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Retail

Deciphering evolving fashion retail



Abhijeet Kundu

+91 22 6911 3430

abhijeet.kundu@antiquelimited.com

Priyanka Trivedi

+91 22 6911 3435

priyanka.trivedi@antiquelimited.com

Dhiraj Mistry

+91 22 6911 3434

dhiraj.mistry@antiquelimited.com

Abhijeet Kundu

+91 22 6911 3430

abhijeet.kundu@antiquelimited.com

Priyanka Trivedi

+91 22 6911 3435

priyanka.trivedi@antiquelimited.com

Dhiraj Mistry

+91 22 6911 3434

dhiraj.mistry@antiquelimited.com

THEMATIC SECTOR REPORT

Retail

Deciphering evolving fashion retail

In our pursuit to identify true long-term winners in the retail landscape, we have attempted to analyze 115k+ SKUs across the retail fashion spectrum. We have strived to gain insight into pricing, product assortment, and fashion trends. These, we believe, are critical factors to success in apparel retailing, unlike conventional analysis based on growth in footprint/ SSSG, which tends to give less weight to strength/ sustainability of the strategy. We believe that outperformance in Indian fashion retail will be driven by (1) fast fashion (2) value fashion, (3) women's western wear /men's casual wear, and 4) sharper product pricing/assortment. Based on our SKU analysis, we observe that Trent is well placed due to its value pricing (ASP has slightly dropped since 2019 by 5-6% to INR1028, versus 15-20% increase in ASP of other fashion retailers) and sharper product assortment (lower number of SKUs/ Price points at 4,510/31). Pantaloons and Reliance Trends number of SKUs/ Price points stand at 28,240/ 215 and 35,660/ 307 respectively. In celebration wear, Manyavar has an edge due to its wider product offering at relatively affordable prices. In women's ethnic wear, we note that Westside has a sharper product assortment and pricing (W for Women, Biba, and Fabindia have Price points at 43/79/174 with premium ASP of INR 2,611/INR 3,341/ INR 2,847 respectively). Going ahead, we are expecting some moderation in growth rate for urban retailers, primarily on a high base. However, even in a slowdown, we believe Trent is well equipped to remain resilient backed by its affordable and fast changing fashion.

Lifestyle retailers increasingly focusing on women's wear

Notably, in organized apparel, retail share of women's wear is expected to increase while the share of men's wear is expected to drop. Share of women's wear in organized apparel retail is expected to increase to 35% by FY25 from 31% in FY20, while the share of men's wear is expected to reduce to 51% from 55% in FY20. Consequently, lifestyle retailers are increasingly focusing on women's wear. As per our analysis, contribution of women's wear in overall product offering of Westside/ Zara/ H&M stands at 55%/ 54%/ 52%. Pantaloons and Reliance Trends have relatively lower exposure at 45% and 41% respectively. Value fashion popular (VFP) players (Max Fashion and Reliance Trends) have higher exposure to kids wear in the range of 26%–34% of their product offering. Amongst lifestyle retailers, H&M leads in kids wear forming 32% of total offering, while other players have 17%–19% saliency in kids wear. Reliance Trends (35%) and Pantaloons (37%) have higher exposure in men's wear, while H&M has the lowest exposure at 15%. Zara and Westside have 26%–28% exposure in men's wear.

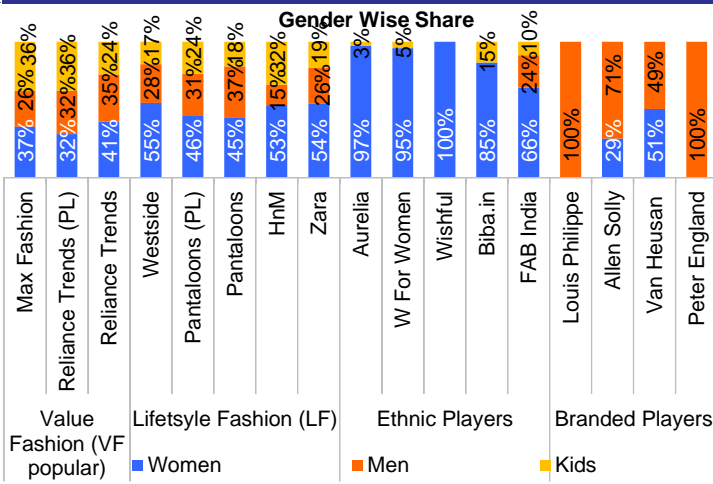
Greater exposure to women's western wear and men's casual wear to differentiate winners

We note that in apparel retail, women's and men's casual wear are likely to grow at faster rate at 14% CAGR. We note retailers have been improving presence in these high-growth segments. Amongst domestic apparel retails, Trent has highest exposure to these segments with 62% of total SKUs followed by Pantaloons with 59%. International players like Zara and H&M pose tough competition in these segments with highest exposure of 75%/ 65% in these segments. VFP retailers like Max and Reliance Trends have relatively lower exposure at 44% and 55% respectively. In terms of pricing, Westside has the lowest pricing of INR 985/ INR 1,035 in women's western wear/ men's casual wear followed by Reliance Trends (INR 1,151/ INR 1,270) and Pantaloons (INR 1,335/ INR 1,426).

Vedant Fashion to lead the pack in celebration wear driven by value pricing

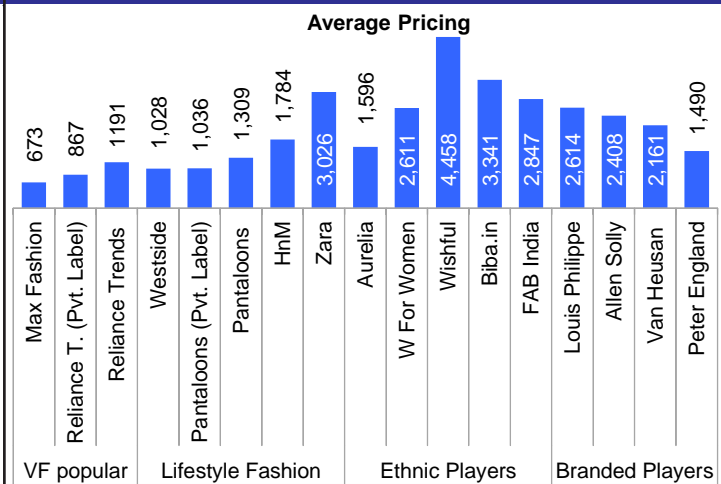
VFL has positioned itself as a diversified brand portfolio across the value spectrum for the entire family, while Tasva has a niche/premium positioning in groom's wear. Manyavar (Ex. Mohey) has a broader product portfolio, which is almost 3x of Tasva. Tasva's average pricing (INR 13,199) is 29% higher than Manyavar (INR 10,246). We understand that VFL's menswear (Manyavar+Twamev) caters to higher consumer base led by its value pricing (sub-INR 5,000 forms 53% of the total offerings. Tasva has 59% exposure in <INR 10,000. Twamev forms 4% of total VFL's offerings with average pricing of INR 25,317. Mohey (22% of VFL's SKUs) has an average pricing of INR 12,655.

Lifestyle retailers increasingly focusing on women's wear



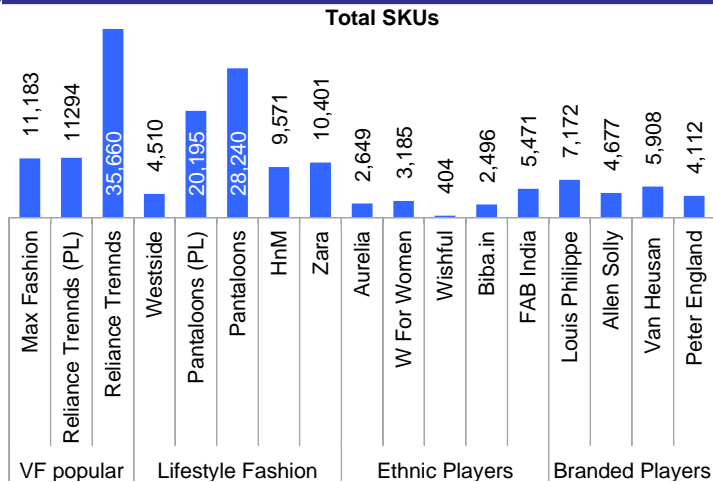
Source: Company, Antique

Max Fashion leads in VF popular and Westside leads in lifestyle fashion



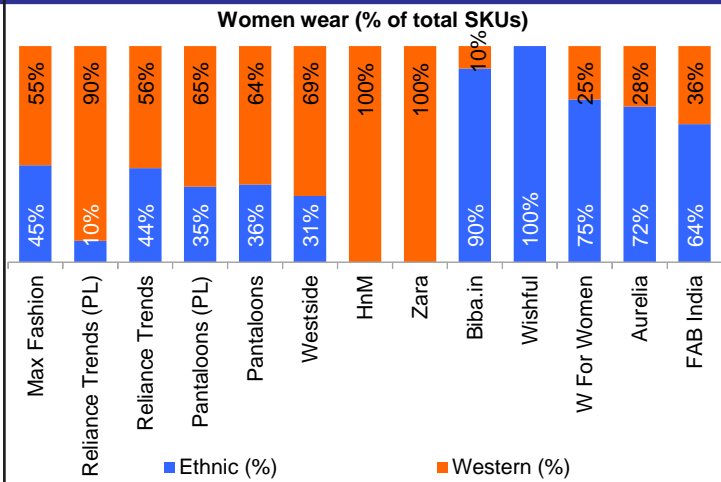
Source: Company, Antique

Westside has the sharpest product assortment; Pantaloons and Reliance Trends should work on sharpening assortment by eliminating slow-moving SKUs



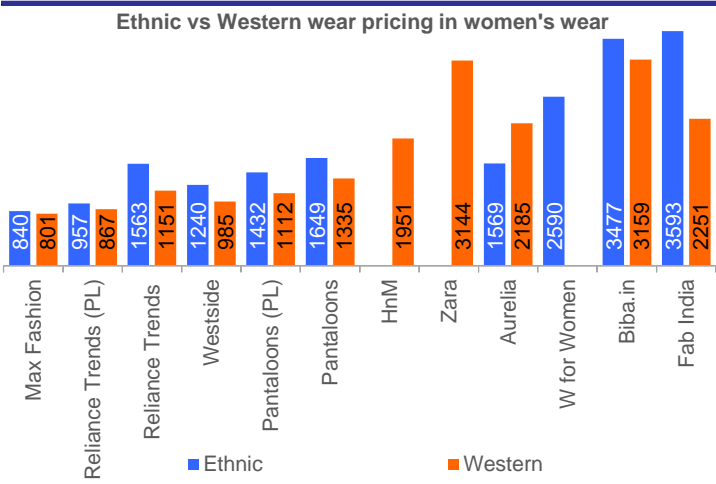
Source: Company, Antique

Fashion retailers increasingly shifting towards fast growing women's western wear



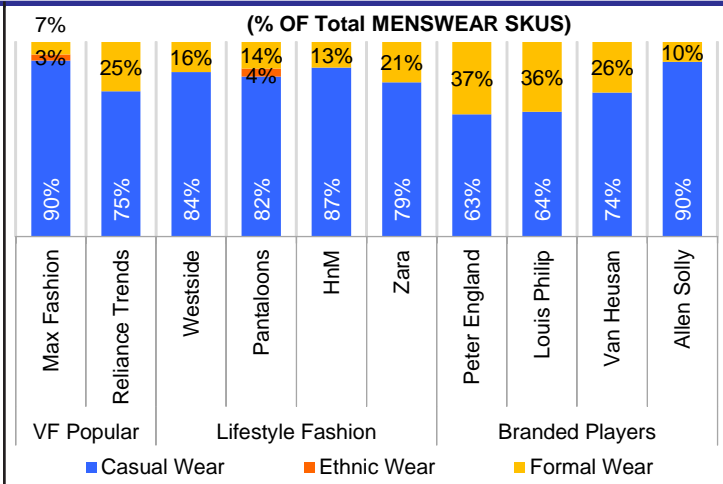
Source: Company, Antique

Max Fashion and Westside lead in terms of sharp pricing in both western and ethnic wear in women's wear



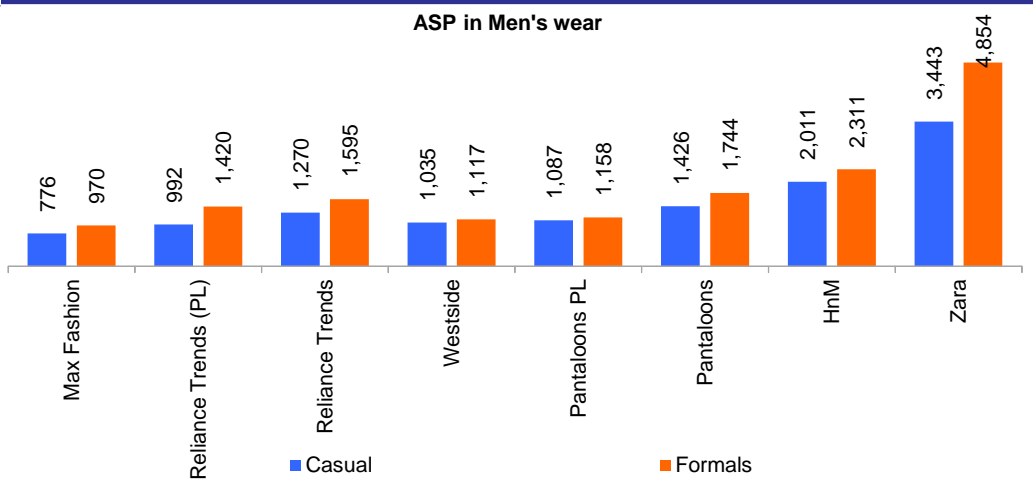
Source: Company, Antique

Fashion retailers increasingly shifting towards fast growing casual men's wear



Source: Company, Antique

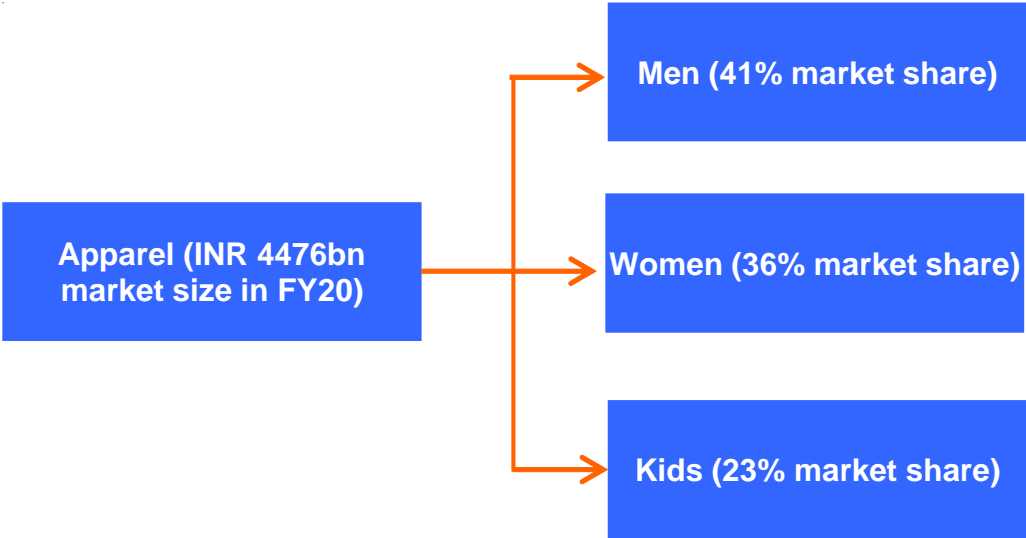
Max Fashion and Westside lead in terms of sharp pricing in both casual and formal men's wear



Source: Company, Antique

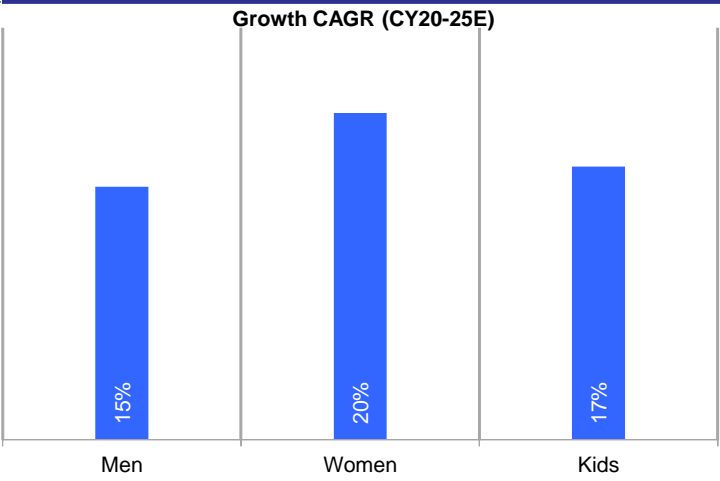
Women's western wear and men's casual wear gaining ground

- In organized retail, women's western wear, men's casual wear, and kids wear are expected to grow at a faster rate of 14%, 14%, and 10% CAGR over CY20-25E respectively.
- Consequently, we believe retailers' improving presence in these high-growth segments (women's western wear, kids' and men's casual wear) will be able to outgrow industry growth trends through better product assortment and right pricing.



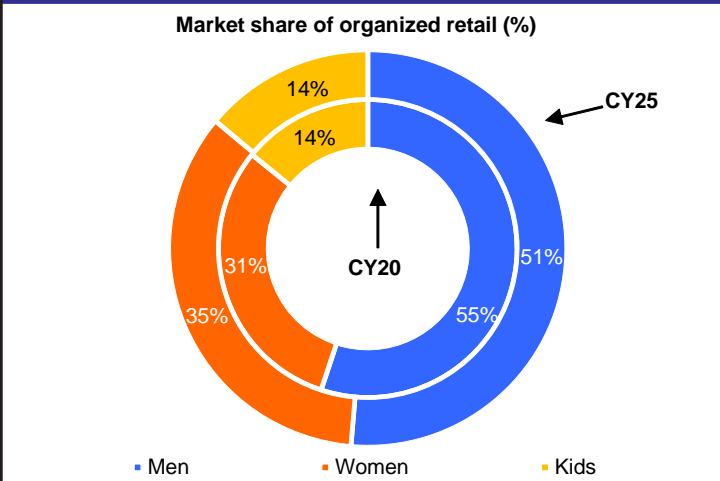
Market share of organized retail in women's wear to rise from 31% in CY20 to 35% in CY25E

Organized women and kid's fashion gaining ground



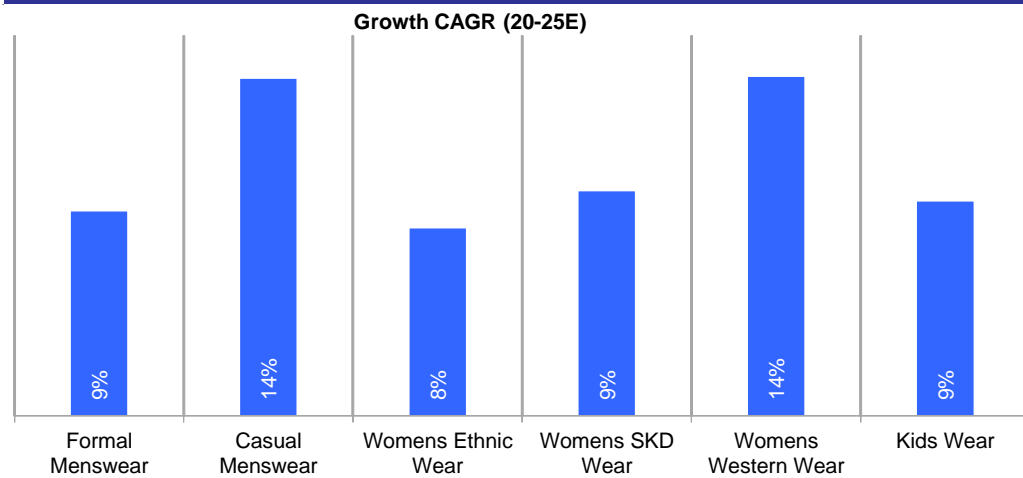
Source: Biba DRHP, Company Antique

Organized apparel retail market share over CY20-25E



Source: Biba DRHP, Company Antique

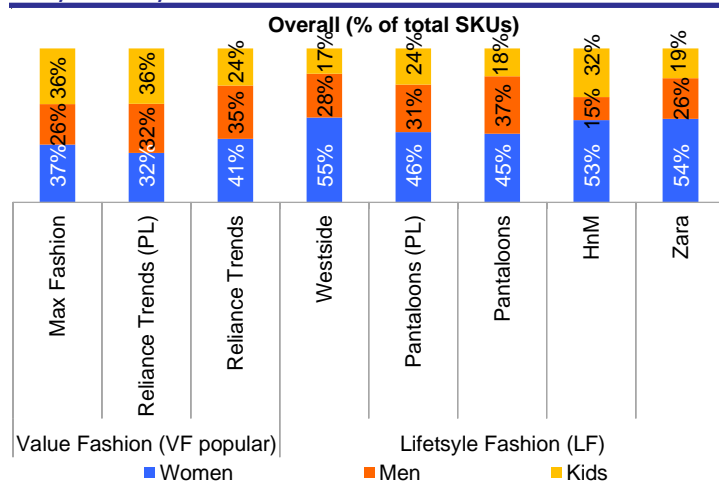
Women's western wear, kid's and men's casual wear to grow at a faster rate



Source: Biba DRHP, Company Antique

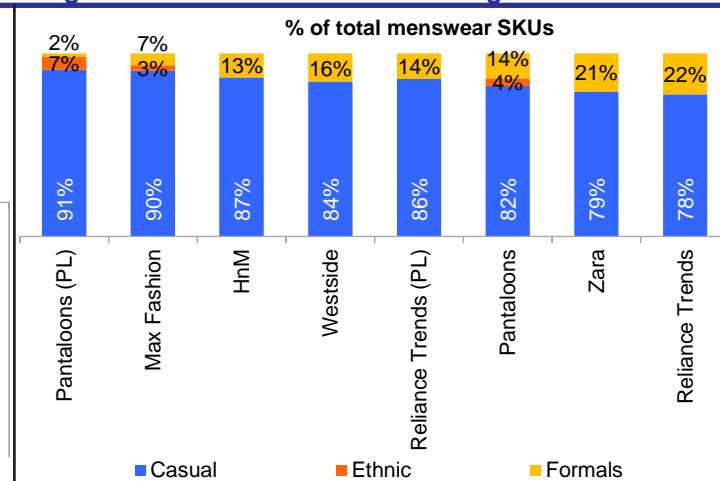
- We note that retailers have been shifting their portfolio to casual wear. We understand that fashion retailers have 78%-90% of total offerings of men's wear in casual wear. We note that even branded players are making a shift to casualization. Madura's lifestyle portfolio has around 72% of its total offering in men's wear as casual wear.
- In men's casual wear and women's western wear, Zara and H&M are significant competition to domestic players due to their differentiated offering.
- We understand that Westside predominantly being ethnic wear focused, has now shifted its product portfolio to western wear. Also, being women's wear focused historically, it has shifted gears to men's wear and kids wear as well.
- In men's casual wear, Max, H&M, and Westside lead with 90%, 87%, and 84% product portfolio in this segment. Pantaloon's private labels have higher concentration of casual wear vs. the overall portfolio.
- Amongst domestic players, Westside leads in women's wear market with 55% of its product portfolio. Zara and H&M have 54% and 53% offering in women's wear respectively.
- In kids wear, Max leads with 36% product offering, followed by H&M (at 32%), and Reliance Retail (at 24%).

