

Arvind Fashions

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	ARVINDFA IN
Equity Shares (m)	134
M.Cap.(INRb)/(USDb)	60.9 / 0.7
52-Week Range (INR)	579 / 320
1, 6, 12 Rel. Per (%)	-9/-18/-15
12M Avg Val (INR M)	179

Financials & Valuations Consol (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	52.4	59.4	66.1
EBITDA	6.9	8.3	9.5
Adj. PAT	1.0	1.9	2.4
EBITDA Margin (%)	13.1	14.1	14.4
Adj. EPS (INR)	7.6	13.9	17.9
EPS Gr. (%)	NM	83.3	29.0
BV/Sh. (INR)	95.0	104.0	117.9

Ratios

Net D:E	0.1	0.0	-0.2
RoE (%)	8.3	14.0	16.2
RoCE (%)	21.0	29.3	32.2

Valuations	59.2	32.3	25.0
P/E (x)	8.9	7.1	6.0
EV/EBITDA (x)	1.2	1.0	0.9
EV/Sales (X)	0.5	0.9	1.2
Div. Yield (%)	52.4	59.4	66.1

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	35.1	35.1	35.2
DII	23.2	22.8	21.8
FII	12.1	12.0	10.0
Others	29.6	30.1	33.0

FII Includes depository receipts

CMP: INR455 TP: INR700 (+54%) Buy

Earnings quality improves as USPA scales

- Arvind Fashions (AFL) delivered another strong quarter with revenue growth of 15%, beating estimates by 3%, led by a healthy SSSG of 8.2%. USPA was the key driver, delivering ~25% growth on the back of product elevation, premiumization, and improved retail execution.
- EBITDA margins expanded ~40bp, supported by a better product mix and controlled discounting, partly offset by elevated employee costs.
- Performance in 9MFY26 has been robust, with revenue and EBITDA growing 14% and 16%, respectively, while attributable PAT rose 28% YoY to INR764m, reflecting operating leverage and improving earnings quality.
- We revise our FY25–28E estimates to factor in this momentum, leading 1-2% cut in Pre-IND AS EBITDA. We build in a 12% revenue CAGR and ~230bp pre-Ind AS EBITDA margin expansion, translating into a 23% CAGR.
- Historically, AFL has traded at a valuation discount due to profit concentration in PVH, a 50:50 JV. With fully owned USPA now emerging as the key profitability driver, the case for multiple expansion strengthens.
- AFL currently trades at an undemanding ~32x FY27E attributable PAT (vs ~40x for ABLBL), despite superior profitability. **We reiterate our BUY rating with a revised SOTP-based TP of INR700.**

Strong momentum continues

AFL reported revenue growth of 15% YoY (3% beat) to INR13.8b in 3QFY26, reflecting consistent traction across channels.

- Retail channel led the performance, with SSSG of 8.2% and revenue growth of 12% YoY, driven by continued investments in brand building and store productivity.
- The company added 24 net new stores (43 gross additions), taking the total EBO count to 1,022 and 1.3m sq.ft (up 14% YoY).
- Online B2C sales further accelerated ~50% YoY to INR2.3b, now accounting for ~17% of total revenue, underscoring the success of AFL's digital-first strategy.
- Online B2B, however, declined 10% YoY.
- Wholesale and B2B channels delivered a strong growth of 19% YoY.
- Margin expansion driven by channel and pricing mix:
 - A richer mix from own channels (retail and online) and disciplined discounting led to a 50bp YoY expansion in gross margin to 55.4% (~10bp below est).
 - EBITDA grew 18% YoY to INR1.9b (in line with est.), with margins of 14.2% (up 40bp).
 - Depreciation/finance costs grew 15%/8% YoY.
 - Other income was down 32% at INR59m.
- Sharp profit recovery:
 - AFL has booked a one-time exceptional item of INR290, owing to the implementation of labor codes.
 - Adj for this, PAT stood at INR654m, up 37% YoY. Reported PAT stood at INR364m, down 22% YoY.

