



## 3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive = Neutral - Negative			

## What has changed in 3R MATRIX

	Old		New
RS	✗	↔	✓
RQ	✗	↔	✓
RV	✗	↔	✓

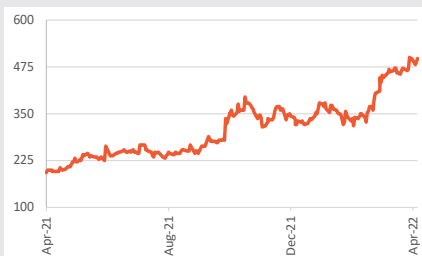
## Company details

Market cap:	Rs. 5,503 cr
52-week high/low:	Rs. 599 / 191
NSE volume: (No of shares)	3.85 lakh
BSE code:	532523
NSE code:	BIOCON
Free float: (No of shares)	3.8 cr

## Shareholding (%)

Promoters	65.6
FII	6.1
DII	19.8
Others	8.5

## Price chart



## Price performance

(%)	1m	3m	6m	12m
Absolute	8.2	55.7	45.9	151.2
Relative to Sensex	10.9	61.9	49.7	136.5

Sharekhan Research, Bloomberg

## Shoppers Stop Ltd

## Soft Q4; medium term growth outlook intact

## Consumer Discretionary

## Sharekhan code: SHOPERSTOP

Reco/View: Positive



CMP: Rs. 503

Upside potential: 16%



Upgrade



Maintain



Downgrade

## Summary

- Shoppers Stop Limited's (SSL's) Q4FY2022 was soft owing to emergence of the third COVID-19 wave that dragged down footfalls by 5%, which moderated the revenue growth and affected the margins.
- Revenues grew by ~6% y-o-y to Rs. 710 crore. EBITDA margins declined by 343 bps y-o-y, affected by lower sales in January and a one-off cost of Rs. 21 crore. Excluding the impact of Omicron and one-offs, the company would have posted EBITDA of Rs. 137 crore.
- Post a lull in January 2022, the company witnessed strong recovery from mid-February. It registered a growth of 40% y-o-y in March 2022 and double-digit growth momentum sustained in April. FY2023 will see strong performance in absence of COVID-led disruptions.
- Stock has seen strong run-up in the recent times and is currently trading at 9.7x and 7.6x its FY2023E/24E EV/EBITDA. We maintain our Positive view on the stock with a potential upside of 16% from current level.

Q4FY2022 was a soft quarter for Shoppers Stop (SSL) after a festive-led strong performance in Q3FY2022. Emergence of third COVID-19 wave put the brakes on growth momentum in January 2022. However, a strong recovery was seen from mid-February with strong consumer demand. In Q4, consolidated revenues grew by ~6% y-o-y to Rs. 710 crore mainly led by a 5% decline in the average footfalls. Gross margins marginally declined by 81 bps y-o-y to 40.1%, while EBITDA margin declined by 343 bps y-o-y to 10.8%. Decline in the EBITDA margins was mainly on account of lower sales for the first 45 days (impact of Rs. 40 crore on EBITDA) and one-off expenses of Rs. 21 crore. Excluding the one-offs and January COVID-led impact the EBITDA would have been Rs. 137 crore (ahead of pre-COVID levels EBITDA). Despite a soft Q4, there was no stress on balance sheet with net debt remaining almost nil.

## Key positives

- Post a weak January 2022, the company witnessed strong recovery of 40% in March 2022 (footfalls grew by 33%).
- Average selling price and average ticket value grew by 17% each.
- Private brands and the beauty segment registered a growth of 9% y-o-y each during the quarter.
- Net debt at zero level despite third wave disruption in Q4; Working capital reduction of Rs. 100 crore.

## Key negatives

- January and February saw footfalls decline by 25% and 8%, respectively.
- Lower sales in January hit EBITDA by Rs. 40 crore.