Men, women, and kids wear % of total SKUs



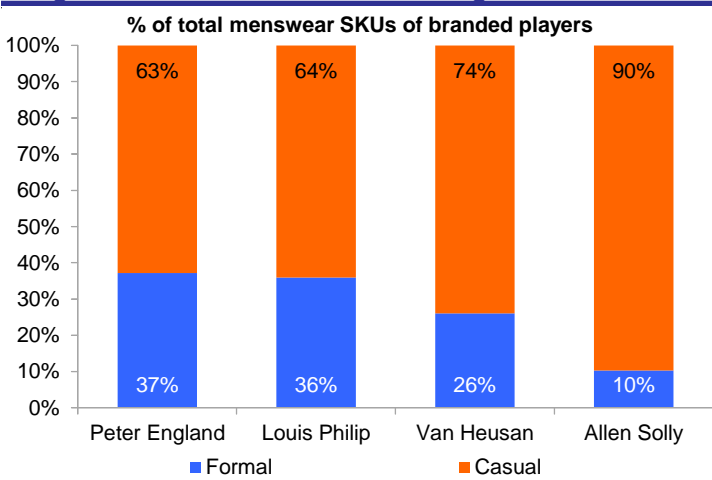
Source: Company, Antique

Categorization of men's wear SKUs amongst retailers



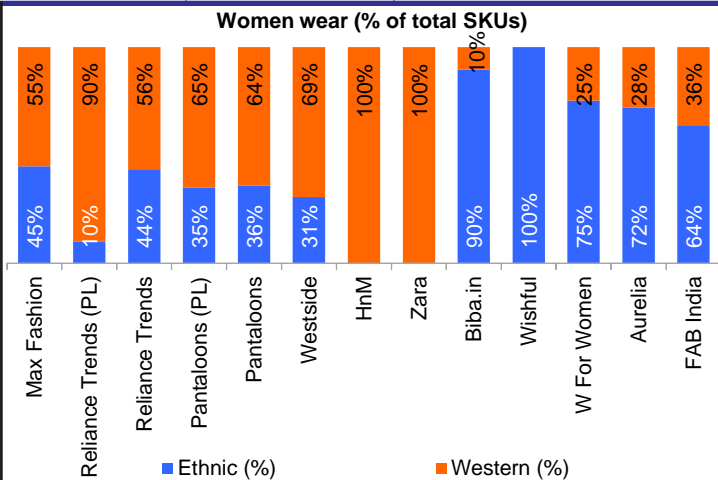
Source: Company, Antique

Categorization of men's wear SKUs amongst brands



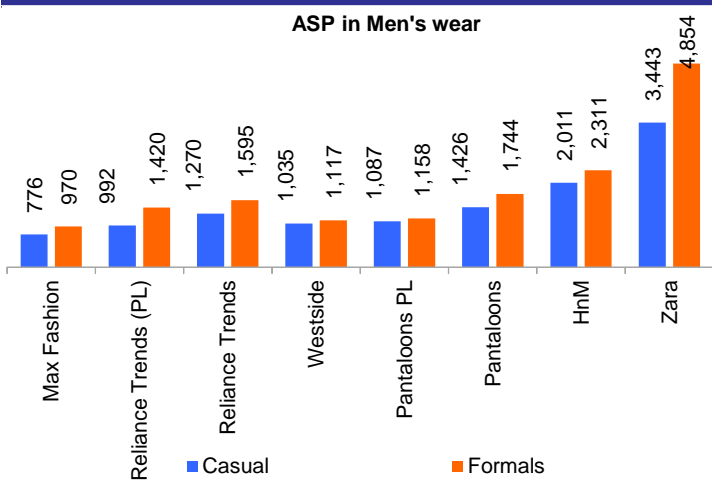
Source: Company, Antique

Women's wear (ethnic vs. western) % of total SKUs



Source: Company, Antique

Casual wear pricing lower than formal wear pricing



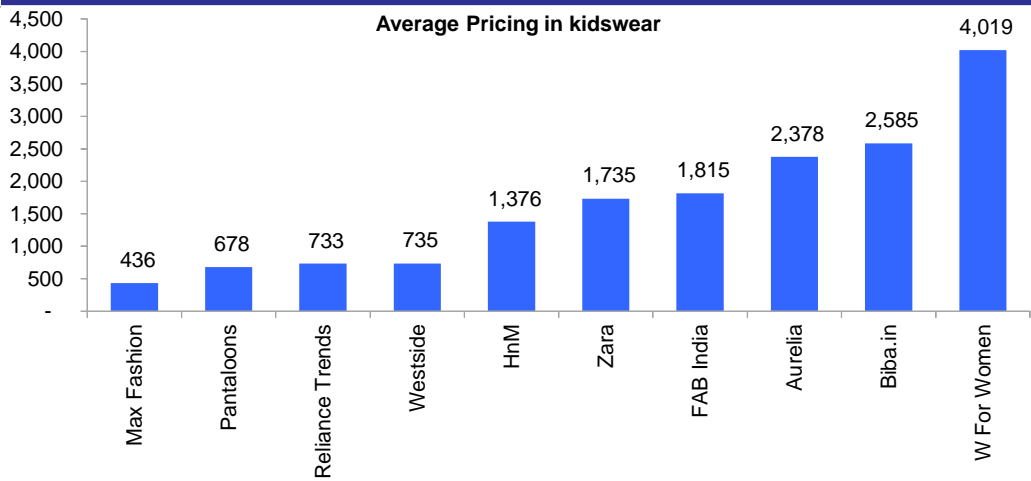
Source: Company, Antique

Western pricing significantly lower than ethnic pricing



Source: Company, Antique

Max Fashion and Pantaloon lead in kids wear pricing



Source: Company, Antique

Value fashion to sustain momentum and drive outperformance

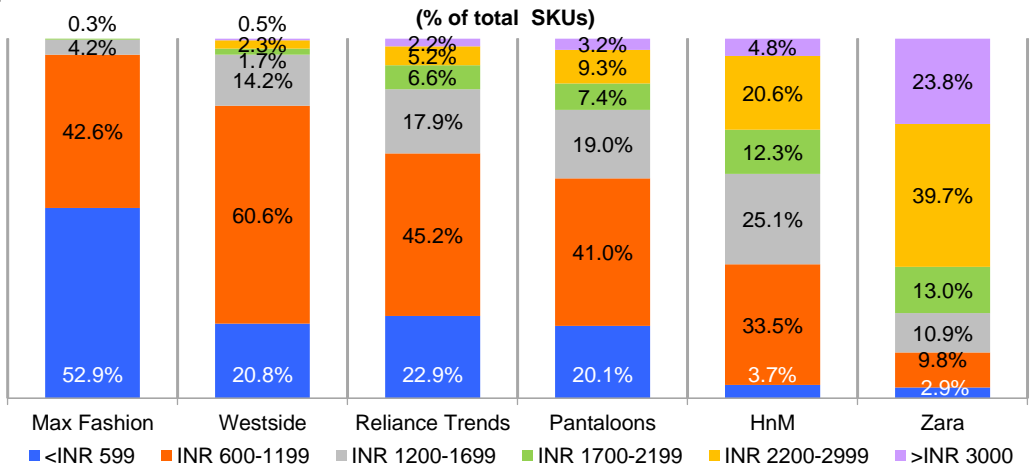
Based on our recent pricing analysis, we have grouped (Lifestyle International and Shoppers Stop) >INR 1,200; b) lifestyle fashion/ fast fashion/ private label (Westside, Pantaloons, Zara, M&S, and H&M) > INR 1,200; c) VF popular (Max, Reliance Trends, and Zudio) INR 600–1,200; and d) VF mass (VMART and V2RETAIL) <INR 350.

As per our previous report in January 2019, we classified lifestyle fashion/ fast fashion/ private label as >INR 1,000 and VF popular as INR 500–1,000. However, we understand that post Covid-19, a majority of the retailers have taken price hikes in the range of 20%–22%, which has led to rise in the price bands/ range. Accordingly, from our last report on pricing analysis that was released in 2019, we note that the average pricing of Max/ Reliance Trends/ H&M/ Zara and VMart has increased by 15%–60%. **On the contrary, Westside has worked on further sharpening its price points. Additionally, the company has increased the contribution of western wear in its product offering. This has led to 6-7% drop in ASP.**

Our analysis on pricing and SKUs suggests that:

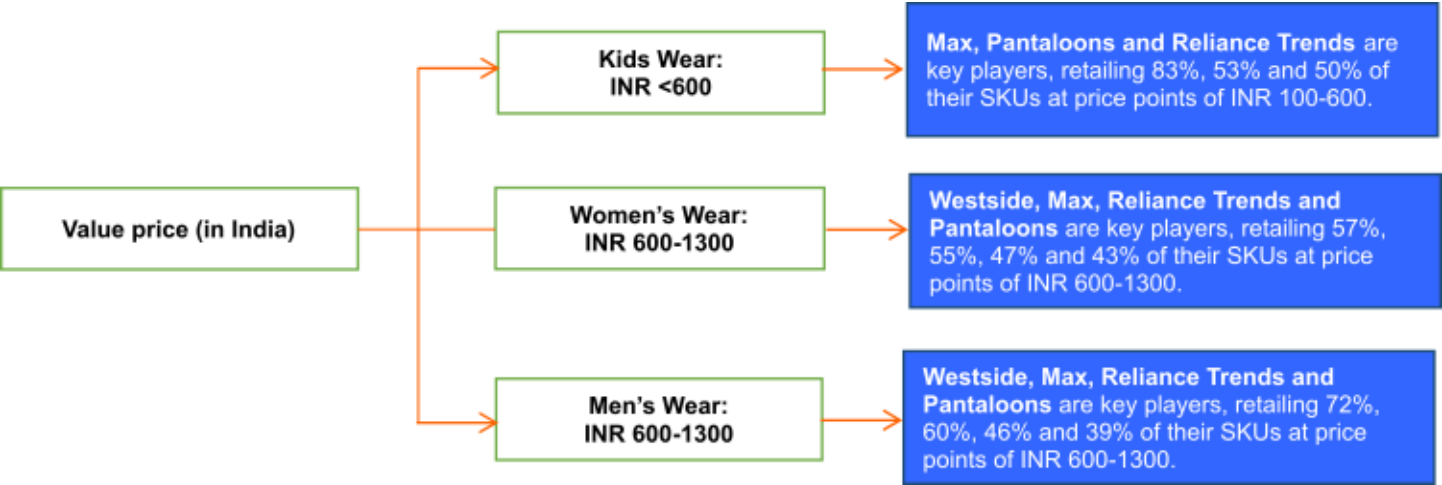
- Value fashion retailers with an average selling price (ASP) <INR 1, are better placed due to their ability to cater to higher number of consumers. Key beneficiaries are Max (ASP INR 673), Reliance Trends (ASP—INR 1,191; private label ASP—INR 873), and Zudio.
- Max, Reliance Trends, and Westside have 95%, 68%, and 82% of their overall SKUs priced below INR 1,300. Pantaloons has 61% product offerings below INR 1,300.

Product offerings across each price points



Source: Company, Antique

Value price in men, women, and kids wear

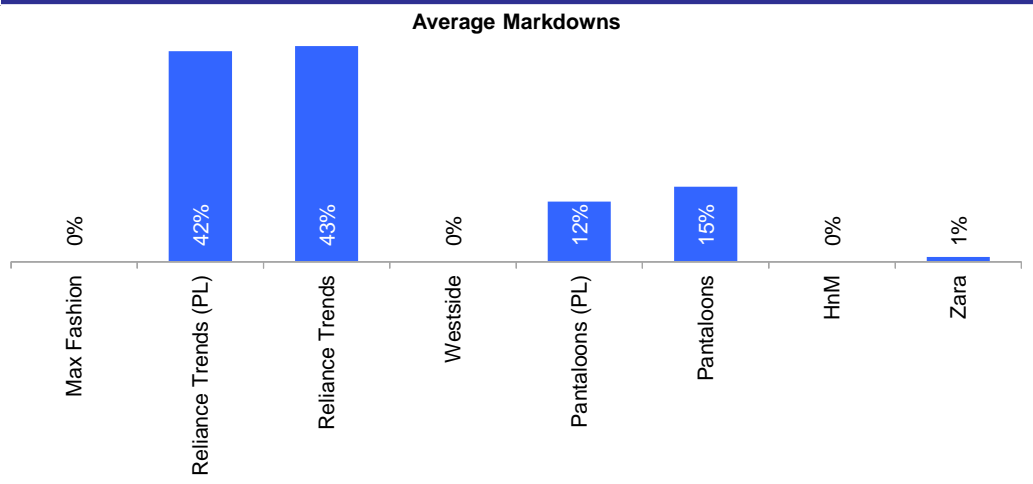


Source: Company, Antique

Value fashion retail (< INR 1,300) will outperform lifestyle retail

- Popular and mass-priced products currently constitute about 57% of the total fashion market. Consequently, due to the larger base of target consumers, more addressable geographies and higher growth, retailers like Westside, Zudio, Max, and Reliance Trends are focusing on the value segment to drive growth.
- Industry interactions suggest that urban value retailers like Zudio and Reliance Trends are targeting the higher income group in smaller cities with a sizeable population.
- We understand that in metros and Tier 1-2 cities, value fashion popular pricing <INR 1,300 has driven growth in fashion retail. Players like Max, Zudio, and Reliance Trends have been witnessing strong growth.
- Our store visits and industry interactions suggest that price points closer to INR 1,000 have witnessed better growth rates in revenue. Consequently, Westside has consistently outperformed peers due to average pricing of its products at INR 1,028.
- Notably, Pantaloons and Reliance Trends' average pricing seems higher at INR 1,309 and INR 1,191. However, their private label portfolio has lower average pricing of around INR 1,036 (Pantaloons) and INR 873 (Reliance Trends). **Share of private label in Pantaloons/ Reliance Trends of their total product offerings is around 65%/ 35% respectively.**
- Additionally, we understand that the markdowns are significantly higher for Reliance Trends and Pantaloons, Westside and Max which focuses majorly on sharp pricing has minimum markdowns. Notably, as per our SKU analysis (which was done right after EOSS got over), we note that Reliance Trends and Pantaloons had an average discount of 43%/ 15% while Max Fashion/ Westside/ H&M and Zara had no discounts.

Average markdowns (%) (post-EOSS)



Source: Company, Antique

In women's wear (i) Westside again leads with 83% of its products priced <INR 1,500. Pantaloons' 65% product offerings are <INR 1,500. H&M used to strongly compete with Westside in <INR 1,500 category in pre-Covid-19 times. However, we now understand that only 46% of H&M's total product offerings are below INR <1,500. (ii) VF popular retailers (Max and Reliance Trends) retails 44%-61% of their product offering in the price range of INR 400-999.

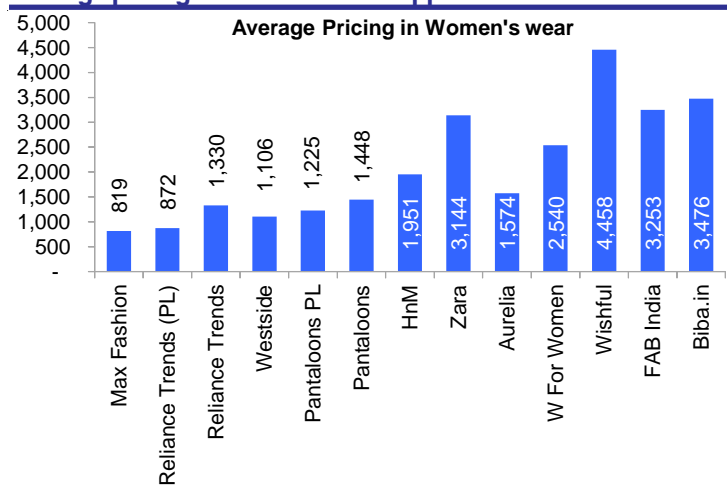
In men's wear (i) Westside is the only player that focuses significantly (78%) on a relatively lower price band of INR 600-1,500. Pantaloons retails 50% of SKUs in this range. Pantaloons' private label portfolio has 60% SKUs in INR 600-1,500 range. (ii) In VF popular, Max retails 71% of its products offerings in the price range of INR 399-999 and Reliance Trends retails 37% of total SKUs in that range. Reliance Trends private labels have 51% of product offerings in the price range of INR 399-999.

In kids wear (i) Max leads with 83% of its product offering priced below INR 600 followed by Pantaloons (53% of total SKUs) and Reliance Trends (50% of total SKUs).

Women's wear: shifting focus towards western wear

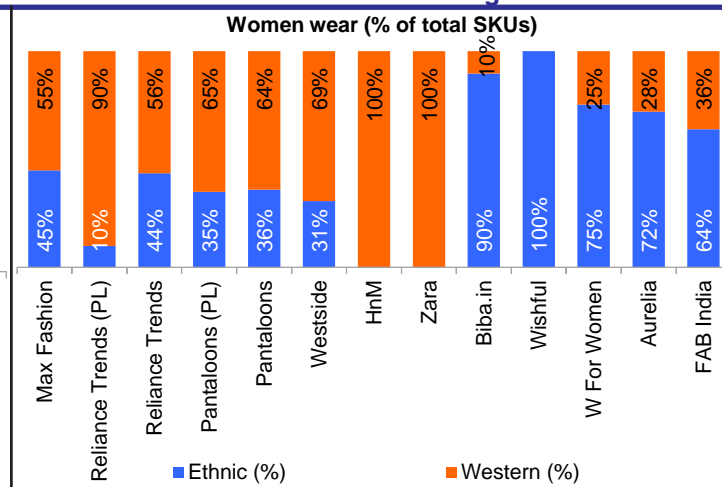
- In women's apparel, we believe that the price band of INR 399-1,499 is the key focus for a majority of the fashion retailers.
- However, we believe that VF popular players like Max and Reliance Trends are better placed due to pricing of a majority of their products <INR 999. Max has 77% of its products priced below INR 1,000, while Reliance Trends has 50% of its product portfolio priced below INR 1,000. In terms of their private label portfolio, approx. 75% of the offerings are priced below INR 1,000.
- In LF, Westside is the most competitive with 88% of its product portfolio priced below INR 1,500. Pantaloons has 65% of its product offerings below INR 1,500, while its private label offerings have 78% below INR 1,500. At premium price points, Zara and H&M have created their own niche.
- In women's wear, Reliance Trends and Pantaloons' PL share is around for 25% and 73% of total product offerings respectively.

Average pricing in women's wear apparel



Source: Company, Antique

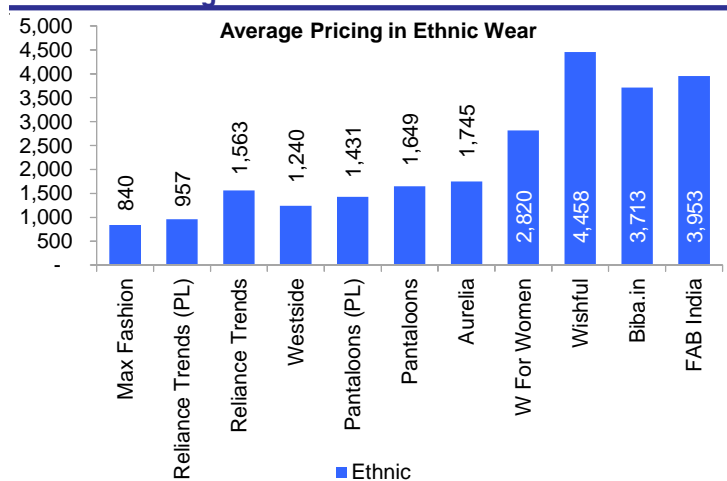
Share of western wear has been increasing



Source: Company, Antique

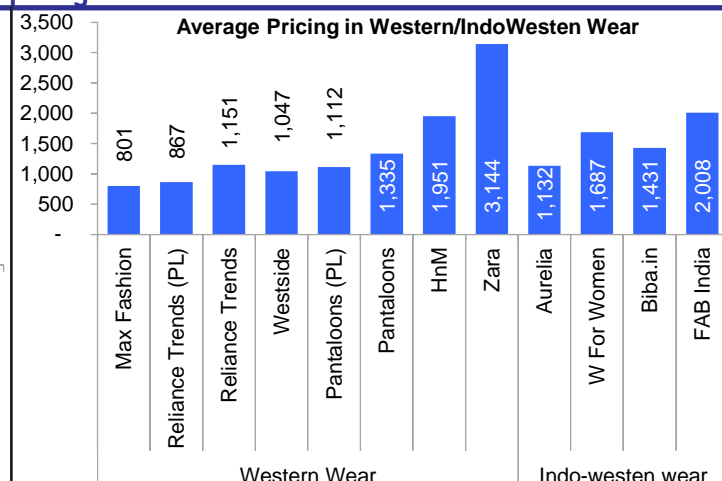
- We note that Max Fashion pricing for ethnic wear and western wear is broadly similar. For Westside and Pantalons, ethnic wear pricing is 18% and 24% higher than western wear, while for Reliance Trends it's higher by 36%.

Max Fashion and Westside lead in terms of pricing in ethnic wear segment



Source: Company, Antique

Max Fashion, Westside, and Reliance Trends lead in terms of pricing in western wear

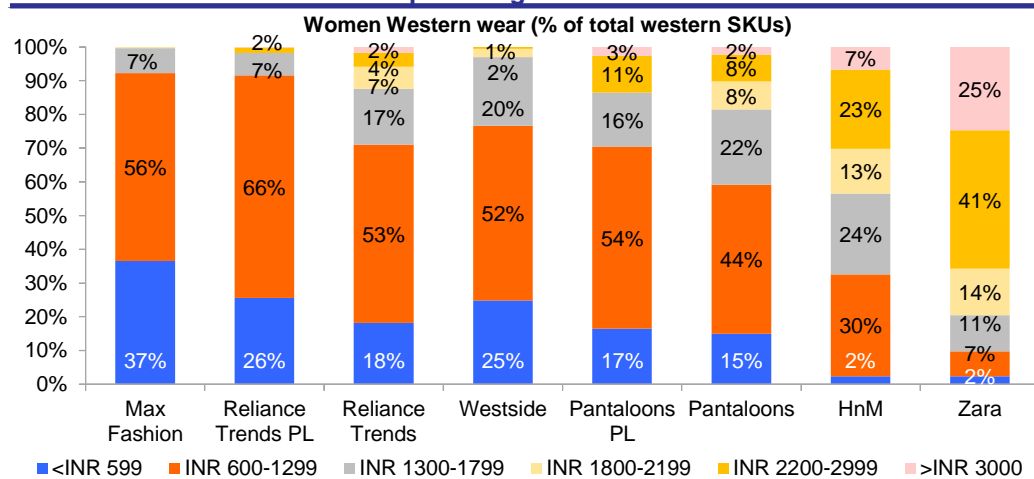


Source: Company, Antique

Western wear

- In women's western wear, we believe that competition is higher from international players. In this segment, pricing of products at competitive levels is more important.
- In VF popular, Max Fashion is strongly placed in the mass price (<INR 599) and economy (INR 600-1,299) price segment in the women western wear market. Reliance Trends is majorly focused in economy segment.
- In LF, Westside is strongly placed in mass (<INR 599) and economy (INR 600-1,299) segment, while Pantaloons is more focused on economy and medium priced segment (INR 1,800-2,199).
- H&M has good positioning across price points (except mass segment), while Zara is majorly focused in the super premium and luxury price segments.

Women western wear SKUs across price ranges



Source: Company, Antique

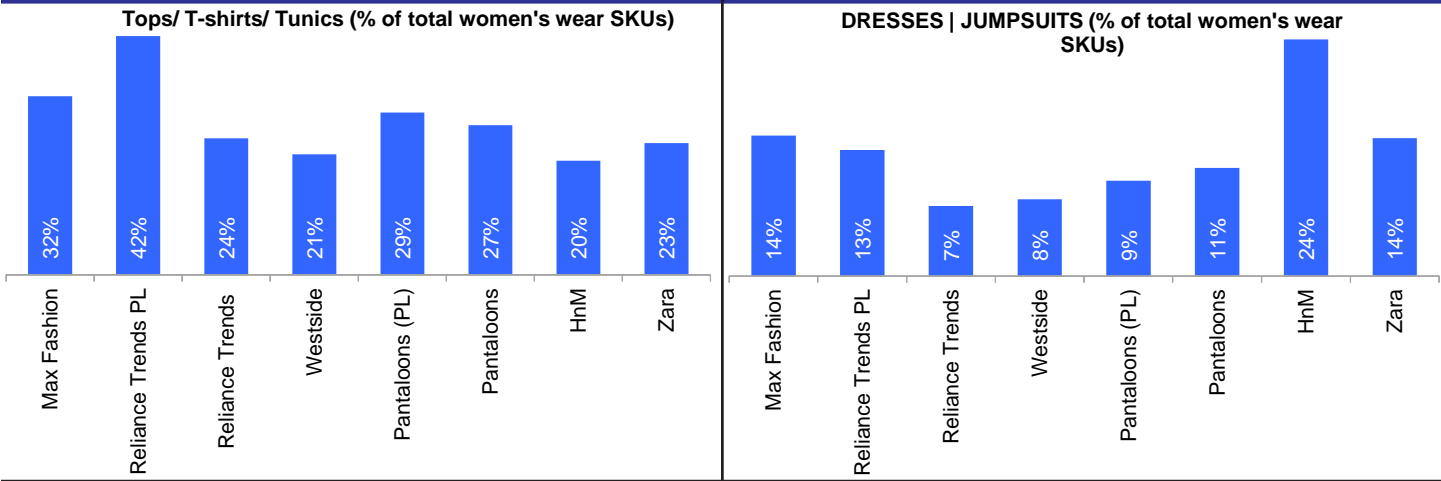
Westside has the highest exposure to fast growing categories followed by Max and then Pantaloons

| Categories | CAGR (FY20-25) | Portfolio Assortment (% of total women's wear SKUs) | | | | | |
|-----------------|-------------------|---|-----------------|----------|------------|-----|------|
| | | Max Fashion | Reliance Trends | Westside | Pantaloons | H&M | Zara |
| Shirts | 10.3% | 2% | 6% | 4% | 3% | 7% | 10% |
| Tops/ T-shirts | 14.9% | 32% | 24% | 21% | 27% | 20% | 23% |
| Denim | 12.8% | 4% | 5% | 4% | 7% | 5% | 6% |
| Formal Jackets | 6.9% | 0% | | 0% | 1% | 2% | 7% |
| Sleepwear | 13.2% | 6% | | 23% | 5% | 3% | |
| Trousers/Skirts | 7.4% | 3% | 4% | 7% | 6% | 23% | 18% |
| Winter wear | 5.10% | 1% | 8% | 2% | 10% | 18% | 18% |

Source: Biba DRHP, Company Antique

We have analyzed pricing of tops/ t-shirts/ tunics and dresses and jumpsuits, which account for 31%-46% of total SKUs of women's wear.