- PAT attributable to owners stood at INR258m, down 3% YoY.
- PVH Arvind JV contributed INR105m in minority interest, down 47% YoY.
- WC and inventory:
 - WC built up to 99 days (vs. 89 days YoY) due to early inwards of merchandise. NWC was, however, largely flat at 63 days (vs. 59 days).

9MFY26 results: Healthy ~16% EBITDA growth

- Revenue at INR39b grew 14% YoY, led by strong performance in Retail (up 14% YoY) and Online B2C (up 50% YoY).
- GM expanded 110bp to 54.5% on better discounting and richer product mix.
- EBITDA margin expanded 30bp to 13.2%, as high A&P spends were partly offset by GM expansion. EBITDA at INR5.1b grew 16% YoY.
- PBT grew 32% YoY to INR2.1b.
- Adj PAT stood at INR1.5b, up 38% YoY. Profit grew 28% to INR764m, while minority interest declined 13% YoY to INR417m.

Highlights from the management commentary

- **Demand** remained stable, supported by ~8.2% retail LTL growth (USPA: ~11%, FM: ~17%) and sustained double-digit secondary growth in wholesale. Revenue grew ~15% YoY, the strongest in several years, driven by healthy retail throughput, expanding direct channels, and a steady wholesale contribution despite an uneven discretionary backdrop.
- **USPA** delivered ~25% growth, driven by product elevation and premiumization, stronger retail execution, and rapid digital scaling. Retail grew ~23% with ~11% LTL, supported by targeted store expansion and closure of underperforming locations. Online B2C grew >80%, expanding reach and reinforcing momentum across both mainline and adjacency categories.
- **Outlook:** Operating leverage from high LTL growth, improving gross margins, and stable fixed costs is expected to drive EBITDA growth ahead of revenue. The company remains on track to deliver 12–15% growth, supported by retail expansion, DTC scaling, and adjacencies, underpinning medium-term earnings visibility.

Valuation and view

- AFL has now evolved into a lifestyle category, with ~15% of its revenue coming from adjacent categories.
- Its shift to a consignment-led model improved pricing control and margins, with an asset-light structure driving faster scale-up, strong cash generation (FCFF of INR7.5b over FY26-28E), and RoCE expansion to 29% by FY28E.
- We revise our FY25–28E estimates to factor in this momentum, building in a 12% revenue CAGR and ~230bp pre-Ind AS EBITDA margin expansion, translating into a 23% profit CAGR.
- Historically, AFL has traded at a valuation discount due to profit concentration in PVH, a 50:50 JV. With fully owned USPA now emerging as the key profitability driver, the case for multiple expansion strengthens.
- AFL currently trades at an undemanding ~32x FY27E attributable PAT vs ~40x for ABLBL, despite superior profitability. **We reiterate our BUY rating with a revised SOTP-based TP of INR700.**

Quarterly performance (INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			23E	Var (%)
Revenue	9,548	12,732	12,028	11,891	11,073	14,175	13,766	13,399	46,198	52,413	13,388	3
YoY Change (%)	10.2	8.5	6.9	8.7	16.0	11.3	14.5	12.7	8.5	13.5		
Total Expenditure	8,393	11,109	10,373	10,304	9,740	12,302	11,818	11,687	40,178	45,546	11,498	3
EBITDA	1,155	1,623	1,655	1,587	1,334	1,873	1,948	1,713	6,020	6,868	1,890	3
EBITDA Margin (%)	12.1	12.7	13.8	13.3	12.0	13.2	14.2	12.8	13.0	13.1	14.1	
Depreciation	613	643	654	648	685	713	748	739	2,557	2,885	669	12
Interest	381	386	403	388	406	416	434	427	1,558	1,682	428	1
Other Income	75	72	87	113	146	130	59	63	346	398	132	-55
PBT before EO expense	236	666	686	664	388	874	825	610	2,251	2,698	925	-11
PBT	236	666	686	664	388	874	825	610	2,251	2,698	925	-11
Tax	98	215	209	1,385	137	308	172	154	860	770	233	
Rate (%)	41.6	32.2	30.5	208.8	35.3	35.2	20.8	25.2	38.2	28.6	25.2	
Reported PAT	138	451	476	-722	251	566	364	456	344	1,638	692	-47
Attributable PAT	12	297	278	-928	128	377	258	247	-356	1,011	475	-46
YoY Change (%)	-107.1	16.4	70.9	-473.6	994.0	26.9	-7.0	-126.6	NA	NA	84.0	

