

4 August 2024

Arvind Fashions

Good start to FY25; maintaining a Buy

Rating: **Buy**

Target Price (12-mth): Rs.632

Share Price: Rs.503

Despite an unfavourable market (heat and elections), Arvind Fashions began FY25 well, with ~10/24% y/y Q1 sales/EBITDA growth. Sales were in line with ARc, the higher, 12.1%, EBITDA margin led by a better gross margin. Reported PAT was Rs138m while PAT post-minority at Rs13m as minority interest grew 6% y/y to Rs126m. Tommy Hilfiger, Calvin Klein (brands, part of the subsidiary) are benefiting from the premiumisation trend. The company's own brands' profits rose over Q2-Q4 FY24 and it expects the trend to endure. Net debt fell q/q to Rs2.25bn (Rs2.98bn at end-FY24). 13 EBOs net (45,000 sq.ft.) were added in Q1, to total 944 EBOs across 1.12m sq.ft. Guidance was retained to expand sq.ft. at a ~15% CAGR. Revenue would rise ~10% in FY25; margins, 100bps y/y. Our estimates are largely unchanged. We expect 12/22% sales/EBITDA CAGRs over FY24-26, led by retail expansion, healthy growth, adjacency ramp-ups, cost efficiencies and operating leverage. We retain a Buy, with a TP of Rs632, 12x FY26e EV/ EBITDA.

In-line sales, EBITDA margin up. Q1 sales rose 10.2% y/y, driven by 1.5% like-to-like growth amid a subdued market. The gross margin rose 83bps y/y to 55.2% due to the focus on full price sell-throughs and product cost efficiencies. The EBITDA margin grew 131bps y/y to 12.1% led by the higher gross margin and good cost control. Minority interest was Rs126m (vs. Rs119m a year ago). Reported PAT grew to Rs138m (vs. a Rs47m loss a year back) and PAT post-minority interest was Rs13m (vs. a Rs164m net loss).

Continued network expansion, lower net debt. Retail channel sales fell 4% y/y and brought 44% to sales (46% a year ago). The wholesale channel grew 39% y/y, with the MBO channel up 15% y/y, its share at 32% (23%). Online & Others fell 23% y/y, bringing 24% to sales (31%). Net debt fell to ~Rs2.25bn (~Rs3.97bn in FY24), to rise in Q2 because of seasonality. Net WC days were stable at 59. Inventory turns were ~4x; inventory days, down three.

Valuation. We retain our Buy, with an unchanged 12-mth Rs632 TP, 12x FY26e EV/ EBITDA. **Risks:** Keen competition; less consumption.

Key financials (YE Mar)	FY22	FY23	FY24	FY25e	FY26e
Sales (Rs m)	30,560	40,695	42,591	46,883	53,212
Net profit (Rs m)	(2,674)	367	806	1,470	2,339
EPS (Rs)	(20.2)	2.8	6.1	11.1	17.7
P/E (x)	NA	100.8	74.3	45.2	28.4
EV / EBITDA (x)	25.6	11.3	13.7	12.2	9.7
P/BV (x)	5.0	4.1	6.0	5.4	4.3
RoE (%)	(14.4)	11.2	9.3	16.7	20.5
RoCE (%)	(3.5)	10.6	10.9	16.0	20.2
Dividend yield (%)	-	0.2	0.2	-	-
Net debt / equity (x)	0.5	0.4	0.3	0.2	0.0

Source: Company, Anand Rathi Research

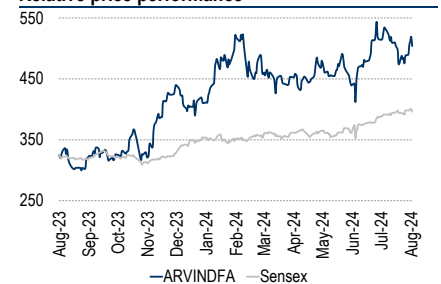
Note: Ind-AS 116 changes included *FY24 onwards does not include Sephora and other dormant brands