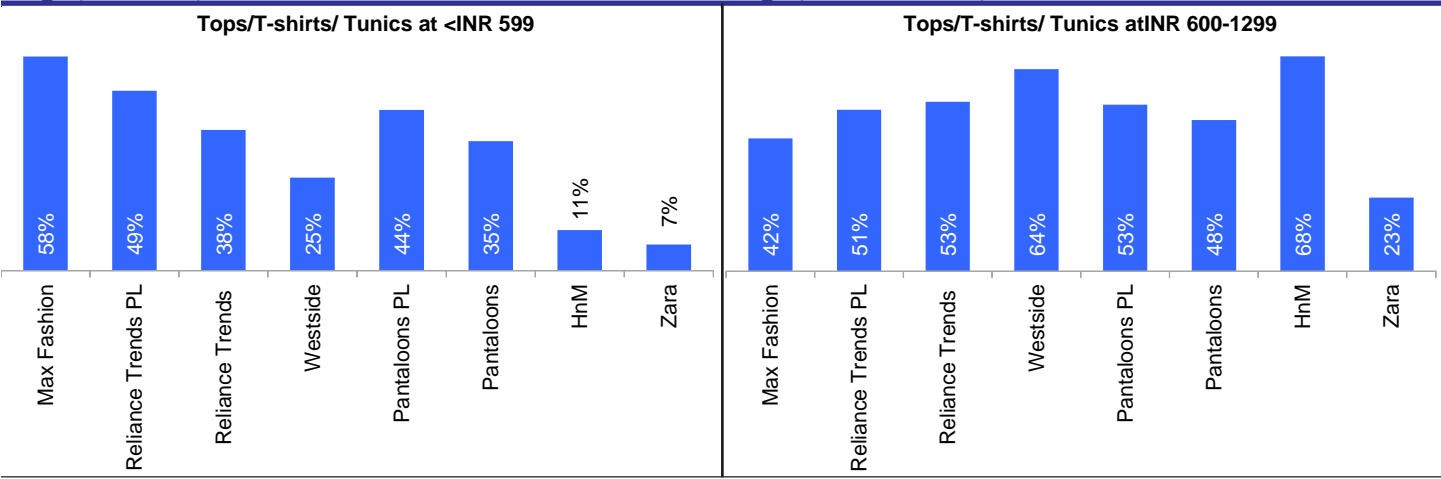
Share of tops/ t-shirts and tunics of total women's wear SKUs Share of dresses and jumpsuits of total women's wear SKUs



Source: Company, Antique

Source: Company, Antique

Women's t-shirts and polos: % of total SKUs in low price range (>INR 600) Women's t-shirts and polos: % of total SKUs in economy price range (INR 600-1,300)

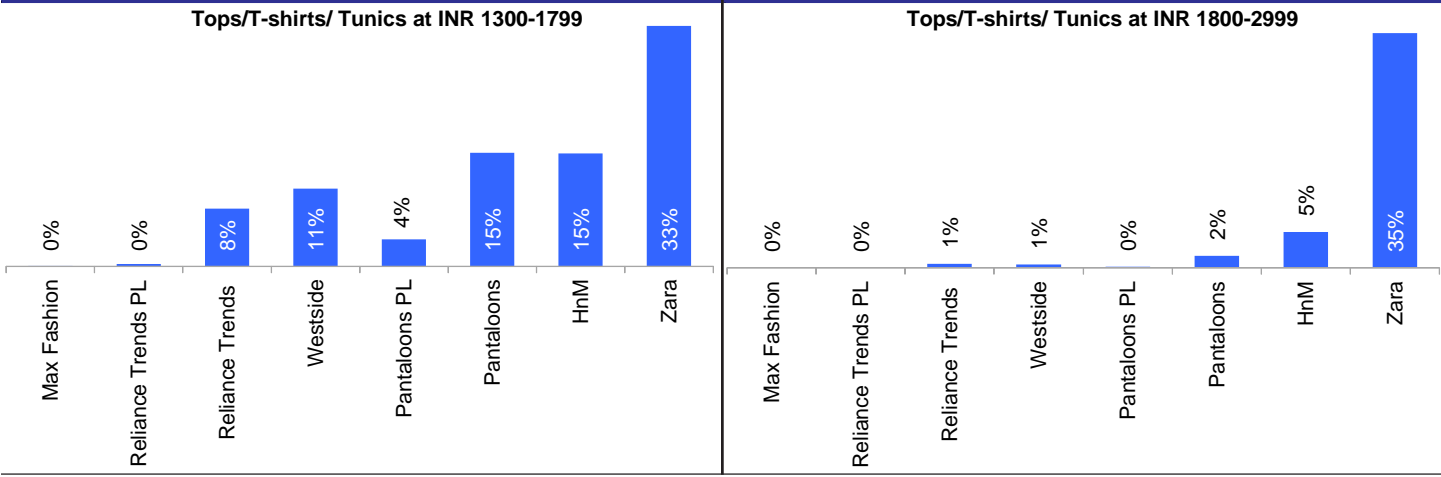


Source: Company, Antique

Source: Company, Antique

- Majority of the players are focused on low and economy price points in western tops/ t-shirts.
- Max Fashion is leading in low price point segment. H&M is strongly competing with Westside in the economy segment.
- Zara has higher concentration of product offerings in the medium and premium price segments.

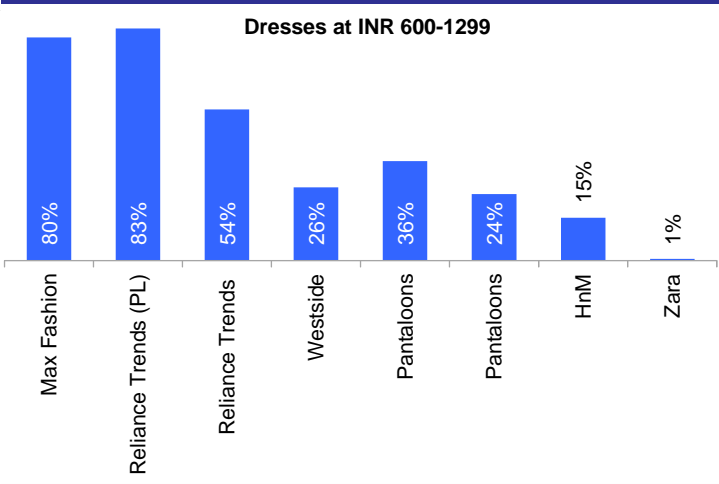
Women's t-shirts and polos: % of total SKUs in medium price range (INR 1,300-1,800) Women's t-shirts and polos: % of total SKUs in premium price range (INR 1,800-3,000)



Source: Company, Antique

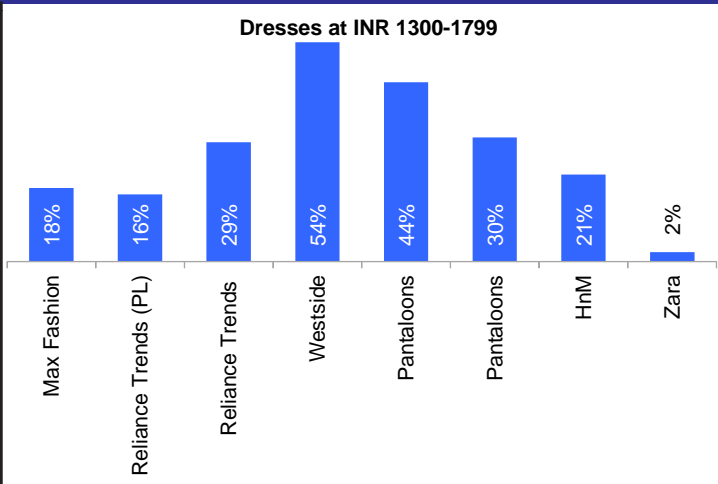
Source: Company, Antique

Women's dresses: % of total SKUs in economy price range (INR 600-1,300)



Source: Company, Antique

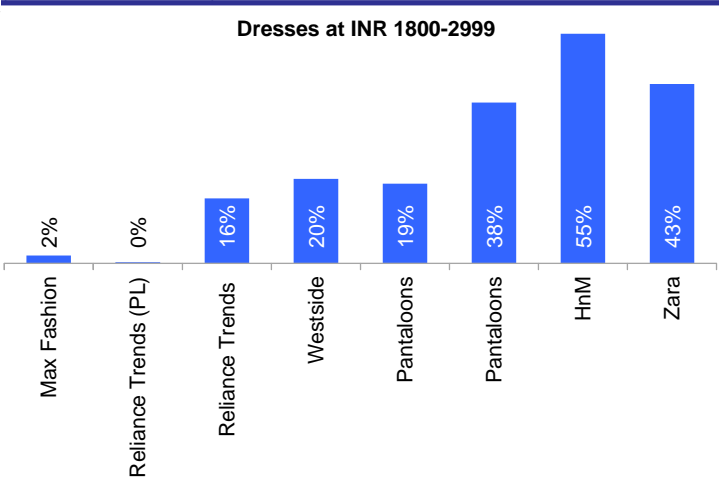
Women's dresses: % of total SKUs in medium price range (INR 1,300-1,800)



Source: Company, Antique

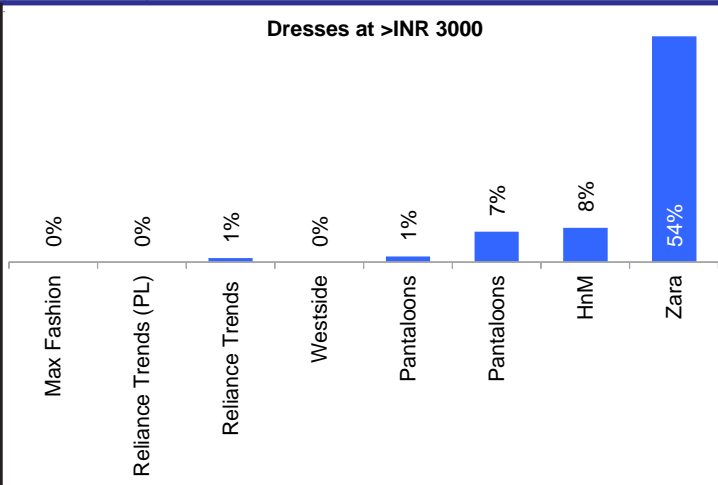
- In dresses, no major player has any significant positioning in low price segment (<INR 600).
- Max Fashion is leading in the economy price segment followed by Reliance Trends, while Westside is leading in the medium price segment.
- Pantaloons has 82% of its offerings in the medium and premium price points.
- H&M has higher SKU concentration in the premium segment, while Zara has higher concentration in the luxury price segment.

Women's Dresses: % of total SKUs in premium price range (INR 1,800-3,000)



Source: Company, Antique

Women's dresses: % of total SKUs in luxury price range (>INR 3,000)

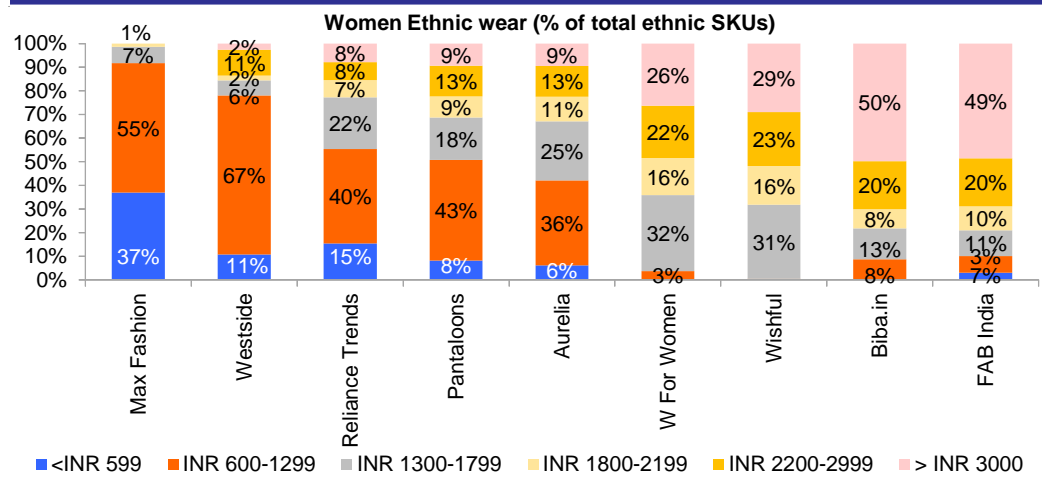


Source: Company, Antique

Ethnic Wear: Max focused in mass segment; Westside in economy; Reliance Retail, Pantaloons, and Aurelia in economy and medium price segment; W for Women in premium segment; and Biba and Fabindia on luxury segment.

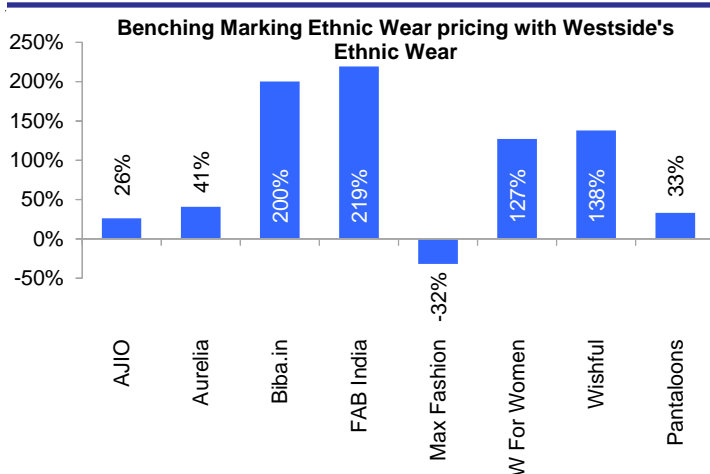
- In women's ethnic wear, international retailers like Zara, M&S, and H&M are not present. Therefore, having strong presence in this segment provides an advantage to Indian apparel retailers in the overall category.
- In women's ethnic wear, **we believe that products priced <INR 1,300 are likely to grow at a higher rate led by larger base of consumers.** Consequently, Max Fashion and Westside have strong positioning with 91% and 78% of their product offerings are <INR 1,300. Reliance Retail, Pantaloons, and Aurelia have 55%, 50%, and 42% of their offerings below INR 1,300. Biba and W for Women have only 9% and 4% of their offerings below INR 1,300.
- In women's ethnic mass segment, Max Fashion leads with 33% of its offerings below INR 600 followed by Reliance Retail at 16%, and then Westside at 10%.
- Westside majorly focuses on economy segment with 67% of its offerings priced between INR 600-1,300 followed by Max (55%). Reliance Trends, Pantaloons, and Aurelia have 40%, 43%, and 36% priced in the economy segment.
- We understand that Reliance Trends, Aurelia, and Pantaloons are more focused on the economy and medium pricing segment.
- Biba and Fabindia have 50% and 49% of their product offerings in >INR 3,000.
- W for Women has a higher concentration in medium to premium segment.
- Additionally, we understand that the markdowns are significantly higher for TCNS brands and Biba, while Westside and Fabindia have negligible markdowns. As per our SKU analysis, (which was done right after EOSS was over), we note that TCNS brands and Biba had an average discount of 37%, while Westside and Fabindia had negligible discounts.

Women's ethnic wear SKUs across price ranges



Source: Company, Antique

Benchmarking ethnic wear pricing with Westside's ethnic Wear



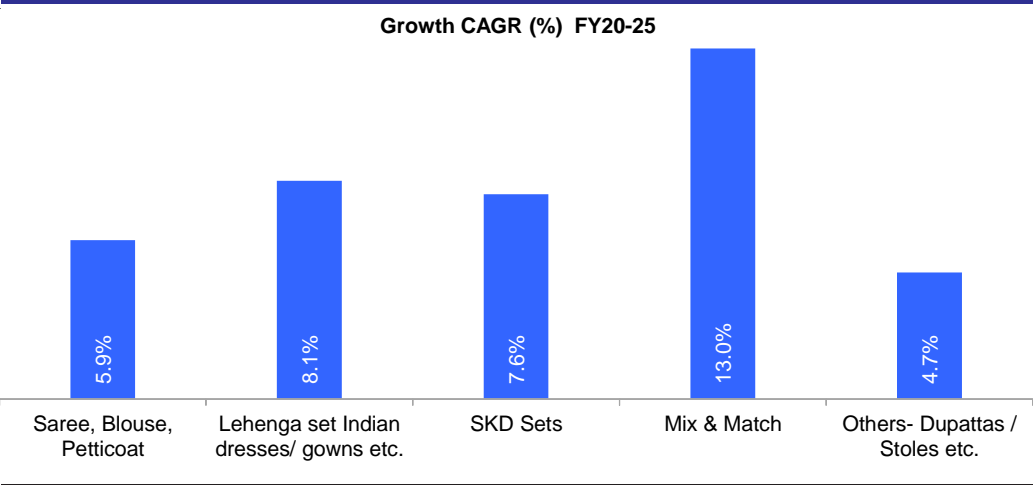
Source: Company, Antique

Markdowns are significantly higher for TCNS brands and Biba along with Reliance Trends



Source: Company, Antique

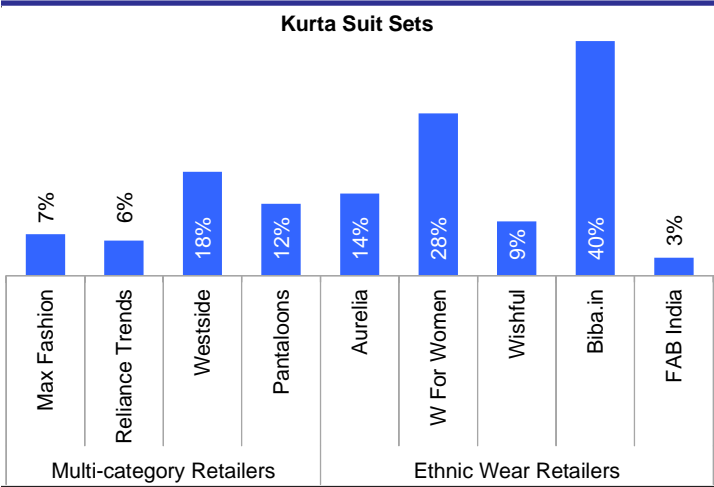
Mix and match will witness the highest growth in the ethnic wear category



Source: Company, Antique

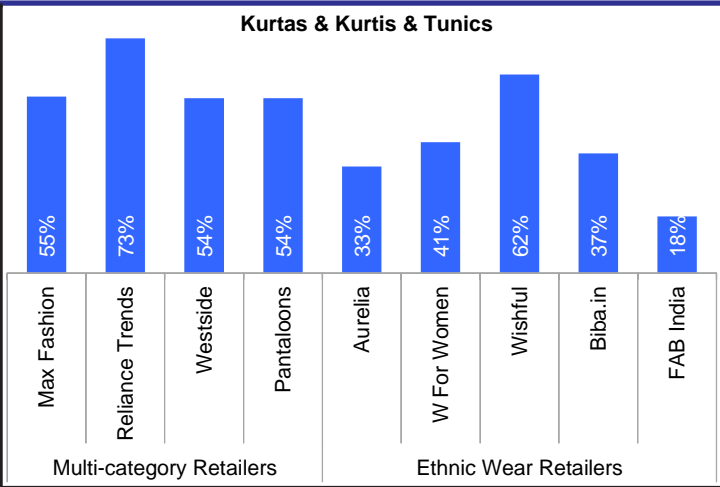
We have analyzed the pricing of kurtas/ kurtis/ tunics, kurta suit sets, and pants, palazzos & skirts/ churidar and leggings, which account for 26%-41% of total SKUs of women's wear for multi-category retailers and 34%-90% of total women's wear SKUs in case of pure ethnic wear retailers.

Kurta sets SKUS of total women's ethnic wear SKUs



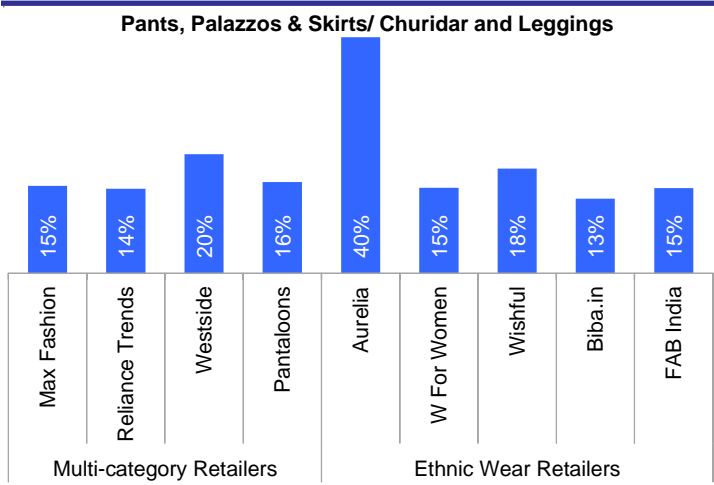
Source: Company, Antique

Kurtas/ kurtis/ tunics SKUs of women's ethnic wear SKUs



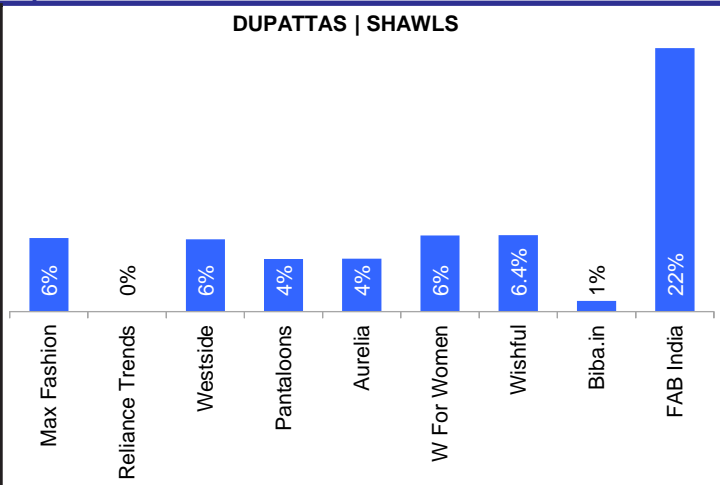
Source: Company, Antique

Bottom wear SKUs of women's ethnic wear SKUs



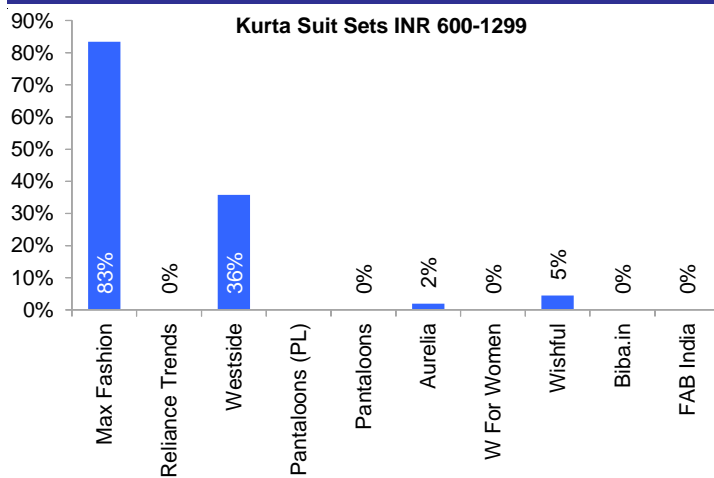
Source: Company, Antique

Dupattas SKUs of women's ethnic wear SKUs



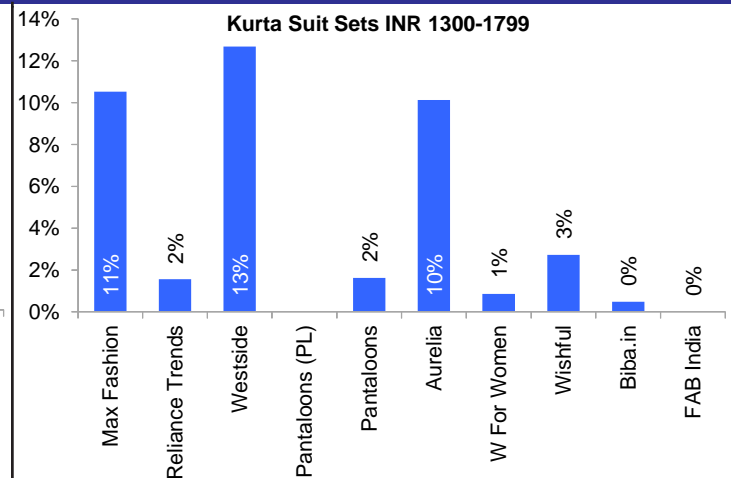
Source: Company, Antique

Kurta suit sets: % of total ethnic SKUs in economy price range



Source: Company, Antique

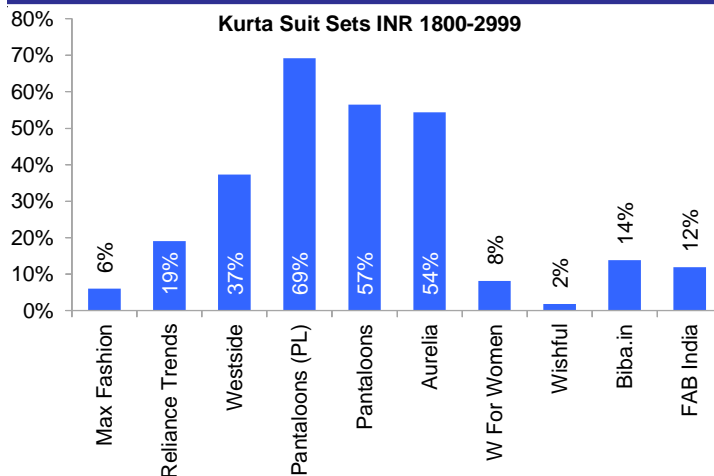
Kurta suit sets: % of total ethnic SKUs in medium price range



Source: Company, Antique

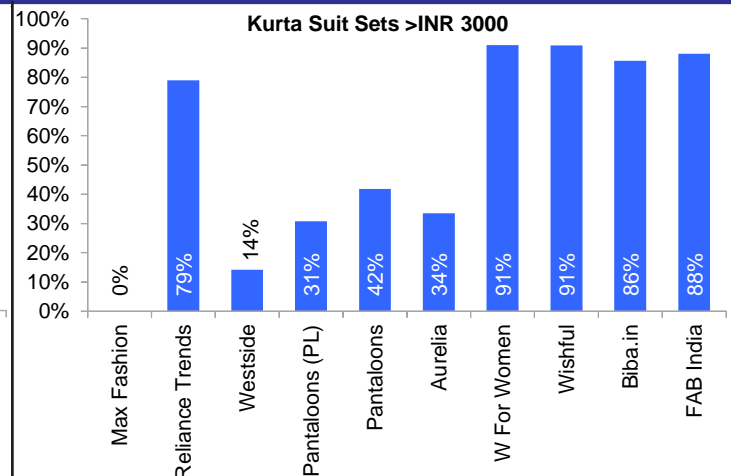
- Max Fashion is leading in the economy price range, followed by Westside.
- Despite Reliance Trends having the lowest share of kurta suit sets in its ethnic portfolio, we note that 79% of its offerings are priced in the luxury price segment.
- Pantaloon and Aurelia product offerings are concentrated in the premium segment.
- W for Women, Biba, and Fabindia have higher SKU concentration in the luxury segment.