## Management Commentary

- As the third COVID wave's impact was short-lived, the company saw a strong recovery in February 2022 (sales reaching close to pre-COVID-19 levels) and March 2022 (saw a 40% growth). April witnessed growth momentum sustaining in double digits. Pent-up demand, improved footfalls and wardrobe reboot led by opening up of corporate offices at 100% capacity, opening up of education institutions and higher weekend travels will lead to strong double-digit growth in the revenues for FY2023.
- The company is banking on strategic pillars such as – 1) An increase in membership under First Citizen customers, 2) Rise in contribution from private labels and beauty products, and 3) higher sales through omni-channels to drive double-digit growth in the medium term. The company maintained its targets of doubling its revenues over the next four to five years.
- Increasing productivity at store level, improved revenue mix, and better operating leverage along with cost-saving initiatives would help profitability to consistently improve in the coming years. The company eyes EBITDA margins to beat pre-COVID levels in FY2023.
- SSL ended FY2022 with store count of 259 new stores (net addition stood at 14 stores). The company plans to add 27 stores in FY2023 (including 12 department stores).
- SSL undertook a capex of Rs. 100 crore in FY2022 (Rs. 46 crore in Q4FY2022). The company is planning to do capital expenditure of Rs. 200-210 crore in FY2023 (including Rs. 148 crore for new store addition, Rs. 53 crore for renovation, Rs. 10 crore for technology)
- As on 31st March, the company has Rs. 194 crore of debt on its books (no increase in debt q-o-q) and cash & investments of Rs. 178 crore. There was a significant reduction in working capital of Rs. 100 crore in Q4FY2022, which aided the balance sheet to remain strong in Q4. With expected strong revenue growth and improvement in the profitability, the operating cash flows are expected to further improve and the company will be net-cash positive in FY2023.

**Revision in estimates** – We have fine-tuned our estimates for FY2023 and FY2024 to factor in the impact of lower than expected performance in Q4FY2022.

## Our Call

**View: Retain Positive stance with potential upside of 16%:** The Omicron variant of COVID-19 put a break on SSL's strong recovery in Q4. The company expects accelerated growth in the coming years, driven by robust recovery in the performance of existing stores, accelerated small-size store expansion, higher sales through the omni channel, growth in the private-label mix (likely to be 25% over the next five years), and increased focus on high-growth beauty business. Management is eyeing revenue to double over the next five years. Profitability would consistently improve because of better operating leverage. Thus, SSL is transforming itself into a consistent growth story in the retail space with a strong focus on strengthening its balance sheet. The stock is currently trading at 9.7x and 7.6x its FY2023E/FY2024E EV/EBITDA. We maintain our Positive view on the stock with a potential upside of 16% over the next twelve months.

## Key Risks

Any slow recovery from the impact of the third wave of COVID-19 will have a significant impact on FY2023/FY2024 earnings estimates.

## Valuation (Standalone)

Rs cr

Particulars	FY21	FY22	FY23E	FY24E
Revenue	1725.1	2493.8	3727.8	4126.9
EBITDA margin (%)	3.1	10.7	17.1	18.7
Adjusted PAT	-275.3	-86.7	55.9	163.9
Adjusted EPS (Rs.)	-23.1	-6.5	5.1	15.0
P/E (x)	-	-	98.4	33.6
EV/EBITDA (x)	27.3	17.1	9.7	7.6
RoNW (%)	-	-	44.3	69.4
RoCE (%)	-	2.4	8.8	13.4

