	<b>(8,398)</b>	<b>(8,215)</b>
<b>Net change in cash</b>	<b>176</b>	<b>65</b>	<b>575</b>	<b>2,841</b>	<b>3,821</b>
Opening cash & CE	581	756	864	1,438	4,279
Closing cash & CE	756	822	1,438	4,279	8,100

Source: Company, Systematix Institutional Research

### Balance Sheet

YE: Mar (Rs mn)	FY21	FY22	FY23	FY24E	FY25E
Equity capital	356	356	356	356	356
Reserves and surplus	22,775	23,285	26,440	32,577	41,358
<b>Net worth</b>	<b>23,130</b>	<b>23,640</b>	<b>26,795</b>	<b>32,933</b>	<b>41,713</b>
<b>Minority interest</b>	<b>445</b>	<b>459</b>	<b>459</b>	<b>459</b>	<b>459</b>
<b>Total debt/lease liabilities</b>	<b>25,921</b>	<b>46,234</b>	<b>64,322</b>	<b>89,448</b>	<b>96,385</b>
Other LT liabilities	226	392	392	392	392
<b>Total sources</b>	<b>49,723</b>	<b>70,726</b>	<b>91,969</b>	<b>1,23,232</b>	<b>1,38,950</b>
Net Block	7,081	7,953	9,918	11,806	18,214
Right of use assets	23,185	38,642	54,428	77,673	80,783
Net deferred tax	1,145	1,264	1,354	1,354	1,354
Other assets	4,306	5,533	5,533	5,533	5,533
CWIP	1,080	1,047	1,047	1,047	1,047
Investments	14,873	12,837	12,837	12,837	12,837
<b>Cash</b>	<b>815</b>	<b>864</b>	<b>1,438</b>	<b>4,279</b>	<b>8,100</b>
Inventories	4,284	8,678	14,678	21,070	25,448
Receivables	208	179	226	329	848
Other current assets	260	264	264	264	264
<b>Current Assets</b>	<b>4,752</b>	<b>9,121</b>	<b>15,168</b>	<b>21,663</b>	<b>26,561</b>
Creditors	2,746	3,780	7,000	10,206	12,724
Other CL	4,769	2,754	2,754	2,754	2,754
<b>Current Liabilities</b>	<b>7,514</b>	<b>6,535</b>	<b>9,754</b>	<b>12,960</b>	<b>15,478</b>
<b>Net Working Capital</b>	<b>(2,762)</b>	<b>2,586</b>	<b>5,414</b>	<b>8,703</b>	<b>11,082</b>
<b>Total Uses</b>	<b>49,723</b>	<b>70,726</b>	<b>91,969</b>	<b>1,23,232</b>	<b>1,38,950</b>

Source: Company, Systematix Institutional Research

### Ratios

YE: Mar	FY21	FY22	FY23	FY24E	FY25E
Yoy growth in Revenue	(25.6)	73.5	83.2	45.8	28.8
Yoy growth in EBITDA	(68.1)	233.8	87.1	56.7	32.5
Yoy growth in Net income	(270.0)	(109.6)	2,196.3	72.6	39.1
Effective tax rate	(0.4)	94.9	30.7	25.2	25.2
EBITDA margin	6.6	12.8	13.0	14.0	14.4
PAT margin	(6.9)	0.4	4.8	5.7	6.2
ROACE (pre-tax)	(1.7)	4.4	7.1	10.1	11.7
ROAE	(7.5)	0.7	15.5	22.6	25.2
Net debt to equity (x)	1.1	1.9	2.3	2.6	2.1
Inventory days	60	70	65	64	60
Receivable days	3	1	1	1	2
Payable days	39	31	31	31	30
NWC days	25	41	35	34	32
<b>Per share numbers (Rs)</b>					
Reported earnings	(5.1)	0.5	11.2	19.3	26.8
Dividend	0.6	1.7	2.2	2.0	2.1
Free cash	0.2	(0.2)	0.8	1.3	1.4
Book Value	70.9	72.5	82.0	100.5	126.9
<b>Valuations (x)</b>					
Price to diluted earnings	(479.2)	4,996.3	217.6	126.0	90.6
EV / EBITDA	516.7	158.3	86.3	56.4	42.7
Price to sales	33.3	19.2	10.5	7.2	5.6

Source: Company, Systematix Institutional Research

## Institutional Equities Team

<b>Nikhil Khandelwal</b>	<b>Managing Director</b>	<b>+91-22-6704 8001</b>	<b>nikhil@systematixgroup.in</b>
--------------------------	--------------------------	-------------------------	----------------------------------

### Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8038	kalashjain@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pranay Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8017	pranayshah@systematixgroup.in
Pratik Oza	Midcaps	+91-22-6704 8036	pratikoza@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Vivek Mane	Pharmaceuticals and Healthcare	+91-22-6704 8046	vivekmane@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in

### Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in

### Corporate Access

Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in

### Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

### Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Sushant Chavan	Manager	+91-22-6704 8056	sushantchavan@systematixgroup.in



## DISCLOSURES/APPENDIX

## I. ANALYST CERTIFICATION

I, **Himanshu Nayyar, Rajesh Mudaliar**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

I. **ISSUER SPECIFIC REGULATORY DISCLOSURES**, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

**STOCK RATINGS**

**BUY (B):** The stock's total return is expected to exceed 15% over the next 12 months.

**HOLD (H):** The stock's total return is expected to be within -15% to +15% over the next 12 months.

**SELL (S):** The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

**NOT RATED (NR):** The analyst has no recommendation on the stock under review.

**INDUSTRY VIEWS**

**ATTRACTIVE (AT):** Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

**NEUTRAL (NL):** Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

**CAUTIOUS (CS):** Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

II. **DISCLAIMER**

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

**SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.**

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



#### **Systematix Shares and Stocks (India) Limited:**

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id [contactus@systematixgroup.in](mailto:contactus@systematixgroup.in). Visit us at: [www.systematixgroup.in](http://www.systematixgroup.in)

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id [compliance@systematixgroup.in](mailto:compliance@systematixgroup.in)

Details of Email id grievance redressal cell : [grievance@systematixgroup.in](mailto:grievance@systematixgroup.in)

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI - ARN - 64917