Kurta suit sets: % of total ethnic SKUs in premium price range



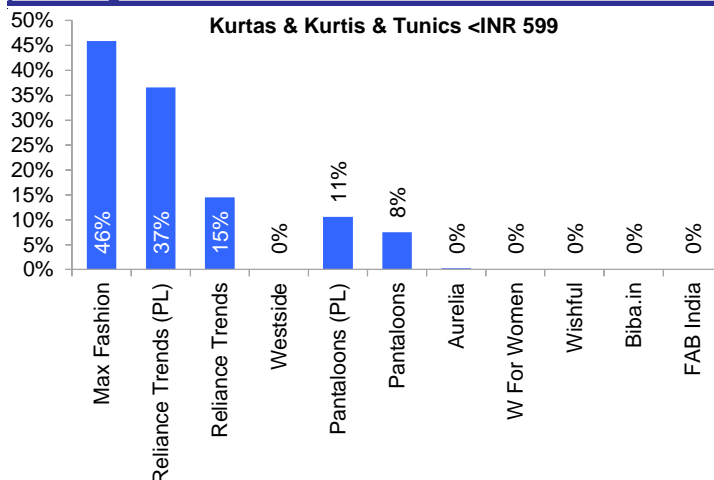
Source: Company, Antique

Kurta suit sets: % of total ethnic SKUs in luxury price range



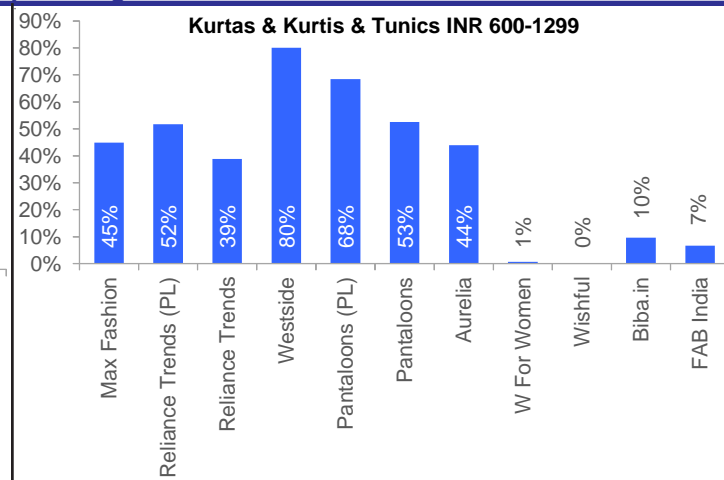
Source: Company, Antique

Kurta/ kurtis/ tunics: % of total ethnic SKUs in low price range



Source: Company, Antique

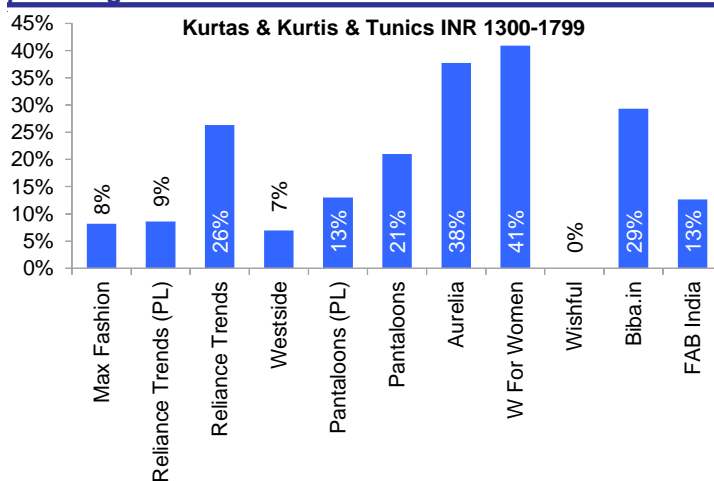
Kurta/ kurtis/ tunics: % of total ethnic SKUs in economy price range



Source: Company, Antique

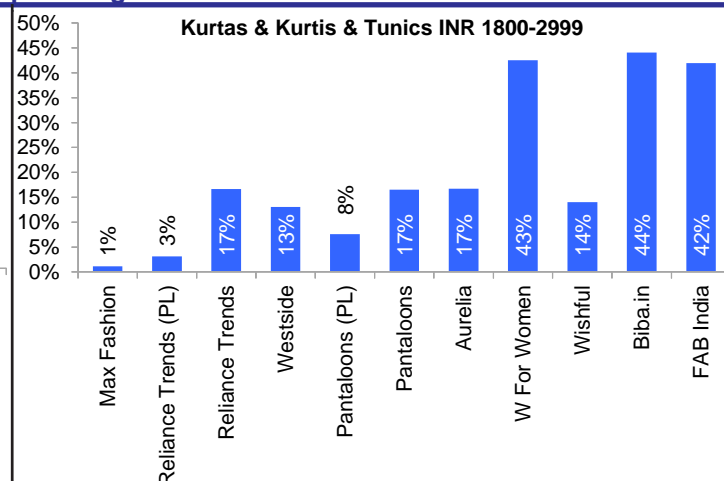
- In kurta/ kurtis/ tunics, Max Fashion is leading in the low price segment.
- Westside has 80% of its product offerings in the economy price segments followed by Pantaloons and then Aurelia.
- Aurelia/ Reliance Trends has 82%/ 65% of its offerings in the economy and medium price segments.
- Despite Reliance Trends having the lowest share of kurta suit sets in its ethnic portfolio, we note that 79% of its offerings are priced in the luxury price segment.
- Product offerings of W for Women and Biba are concentrated in the medium and premium price segments.
- Fabindia is focused on the premium and luxury price segments.

Kurta/ kurtis/ tunics: % of total ethnic SKUs in medium price range



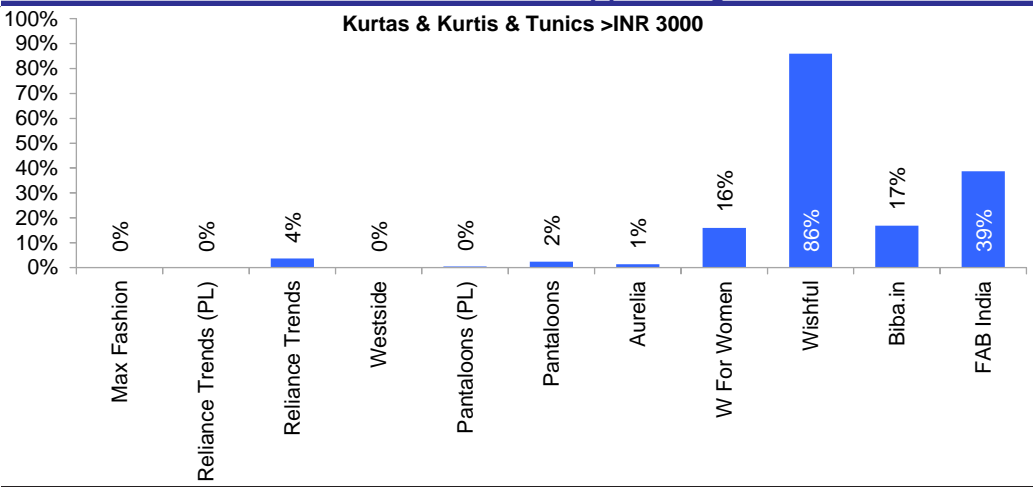
Source: Company, Antique

Kurta/ kurtis/ tunics: % of total ethnic SKUs in premium price range



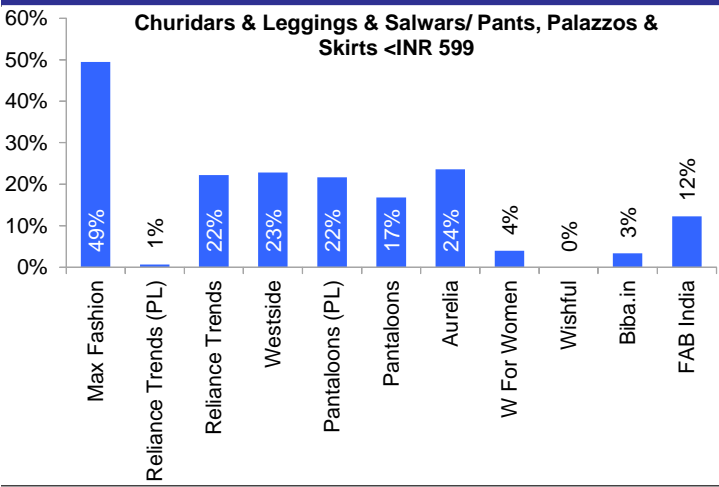
Source: Company, Antique

Kurta/ kurtis/ tunics: % of total ethnic SKUs in luxury price range



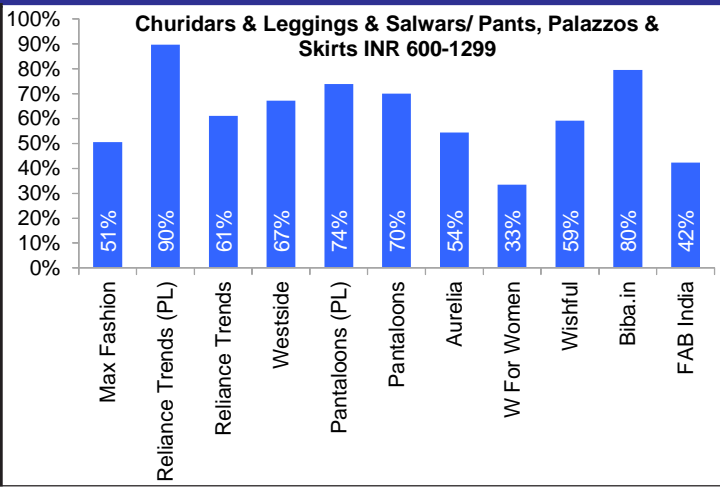
Source: Company, Antique

Bottom wear: % of total ethnic SKUs in low price range



Source: Company, Antique

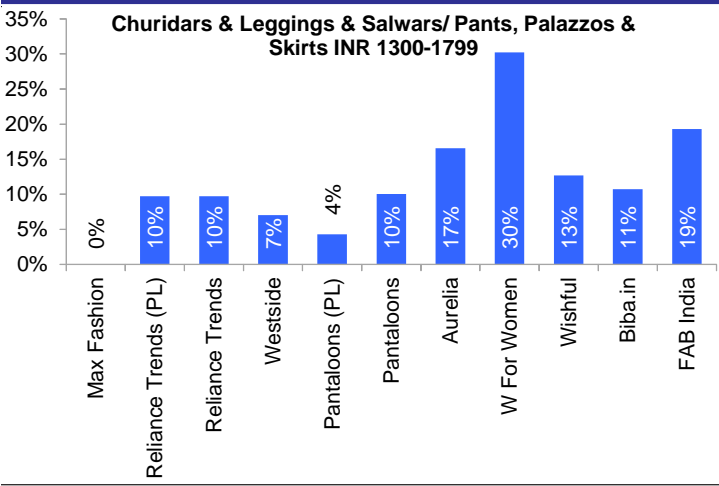
Bottom wear: % of total ethnic SKUs in economy price range



Source: Company, Antique

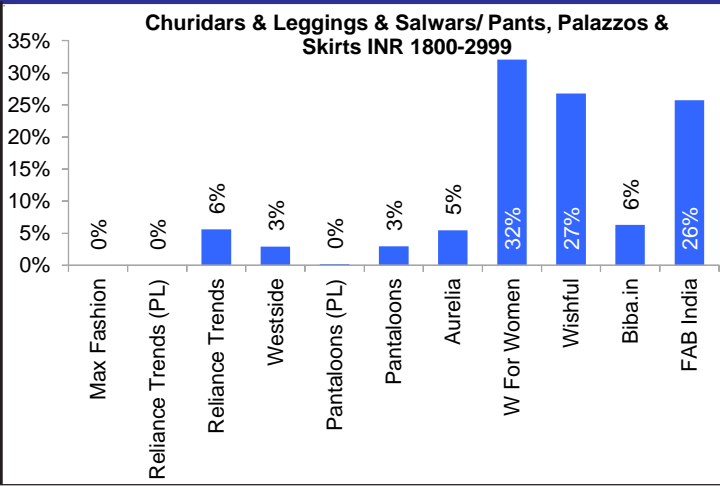
- We understand that Aurelia has significant concentration of 40% in bottom wear with pricing majorly in the medium and premium segments.
- Majority of the retailers are focused on economy price except W for Women.

Bottom wear: % of total ethnic SKUs in medium price range



Source: Company, Antique

Bottom wear: % of total ethnic SKUs in premium price range

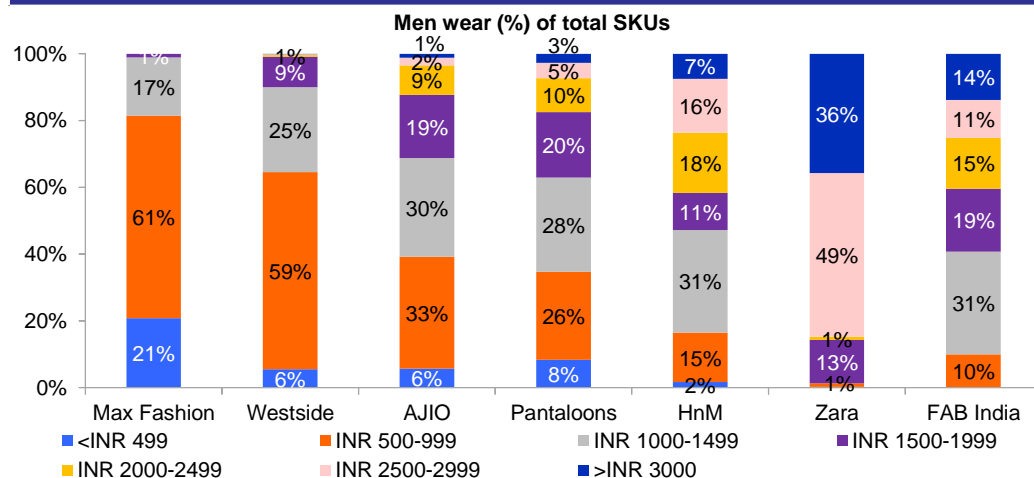


Source: Company, Antique

Men wear: value pricing and greater focus on casual wear to drive growth

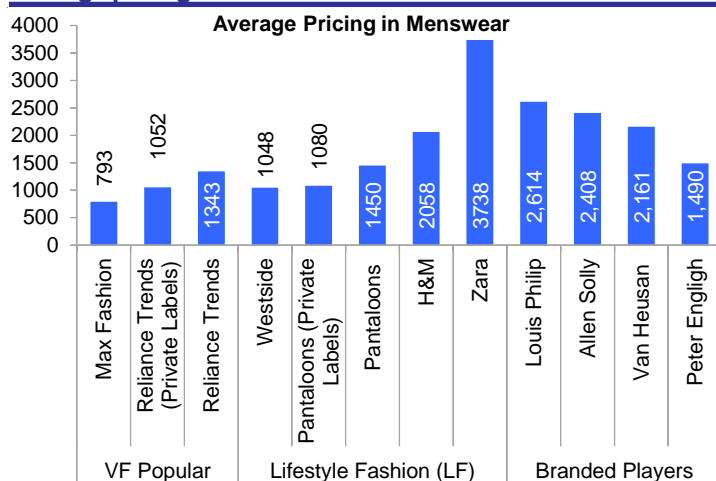
- In men's retail fashion, lifestyle fashion retailers focus on INR 1,500-3,000. Amongst lifestyle fashion retailers, Westside is the only player that focuses on a relatively lower price band of INR 600-1,500. Westside has shifted gears from being predominantly women's fashion retailer to men's fashion. Westside has 86% of its men's wear offerings priced below INR 1,500 with an average pricing of INR 1,048. Pantaloon's has a higher average product pricing at INR 1,450 due to the third party brands that it retails. Around 63% of the products are retailed below INR 1,500. On Pantaloon's private label front, the average pricing in men's wear is lower at INR 1,081. H&M too can make an impact going ahead in the lifestyle fashion retail with 48% of its offering for men priced below INR 1,500.
- In men's fashion, value fashion popular retailers focus on INR 399-999. Max is best placed within this segment with almost 82% of its products priced under INR 1,000. Reliance Trends has 39% of SKUs priced under INR 999. Reliance Trends private labels have 55% products priced below INR 999.
- Private label pricing of Pantaloon's (INR 1,081) and Reliance Retail (INR 1,066) is broadly in-line with Westside (INR 1,048) in men's wear.
- Within the branded space, Louis Philip has the highest product pricing at INR 2,614 followed by Allen Solly (INR 2,408), Van Heusen (INR 2,161), and Peter England at (INR 1,532).
- In men's apparel retail, casual wear is growing at higher rate of formals. In men's casuals, the entry of H&M and Zara has increased the competitive intensity. H&M has an average pricing of INR 2,051, while Zara is at the most premium end at INR 3,738.

Men's wear % of total products/ SKUs across price ranges



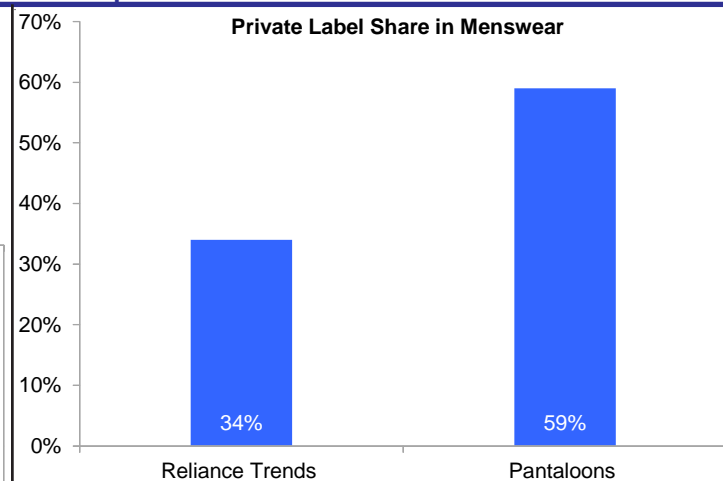
Source: Company, Antique

Average pricing in men's wear



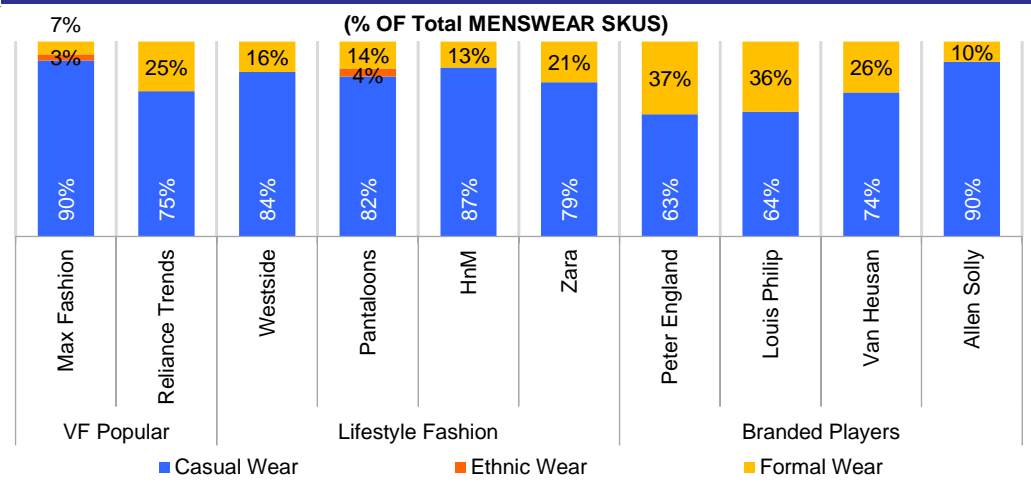
Source: Company, Antique

Share of private label in men's wear



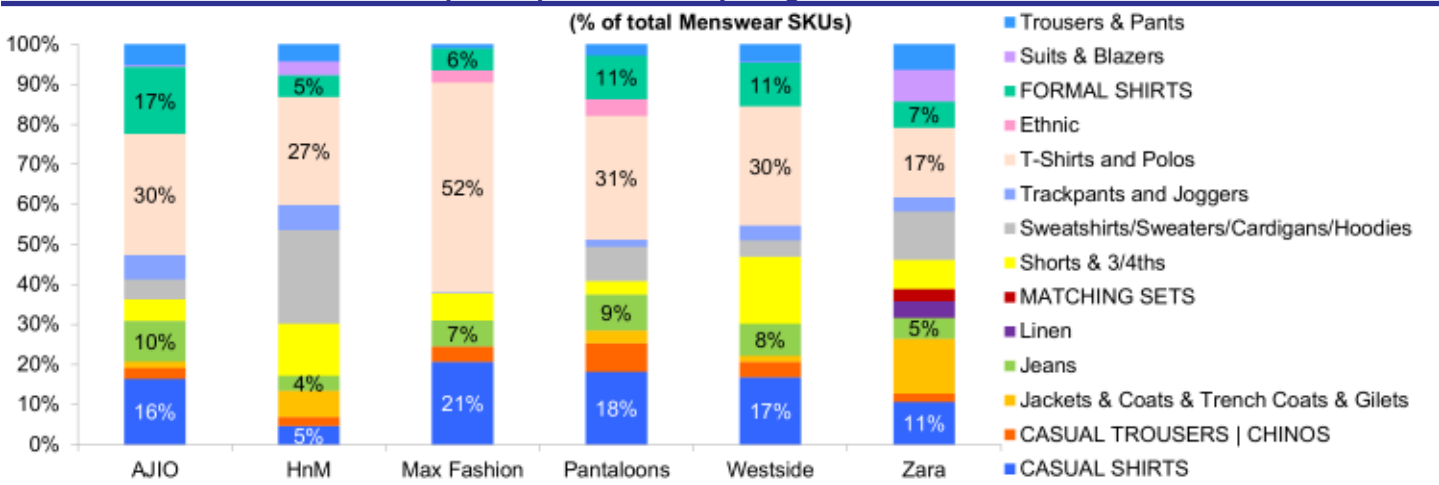
Source: Company, Antique

Branded players have relatively higher formal wear share; however, share of formal wear for branded players has reduced significantly



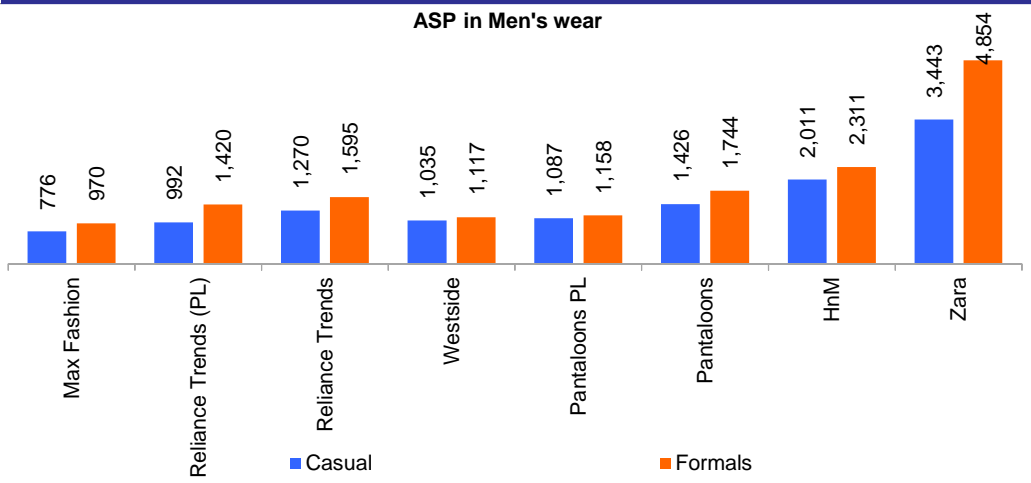
Source: Company, Antique

Casual shirts, formal shirts, t-shirts & tops, and jeans are the key categories in men's wear



Source: Company, Antique

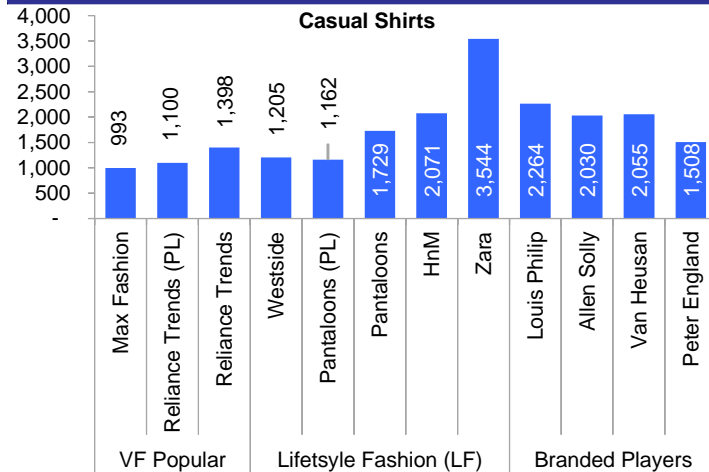
Average pricing in casuals/ formals in men's wear



Source: Company, Antique

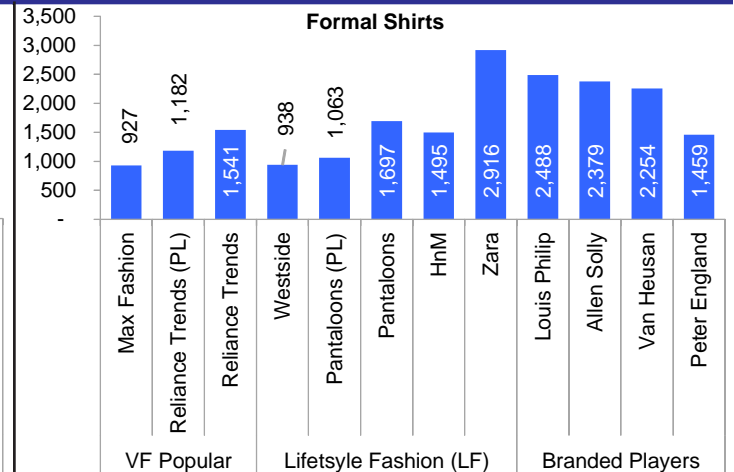
We have analyzed pricing of casual shirts, formal shirts, polos, and t-shirts, which account for 35%-78% of total SKUs of men's wear.