Key data	ARVINDFA IN
52-week high / low	Rs.600 / 298
Sensex / Nifty	80.982 / 24.718
3-m average volume	\$4.2m
Market cap	Rs.67bn / \$803m
Shares outstanding	133m

Shareholding pattern (%)	Jun'24	Mar'24	Dec'23
Promoters	35.2	36.8	36.8
- of which, Pledged	8.3	8.0	8.0
Free float	64.8	63.2	63.2
- Foreign institutions	15.6	15.7	16.8
- Domestic institutions	11.9	10.7	8.4
- Public	37.3	36.8	38.1

Estimates revision (%)	FY25	FY26
Sales	0.0	0.0
EBITDA	0.0	0.0
EPS	1.6	3.0

Relative price performance



Source: Bloomberg

Vaishnavi Mandhaniya
Research Analyst

Shreya Baheti
Research Associate

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Net revenues	30,560	40,695	42,591	46,883	53,212
<i>Growth (%)</i>	59.8	33.2	4.7	10.1	13.5
Direct costs	17,098	20,667	20,371	21,941	24,797
SG&A	11,661	15,798	17,115	18,743	20,831
EBITDA	1,802	4,230	5,105	6,198	7,584
<i>EBITDA margins (%)</i>	5.9	10.4	12.0	13.2	14.3
Depreciation	2,330	2,031	2,301	2,502	2,708
Other income	669	503	337	337	337
Interest expenses	1,239	1,210	1,442	1,083	918
PBT	(1,099)	1,493	1,700	2,951	4,296
<i>Effective tax rates (%)</i>	5.3	26.8	34.9	26.3	25.0
+ Associates / (Minorities)	(307)	(503)	(565)	(706)	(882)
Net income	(2,674)	367	806	1,470	2,339
Adjusted income	(1,348)	590	501	1,468	2,339
WANS	132	132	132	132	132
FDEPS (Rs)	-20.2	2.8	6.1	11.1	17.7
<i>FDEPS growth (%)</i>	NM	NM	119.7	82.2	59.2
<i>Gross margins (%)</i>	44.1	49.2	52.2	53.2	53.4

Note: Ind-AS 116 changes included

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
PBT (adj. for int. exp / other inc.)	(1,068)	2,498	3,302	4,034	5,214
+ Non-cash items	1,752	2,063	1,698	2,502	2,708
Oper. prof. before WC	684	4,561	4,999	6,536	7,922
- Incr. / (decr.) in WC	(2,435)	955	31	1,496	1,314
Others incl. taxes	118	433	627	777	1,074
Operating cash-flow	3,001	3,173	4,342	4,263	5,534
- Capex (tang. + intang.)	(166)	360	801	900	900
Free cash-flow	3,167	2,812	3,541	3,363	4,634
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)	-	-	626	-	-
+ Equity raised	4,948	54	23	-	-
+ Debt raised	(4,413)	959	(1,316)	(1,300)	(2,000)
- Fin investments	-	-	(4)	-	-
- Misc. (CFI + CFF)	2,878	2,915	1,878	2,896	2,731
Net cash-flow	861	954	(323)	(833)	(97)

Source: Company, Anand Rathi Research Note: Ind-AS 116 changes included **FY24 onwards does not include Sephora and other dormant brands

Fig 5 – Price movement


Source: Bloomberg

Fig 2 – Balance sheet (Rs m)