Source: Company; Sharekhan estimates

## Muted Q4 with revenue growth at 5.8% y-o-y; margins declined y-o-y

Shoppers Stop (SSL) standalone revenue grew by 5.8% y-o-y to Rs. 709.9 crore. This was mainly led by a significant drop in footfalls in January due to emergence of third COVID-19 wave, which saw recovery from mid-February. Footfalls were lower by 5% y-o-y in Q4FY2022. The Average Selling Price (ASP) improved by 17% y-o-y and the Average Transaction Value (ATV) by 17% y-o-y in Q4FY22, primarily due to premiumisation. Private Brands and Beauty Segment revenue grew by 9% y-o-y, each while E-commerce sales continued to grow, registering a growth of 5% y-o-y. Gross margins marginally declined by 81 bps y-o-y to 40.1% while EBITDA margin declined by 343 bps y-o-y to 10.8%. Decline in the EBITDA margin was mainly on account lower sales for first 45 days (impact of Rs. 40 crore on EBITDA) and one-off expenses of Rs. 21 crore. Excluding the one-offs and January COVID led impact, the EBITDA would have been Rs. 137 crore (ahead of pre-COVID levels EBITDA) as against reported EBITDA of Rs. 76.7 crore. The company reported a loss of Rs. 16.1 crore in Q4FY2022 against a loss of Rs. 24.7 crore in Q4FY2021. Working capital reduction in Q4 amounted to Rs. 100 crore. The company opened 19 new stores during the quarter and incurred a capex of Rs. 46 crore in Q4FY2022. Despite disrupted quarter, the net debt on books stood negligible on the balance sheet.

For FY2022, revenue grew by 44.6% y-o-y to Rs. 2,493.8 crore on the back of strong recovery due to easing off restrictions, the return-to-office trend and the higher customer footfalls. Private Brands revenue grew by 45% y-o-y. Beauty Segment revenue was up by 55% y-o-y while E-commerce sales grew by 59% y-o-y. Overall customer footfall increased by 56% y-o-y in FY22. The ASP also gained 18% y-o-y and the ATV improved by 15% y-o-y. EBITDA margin improved to 10.1% in FY2022 from 3.1% in FY2021 on back of higher volumes, better operating leverage, cost rationalization, store optimization, prudent inventory management. EBITDA was reported at Rs. 267.5 crore, up from Rs. 53.4 crore. The company reported a loss of Rs. 71.7 crore in FY2022 against a loss of Rs. 252.9 crore in FY2021.

## Key performance highlights of strategic pillars

- ♦ **First Citizen continues to be a strong pillar:** The First Citizen program grew by 5% y-o-y contributing 76.2% to overall sales with 8.7 million users at the end of FY2022. Loyalty Customers continued to demonstrate a strong growth trajectory, with offline accounting for 79% (up by 191 bps) of sales and online 37% (up by 561 bps). Repeat purchases from the First Citizen customers registered at 63%. The ATV for the First Citizen customers grew by 12% y-o-y. Sales from First Citizen Black Card customers performed well with a contribution of 9% (+154 bps vs FY21); the First Citizen Black Card customers' yearly spend was typically five times that of the First Citizen members.
- ♦ **Private brands delivered good performance:** Private brands reported revenue of Rs. 117 crore in Q4FY2022, up 9.4% y-o-y from Rs. 107 crore in Q4FY2021. Private brands' contribution to overall business was at 13.2%, while it contributed 20% to online sales and contribution to apparels was 19%. Kids category continued to perform with value growth at 40% y-o-y and volume growth at 20% y-o-y. Womens' Indian wear brand Kashish grew by 56% y-o-y. Women Western registered robust growth on the back of 83% y-o-y growth in Insense (Sleepwear) brand and 27% y-o-y growth in Fratini brand. Casuals and bottomwear were added to men's Indianwear brand Bandeya, which registered 52% y-o-y growth.
- ♦ **Beauty brands to scale up going ahead:** Revenue from beauty brands came in at Rs. 157 crore during the quarter, up from Rs. 144 crore in Q4FY2021, growing by 9.1% y-o-y and contributing 17.6% to sales against 17.4% in Q4FY2021. SSL launched 24 new brands in Q4 (74 brands in FY2022). Arcelia, the private brand in the beauty segment, launched over 60 SKUs of nail range and over 25 SKUs of accessories. Another 100+ SKUs of makeup and bath/body are expected to be launched in Q1FY23. Fragrance accounts for 25% and make-up 19% of the beauty sales mix. The company anticipates the beauty segment to do well as soon as the mask requirements are lifted. The company aims to scale up its beauty brands and improve margins by adding more profitable brands, negotiating terms with partners and reduce the logistics cost. SSL plans to add 10 beauty stores in FY23.