Average casual shirt pricing



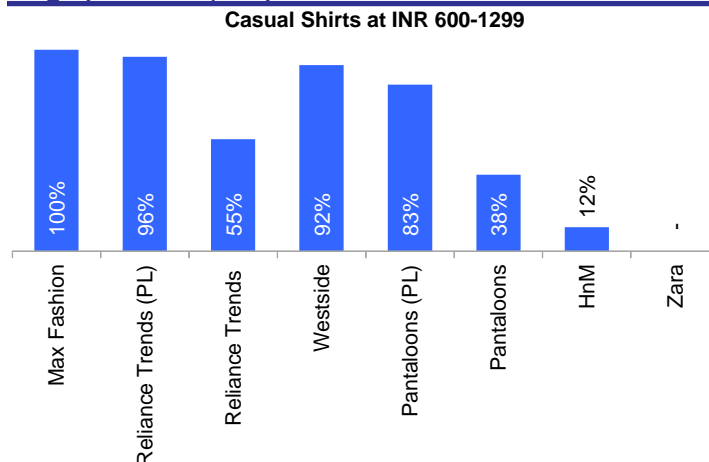
Source: Company, Antique

Average formal shirt pricing



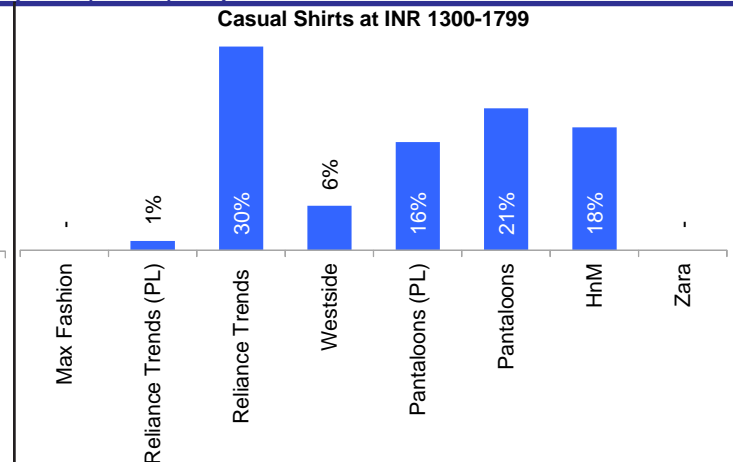
Source: Company, Antique

Men's casual shirts: % of total SKUs in economy price range (INR 600-1,300)



Source: Company, Antique

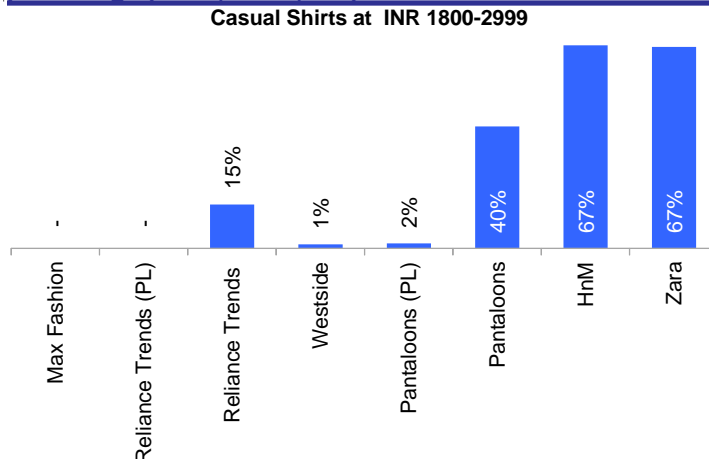
Casual shirts: % of total SKUs in medium price range (INR 1,300-1,800)



Source: Company, Antique

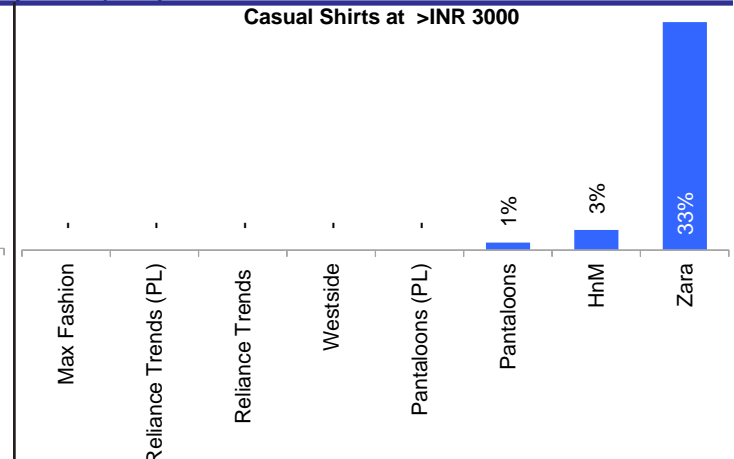
- We note that no major player has any significant positioning in low price segment (<INR 600).
- Except Pantaloons, H&M, and Zara, majority of the players have strongly positioned themselves in the economy price range. Max Fashion and Westside are strongly competing at this price point.
- Pantaloons has 40% of its offerings in premium range (INR 1,800-3,000).
- Product offerings of H&M and Zara are concentrated in premium price range.

Men's casual shirts: % of total SKUs in premium price range (INR 1,800-3,000)



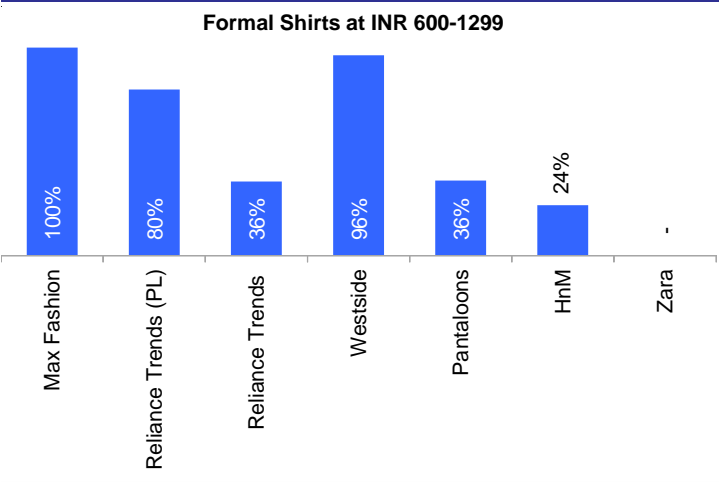
Source: Company, Antique

Casual shirts: % of total SKUs in super premium price range (>INR 3,000)



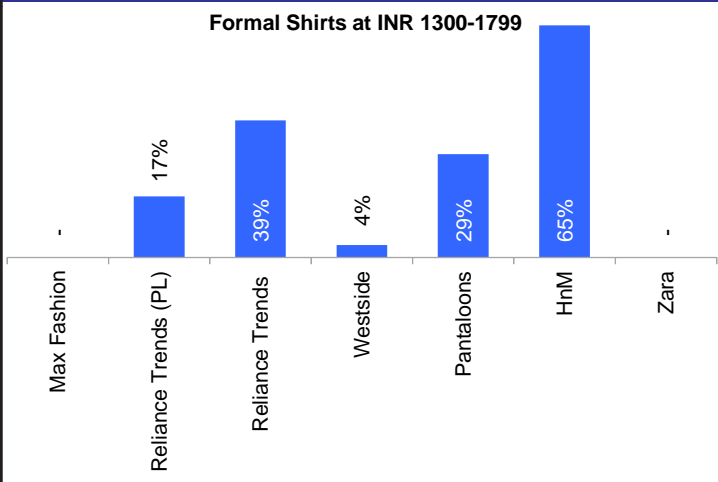
Source: Company, Antique

Men formal shirts: % of total SKUs in economy price range (INR 600-1,300)



Source: Company, Antique

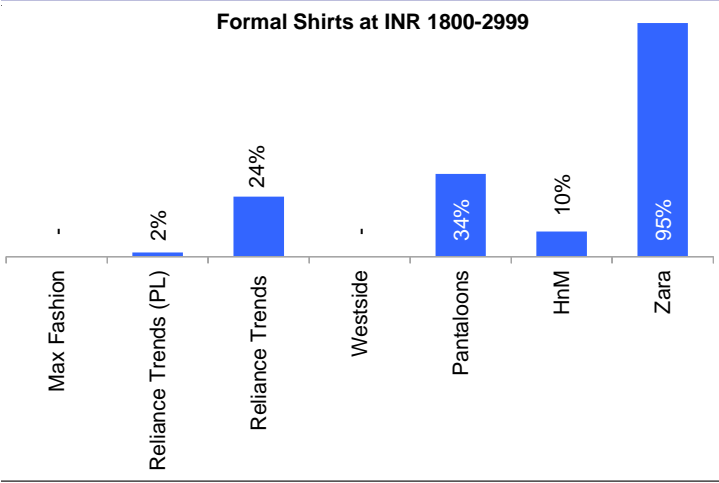
Formal shirts: % of total SKUs in medium price range (INR 1,300-1,800)



Source: Company, Antique

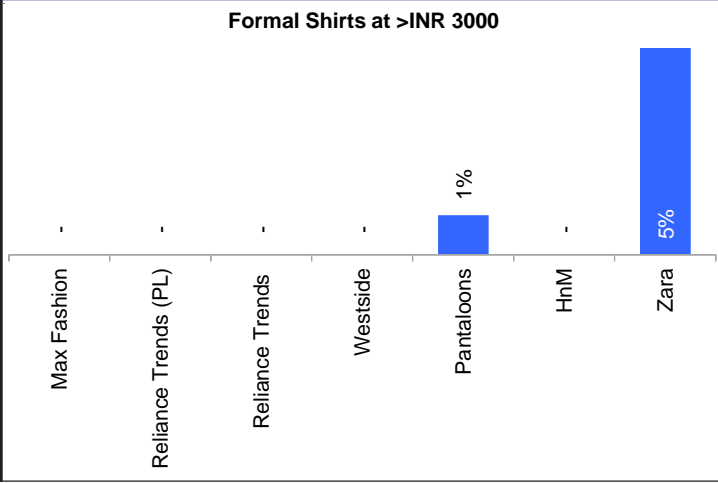
- In men's formal shirts, there is strong competition between Westside and Max in the economy price range (INR 600-1,300) with 96%-100% of total SKUs. In medium price (INR 1,300-1800), H&M leads with 65% of total SKUs.
- Reliance Trends/ Pantaloons have 75%/ 65% product offering in the economy to medium price range.
- Zara has 95% of product offerings concentrated in premium price range.

Men formal shirts: % of total SKUs in premium price range (INR 1,800-3,000)



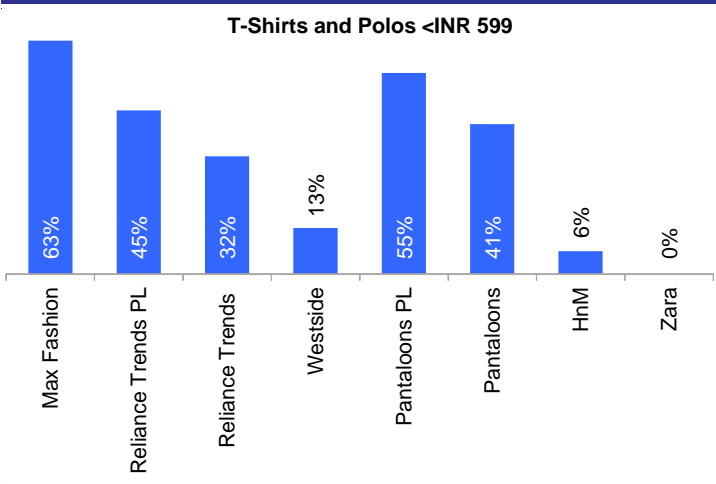
Source: Company, Antique

Formal shirts: % of total SKUs in super premium price range (>INR 3,000)



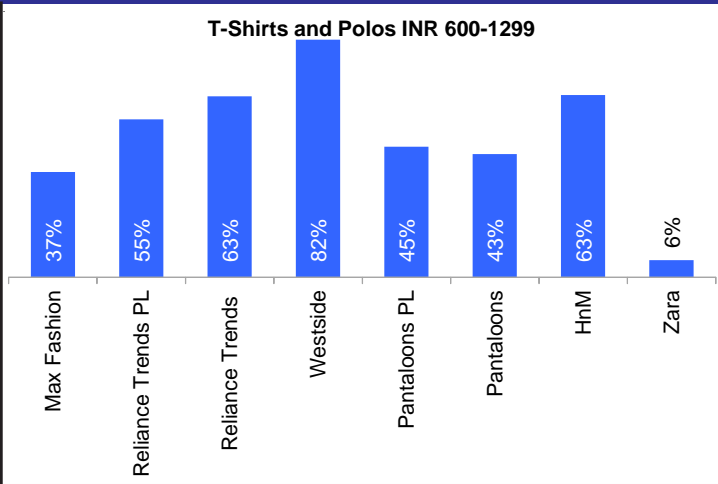
Source: Company, Antique

Men's t-shirts and polos: % of total SKUs in low price range (<INR 600)



Source: Company, Antique

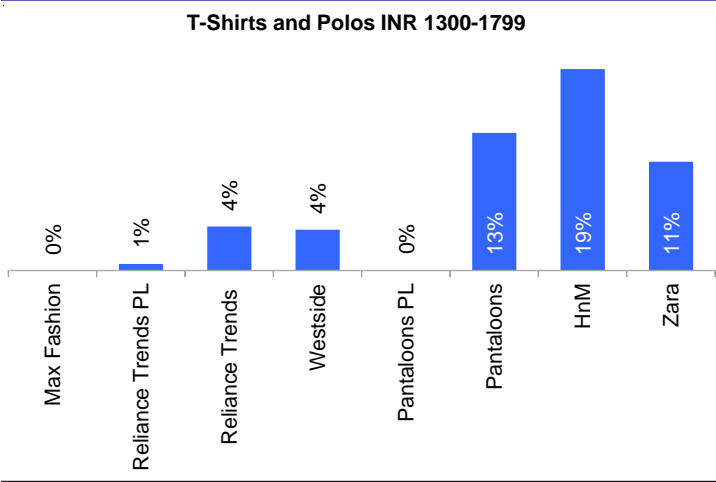
Men t-shirts and polos: % of total SKUs in economy price range (INR 600-1,300)



Source: Company, Antique

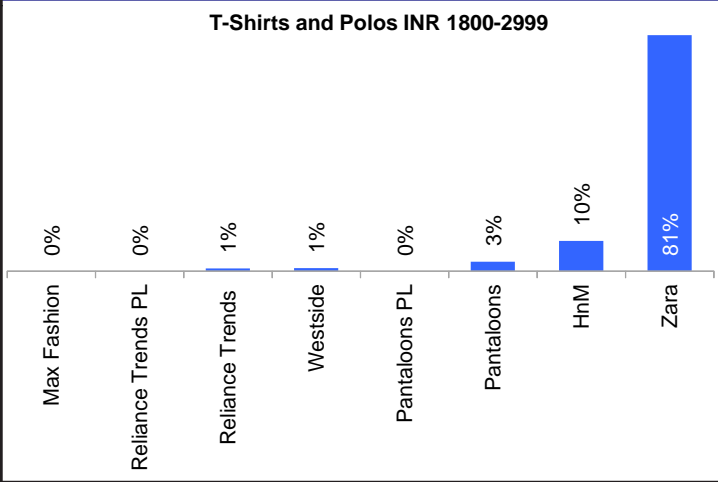
- In men t-shirts and polos, Max Fashion is leading in the low price segment. Pantaloons has almost 41% SKUs in the low price segment.
- Westside leads in the economy price segment in t-shirts and polos. Reliance Trends and H&M is strongly competing with Westside in this segment.
- Product offerings of Zara is concentrated in the premium range.

Men t-shirts and polos: % of total SKUs in medium price range (INR 1,300-1,800)



Source: Company, Antique

Men t-shirts and polos: % of total SKUs in premium price range (INR 1,800-3,000)



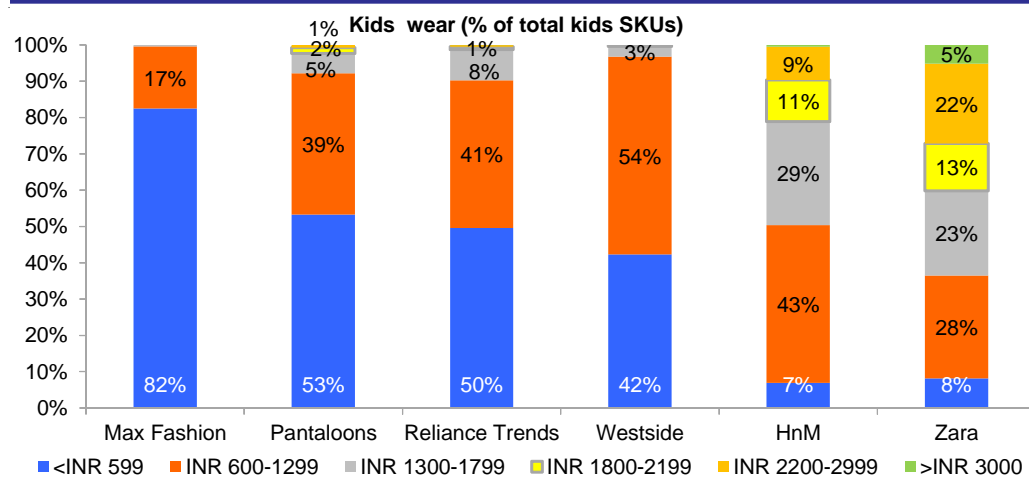
Source: Company, Antique

Kids wear: low price focus to drive growth

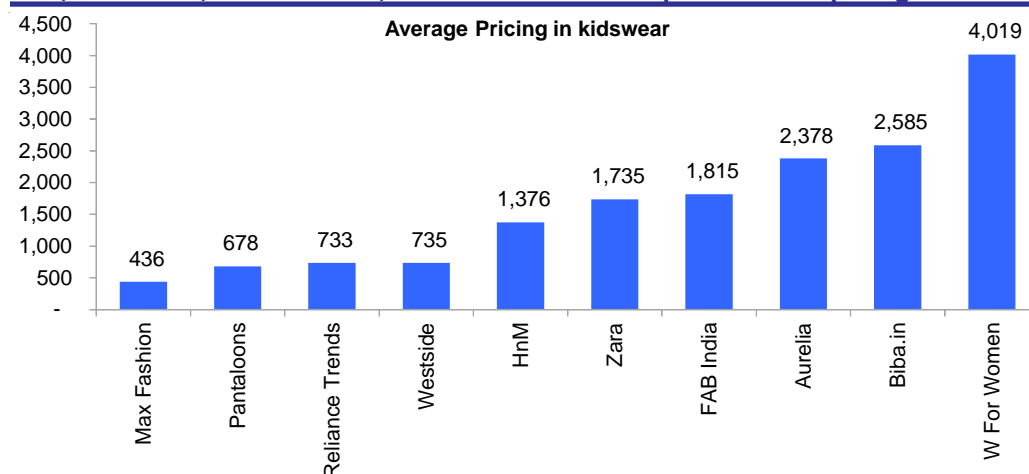
- In kids wear, we understand that presence in the low priced segment <INR 600 is the most important factor.
- Industry interactions and channel checks suggest that Max leads the category growth in kids wear as 83% of its product offering is <INR 600.
- However, competition has been increasing with Reliance Trends, Pantaloons, and Westside pricing 50%, 53%, and 42% of their product offerings respectively in the low priced segment.
- We understand that Westside has reduced prices of its products by about 25%-30% in last 3-4 years to penetrate the low priced segment in kids wear. Through Zudio as well, Trent is tapping the low priced segment with majority of its products priced below INR 500.
- In the economy price range (at INR 600–1,200), there is significant competition across LF retail. Majority of the players have 30%–60% exposure in this price segment. Westside, H&M, and Zara also majorly focus on this segment with about 55%, 43%, and 28% of total SKUs.
- H&M and Zara leads in the medium price range (INR 1,300-1,800) with 28% of total SKUs and 23% of total SKUs respectively, while in premium price range (INR 2,200-3,000) Zara leads with 22% of total SKUs. We understand that Zara has good positioning across all price points

Kidswear is a difficult category to tap as pricing has to be low and the product offering has to be wide. Very few players like Max and H&M have been successful in the category while majority of the players have found it challenging to grow sustainably and profitably.

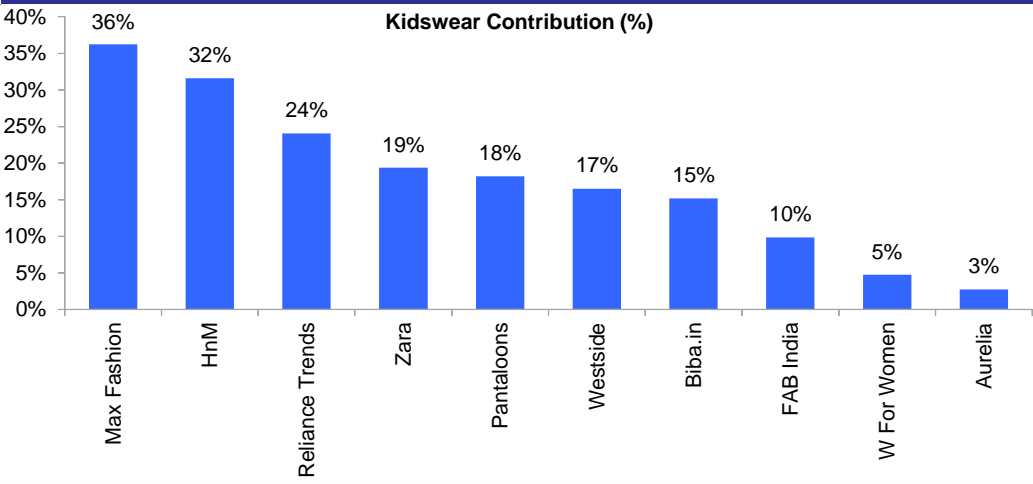
Kids wear SKUs across price ranges



Max, Pantaloons, Reliance Retail, and Westside in sweet spot in terms of pricing

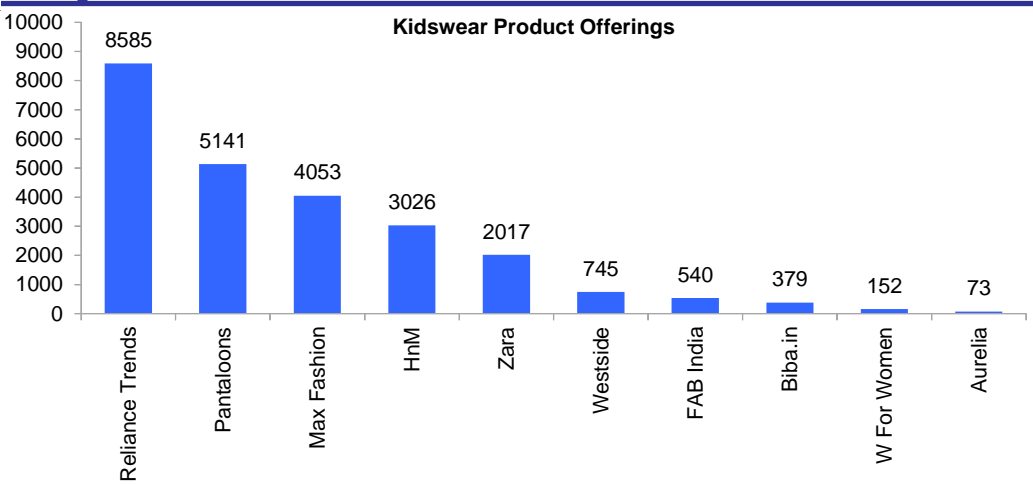


Max, H&M, and Reliance Retail highly focused on kids wear; Zara, Pantaloons, and Westside have high teen share of kids wear offering



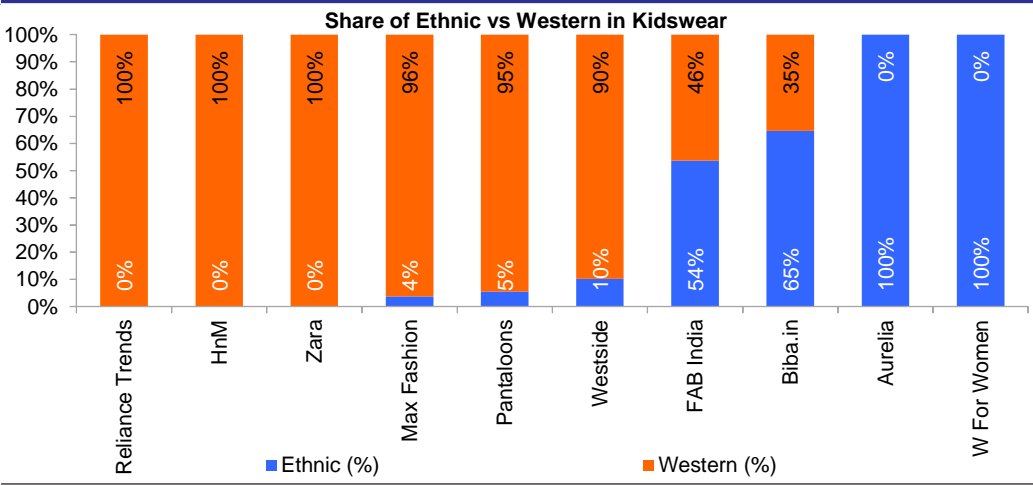
Source: Company, Antique

Reliance Trends, Pantaloons, Max Fashion, and H&M provide significantly high product offerings in kids wear



Source: Company, Antique

Fabindia, Biba, Aurelia, and W are ethnic wear focused in kids wear



Source: Company, Antique

Max and Pantaloons' ethnic wear pricing is +90% higher than western wear; Westside and Fabindia 40% higher; Reliance Trends doesn't retail ethnic wear for kids; Aurelia and W are purely ethnic kids wear

| | Ethnic | Western |
|-----------------|--------|---------|
| Reliance Trends | | 733 |
| HnM | | 1,376 |
| Zara | | 1,735 |
| Max Fashion | 813 | 421 |
| Pantaloons | 1,275 | 643 |
| Westside | 982 | 707 |
| Biba.in | 3,201 | 1,457 |
| FAB India | 2,107 | 1,477 |
| Aurelia | 2,378 | |
| W For Women | 4,019 | |

Source: Company, Antique

Share of private label in kidswear

| Share of Private Label kids wear | Contribution of kids wear Portfolio (%) | ASP (INR) |
|----------------------------------|---|-----------|
| Reliance Trends | 47% | 636 |
| Pantaloons | 93% | 632 |

Source: Company, Antique

Fast fashion/ private label trend of the future: most profitable, better control on product assortment, and visual merchandizing

Private labels are better placed than multi-brands

In our view, private label retailers will outperform multi-brand retailers in the medium to long term due to the following inherent advantages:

- Lower lead time: quicker implementation of fast fashion.
- Cheaper pricing and higher value to the consumer.
- Better control on product offering, product development, and product assortment.