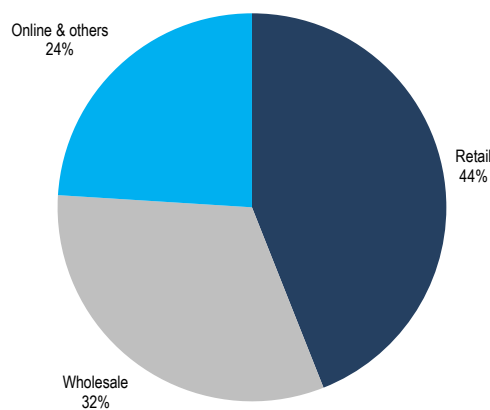
Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
Share capital	530	531	532	532	532
Net worth	7,503	9,096	10,033	12,207	15,429
Debt	5,017	5,977	4,661	3,361	1,361
Minority interest	1,002	1,826	1,891	1,891	1,891
DTL / (Assets) *	452	2,554	2,926	2,926	2,926
Capital employed	13,973	19,453	19,511	20,385	21,607
Net tangible assets **	5,012	7,131	7,493	7,704	7,708
Net intangible assets	489	406	355	355	355
Goodwill	1,112	1,112	1,112	1,112	1,112
CWIP (tang. & intang.)	-	21	39	39	39
Investments (strategic)	-	-	-	-	-
Investments (financial)	-	-	-	-	-
Current assets (excl. cash)	19,310	20,768	20,192	25,063	27,716
Cash	1,050	2,003	1,680	847	750
Current liabilities	13,000	11,988	11,360	14,735	16,074
Working capital	6,310	8,779	8,832	10,328	11,642
Capital deployed	13,973	19,453	19,511	20,385	21,607

Note: Ind-AS 116 changes included * includes lease liabilities ** includes RoU

Fig 4 – Ratio analysis

Year-end: Mar	FY22	FY23	FY24	FY25e	FY26e
P/E (x)	NA	100.8	74.3	45.2	28.4
EV / EBITDA (x)	25.6	11.3	13.7	12.2	9.7
EV / Sales (x)	1.5	1.2	1.6	1.6	1.4
P/B (x)	5.0	4.1	6.0	5.4	4.3
RoE (%)	(14.4)	11.2	9.3	16.7	20.5
RoCE (%) - after tax	(3.5)	10.6	10.9	16.0	20.2
RoIC (%) - after tax	(1.6)	4.6	5.3	6.9	8.7
DPS (Rs)	-	1.0	1.3	-	-
Dividend yield (%)	-	0.2	0.2	-	-
Dividend payout (%) - incl. DDT	-	36.0	20.5	-	-
Net debt / equity (x)	0.5	0.4	0.3	0.2	0.0
Receivables (days)	68	50	55	55	55
Inventory (days)	99	88	78	85	80
Payables (days)	125	91	80	98	94
CFO : PAT %	(222.7)	537.7	866.3	290.4	236.6

Source: Company, Anand Rathi Research Note: Ind-AS 116 changes included *FY24 onwards does not include Sephora and other dormant brands

Fig 6 – Channel mix, Q1 FY25


Source: Company *Wholesale includes MBO and departmental stores

Financial Highlights

Arvind Fashions' Q1 consolidated revenue grew 10.2% y/y to Rs9.5bn. The gross margin expanded 83bps y/y to 55.2% on the focus on full price sell-throughs and product cost efficiencies. Employee/other expenses grew 14.4/8% y/y. EBITDA rose 23.6% y/y to Rs1.2bn, the EBITDA margin 131bps y/y to 12.1% because of the higher gross margin and strong cost control. Depreciation/interest expense rose 12.1/10.8%, while other income fell ~23%. PBT grew 67% y/y to Rs236m. Tax was Rs98m (vs. Rs188m a year ago). Minority interest was Rs126m (vs. Rs119m). The loss from discontinued operations was Rs1.4m (vs. Rs1.2m). PAT was Rs13m (vs. Rs164m net loss a year back).

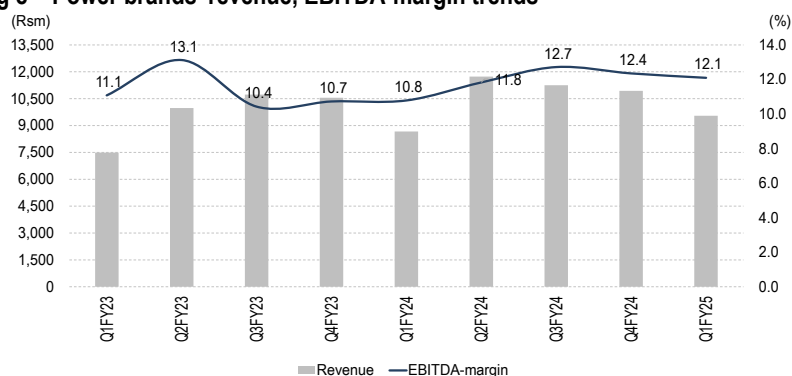
Net debt was Rs2,250m (Rs2,981m in FY24).