- ♦ **Omni channel continues its growth momentum:** Omni channel sales grew by 5.1% y-o-y to Rs. 54 crore, up from Rs. 51 crore in Q4FY2021 with contribution to sales stable at 6%. SSL has invested Rs. 53 crore in FY2022 on omni-channel and technology. This will help to enhance availability, drive sales, traffic, and integrate digital points. 6.4 lakh people downloaded the mobile app in Q4 with cumulative app downloads at 14 million.
- ♦ **Better customer engagement through Personal Shoppers programme:** Contribution from personal shoppers stood at 11% with average ticket size reported at 3x for this segment. SSL continues to offer a unique experience to its customers through the Personal Shoppers programme with 200 trained personal shoppers providing a delightful customer experience.

### Key takeaways of the conference call

- ♦ **Disrupted Q4 due to Omicron wave; March-April delivered double digit growth:** Omicron affected January sales (2nd highest month for retail), with revenue down by 15% in January. Recovery was seen in February with sales growing by 7% in February and by 40% in March. Customer Footfall, particularly in 2nd half of Q4 witnessed sharp recovery to near pre-pandemic levels driven by increased consumer activities across official and social events. SSL has taken price increase of 8-9% in January 2022 to mitigate the impact of rise in the key input prices. The company has not seen any impact of price increases on its sales volume in the inflationary environment. Higher contribution from First Citizen customers, premium assortment available in stores and consumer sticking to top brands is helping the company to navigate inflationary pressures.
- ♦ **Tie-up with top private bank to expand reach:** SSL launched a co-branded credit card in partnership with HDFC Bank that is expected to bring unmatched benefits HDFC and Shoppers Stop customers, while improving customer retention and business revenue. The card will be available in two variants, Shoppers Stop-HDFC credit card and Shoppers Stop HDFC Black credit card with the black card having higher points & benefits.
- ♦ **Robust store expansion continued:** SSL continued investments in opening new stores and renovating existing ones at a capex of Rs. 46 crore in Q4 and Rs. 101 crore for FY2022. SSL opened 19 stores (5 on departmental and 4 standalone beauty stores, eight shop-in-shop beauty stores and 2 airport) during Q4 while 24 stores opened during the year (eight departmental and 16 Beauty/Airport). The company plans to add another 27 stores in FY23 (12 departmental and 15 Beauty/Airport). Six stores, currently under fit-out, are expected to open in the Q1FY23. 3 stores were renovated during Q4 and 9 stores during FY2022. SSL plans to renovate another 8 Department stores in FY23. As on March 2022, including new stores opened and renovations done in last three years, 40% of SSL's department Stores are with new identity. This will be close to 54% for FY23. The company incurred an operating expenditure of Rs. 13 crore for Omnichannel in Q4FY22 and Rs. 53 crore in FY2022. The capex has been funded by internal accruals.
- ♦ **Synergies from integration with "Unicommerce":** SSL entered into a strategic partnership with Unicommerce, India's largest e-commerce focused SaaS platform, to enable brands to sell swiftly through Shoppersstop.com, leading to operational efficiency and elevating the post-purchase experience for the end consumers. As part of this collaboration, Unicommerce will empower leading brands with a technology platform to manage their orders from Shoppersstop.com and other marketplaces on a centralized platform to further extend their consumer reach leading to business growth. With emphasis on omni-channel strategy, Shoppers Stop is focusing on giving customers a seamless experience from discovery to check-out. The Unicommerce technology solutions will help its partner brands to streamline their supply-chain by providing full visibility of inventory, product movement across the value chain and enabling them to expedite order processing leading to faster deliveries and happy customers. SSL has roped in Unicommerce as middle-tier for improving the assortments at store level and reduce working

capital in long run.