Lower lead time: quick implementation of fast fashion

- **Private label players are in a position for quick implementation of new designs** as they control the entire ecosystem (centralized decision-making) as compared to multi-brand players (decentralized decision-making) where different brands have different lead times in product development and distribution.
- Lower lead time and quick implementation of latest styles help in maintaining freshness in product offerings at stores, which in turn drives footfalls.
- **Private label retailers are better-equipped to implement fast fashion. This, in our view, will drive outperformance in fashion retail.** Both the "largest" and the "biggest" fashion apparel retailers in the world have built their global retail empires based on "fast fashion and value pricing".

Global private players outperform branded players through value pricing during 2011-20

| Companies | Revenue CAGR | | |
|----------------------------|--------------|---------|---------|
| | 1998-02 | 2003-10 | 2011-20 |
| H&M | 13.0% | 11.2% | 10.0% |
| Fast Retailing (Uniqlo) | NA | 12.0% | 12.1% |
| Inditex | 19.1% | 14.7% | 11.0% |
| Marks and Spencer | -1.9% | 2% | 0.7% |
| GAP | 11.2% | 0% | 1.7% |
| Abercrombie & Fitch | 13.7% | 11.8% | 2.3% |
| PVH (Tommy, Calvin Klein)* | 2.4% | 8.5% | 8.8% |
| Ralph Lauren | 8.4% | 10.9% | 2.4% |

* In 2013, PVH acquired Calvin Klein. PVH has grown at 3% CAGR over 2014-20

- In our view, incrementally, "fast fashion" and "value pricing" will be key catalysts for growth in India as well, especially since the country has a high population of millennial.

Indian apparel retailers' revenue CAGR during FY16-22

| Category | Retailer/Brand | Revenue CAGR FY16-22 |
|---|-------------------------------|----------------------|
| Multi-Brand Retailers | Lifestyle Fashion | 2% |
| | Shoppers Stop | -5% |
| Value Fashion Popular | Max Fashion | 14% |
| | Westside | 14% |
| Lifestyle Fashion (Fast Fashion/ Private Label) | Pantaloons | 3% |
| | H&M* | 23% |
| | Zara | 28% |
| Branded Players | Madura Lifestyle Brands | 3% |
| | Raymond Branded Apparels | -4% |
| | Arvind Fashion Power Brands** | 4% |

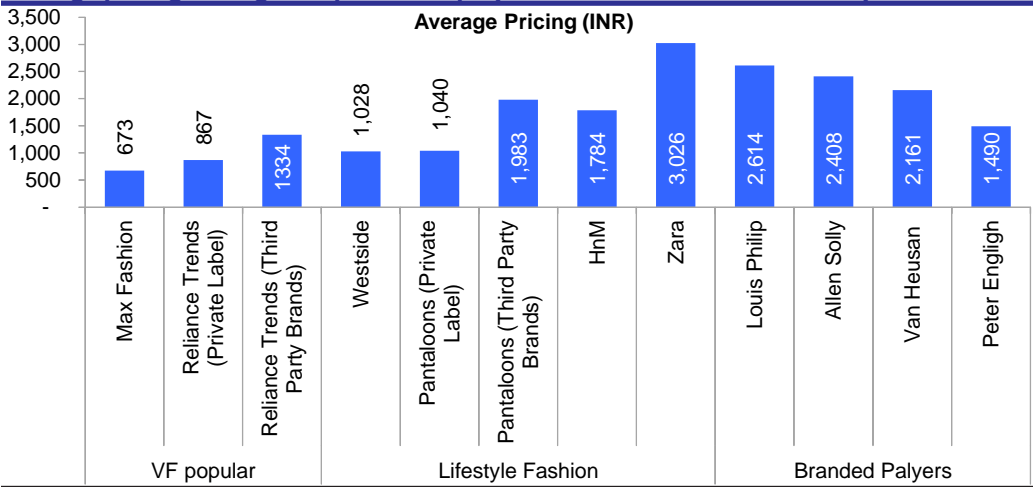
Source: Company, Antique; *H&M data taken from FY16-21 (November-October is defined as FY) ** Arvind Fashion CAGR taken for FY17-22

Cheaper pricing and higher value to the consumer

As stated earlier, globally, "affordable pricing" has been one of the key reasons for the outperformance of private label retailers like Zara and H&M. In India too, based on our industry interactions, we understand that private label players provide a higher value to consumers at cheaper prices than brands.

In the Indian context, the largest fast fashion and value priced retailers in the world, Zara and H&M, are not competitively priced in comparison to value fashion retailers like Reliance Trends, Max, and Zudio. Both these global value retailers, Zara and H&M, actually form a part of lifestyle in India due to their prices. Westside, despite being a LF retailer, offers cheaper prices (ASP INR 1,028) than H&M (ASP INR 1,784) and Zara (ASP INR 3,026). In our view, amongst international players in India, H&M tries to capitalize on the potential of value fashion the most.

Average pricing amongst the prominent players in the Indian fashion industry



Source: Company, Antique

Sharper product assortment and pricing important for private label players

- We believe that the lesser number of price points and sharper product assortment could simplify buying decisions and drive sales.
- In our view, Trent has the sharpest portfolio in pricing across its lifestyle retailing format (Westside), followed by H&M and Zara. We understand that Pantaloons needs to work on sharpening its product pricing and assortment by eliminating slow moving SKUs and price points.
- Notably, Pantaloons' private labels also offer higher number of price points.
- In men and kids wear, Westside has only 16-19 price points, which are significantly lower than those of other retailers. Importantly, even H&M and Zara have only 20-25 price points in men and kids wear.
- In women's wear, the number of price points are higher than that of men and kids wear. We observe that in women's wear, Westside, H&M, and Zara have a lesser number of price points than peers.
- In VF popular, Max Fashion has the lowest number of price points. Reliance Retail's private labels also have significantly high number of price points.
- Amongst ethnic wear players, Aurelia leads followed by W for Women. As these players only cater to a single category with major focus only on women's wear; we believe that they need to work on product pricing and assortment. Focus should be on eliminating slow moving SKUs.
- Biba.in and Fabindia have significantly higher number of price points.

Price points (count of unique MRPs) analysis across private label retailers

| | | Count of price points | | | |
|-------------------|---------------------------------|-----------------------|-------------|-------------|-------------|
| | | Overall | Men | Women | Kids |
| Lifestyle Fashion | Westside | 31 | 19 | 30 | 16 |
| | Pantaloons | 215 | 110 | 138 | 73 |
| | Pantaloons (Private Labels) | 83 | 46 | 56 | 46 |
| | H&M | 35 | 20 | 33 | 23 |
| | Zara | 39 | 24 | 31 | 25 |
| | Lowest number of price points | Westside | Westside | Westside | Westside |
| VF popular | Max Fashion | 48 | 21 | 29 | 43 |
| | Reliance Trends | 307 | 153 | 180 | 138 |
| | Reliance Trends (Private Label) | 60 | 42 | 35 | 30 |
| | Lowest number of price points | Max Fashion | Max Fashion | Max Fashion | Max Fashion |
| Ethnic Players | Aurelia | 47 | | 47 | 10 |
| | W for Women | 43 | | 43 | 17 |
| | Biba.in | 79 | | 75 | 41 |
| | Fabindia | 174 | | 161 | 75 |
| | Lowest number of price points | Aurelia | | Aurelia | Aurelia |

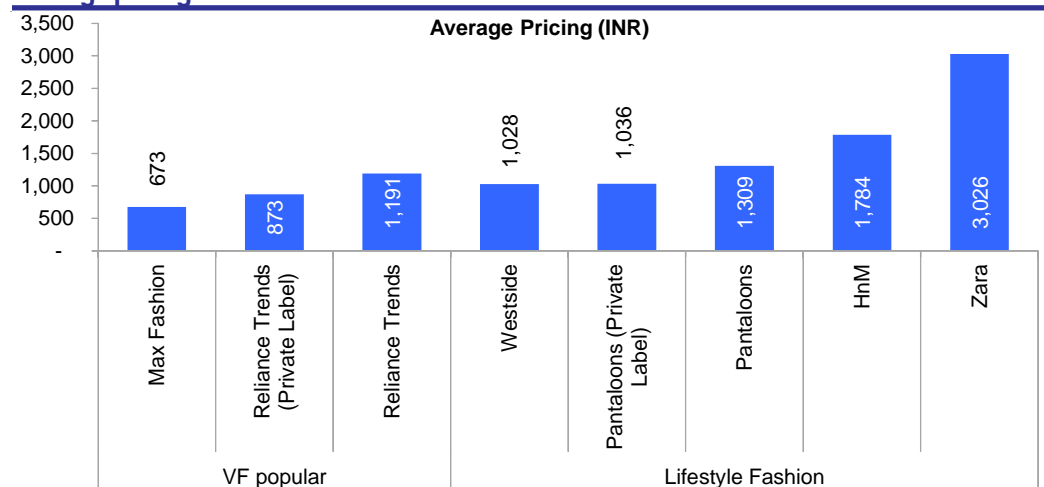
Source: Company, Antique

- Above chart provides a glimpse of the reason behind Westside, H&M, and Zara's success in establishing private label brands.
- We understand that despite Reliance Trends and Pantaloons having shaper price points in their private label portfolio, they need to work on sharpening assortment by eliminating slow moving SKUs and price points.
- In our view, brands should have a wider portfolio and price points to cater to different segments of retailers and consumers. However, in case of private label brands and retailers, a sharper portfolio could provide an advantage.

Better control on product offering, product development, and product assortment

- Private label companies have product-selling approach (based on customer age, shape, profession, etc.) as opposed to brand-selling approach of multi-brand retailers (selling similar products of different brands). Therefore, private label players are better placed to satisfy demands of a diverse group of consumers as compared to their multi-brand counterparts.
- **On product development, we note that fast fashion retailers like Zara, H&M, and Westside focus on variety (higher number of styles) rather than depth (higher quantity in similar styles).** This helps provide a wider product offering of the latest style/ designs in stores which in turn helps drive footfalls.
- Additionally, private label retailers like Max Fashion, Westside, Pantaloons, H&M, and Zara have better control over product offerings. We believe that the same is due to: (1) quick decisions to liquidate non-selling products off the shelves to create more space for newer products (which helps in maintaining freshness of products in stores), (2) non-selling products being sent to a common distribution centers from all stores across India, wherein products are re-packed based on sizes (eliminating cut-size product packing at store level), (3) these products being placed in stores during festive/ discount seasons with heavy discounts.
- In fast fashion, international retailers like Zara and H&M have an edge in western wear in both men's and women's wear with regards to fashion compared to Indian players.
- However, Indian players like Westside/ Reliance Trends/ Pantaloons are establishing themselves in fast fashion and have an edge over international players with regards to:
 - **Product development customized for Indian consumers:** Indian retailers like Westside differentiate their products based on profiling of Indian consumers (in terms of shapes and sizes), while product development of Zara and H&M is based on the profiling of global consumers.
 - **Pricing advantage:** Indian players are able to peg their products at lower prices in comparison to international fast fashion retailers. Westside and Pantaloons' product ASP is 40%-60% cheaper than that of Zara and H&M in India.

Average pricing across retailers



Source: Company, Antique

Fashion retailers increasingly focusing on scaling up private label business

Womens Wear Brands and Average Pricing

| Westside | | Pantaloons | | Reliance Trends | |
|----------------|-----------------------|-----------------------------|-----------------------|-----------------|-----------------------|
| Brands | Average Pricing (INR) | Brands | Average Pricing (INR) | Brands | Average Pricing (INR) |
| Bombay Paisley | 1,118 | Ajile | 1,152 | Altheory-sport | 1,834 |
| Diza | 1,133 | Akkriti | 1,362 | The DNMX | 834 |
| Gia | 1,445 | Annabelle | 1,295 | Fig | 884 |
| LOV | 1,341 | Bare Denim | 1,151 | Fusion | 984 |
| Nuon | 1,087 | Candies | 1,440 | Hushh | 666 |
| Sassy Soda | 851 | Dreamz | 390 | Performax | 1,009 |
| Studiofit | 772 | Forever Glam | 1,435 | Rio | 798 |
| Superstar | 743 | Honey | 1,053 | Siyahi | 856 |
| Utsa | 928 | Krishna Mehta for Rangmanch | 2,330 | Teamspirit | 785 |
| Vark | 2,901 | Marigold Lane | 2,172 | Trends | 1,090 |
| Wardrobe | 1,432 | People | 1,011 | Uniquet | 1,199 |
| Wunderlove | 723 | Rangmanch | 1,436 | | |
| Zuba | 1,658 | Rangmanch Plus | 1,370 | | |
| | | SF Jeans | 1,472 | | |

Mens Wear Brands and Average Pricing

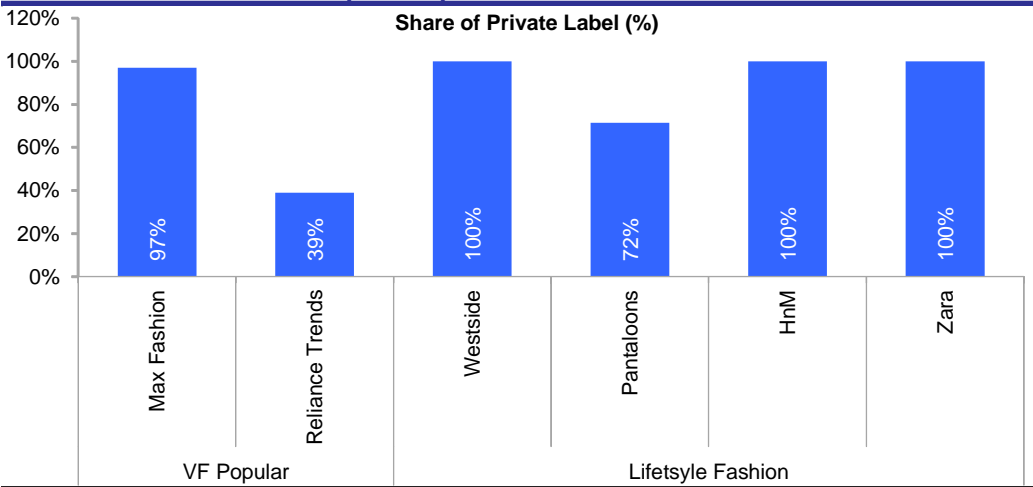
| Brands | Average Pricing (INR) | Brands | Average Pricing (INR) | Brands | Average Pricing (INR) |
|-------------|-----------------------|--------------|-----------------------|----------------|-----------------------|
| Ascot | 1,535 | 7 alt | 1,323 | Altheory | 1698 |
| ETA | 1,000 | Ajile | 1,192 | Altheory-sport | 1499 |
| Nuon | 1,209 | Bare Denim | 1,131 | The DNMX | 1048 |
| Studiofit | 1,029 | Indus Route | 963 | Netplay | 1132 |
| WES Casuals | 1,037 | People | 1,067 | Network | 1067 |
| WES Formals | 1,115 | SF Jeans | 1,168 | Performax | 894 |
| WES Lounge | 659 | Street Armor | 1,352 | Pureza | 1,999 |
| Westsport | 1,299 | Urban Ranger | 940 | Teamspirit | 766 |
| | | | | Uniquet | 1,791 |

Kids Wear Brands and Average Pricing

| Brands | Average Pricing (INR) | Brands | Average Pricing (INR) | Brands | Average Pricing (INR) |
|-----------|-----------------------|---------------------|-----------------------|------------|-----------------------|
| HOP | 651 | Akkriti | 1,580 | Fusion | 1349 |
| HOP Baby | 761 | Chalk | 214 | inf-frendz | 332 |
| Utsa Kids | 967 | Coolsters | 812 | kb-frendz | 399 |
| Y&F | 741 | Indus Route | 975 | kg-frendz | 568 |
| | | Pantaloons Baby | 383 | Performax | 710 |
| | | Pantaloons Junior | 602 | Point-cove | 621 |
| | | Zero For Pantaloons | 269 | Rio | 692 |
| | | | | The DNMX | 705 |

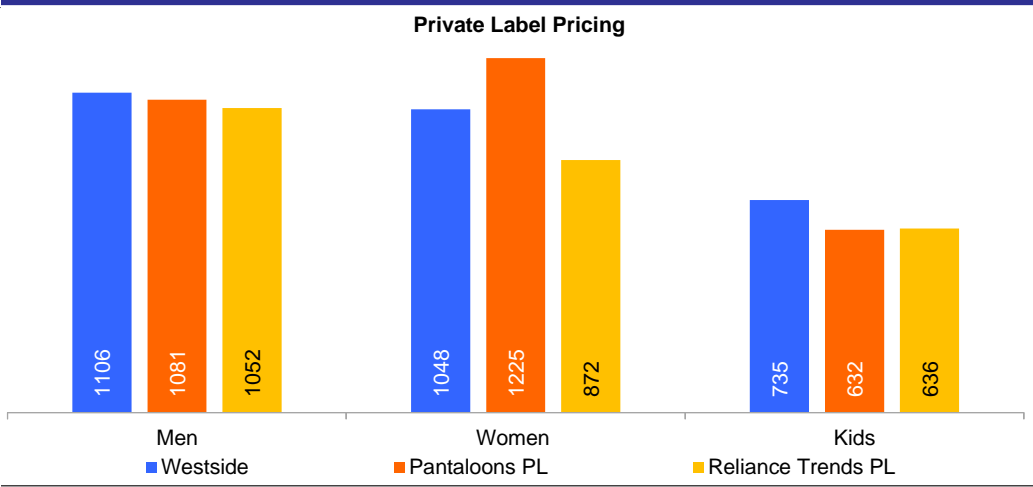
Source: Company, Antique

Private label share of the total product portfolio



Source: Company, Antique

Private label pricing of domestic retailers



Source: Company, Antique

Celebration wear—Manyavar to lead the pack with value pricing

Tasva's average pricing in men's wear is 41% higher than Manyavar, while Twamev is at the most premium/ luxury end

| Average Pricing | Manyavar | Tasva | Twamev |
|-----------------|----------|--------|--------|
| Kids | 2,521 | | |
| Men | 9,300 | 13,199 | 25,317 |
| Grand Total | 8,288 | 13,199 | 25,317 |

Source: Company, Antique

Manyavar has a broader product portfolio (almost 3x of Tasva); kids wear accounts for 15% of the overall portfolio

| Category | Manyavar | | Tasva | | Twamev | |
|-------------|----------|---------------|-------|---------------|--------|---------------|
| | SKUs | Share of SKUs | SKUs | Share of SKUs | SKUs | Share of SKUs |
| Kids | 123 | 15% | | 0% | | 0% |
| Men | 701 | 85% | 297 | 100% | 44 | 100% |
| Grand Total | 824 | 100% | 297 | 100% | 44 | 100% |

Source: Company, Antique

Manyavar has a diversified brand portfolio across the value spectrum for the entire family, while Tasva/ Twamev is more on the premium end, majorly focusing on groom's wear

| Category | Manyavar | | Tasva | | Twamev | | Key Takeaways |
|-------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|--|
| | Average Pricing | Category-wise Share | Average Pricing | Category-wise Share | Average Pricing | Category-wise Share | |
| Men | | | | | | | |
| Indo Western | 15,485 | 20% | 18,584 | 14% | 29,443 | 20% | Manyavar has higher product offerings in Indo-western vs. sherwani as this category is worn by family/relatives of groom/bride. Manyavar has also found a sweet spot in terms of pricing in this category. |
| Jackets/Bundis | 4,017 | 8% | 5,525 | 13% | | 0% | |
| Kurta Jacket Set | 8,610 | 8% | 10,849 | 13% | 16,499 | 27% | |
| Kurta Sets | 3,745 | 34% | 6,560 | 27% | 11,454 | 25% | Manyavar has positioned 34% of its product offering in affordable range. |
| Men Blazers Suits | 10,881 | 2% | | 0% | 19,999 | 5% | |
| Shawls & Stoles | | 0% | 4,818 | 7% | | 0% | |
| Sherwani | 19,207 | 18% | 30,866 | 20% | 48,499 | 23% | Tasva/ Twamev is more focused on higher priced groom-focused sherwanis |
| Single Kurtas | 2,184 | 8% | 2,382 | 6% | | 0% | Only 6% of Tasva's portfolio is in value range |
| Bottom-wear | 2,674 | 2% | | 0% | | 0% | Manyavar only player retailing only bottom-wear |
| Grand Total | 9,300 | 100% | 13,199 | 100% | 25,317 | 100% | |

Source: Company, Antique

Manyavar leads in <INR 5,000 price segment; Tasva has 59% share in <INR 10,000, while Twamev leads in INR >20,000 price segment

| Pricing Range | Manyavar | Tasva | Twamev |
|-----------------|----------|-------|--------|
| <INR 4999 | 56% | 29% | 0% |
| INR 5000-9999 | 9% | 30% | 14% |
| INR 10000-14999 | 13% | 10% | 25% |
| INR 15000-19999 | 18% | 16% | 20% |
| INR >20000 | 4% | 14% | 41% |

Source: Company, Antique

Manyavar provides the highest product offering across categories

| Menswear Categories | Manyavar | Tasva | Twamev |
|---------------------|----------|-------|--------|
| Indo Western | 142 | 41 | 9 |
| Jackets/Bundis | 55 | 38 | |
| Kurta Jacket Set | 54 | 40 | 12 |
| Kurta Sets | 236 | 79 | 11 |
| Men Blazers Suits | 17 | | 2 |
| Shawls & Stoles | | 21 | |
| Sherwani | 125 | 60 | 10 |
| Single Kurtas | 56 | 18 | |
| Bottom-wear | 16 | | |
| Grand Total | 701 | 297 | 44 |

Source: Company, Antique

Tasva's pricing is 42% premium to Manyavar and Twamev is 92% premium to Tasva

| Categories | Premium of Tasva over Manyavar | Premium of Twamev over Tasva | Premium of Twamev over Manyavar |
|-------------------|--------------------------------|------------------------------|---------------------------------|
| Men's Wear | 42% | 92% | 172% |
| Indo Western | 20% | 58% | 90% |
| Jackets/Bundis | 38% | | |
| Kurta Jacket Set | 26% | 52% | 92% |
| Kurta Sets | 75% | 75% | 206% |
| Men Blazers Suits | | | 84% |
| Shawls & Stoles | | | |
| Sherwani | 61% | 57% | 153% |
| Single Kurtas | 9% | | |
| Bottom-wear | | | |

Manyavar has uncovered the sweet spots across affordable price points, while Tasva has exclusive design-focused product offering at the premium end

| Price Points | Manyavar | Tasva | Twamev | Price Points | Manyavar | Tasva | Twamev | Price Points | Manyavar | Tasva | Twamev |
|--------------|----------|-------|--------|--------------|----------|-------|--------|--------------|----------|-------|--------|
| Indo Western | 142 | 41 | 9 | Kurta Sets | 236 | 79 | 11 | Sherwani | 125 | 60 | 10 |
| 9999 | 1 | 1 | | 1999 | 10 | | | 11999 | 10 | 1 | |
| 10999 | 1 | | | 2499 | 20 | | | 12999 | 7 | | |
| 11999 | 22 | | | 2999 | 56 | | | 13999 | | 2 | |
| 12999 | 22 | 2 | | 3299 | | 1 | | 14999 | 10 | 4 | |
| 14999 | 16 | 7 | | 3499 | 42 | 6 | | 15999 | 11 | | |
| 15999 | 33 | 6 | | 3999 | 70 | 10 | | 16999 | 22 | 5 | |
| | | | | 4499 | | 5 | | 17999 | 3 | 2 | |
| 16999 | 24 | 1 | | 4999 | 20 | 5 | | 19999 | 32 | 11 | |
| 17999 | 12 | 10 | | 5499 | | 4 | | 20999 | 2 | | |
| 18999 | 1 | | | 5999 | 16 | 12 | | 21999 | 1 | 3 | |
| 19999 | 6 | 6 | 2 | 6499 | | 2 | | 22999 | 4 | | |
| 20999 | 2 | | | 6999 | 1 | 7 | | 24999 | 3 | 2 | |
| 21999 | | 1 | | 7499 | | 1 | | 25999 | 8 | | |
| 24999 | 1 | 4 | | 7999 | | 14 | 2 | 26999 | 1 | | |
| 27999 | | 2 | | 8999 | | 3 | | 27999 | | 2 | |
| 29999 | 1 | 1 | 5 | 9999 | | 6 | 3 | 29999 | 11 | 4 | |
| 34999 | | | 1 | 11999 | | | 3 | 32999 | | 3 | |
| 39999 | | | 1 | 12999 | | 1 | | 34999 | | 2 | |
| | | | | 13999 | | | 1 | 39999 | | 6 | |
| | | | | 14999 | | 1 | 2 | 44999 | | 2 | |
| | | | | 15999 | 1 | 1 | | 49999 | | 6 | |
| | | | | | | | | 54999 | | 1 | |
| | | | | | | | | 59999 | | 2 | |
| | | | | | | | | 69999 | | 1 | |
| | | | | | | | | 74999 | | 1 | |

Source: Company, Antique

Mohey

Mohey, which is the woman's equivalent of Manyavar, is into selling lehengas, gowns, and sarees. Notably, the saree & others (lehenga, Indian dresses/ gowns) category is expected to grow at 6.5%, within which lehenga is expected to grow at a higher rate of 8.1%. The organized segment in women's Indian celebration/ occasion wear is expected to grow at a faster rate of 17%-20%, with the share seen to be increasing from 15%-20% to 27%-30%.

Lehanga's account for 35% of the total SKUs with an average pricing of around INR 23,362. Contribution of sarees to overall SKUs is the same as lehengas with an average pricing of around of INR 6,146.

We understand that the contribution of lehengas has increased significantly from 20%-25% to now almost +50% in terms of product sales, which is then supported by sarees in Mohey.