Fig 7 – Quarterly and full-year results

(Rs m)	Q1 FY25	Q1 FY24	Y/Y (%)	Q4 FY24	Q/Q (%)	FY24	FY23	Y/Y (%)
Revenues	9,548	8,667	10.2	10,939	(12.7)	42,591	40,695	4.7
Cost of revenues	4,274	3,951	8.2	5,342	(20.0)	20,371	20,667	(1.4)
Gross margins (%)	55.2	54.4	83 bps	51.2	408 bps	52.2	49.2	296 bps
Employee expenses	664	581	14.4	713	(6.9)	2,601	2,440	6.6
Other operating expenses	3,456	3,201	8.0	3,532	(2.2)	14,514	13,358	8.7
EBITDA	1,155	935	23.6	1,351	(14.5)	5,105	4,230	20.7
EBITDA margins (%)	12.1	10.8	131 bps	12.4	-26 bps	12.0	10.4	159 bps
Depreciation	613	546	12.1	591	3.7	2,301	2,031	13.3
EBIT	543	388	39.7	760	(28.6)	2,805	2,199	27.5
Interest expenses	381	344	10.8	354	7.5	1,442	1,210	19.2
Other income	75	97	(22.9)	130	(42.6)	337	503	(33.0)
Exceptional items	-	-	NA	-	NA	(62)	-	NA
PBT	236	141	67.1	536	(56.0)	1,638	1,493	9.7
Income taxes	98	188	(47.7)	134	(26.6)	573	401	42.9
Effective tax rates (%)	41.6	132.9	NA	25.0	NA	34.9	26.8	NA
Non-controlling interest	(126)	(119)	5.9	(154)	(17.9)	(565)	(503)	12.4
Discontinued operations	1	1	16.7	(5)	NA	305	(223)	NA
PAT	13	(164)	NA	243	NA	806	367	119.7

Source: Company Note: All figures are adjusted for discontinuation of Sephora and other dormant brands

Fig 8 – Power brands' revenue, EBITDA-margin trends



Source: Company. Note includes Calvin Klein from Q3 FY23

Other highlights

- **Channel-wise.** The wholesale channel grew a healthy 15% y/y (more than retail). This helped deliver a 1% higher wholesale mix at 24% (23% a year back). Online D2C grew ~60% y/y, improving its share in overall revenue to 25% while maintaining profitability.
- **Gross margins.** EoSS were postponed to end-Jun to boost full-price sales and margins, emphasizing customer experience over EoSS-driven demand. This strategy, along with higher price realisations, volumes, and controlled discounting expanded the quarter's gross margin ~80bps to 55.2%.
- **US Polo's Q1 performance** was good: double-digit EBITDA margin and revenue growth. Adjacent categories now account for over 30% of sales. The brand is on track to surpass Hilfiger and Klein in key financial metrics in the medium term, owing to its strong performance. Plans include opening more flagship stores and expanding to tier-2 cities and tier-3 towns through department stores and MBOs to drive further growth.
- **Tommy Hilfiger and Calvin Klein** brands thrived on India's premiumisation trend; the former's sixty stores were converted to the COCO model, with further expansions planned, all funded by robust cashflows.
- **Arrow** experienced low to moderate demand this quarter, resulting in a low single-digit EBITDA margin in Q1. Despite limited wedding dates in FY25, the brand aims at mid-single-digit EBITDA margins in the medium term. A mega marketing event for the 'Super Premium 1851 Line' with Hrithik Roshan and GQ garnered significant social media attention, with plans to open more stores to achieve targeted margins.
- **Flying Machine** is near breakeven, looking at mid-single-digit EBITDA margins ahead. Green shoots are visible this season, with strong online channel growth and new stores in popular Delhi malls bolstering its trajectory, similar to where Arrow was a year ago.
- **Net debt** fell q/q to Rs2,250m (vs. Rs2,981m in FY24). Management expects debt to grow Rs500m in Q2 due to the coming festival season.
- **Outlook.** The company aims at 10% revenue growth in FY25 (and 12-15% in the near term). It plans to expand retail square footage by 15% annually and targets EBITDA margin expansion of ~100bps ahead. It expects to incur Rs1,000m capex in FY25 on Tommy Hilfiger store openings, store renovation and IT capex.