- ♦ **Eyeing higher gross margins:** Gross margins will improve in the coming years as the company expects the contribution from private labels to increase to 25% from current 13%. However large savings will be utilised for promotional and brand building strategy in the near term.
- ♦ **Appointment of Chief Content Developer to improve brand prospects:** Madhavi Irani has joined the company as customer care associate and chief of content and Webcom officer from April 1, 2022. She will curate and build brand's content-to-commerce strategy, which will drive the customer engagement, loyalty, and revenue. Her experience working with companies such as Nykaa and Lenskart will help SSL's omni channel and beauty business to scale-up faster in the coming years.
- ♦ **Improving store dynamics:** Store dynamics of new stores and renovated stores is much better compared to some of the company's legacy stores. New /renovated store size is less at around 25,000-30,000 sq. ft. per store compared to 35,000-40,000 sq. ft. store size for legacy stores, which helps in reduction in lease cost and productivity is better than the large size stores. Thus the payback period of new stores is 2-2.5 years which is less compared to large size legacy store of 3.5-4 years.
- ♦ **Debt reduction on track:** As on March 31, 2022, the company has Rs. 194 crore of debt on its books (no increase in debt q-o-q) and cash & investments of Rs. 178 crore. There was significant reduction in working capital of Rs. 100 crore in Q4FY2022, which aided the balance sheet to remain strong in Q4. With expected strong revenue growth and improvement in the profitability, the operating cash flows are expected to further improve and the company will be net cash positive in FY2023. The company will reduce debt by Rs. 75-80 crore in FY2023. Further, the cash generation through operations will be utilised for addition of new stores and renovation of existing stores. Also the company will continue to invest around Rs. 40-50 crore in the form operating expenditure to improve its omni channel platform.

#### Results (Standalone)

Particulars	Q4FY22	Q4FY21	Y-o-Y %	Q3FY22	Q-o-Q %
<b>Total revenue</b>	<b>709.9</b>	<b>671.2</b>	<b>5.8</b>	<b>951.3</b>	<b>-25.4</b>
Raw material cost	425.0	396.4	7.2	564.6	-24.7
Employee cost	75.4	62.2	21.2	68.2	10.6
Other expenses	132.8	117.0	13.5	135.6	-2.1
Total operating cost	633.2	575.6	10.0	768.3	-17.6
<b>EBITDA</b>	<b>76.7</b>	<b>95.6</b>	<b>-19.7</b>	<b>182.9</b>	<b>-58.1</b>
Other income	19.8	20.7	-4.2	14.6	36.0
Interest & other financial cost	52.8	50.5	4.6	49.7	6.2
Depreciation	92.7	90.6	2.4	81.2	14.2
Profit before tax	-49.0	-24.8	97.3	66.6	-173.6
Tax	-32.9	-0.1	-	16.4	-300.7
<b>Adjusted PAT after tax</b>	<b>-16.1</b>	<b>-24.7</b>	<b>-34.8</b>	<b>50.2</b>	<b>-132.1</b>
Extraordinary item	0.0	12.4	-	0.0	-
<b>Reported PAT</b>	<b>-16.1</b>	<b>-37.1</b>	<b>-56.6</b>	<b>50.2</b>	<b>-132.1</b>
Adjusted EPS (Rs. )	-1.5	-2.3	-34.9	4.6	-132.1
			bps		bps
GPM (%)	40.1	40.9	-81	40.6	-51
EBITDA margin (%)	10.8	14.2	-343	19.2	-842
NPM (%)	-2.3	-3.7	141	5.3	-754
Tax rate (%)	67.1	0.6	-	24.6	-

Source: Company; Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Medium-long term growth intact

After strong Q3FY2022, retail companies were hoping for momentum to sustain in Q4. However, emergence of the third COVID-19 wave had affected retail companies' performance due to lower footfalls and restrictions imposed on store operations in various states. Nevertheless, the third wave was short lived and companies started witnessing recovery from mid-February 2022. High inflation and global uncertainties will play on consumer sentiments in the near term despite receding pandemic risk. Drivers such as improved footfalls, postponement of the wedding season, and corporates/institutions operating at full capacity will help demand for discretionary products to remain high in the coming quarters. Store-level efficiencies, stringent cost control, and negotiation with landlords would help operational cost to remain under control. We believe changing aspirations, higher sales through the e-commerce platform, and expansion in retail footprints in tier-3 and tier-4 towns would help keeping the medium-long term structural story of the retail industry in India intact.