Mohey has 239 SKUs as against Manyavar's 824 SKUs Higher concentration in INR 5,000-9,999 segment

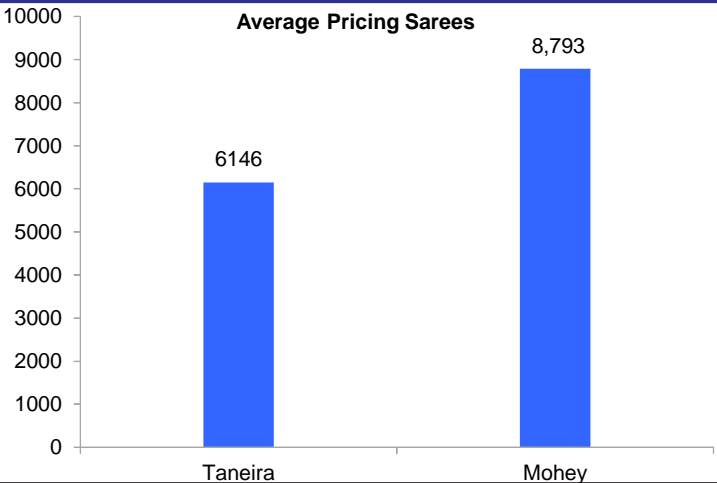
| Women's wear Categories | | SKUs | Mohey Average Pricing | Pricing Range | Mohey |
|----------------------------|--|------|-----------------------|-----------------|-------|
| Bridal Collection Lehengas | | 3 | 29,999 | <INR 4999 | 23% |
| Gowns | | 10 | 7,799 | INR 5000-9999 | 41% |
| Lehenga | | 80 | 23,362 | INR 10000-14999 | 12% |
| Saree | | 83 | 6,146 | INR 15000-19999 | 12% |
| Skirt Top | | 5 | 9,999 | INR >20000 | 13% |
| Stitched Suit | | 58 | 7,413 | | |
| Grand Total | | 239 | 12,665 | | |

Source: Company, Antique

Taneira extends a higher product offerings vs. Mohey in sarees... ...where average pricing is 30% lower than that of Mohey

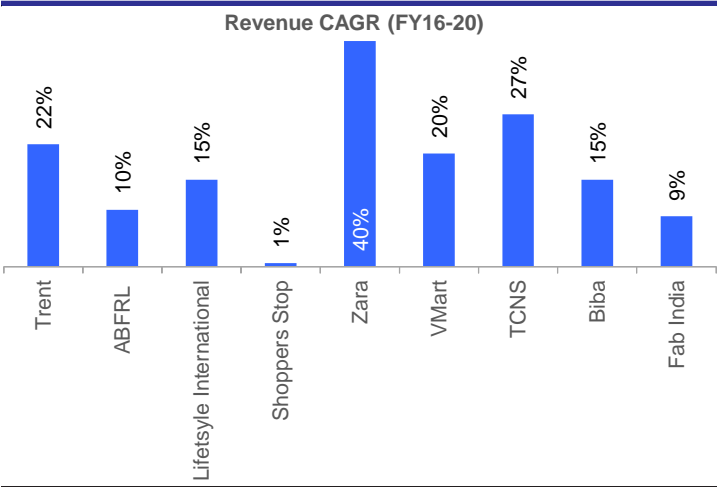
| Price Range | Taneira | | Mohey | | |
|----------------------------|---------|--------|-------|--------|--|
| | SKU | Weight | SKU | Weight | |
| Under INR 2000 | 689 | 14% | 7 | 8% | |
| Between INR 2000 to 5000 | 1162 | 24% | 30 | 36% | |
| Between INR 5000 to 10000 | 1826 | 38% | 42 | 51% | |
| Between INR 10000 to 15000 | 487 | 10% | 4 | 5% | |
| Between INR 15000 to 20000 | 187 | 4% | | | |
| Between INR 20000 to 30000 | 281 | 6% | | | |
| Between INR 30000 to 40000 | 106 | 2% | | | |
| Between INR 40000 to 50000 | 43 | 1% | | | |
| Between INR 50000 to 60000 | 8 | 0% | | | |
| INR 60000 and more | 7 | 0% | | | |
| Total | 4796 | | 83 | | |

Source: Company, Antique



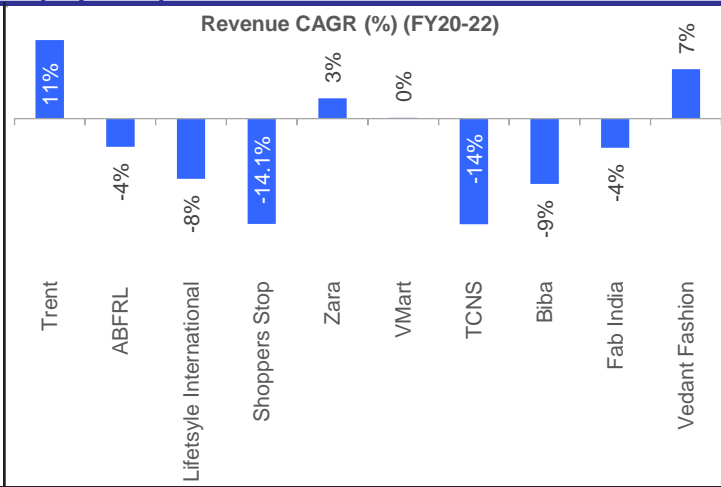
Source: Company, Antique

Revenue Growth CAGR between FY16-20



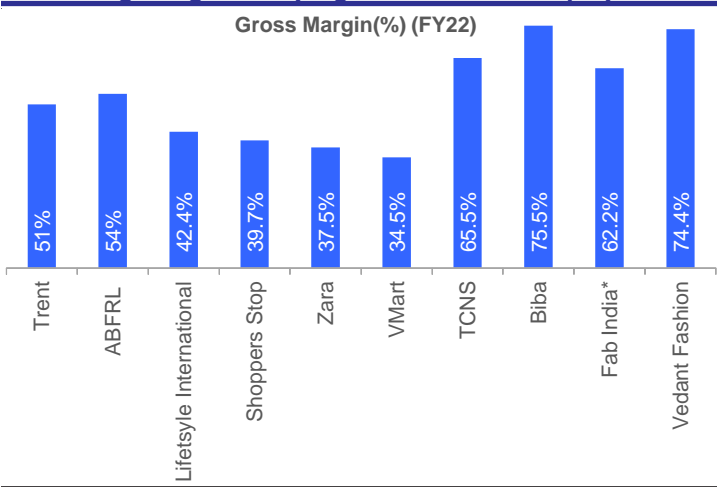
Source: Company, Antique

All players expect Trent/Zara/VFL recovered over FY20



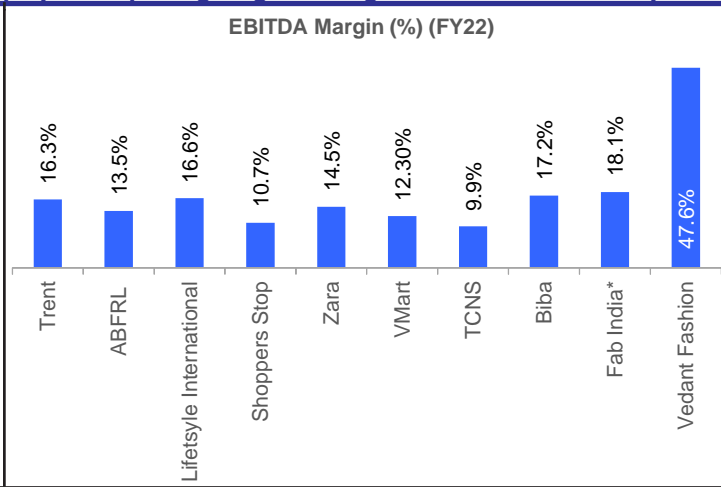
Source: Company, Antique

Gross margins significantly higher for ethnic wear players



Source: Company, Antique

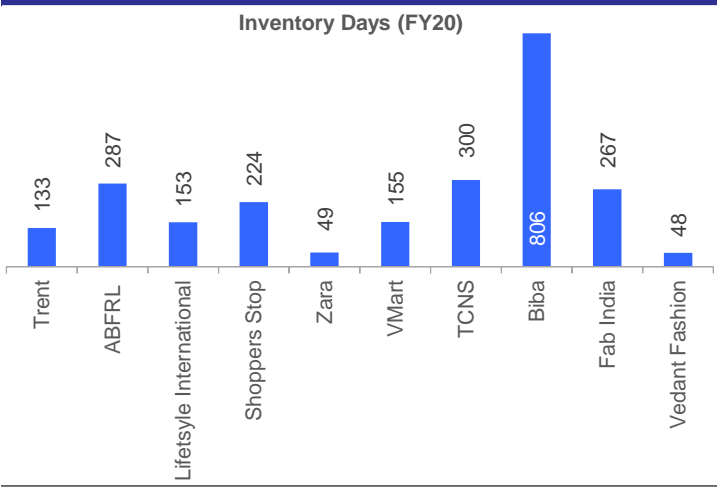
EBITDA margins for ethnic wear players similar to fast fashion players despite higher gross margins due to lower inventory turns



Source: Company, Antique

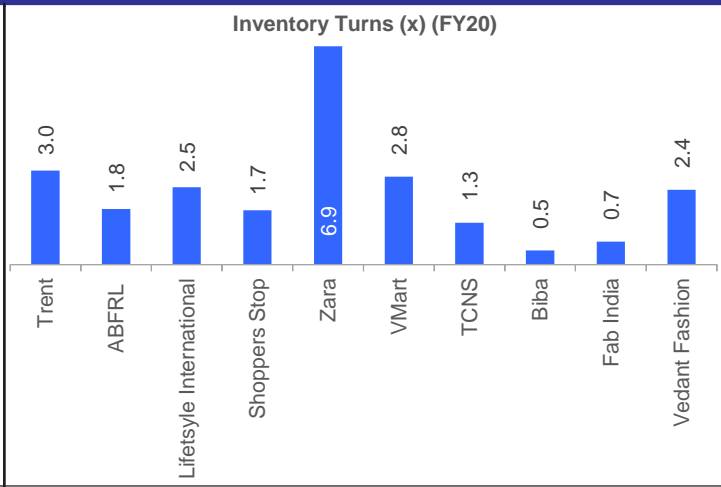
*FabIndia numbers are for FY20

Inventory days higher for ethnic wear players



Source: Company, Antique

Inventory turns higher for fast fashion players; lower for ethnic wear players



Source: Company, Antique

| | |
|-----------------------------|------------------|
| CMP | : INR 1,361 |
| Reco | : BUY ↔ |
| Target Price | : INR 1,536 ↔ |
| Target Price Change | : No Change |
| Target 1HFY25 EV/EBITDA (x) | : SoTP Valuation |
| EBITDA Change FY23/24 | : No Change |

Abhijeet Kundu

+91 22 6911 3430
abhijeet.kundu@antiquelimited.com

Priyanka Trivedi

+91 22 6911 3435
priyanka.trivedi@antiquelimited.com

Dhiraj Mistry

+91 22 6911 3434
dhiraj.mistry@antiquelimited.com

Market data

| | | |
|-----------------------|---|----------|
| Sensex | : | 61,003 |
| Sector | : | Retail |
| Market Cap (INR bn) | : | 483.7 |
| Market Cap (USD bn) | : | 5.840 |
| O/S Shares (mn) | : | 355.5 |
| 52-wk HI/LO (INR) | : | 1571/980 |
| Avg. Daily Vol ('000) | : | 604 |
| Bloomberg | : | TRENT IN |

Source: Bloomberg

Valuation

| | FY23e | FY24e | FY25e |
|--------------------|-------|-------|-------|
| EPS (INR) | 14.1 | 17.1 | 22.3 |
| P/E (x) | 96.7 | 79.8 | 61.1 |
| P/BV (x) | 15.1 | 12.8 | 10.6 |
| EV/EBITDA (x) | 44.5 | 36.9 | 29.2 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 |

Source: Company, Antique

Returns (%)

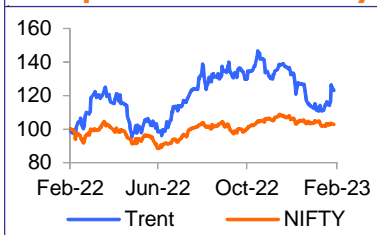
| | 1m | 3m | 6m | 12m |
|----------|----|-----|------|-----|
| Absolute | 14 | (3) | (8) | 28 |
| Relative | 13 | (2) | (10) | 21 |

Source: Bloomberg

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 37% |
| Public | : | 63% |
| Others | : | 0% |

Source: Bloomberg

Price performance vs Nifty

Source: Bloomberg Indexed to 100

COMPANY UPDATE**Trent****Proactive initiatives on fast and VF to drive outperformance**

Our analysis on pricing and SKUs suggest that Westside has worked on further sharpening its price points and have reduced the overall pricing further by 6%-7% to INR 1,028. The key advantage that Westside has is that it focuses of sharp pricing and offers minimum markdowns. Westside also has the sharpest product assortment amongst lifestyle fashion retailers. We understand that, Westside predominantly being ethnic wear focused, has now shifted its product portfolio to fast growing western wear. Also, being women's wear focused historically, it has shifted gears to men's wear and kids wear as well. We understand that Westside is best placed to capitalize on "fast" "value fashion" and fast growing, women's western and men's casual wear. We continue to maintain our argument that Trent is structurally very well placed in the Indian fashion retail industry with Westside continuing to lead in lifestyle fashion and Zudio gathering pace and driving the next leg of growth over the coming decade through value fashion. We maintain BUY recommendation on the stock with a target price of INR 1,536 (SoTP-based valuation).

Key highlights from our pricing and SKU analysis:

- Westside has strong presence in the fast growing women's wear (55% of its product offering), followed by men's wear at 28%, and kids wear at 17%. Management believes that kids wear is not an attractive category as consumers do not want to significantly spend on kids wear. However, in order not to lose consumers it remains present in this category by providing minimum credible offers.
- Predominantly being ethnic wear focused, Westside has significantly increased its share in fast growing western wear. Western wear now accounts for 69% of the overall women's wear portfolio with an average pricing of INR 985.
- Within its ethnic wear portfolio, Vark (8% of ethnic wear portfolio) is at the premium end with an average pricing of INR 2,901. On the other hand, Utsa (51% of the overall ethnic wear portfolio) is focused on economy price segment with an average pricing of INR 928.
- Within the western wear portfolio, Gia and Wardrobe are positioned in the medium price segment. Gia is focused towards plus size consumers, while Wardrobe is towards formal/ office wear. Studiofit is positioned towards the economy (with average pricing of INR 772) segment with major focus on athleisure category. Studiofit accounts for around 16% of the overall women's portfolio.
- We note that almost 22% of women's wear product portfolio is from sleep wear/ lounge wear, which has an average pricing of INR 725. We understand that this category is generally fast moving in nature.
- In men's wear we note that Westside has a higher product concentration towards fast growing casual wear. Westside has only one formal wear brand that is Wes Formals (18% of the men's wear portfolio), while all other brands are focused towards casual and semi-formal categories.

Brand-wise private label pricing

| Brands | Average pricing | Brand-wise share of total portfolio |
|--------------------------------|-----------------|-------------------------------------|
| Kids Wear | | |
| Ethnic | | |
| Utsa Kids | 982 | 2% |
| Western | | |
| HOP | 651 | 6% |
| HOP Baby | 761 | 3% |
| Utsa Kids | 674 | 0% |
| Y&F | 741 | 5% |
| Men's Wear | | |
| Western | | |
| Ascot | 1,535 | 2% |
| ETA | 1,000 | 5% |
| Nuon | 1,209 | 4% |
| Studiofit | 1,014 | 2% |
| Studiofit Men | 1,399 | 0% |
| WES Casuals | 1,037 | 5% |
| WES Formals | 1,115 | 5% |
| WES Lounge | 659 | 5% |
| Westsport | 1,299 | 0% |
| Women's Wear | | |
| Ethnic | | |
| Bombay Paisley | 1,118 | 4% |
| Diza | 1,137 | 1% |
| Utsa | 928 | 9% |
| Vark | 2,901 | 1% |
| Zuba | 1,658 | 2% |
| Sleep wear/ lounge wear | | |
| Superstar | 743 | 2% |
| Wunderlove | 723 | 11% |
| Western | | |
| Diza | 1,049 | 0% |
| Gia | 1,445 | 5% |
| LOV | 1,341 | 4% |
| Nuon | 1,087 | 7% |
| Sassy Soda | 851 | 1% |
| Studiofit | 772 | 4% |
| Wardrobe | 1,432 | 5% |

Source: Company, Antique

Financials

Profit and loss account (INR mn)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-----------------------------------|---------------|---------------|---------------|---------------|-----------------|
| Net Revenue | 20,475 | 38,807 | 73,649 | 85,593 | 1,05,343 |
| Op. Expenses | 18,437 | 32,472 | 62,698 | 72,489 | 88,961 |
| EBITDA | 2,038 | 6,335 | 10,951 | 13,104 | 16,382 |
| Depreciation | 2,359 | 2,831 | 4,483 | 4,924 | 5,365 |
| EBIT | (320) | 3,505 | 6,467 | 8,180 | 11,016 |
| Other income | 2,042 | 2,790 | 3,487 | 3,836 | 4,219 |
| Interest Exp. | 2,380 | 2,933 | 3,578 | 4,293 | 5,152 |
| Extra Ordinary Items -gain/(loss) | 63 | 132 | - | - | - |
| Reported PBT | (721) | 3,230 | 6,377 | 7,722 | 10,084 |
| Tax | (211) | 744 | 1,371 | 1,660 | 2,168 |
| Reported PAT | (510) | 2,486 | 5,006 | 6,062 | 7,916 |
| Net Profit | (510) | 2,486 | 5,006 | 6,062 | 7,916 |
| Adjusted PAT | (447) | 2,618 | 5,006 | 6,062 | 7,916 |
| Adjusted EPS (INR) | (1.3) | 7.4 | 14.1 | 17.1 | 22.3 |

Balance sheet (INR mn)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Share Capital | 355 | 355 | 355 | 355 | 355 |
| Reserves & Surplus | 24,803 | 26,845 | 31,637 | 37,486 | 45,188 |
| Networth | 25,159 | 27,200 | 31,993 | 37,841 | 45,544 |
| Debt | - | 4,974 | 4,474 | 3,974 | 3,474 |
| Net deferred Tax liabilities | (1,080) | (1,225) | (1,225) | (1,225) | (1,225) |
| Capital Employed | 24,079 | 30,949 | 35,241 | 40,590 | 47,792 |
| Gross Fixed Assets | 36,037 | 54,998 | 60,998 | 66,998 | 72,998 |
| Accumulated Depreciation | 7,086 | 9,916 | 14,400 | 19,324 | 24,690 |
| Capital work in progress | 340 | 448 | 448 | 448 | 448 |
| Net Fixed Assets | 29,292 | 45,530 | 47,047 | 48,122 | 48,757 |
| Investments | 17,573 | 17,239 | 17,239 | 17,239 | 17,239 |
| Non Current Investments | 11,427 | 12,822 | 12,822 | 12,822 | 12,822 |
| Current Investments | 6,146 | 4,417 | 4,417 | 4,417 | 4,417 |
| Current Assets, Loans & Adv. | 9,126 | 14,126 | 20,261 | 25,588 | 33,899 |
| Inventory | 3,946 | 8,225 | 13,544 | 15,741 | 19,373 |
| Debtors | 206 | 163 | 310 | 360 | 443 |
| Cash & Bank balance | 669 | 744 | 1,412 | 4,493 | 9,089 |
| Loans & advances and others | 4,305 | 4,994 | 4,994 | 4,994 | 4,994 |
| Current Liabilities & Prov. | 31,912 | 45,946 | 49,305 | 50,360 | 52,103 |
| Liabilities | 31,745 | 45,682 | 49,042 | 50,096 | 51,839 |
| Provisions | 167 | 264 | 264 | 264 | 264 |
| Net Current Assets | (22,786) | (31,820) | (29,045) | (24,772) | (18,204) |
| Application of Funds | 24,079 | 30,949 | 35,241 | 40,590 | 47,792 |

Per share data

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|----------------------------|------|------|-------|-------|-------|
| No. of shares (mn) | 355 | 355 | 355 | 355 | 355 |
| Diluted no. of shares (mn) | 355 | 355 | 355 | 355 | 355 |
| BVPS (INR) | 70.8 | 76.5 | 90.0 | 106.4 | 128.1 |
| CEPS (INR) | 5.2 | 15.0 | 26.7 | 30.9 | 37.4 |
| DPS (INR) | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |

Source: Company, Antique

Cash flow statement (INR mn)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| PBT | (721) | 3,230 | 6,377 | 7,722 | 10,084 |
| Depreciation & amortization | 2,359 | 2,831 | 4,483 | 4,924 | 5,365 |
| Interest expense | 2,084 | 2,725 | 3,578 | 4,293 | 5,152 |
| (Inc)/Dec in working capital | 1,131 | (4,020) | (2,107) | (1,192) | (1,972) |
| Tax paid | (1) | (782) | (1,371) | (1,660) | (2,168) |
| Less: Interest/Div. Income Recd. | - | - | (3,487) | (3,836) | (4,219) |
| Other operating Cash Flow | (719) | (2,492) | (0) | - | - |
| CF from operating activities | 4,133 | 1,492 | 7,473 | 10,251 | 12,242 |
| Capital expenditure | (808) | (1,979) | (6,000) | (6,000) | (6,000) |
| Inc/(Dec) in investments | 972 | 2,317 | - | - | - |
| Add: Interest/Div. Income Recd. | 228 | 135 | 3,487 | 3,836 | 4,219 |
| Others | (785) | (531) | - | - | - |
| CF from investing activities | (393) | (59) | (2,513) | (2,164) | (1,781) |
| Inc/(Dec) in share capital | - | 4,969 | - | - | - |
| Inc/(Dec) in debt | - | (3,000) | (500) | (500) | (500) |
| Dividend Paid | (2,376) | (426) | (213) | (213) | (213) |
| Others | (1,135) | (2,902) | (3,578) | (4,293) | (5,152) |
| CF from financing activities | (3,511) | (1,359) | (4,291) | (5,007) | (5,865) |
| Net cash flow | 229 | 75 | 669 | 3,080 | 4,596 |
| Opening balance | 441 | 669 | 744 | 1,412 | 4,493 |
| Closing balance | 669 | 744 | 1,412 | 4,493 | 9,089 |

Growth indicators (%)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------|--------|--------|-------|-------|-------|
| Revenue | -35.6 | 89.5 | 89.8 | 16.2 | 23.1 |
| EBITDA | -63.8 | 210.8 | 72.9 | 19.7 | 25.0 |
| Adj PAT | -128.9 | -686.1 | 91.2 | 21.1 | 30.6 |
| Adj EPS | -128.9 | -686.1 | 91.2 | 21.1 | 30.6 |

Valuation (x)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|--------------------|-----------|-------|-------|-------|-------|
| P/E (x) | (1,083.2) | 184.8 | 96.7 | 79.8 | 61.1 |
| P/BV (x) | 19.2 | 17.8 | 15.1 | 12.8 | 10.6 |
| EV/EBITDA (x) | 237.0 | 77.0 | 44.5 | 36.9 | 29.2 |
| EV/Sales (x) | 23.3 | 12.5 | 6.6 | 5.6 | 4.5 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Financial ratios

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|-------|-------|-------|-------|-------|
| RoE (%) | (1.8) | 9.6 | 15.6 | 16.0 | 17.4 |
| RoCE (%) | 7.2 | 20.3 | 28.2 | 29.6 | 31.9 |
| Asset/T.O (x) | 3.1 | 2.8 | 4.1 | 3.7 | 3.4 |
| Net Debt/Equity (x) | (0.3) | (0.0) | (0.0) | (0.1) | (0.2) |
| EBIT/Interest (x) | 0.7 | 2.1 | 2.8 | 2.8 | 3.0 |

Margins (%)

| Year-ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------|-------|------|-------|-------|-------|
| EBITDA Margin (%) | 10.0 | 16.3 | 14.9 | 15.3 | 15.6 |
| EBIT Margin (%) | (1.6) | 9.0 | 8.8 | 9.6 | 10.5 |
| PAT Margin (%) | (2.0) | 6.3 | 6.5 | 6.8 | 7.2 |

Source: Company, Antique

| | |
|-------------------------|--------------|
| CMP | : INR 262 |
| Reco | : BUY ↔ |
| Target Price | : INR 331 ↔ |
| Target Price Change | : No Change |
| Target 1HFY25 EV/EBITDA | : SoTP Based |
| EBITDA Change FY23/24 | : No Change |

Abhijeet Kundu

+91 22 6911 3430
abhijeet.kundu@antiquelimited.com

Priyanka Trivedi

+91 22 6911 3435
priyanka.trivedi@antiquelimited.com

Dhiraj Mistry

+91 22 6911 3434
dhiraj.mistry@antiquelimited.com

Market data

| | | |
|-----------------------|---|----------|
| Sensex | : | 61,003 |
| Sector | : | FMCG |
| Market Cap (INR bn) | : | 248.8 |
| Market Cap (USD bn) | : | 3.004 |
| O/S Shares (mn) | : | 948.7 |
| 52-wk HI/LO (INR) | : | 360/221 |
| Avg. Daily Vol ('000) | : | 3,052 |
| Bloomberg | : | ABFRL IN |

Source: Bloomberg

Valuation

| | FY23e | FY24e | FY25e |
|--------------------|-------|-------|-------|
| EPS (INR) | 2.3 | 3.5 | 5.2 |
| P/E (x) | 116.1 | 75.1 | 50.6 |
| P/BV (x) | 8.2 | 7.4 | 6.5 |
| EV/EBITDA (x) | 12.0 | 10.1 | 8.9 |
| Dividend Yield (%) | - | - | - |

Source: Company, Antique

Returns (%)

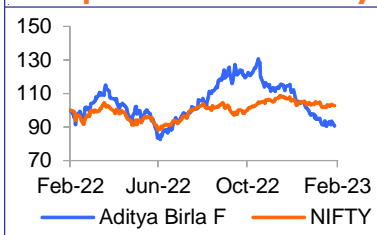
| | 1m | 3m | 6m | 12m |
|----------|-----|------|------|-----|
| Absolute | 0 | (15) | (11) | (4) |
| Relative | (0) | (14) | (13) | (9) |

Source: Bloomberg

Shareholding pattern

| | | |
|-----------|---|-----|
| Promoters | : | 55% |
| Public | : | 44% |
| Others | : | 1% |

Source: Bloomberg

Price performance vs Nifty**COMPANY UPDATE**

Aditya Birla Fashion and Retail

Faster recovery in Pantaloons and profitable ramp in Tasva-key monitorable

Our analysis on pricing and SKUs suggests Pantaloons' private label average pricing is in line with Westside's pricing. However, despite having shaper price points in its private label portfolio, it needs to work on sharpening its product assortment by eliminating slow-moving SKUs and price points. In our view, brands should have a wider portfolio and price points to cater to different segments of retailers and consumers. However, in case of private label brands and retailers, a sharper portfolio could provide an advantage. On overall basis, Pantaloons' average pricing (INR 1,309) is 27% higher than Westside, leading to comparatively higher markdowns. Pantaloons' private label share is around 72%. Additionally, we note that the share of fast growing women's wear is relatively lower in comparison to other lifestyle retailers. Pantaloons is in a sweet spot in terms of pricing in kids wear. In the celebration wear category, we note that Tasva has a narrower portfolio in comparison to Manyavar (1/3rd size), while its average pricing (INR 13,999) in men's wear is 29% higher than Manyavar. We remain confident on the strength of ABFRL's lifestyle brands. Faster recovery in terms of Pantaloons and profitability in new ventures i.e. innerwear, fast fashion brands, ethnic, and Reebok would be the key triggers for re-rating. We maintain BUY recommendation on the stock with a target price of INR 331 (SoTP-based valuation).