Exhibit 1: SoTP-based TP of INR700

Valuation	FY25-27 CAGR			FY25	FY26	FY27	FY28	EV/ EBITDA	FY28E EV
	Ownership	Revenue	EBITDA						
Revenues									
Standalone (arrow Wholesale)	100	12%	94%	341	145	285	546	11	6,191
Lifestyle (USPA+Arrow)	100	13%	19%	1,277	2,010	2,455	2,859	20	58,472
Flying Machine	100	9%	NA	2	(225)	74	133	12	1,666
PVH (Tommy+CK)	50	12%	21%	2,122	1,988	2,520	2,792	17	23,951
CONSOL		13%	23%	3,672	4,128	5,838	6,762		90,280
Net Debt									-2,935
Equity Value									93,215
Per Share									700
Implied P/E (after minority)									41.3

Source: MOFSL, Company

Exhibit 2: Valuation post adjusting PVH's stake

Valuation	FY25	FY26	FY27	FY28
EBITDA	4,857	5,727	6,963	8,007
Pre-IND AS EBITDA	1,961	2,680	2,924	4,073
PAT	-356	1,011	1,853	2,390
EV/EBITDA	14.4	12.5	10.4	9.0
Pre-IND AS EV/EBITDA	31.9	23.0	20.5	14.1
P/E (after minority)	-169.3	59.6	32.5	25.2

Source: MOFSL, Company

USPA inflection: Profit growth comes into focus

- Based on our understanding, the company is in the process of transitioning Arrow's retail business into a standalone entity, whereas the retail operations were historically housed under Arvind Lifestyle. This structural change explains the weak reported performance of the standalone entity, where 9MFY26 revenue grew by modest 3% YoY due to the cessation of sales to Lifestyle, while **PAT losses (excluding dividend income) widened to INR474m vs profit of INR49m YoY.**
- Importantly, these are not incremental operating losses. Losses that were earlier absorbed within Lifestyle are now visible in the standalone entity due to the reorganization. Correspondingly, **Lifestyle's estimated PAT improved materially to ~INR996m in 9MFY26 vs ~INR182m YoY.**
- To avoid distortion from the restructuring, we evaluate the performance on a combined basis (Standalone ex-dividend + Lifestyle). On this basis, **PAT increased from INR117m in 9MFY25 to INR637m in 9MFY26**, indicating a genuine improvement in underlying profitability, likely driven by USPA.
- This is further supported by minority interest trends (FM + PVH), which have remained broadly flat to marginally down, while standalone losses have ballooned. Meanwhile, **PAT after minority interest increased 75% YoY to INR 548** (incl of one-off INR290mn due to labour code). This divergence proves that USPA was the key earnings driver during 9MFY26.
- **At an estimated 9MFY26 PAT of ~INR996m for USPA (Lifestyle)**, this implies high-teens earnings growth and meaningful margin expansion.
- Current Bloomberg consensus factors in only ~80bp of margin expansion over FY25–28E vs our estimate of ~140bp, which does not fully reflect the strength in USPA (or implicitly assumes a sharp deterioration in PVH). We, therefore, see an upside risk to Street expectations as USPA's performance becomes more visible.

Exhibit 3: Calculated performance of Lifestyle (USPA)

(INR mn)	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26	9M FY25	9M FY26
Consol PAT	301	402	138	451	488	(722)	251	566	364	1,077	1,181
Stand (ex-dividend)	(67)	(89)	(79)	74	(58)	(202)	(263)	(187)	(141)	(63)	(590)
PVH + FM (Minority Interest)	139	154	126	154	199	207	123	189	220	479	532
Attributable PAT	163	249	12	297	289	(928)	128	377	548	598	1,054
Lifestyle (Calc)	91	184	(35)	68	149	(933)	268	375	433	182	996
Arrow+ USPA (Calc)	24	95	(114)	143	91	(1,135)	5	188	443	119	637