### ■ Company Outlook – Strong prospects for FY23

SSL's business was disrupted in Q4FY2022 due to the partial lockdowns caused by the Omicron COVID wave in January, but witnessed a quick recovery in second half of the quarter. Pent-up demand would lead to strong recovery in the quarters ahead. SSSG growth to be at high single digit to low double digit in the medium term. We expect SSL to cross FY2020 revenue in FY2023 in the stable business environment. An improvement in gross margin and cost-saving initiatives coupled with better operating leverage would drive up EBITDA margin. FY23 is expected to deliver good performance led by network expansion and marketing campaigns.

### ■ Valuation – Retain Positive stance with potential upside of 16%

The Omicron variant of COVID-19 put a break on SSL's strong recovery in Q4. The company expects accelerated growth in the coming years, driven by robust recovery in the performance of existing stores, accelerated small-size store expansion, higher sales through the omni channel, growth in the private-label mix (likely to be 25% over the next five years), and increased focus on high-growth beauty business. Management is eyeing revenue to double over the next five years. Profitability would consistently improve because of better operating leverage. Thus, SSL is transforming itself into a consistent growth story in the retail space with a strong focus on strengthening its balance sheet. The stock is currently trading at 9.7x and 7.6x its FY2023E/ FY2024E EV/EBITDA. We maintain our Positive view on the stock with a potential upside of 16% over the next twelve months.

#### Peer Comparison

Particulars	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Aditya Birla Fashion	-	91.4	49.5	29.3	19.0	14.8	1.0	8.9	14.0
Trent	-	-	71.0	47.9	33.6	26.4	9.6	12.1	15.9
Shoppers Stop	-	98.4	33.6	17.1	9.7	7.6	2.4	8.8	13.4

Source: Company, Sharekhan estimates

## About company

SSL is India's leading premier retailer of fashion and beauty brands established in 1991. The company has progressed from being a single brand shop to a fashion and lifestyle store for families. An experienced, professional management supported by world-class systems and practices and a talented pool of associates with a shared passion for making every shopper's visit memorable have helped SSL to grow from a single store in 1991 to the largest chain of department stores in India. SSL has 88 department stores in 46 cities. The company also operates premium home concept stores (11 Stores), 136 specialty beauty stores of M.A.C, Estée Lauder, Bobbi Brown, Clinique, Smash box, Jo Malone and Arcelia, and 24 airport doors, occupying an area of 4.47 mn sq. ft.

## Investment theme

With a CEO at the helm, the company is focusing on gaining its lost ground in the next two to three years. Higher sales from private labels, repeat sales from First Citizen customers, and new store addition with lower store size (25,000-30,000 sq. ft.) will help the company to achieve strong revenue growth with improved footfalls in the coming years. This along with cost-saving initiatives would help profitability to substantially improve by FY2023. Recent fund-raising through a rights issue aided the company to become debt-free in FY2021.

## Key Risks

- ♦ Slow recovery in footfalls due to any addition in cases in the coming quarters will act as a key risk to our earnings estimates in the near to medium term.
- ♦ Increased share of private labels is one of the key growth pillars for the company. Any sluggish increase in contribution of private labels would result in unfavourable mix.

## Additional Data

### Key management personnel

B.S Nagesh	Chairman and Non-Executive Director
Venugopal G Nair	MD and CEO
Karunakaran Mohanasundaram	Chief Financial Officer
Vijay Kumar Gupta	Company Secretary and Compliance Officer

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Aditya Birla Sun Life AMC Ltd	6.49
2	Nippon Life India AMC	5.59
3	Amazon.com NV Investment Holding	4.01
4	DSP investment managers Pvt Ltd	2.75
5	Kotak Mahindra AMC	1.4
6	Aryanman Capital Markets	1.19
7	ICICI Prudential Life Insurance Co.	1.01
8	Aditya Birla Sun Life Insurance	0.89
9	Nagesh B S	0.61
10	BNP Paribas AMC India	0.42

Source: Bloomberg

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.



## Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

# Sharekhan

by BNP PARIBAS

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