Key highlights from our pricing and SKU analysis

- Pantaloons retails at overall 28,240 SKUs with 20,195 SKUs from private label portfolio. This accounts for 3-6x of other lifestyle retailers. We understand that Pantaloons should work on sharpening its strategy by eliminating slow-moving SKUs.
- Overall, we note that the average pricing has increased by 25%-30% over pre-Covid-19 times.
- Women's wear accounts for 45%, followed by men's wear at 37%, and kids wear at 19%. Average pricing in women's/ men's/ kids wear is INR 1,448/ INR 1,450/ INR 678 respectively.
- We understand that Pantaloons' private labels have relatively sharper price points, while average pricing in women's/ men's/ kids wear are at INR 1,225/ INR 1,081/ INR 632 respectively. Share of private label for Pantaloons is around 72%.
- Within the private label portfolio, focus on fast growing western wear is relatively higher with shaper price points. Women's western wear accounts for 65% of the private label portfolio with average pricing of INR 1,112. However, ethnic wear pricing is at the higher end—INR 1,432 (in between Westside/ Aurelia at INR 1,240/ INR 1,596).
- Within the private label portfolio of men's wear, focus on casual wear is significantly high (91% of men's private label portfolio with an average pricing of INR 1,087. However, within the overall portfolio, share of casual wear is around 82%. Overall, Pantaloons' men's casual/ formal wear is focused on the medium price segment of INR 1,426/ INR 1,744.
- Pantaloons has found a sweet spot in kids wear segment.
- In celebration wear, Tasva is positioned as an exclusive design focused retailer at the premium end with an average pricing of INR 13,999.
- Overall, we note that 59% of its products are in the sub-INR 10,000 range, with 29% of its products in the sub-INR 5,000 range.
- Tasva retails at 297 SKUs with higher focus on superior priced groom's wear such as sherwanis and indo-western (20%/ 14% of total SKUs). Kurta sets accounts for 27% of total SKUs with average pricing of INR 6,560 (as against Manyavar at INR 3,745).

Financials

Profit and loss account (INR mn)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| Net Revenue | 52,489 | 81,362 | 1,21,423 | 1,37,665 | 1,56,981 |
| Op. Expenses | 46,942 | 70,363 | 1,04,795 | 1,18,390 | 1,34,436 |
| EBITDA | 5,548 | 10,999 | 16,628 | 19,275 | 22,545 |
| Depreciation | 9,628 | 9,970 | 10,846 | 11,912 | 12,978 |
| EBIT | (4,080) | 1,029 | 5,783 | 7,363 | 9,567 |
| Other income | 731 | 1,029 | 774 | 849 | 932 |
| Interest Exp. | 5,026 | 3,507 | 3,490 | 3,469 | 3,447 |
| Reported PBT | (8,375) | (1,449) | 3,067 | 4,744 | 7,052 |
| Tax | (1,015) | (266) | 767 | 1,189 | 1,771 |
| Reported PAT | (7,360) | (1,184) | 2,300 | 3,554 | 5,281 |
| Minority Int./Profit (loss) from Asso. | (635) | (96) | 182 | 282 | 420 |
| Net Profit | (6,725) | (1,087) | 2,118 | 3,272 | 4,861 |
| Adjusted PAT | (6,725) | (1,087) | 2,118 | 3,272 | 4,861 |
| Adjusted EPS (INR) | (7.3) | (1.2) | 2.3 | 3.5 | 5.2 |

Balance sheet (INR mn)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|---|---------------|----------------|---------------|---------------|---------------|
| Share Capital | 9,151 | 9,383 | 9,383 | 9,383 | 9,383 |
| Reserves & Surplus | 17,287 | 18,350 | 20,469 | 23,741 | 28,602 |
| Networth | 26,438 | 27,733 | 29,851 | 33,123 | 37,984 |
| Debt | 11,364 | 12,323 | 12,123 | 11,873 | 11,623 |
| Minority Interest | 325 | 152 | 334 | 616 | 1,036 |
| Net deferred Tax liabilities | (3,336) | (1,685) | (1,685) | (1,685) | (1,685) |
| Non-Current Liabilities (Lease Liab) | 24,634 | 28,681 | 28,681 | 28,681 | 28,681 |
| Capital Employed | 59,424 | 67,204 | 69,304 | 72,608 | 77,639 |
| Gross Fixed Assets | 51,678 | 65,991 | 71,785 | 78,842 | 85,899 |
| Accumulated Depreciation | 17,521 | 27,491 | 38,336 | 50,248 | 63,226 |
| Capital work in progress | 376 | 1,032 | 1,032 | 1,032 | 1,032 |
| Net Fixed Assets | 34,534 | 39,533 | 34,480 | 29,626 | 23,705 |
| Goodwill | 19,973 | 22,092 | 22,092 | 22,092 | 22,092 |
| Investments | 4,198 | 6,840 | 6,840 | 6,840 | 6,840 |
| Non Current Investments | 755 | 759 | 759 | 759 | 759 |
| Current Investments | 3,443 | 6,081 | 6,081 | 6,081 | 6,081 |
| Current Assets, Loans & Adv. | 39,671 | 51,796 | 59,241 | 71,114 | 87,413 |
| Inventory | 18,470 | 29,296 | 37,525 | 42,544 | 48,514 |
| Debtors | 7,305 | 7,564 | 11,311 | 12,824 | 14,623 |
| Cash & Bank balance | 2,618 | 1,205 | (3,325) | 2,016 | 10,546 |
| Loans & advances and others | 11,279 | 13,731 | 13,731 | 13,731 | 13,731 |
| Current Liabilities & Prov. | 38,951 | 53,057 | 53,349 | 57,064 | 62,411 |
| Liabilities | 37,073 | 51,027 | 51,319 | 55,034 | 60,381 |
| Provisions | 1,878 | 2,030 | 2,030 | 2,030 | 2,030 |
| Net Current Assets | 720 | (1,261) | 5,892 | 14,050 | 25,002 |
| Application of Funds | 59,424 | 67,204 | 69,304 | 72,608 | 77,639 |

Per share data

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|----------------------------|------|------|-------|-------|-------|
| No. of shares (mn) | 915 | 938 | 938 | 938 | 938 |
| Diluted no. of shares (mn) | 915 | 938 | 938 | 938 | 938 |
| BVPS (INR) | 28.9 | 29.6 | 31.8 | 35.3 | 40.5 |
| CEPS (INR) | 2.5 | 9.4 | 14.0 | 16.5 | 19.5 |

Margins (%)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|--------|-------|-------|-------|-------|
| EBITDA Margin (%) | 10.6 | 13.5 | 13.7 | 14.0 | 14.4 |
| EBIT Margin (%) | (7.8) | 1.3 | 4.8 | 5.3 | 6.1 |
| PAT Margin (%) | (12.6) | (1.3) | 1.7 | 2.4 | 3.1 |

Source: Company, Antique

Key assumptions

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|----------------------------------|------|------|-------|-------|-------|
| Raw material cost % of net sales | 48.8 | 47.0 | 47.0 | 47.0 | 47.0 |
| Staff cost % of net sales | 16.5 | 12.8 | 10.5 | 11.0 | 11.4 |
| Other expenses % of net sales | 23.9 | 21.7 | 22.5 | 21.9 | 21.3 |

Cash flow statement (INR mn)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| PBT | (8,375) | (1,449) | 3,067 | 4,744 | 7,052 |
| Depreciation & amortization | 9,628 | 9,970 | 10,846 | 11,912 | 12,978 |
| Interest expense | 5,004 | 3,484 | 3,490 | 3,469 | 3,447 |
| (Inc)/Dec in working capital | 8,528 | 241 | (11,683) | (2,818) | (2,421) |
| Tax paid | (28) | (164) | (767) | (1,189) | (1,771) |
| Less: Interest/Div. Income Recd. | (24) | - | - | - | - |
| Other operating Cash Flow | (3,693) | (2,577) | - | - | - |
| CF from operating activities | 11,038 | 9,505 | 4,953 | 16,117 | 19,285 |
| Capital expenditure | (1,613) | (3,185) | (5,793) | (7,057) | (7,057) |
| Inc/(Dec) in investments | (3,285) | (2,422) | - | - | - |
| Add: Interest/Div. Income Recd. | 24 | 92 | - | - | - |
| CF from investing activities | (8,552) | (5,515) | (5,793) | (7,057) | (7,057) |
| Inc/(Dec) in share capital | 22,388 | 2,476 | - | - | - |
| Inc/(Dec) in debt | (23,471) | 960 | (200) | (250) | (250) |
| Others | (1,454) | (8,682) | (3,490) | (3,469) | (3,447) |
| CF from financing activities | (2,536) | (5,247) | (3,690) | (3,719) | (3,697) |
| Net cash flow | (50) | (1,256) | (4,531) | 5,341 | 8,530 |
| Opening balance | 2,668 | 2,461 | 1,205 | (3,325) | 2,016 |
| Closing balance | 2,618 | 1,205 | (3,325) | 2,016 | 10,546 |

Growth indicators (%)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|-------|-------|--------|-------|-------|
| Revenue | -40.3 | 55.0 | 49.2 | 13.4 | 14.0 |
| EBITDA | -54.2 | 98.3 | 51.2 | 15.9 | 17.0 |
| Adj PAT | 312.6 | -83.8 | -294.8 | 54.5 | 48.6 |
| Adj EPS | 248.9 | -84.2 | -294.8 | 54.5 | 48.6 |

Valuation (x)

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|--------|---------|-------|-------|-------|
| P/E (x) | (35.6) | (226.1) | 116.1 | 75.1 | 50.6 |
| P/BV (x) | 9.1 | 8.9 | 8.2 | 7.4 | 6.5 |
| EV/EBITDA (x) | 35.5 | 17.7 | 12.0 | 10.1 | 8.9 |
| EV/Sales (x) | 3.8 | 2.4 | 1.6 | 1.4 | 1.2 |
| Dividend Yield (%) | - | - | - | - | - |

Financial ratios

| Year-ended March 31 | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|--------|-------|-------|-------|-------|
| RoE (%) | (36.2) | (4.0) | 7.4 | 10.4 | 13.7 |
| RoCE (%) | (8.5) | 4.6 | 13.9 | 16.3 | 18.9 |
| Asset/T.O (x) | 1.5 | 2.1 | 3.0 | 3.2 | 3.2 |
| Net Debt/Equity (x) | 0.2 | 0.2 | 0.3 | 0.1 | (0.1) |
| EBIT/Interest (x) | (0.7) | 0.6 | 1.9 | 2.4 | 3.0 |

Source: Company Antique

| | |
|-------------------------------|---------------|
| CMP | : INR 1,249 |
| Reco | : BUY ↔ |
| Target | : INR 1,387 ↔ |
| Target Price Change | : No Change |
| Target 1HFY25E EV/EBITDA (x): | 35 |
| EBITDA Change FY23/24 | : No Change |

Abhijeet Kundu
+91 22 6911 3430
abhijeet.kundu@antiquelimited.com

Priyanka Trivedi
+91 22 6911 3435
priyanka.trivedi@antiquelimited.com

Dhiraj Mistry
+91 22 6911 3434
dhiraj.mistry@antiquelimited.com

| Market data | |
|-----------------------|---------------|
| Sensex | : 61,003 |
| Sector | : Retailing |
| Market Cap (INR bn) | : 301.6 |
| Market Cap (USD bn) | : 3.641 |
| O/S Shares (mn) | : 242.8 |
| 52-wk HI/LO (INR) | : 1502/790 |
| Avg. Daily Vol ('000) | : 82 |
| Bloomberg | : MANYAVAR IN |

Source: Bloomberg

| | FY23e | FY24e | FY25e |
|--------------------|-------|-------|-------|
| EPS (INR) | 18.1 | 22.6 | 28.2 |
| P/E (x) | 69.1 | 55.2 | 44.3 |
| P/BV (x) | 21.6 | 16.6 | 12.7 |
| EV/EBITDA (x) | 43.2 | 34.9 | 28.2 |
| Dividend Yield (%) | - | - | - |

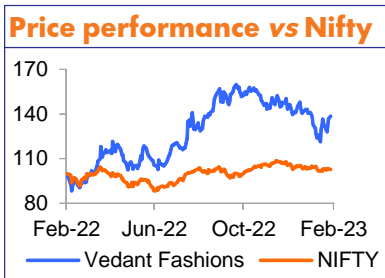
Source: Bloomberg

| Returns (%) | | | | |
|-------------|-----|-----|----|-----|
| | 1m | 3m | 6m | 12m |
| Absolute | (4) | (8) | 4 | 35 |
| Relative | (5) | (7) | 1 | 28 |

Source: Bloomberg

| Shareholding pattern | |
|----------------------|-------|
| Promoters | : 85% |
| Public | : 15% |
| Others | : 0% |

Source: Bloomberg



Source: Bloomberg Indexed to 100

COMPANY UPDATE

Vedant Fashions

Manyavar will continue to outshine

Vedant Fashions (VFL) will continue to lead in the Indian celebration and wedding wear market with Manyavar being a category leader in men's wedding/ celebration wear segment. From our pricing and SKU analysis, we understand that Manyavar has positioned itself as a diversified brand portfolio across the value spectrum for the entire family. Manyavar provides the highest product offerings across all categories in comparison to its peers with a major focus of value pricing. They are the leader in sub-INR 5,000 price point with an overall average pricing of INR 8,288. Mohey accounts for 22% of the total product offerings of VFL with an average pricing of INR 12,655. Twamev (with an average pricing 3x of Manyavar) accounts for 4% of the overall portfolio.

Overall, we believe that VFL's deep understanding of the market and consumer preferences, longstanding vendor relationships, fully integrated tech-based supply chain, and value for money pricing has enabled the company to carve out a niche for itself over almost two decades and something that new players will find difficult to replicate. We maintain BUY recommendation on the stock with a target price of INR 1,387 (valuing at 35x 1HFY25E EV/EBITDA).

Key highlights from our pricing and SKU analysis

- Manyavar/ Mohey/ Twamev retails at 824/ 239/ 44 SKUs with an average pricing of INR 8,288/ INR 12,655/ INR 25,317 respectively.
- Manyavar/ Mohey/ Twamev account for 74%/ 22%/ 4% of the overall product offerings.
- Men/ women/ kids wear account for 67%/ 22%/ 11% of the overall product offerings of VFL.
- Average pricing for kids wear is INR 2,521.
- Manyavar seems to have uncovered the sweet spots across affordable price points. We note that 56% of Manyavar's product offerings are below INR 5,000, while 41% of Mohey's offerings are between INR 5,000-10,000 price range. Twamev has 41% of its product offerings above INR 20,000.
- In Manyavar, we note that kurta sets accounts for 34% of its product offerings at affordable pricing of INR 3,745, while single kurtas/ bottoms account for 10% with an average pricing of INR 2,292. This clearly depicts its strategy of tapping across the value spectrum for the entire family.
- Within Mohey, the company has been focusing on fast growing category of lehngas. Lehngas account for 35% of total SKUs with an average pricing of around INR 23,362. Contribution of sarees to overall SKUs is same as lehngas with an average pricing of around of INR 6,146.

Overall average pricing of Manyavar is INR 9,910

| | Manyavar | Mohey | Twamev | Grand Total |
|-------------|----------|--------|--------|-------------|
| Kids | 2,521 | | | 2,521 |
| Men | 9,300 | | 25,317 | 10,246 |
| Women | | 12,665 | | 12,665 |
| Grand Total | 8,288 | 12,665 | 25,317 | 9,910 |

Source: Company, Antique

Approx 53% of total men's wear portfolio is priced below INR 5000

| Pricing Range | Manyavar |
|-----------------|----------|
| <INR 4999 | 53% |
| INR 5000-9999 | 10% |
| INR 10000-14999 | 13% |
| INR 15000-19999 | 18% |
| >INR 20000 | 6% |
| Grand Total | 100% |

Source: Company, Antique

Manyavar contributes 74% of total SKUs

| Row Labels | Total SKUs | Contribution (%) |
|-------------|------------|------------------|
| Manyavar | 824 | 74% |
| Mohey | 239 | 22% |
| Twamev | 44 | 4% |
| Grand Total | 1,107 | 100% |

Source: Company, Antique

Manyavar retails 1,107 SKUs with approx. 67% contributed by menswear

| | Total SKUs | Contribution (%) |
|-------------|------------|------------------|
| Gender | | |
| Kids | 123 | 11% |
| Men | 745 | 67% |
| Women | 239 | 22% |
| Grand Total | 1,107 | 100% |

Source: Company, Antique

Financials

Profit and loss account (INR mn)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|--|--------------|---------------|---------------|---------------|---------------|
| Net Revenue | 5,648 | 10,408 | 13,840 | 16,884 | 20,550 |
| Op. Expenses | 3,218 | 5,450 | 6,965 | 8,462 | 10,269 |
| EBITDA | 2,431 | 4,959 | 6,875 | 8,423 | 10,281 |
| Depreciation | 955 | 944 | 1,018 | 1,079 | 1,140 |
| EBIT | 1,475 | 4,015 | 5,857 | 7,343 | 9,141 |
| Other income | 602 | 499 | 349 | 367 | 385 |
| Interest Exp. | 258 | 284 | 312 | 340 | 340 |
| Reported PBT | 1,819 | 4,230 | 5,895 | 7,370 | 9,186 |
| Tax | 490 | 1,081 | 1,506 | 1,883 | 2,347 |
| Reported PAT | 1,329 | 3,149 | 4,388 | 5,487 | 6,838 |
| Minority Int./Profit (loss) from Asso. | (0) | (0) | (0) | (0) | (0) |
| Net Profit | 1,329 | 3,149 | 4,388 | 5,487 | 6,838 |
| Adjusted PAT | 1,329 | 3,149 | 4,388 | 5,487 | 6,838 |
| Adjusted EPS (INR) | 5.4 | 13.0 | 18.1 | 22.6 | 28.2 |

Balance sheet (INR mn)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|---|---------------|---------------|---------------|---------------|---------------|
| Share Capital | 248 | 242 | 242 | 242 | 242 |
| Reserves & Surplus | 10,666 | 10,585 | 13,759 | 18,033 | 23,658 |
| Networth | 10,914 | 10,827 | 14,002 | 18,275 | 23,900 |
| Net deferred Tax liabilities | 132 | 155 | 155 | 155 | 155 |
| Lease Liabilities | 2,104 | 2,787 | 2,787 | 2,787 | 2,787 |
| Capital Employed | 13,150 | 13,769 | 16,944 | 21,217 | 26,842 |
| Gross Fixed Assets | 6,345 | 7,845 | 8,345 | 8,845 | 9,345 |
| Accumulated Depreciation | 1,912 | 2,856 | 3,874 | 4,953 | 6,093 |
| Capital work in progress | 4 | 1 | 1 | 1 | 1 |
| Net Fixed Assets | 4,436 | 4,990 | 4,472 | 3,893 | 3,253 |
| Goodwill | 157 | 157 | 157 | 157 | 157 |
| Investments | 5,356 | 5,124 | 5,124 | 5,124 | 5,124 |
| Non Current Investments | 800 | 1,003 | 1,003 | 1,003 | 1,003 |
| Current Investments | 4,556 | 4,121 | 4,121 | 4,121 | 4,121 |
| Current Assets, Loans & Adv. | 6,292 | 7,400 | 11,333 | 16,399 | 22,921 |
| Inventory | 1,012 | 1,430 | 2,085 | 2,544 | 3,097 |
| Debtors | 3,612 | 3,967 | 5,877 | 7,170 | 8,727 |
| Cash & Bank balance | 71 | 39 | 1,407 | 4,721 | 9,134 |
| Loans & advances and others | 1,596 | 1,964 | 1,964 | 1,964 | 1,964 |
| Current Liabilities & Prov. | 3,091 | 3,915 | 4,156 | 4,369 | 4,626 |
| Liabilities | 3,062 | 3,881 | 4,122 | 4,335 | 4,592 |
| Provisions | 30 | 34 | 34 | 34 | 34 |
| Net Current Assets | 3,201 | 3,485 | 7,177 | 12,030 | 18,295 |
| Miscellaneous expenses | - | 13 | 13 | 13 | 13 |
| Application of Funds | 13,150 | 13,769 | 16,944 | 21,217 | 26,842 |

Per share data

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|----------------------------|------|------|-------|-------|-------|
| No. of shares (mn) | 248 | 242 | 242 | 242 | 242 |
| Diluted no. of shares (mn) | 248 | 242 | 242 | 242 | 242 |
| BVPS (INR) | 44.0 | 44.7 | 57.8 | 75.4 | 98.6 |
| CEPS (INR) | 2.8 | 2.8 | 2.8 | 2.8 | 2.8 |
| DPS (INR) | - | - | - | - | - |

Source: Company, Antique

Cash flow statement (INR mn)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| PBT | 1,819 | 4,230 | 5,895 | 7,370 | 9,186 |
| Depreciation & amortization | 955 | 944 | 1,018 | 1,079 | 1,140 |
| Interest expense | 258 | 284 | 312 | 340 | 340 |
| (Inc)/Dec in working capital | 399 | (450) | (2,325) | (1,538) | (1,852) |
| Tax paid | (345) | (1,090) | (1,506) | (1,883) | (2,347) |
| Less: Interest/Div. Income Recd. | (137) | (80) | - | - | - |
| Other operating Cash Flow | (424) | (328) | - | - | - |
| CF from operating activities | 2,526 | 3,510 | 3,394 | 5,368 | 6,467 |
| Capital expenditure | 151 | 109 | (500) | (500) | (500) |
| Inc/(Dec) in investments | (1,146) | 363 | - | - | - |
| Add: Interest/Div. Income Recd. | 111 | 92 | - | - | - |
| CF from investing activities | (884) | 565 | (500) | (500) | (500) |
| Inc/(Dec) in share capital | (1,084) | (3,313) | - | - | - |
| Others | (575) | (789) | (1,526) | (1,554) | (1,554) |
| CF from financing activities | (1,660) | (4,102) | (1,526) | (1,554) | (1,554) |
| Net cash flow | (18) | (27) | 1,368 | 3,314 | 4,413 |
| Opening balance | 89 | 66 | 38 | 1,407 | 4,721 |
| Closing balance | 71 | 39 | 1,407 | 4,721 | 9,134 |

Growth indicators (%)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------|-------|-------|-------|-------|-------|
| Revenue | -38.3 | 84.3 | 33.0 | 22.0 | 21.7 |
| EBITDA | -38.3 | 104.0 | 38.6 | 22.5 | 22.1 |
| Adj PAT | -43.8 | 137.0 | 39.3 | 25.0 | 24.6 |
| Adj EPS | -43.3 | 142.1 | 39.3 | 25.0 | 24.6 |

Valuation (x)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|--------------------|-------|------|-------|-------|-------|
| P/E (x) | 233.0 | 96.3 | 69.1 | 55.2 | 44.3 |
| P/BV (x) | 28.4 | 28.0 | 21.6 | 16.6 | 12.7 |
| EV/EBITDA (x) | 122.7 | 60.2 | 43.2 | 34.9 | 28.2 |
| EV/Sales (x) | 52.8 | 28.7 | 21.5 | 17.4 | 14.1 |
| Dividend Yield (%) | - | - | - | - | - |

Financial ratios

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|---------------------|-------|-------|-------|-------|-------|
| RoE (%) | 12.3 | 29.0 | 35.3 | 34.0 | 32.4 |
| RoCE (%) | 18.8 | 41.1 | 43.8 | 41.8 | 39.6 |
| Asset/T.O (x) | 0.7 | 1.2 | 1.2 | 1.1 | 1.0 |
| Net Debt/Equity (x) | (0.4) | (0.4) | (0.4) | (0.5) | (0.6) |
| EBIT/Interest (x) | 8.0 | 15.9 | 19.9 | 22.7 | 28.0 |

Margins (%)

| Year ended 31 Mar | FY21 | FY22 | FY23e | FY24e | FY25e |
|-------------------|------|------|-------|-------|-------|
| EBITDA Margin (%) | 43.0 | 47.6 | 49.7 | 49.9 | 50.0 |
| EBIT Margin (%) | 26.1 | 38.6 | 42.3 | 43.5 | 44.5 |
| PAT Margin (%) | 21.3 | 28.9 | 30.9 | 31.8 | 32.7 |

Source: Company Antique

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**Antique Stock Broking Limited**

ITI House
36, Dr. R.K. Shirodkar Marg
Parel (East), Mumbai 400012
Tel. : +91 22 6911 3300 / +91 22 6909 3600
www.antiquelimited.com