Change in estimates

We maintain our revenue and EBITDA estimates. Our PAT estimates are higher on updating figures from the FY24 annual report.

Fig 9 – Change in estimates

(Rs m)	Old		New		Change (%)	
	FY25e	FY26e	FY25e	FY26e	FY25	FY26
Revenue	46,883	53,212	46,883	53,212	0.0	0.0
EBITDA	6,198	7,584	6,198	7,584	0.0	0.0
PAT	1,447	2,271	1,468	2,339	1.5	3.0
EPS (Rs)	10.9	17.2	11.1	17.7	1.6	3.0

Source: Anand Rathi Research

Valuation

We maintain our Buy rating with an unchanged TP of Rs632, 12x FY26e EV/EBITDA.

Fig 10 – Valuation summary

(Rs m)	FY26e
EBITDA	7,584
Target multiple (x)	12.0
Enterprise value	91,013
Gross debt	8,179
Cash balance	750
Market cap	83,584
No. of shares (m)	132.3
TP (Rs)	632
CMP (Rs)	503
Upside / (downside) %	25.7%

Source: Anand Rathi Research. Note: Estimates are adjusted for IND-AS 116, * Debt includes lease liabilities

Fig 11 – Valuation parameters

	FY22	FY23	FY24	FY25e	FY26e
P/E (x)	NA	100.8	74.3	45.2	28.4
EV / EBITDA (x)	25.6	11.3	13.7	12.2	9.7
EV / Sales (x)	1.5	1.2	1.6	1.6	1.4
RoE (%)	(14.4)	11.2	9.3	16.7	20.5
RoCE (%)	(3.5)	10.6	10.9	16.0	20.2

Source: Anand Rathi Research Note: FY24 does not include Sephora and other dormant brands

Risks

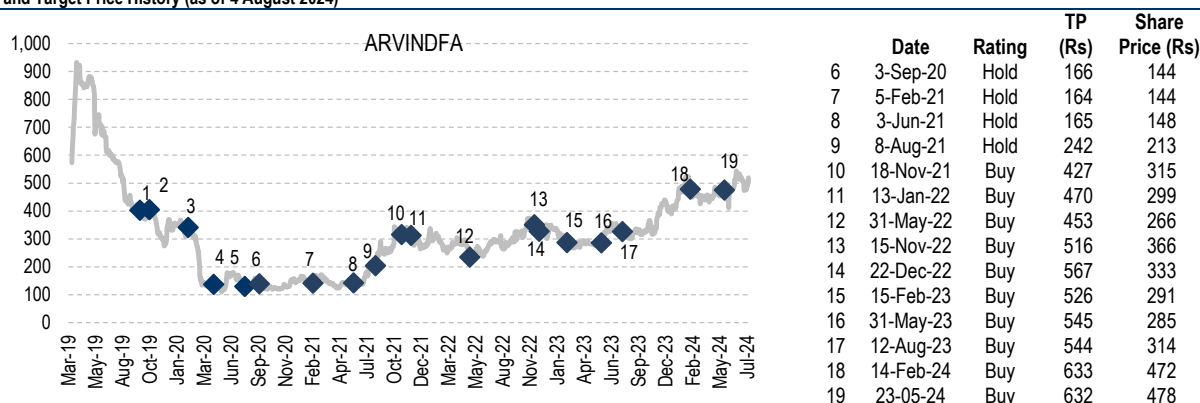
- **Keener competition.** On entry of foreign brands, keener competition in India could be a key threat.
- **Lower consumption.** Lethargic consumer sentiment and constrained discretionary spends could dent revenue growth.

Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies Rating and Target Price History (as of 4 August 2024)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL), Metropolitan Stock Exchange of India Ltd. (MSE), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

Research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2024. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Additional information on recommended securities/instruments is available on request.

Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000

Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.