Source: Company, MOFSL

Exhibit 4: Quarterly performance (INR m)

Consolidated Quarterly	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	v/s est (%)	9MFY25	9MFY26	YoY%
Revenue	12,028	14,175	13,766	14.5	-2.9	13,388	2.8	34,308	39,014	13.7
Raw Material cost	5,418	6,734	6,134	13.2	-8.9	5,951	3.1	16,011	17,757	10.9
Gross Profit	6,609	7,441	7,632	15.5	2.6	7,437	2.6	18,297	21,257	16.2
Gross Margin (%)	55.0	52.5	55.4	49bps	295bps	55.6	-11bps	53.3	54.5	116bps
Employee Costs	665	856	819	23.3	-4.3	820	-0.1	1,992	2,397	20.3
Other Expenses	4,290	4,712	4,865	13.4	3.2	4,727	2.9	11,871	13,705	15.5
Total Expenses	4,954	5,568	5,684	14.7	2.1	5,547	2.5	13,863	16,102	16.2
EBITDA	1,655	1,873	1,948	17.7	4.0	1,890	3.1	4,433	5,155	16.3
Margin (%)	13.8	13.2	14.2	39bps	94bps	14.1	4bps	12.9	13.2	29bps
Depreciation	654	713	748	14.5	5.0	669	11.8	1,909	2,146	12.4
EBIT	1,002	1,160	1,200	19.8	3.4	1,221	-1.7	2,524	3,009	19.2
EBIT margin (%)	8.3	8.2	8.7	39bps	53bps	9.1	-40bps	7.4	7.7	35bps
Finance Costs	403	416	434	7.7	4.2	428	1.3	1,170	1,255	7.3
Other income	87	130	59	-32.1	-54.7	132	-55.3	233	335	43.5
Exceptional item	-11		-290					-11	-290	
Profit before Tax	686	874	825	20.4	-5.6	925	-10.7	1,588	2,088	31.5
Tax	209	308	172	-18.0	-44.3	233	-26.4	522	617	18.2
Tax rate (%)	30.5	35.2	20.8	-973bps	-1447bps	25.2	-442bps	32.9	29.5	-333bps
Adj PAT	477	566	654	37.2	15.5	692	-5.5	1,066	1,471	38.1
Adj PAT margin (%)	4.0	4.0	4.8	79bps	76bps	5.2	-42bps	3.1	3.8	66bps
Attributable PAT	267	377	258	-3.1	-31.5	475	-45.6	575	764	32.7
Adj PAT margin (%)	2.2	2.7	1.9	-34bps	-78bps	3.5	-167bps	1.7	2.0	28bps

Channel Mix	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	9MFY25	9MFY26	YoY%
Retail	5,653	5,387	6,332	12.0	17.6	14,565	16,591	13.9
Wholesale	3,127	4,253	3,717	18.9	-12.6	9,620	10,516	9.3
Online B2B	1,684	2,835	1,514	-10.1	-46.6	6,299	6,342	0.7
Online B2C	1,564	1,701	2,340	49.7	37.6	3,823	5,702	49.1

Exhibit 5: Our estimate change summary

	FY26E	FY27E	FY28E
Revenue (INR m)			
Old	51,550	59,128	65,842
Actual/New	52,413	59,391	66,140
Change (%)	0%	0%	0%
EBITDA (INR m)			
Old	6,857	8,666	9,780
Actual/New	6,868	8,345	9,537
Change (%)	0.2%	-3.7%	-2.5%
EBITDA margin (%)			
Old	13.3%	14.7%	14.9%
Actual/New	13.1%	14.1%	14.4%
Change (bp)	-19.8	-60.5	-43.5
Net Profit (INR m)			
Old	1,337	2,160	2,794
Actual/New	1,301	2,093	2,700
Change (%)	-2.7%	-3.1%	-3.3%
EPS (INR)			
Old	10.0	16.2	21.0
Actual/New	9.8	15.7	20.3
Change (%)	-2.7%	-3.1%	-3.3%

Source: MOFSL, Company

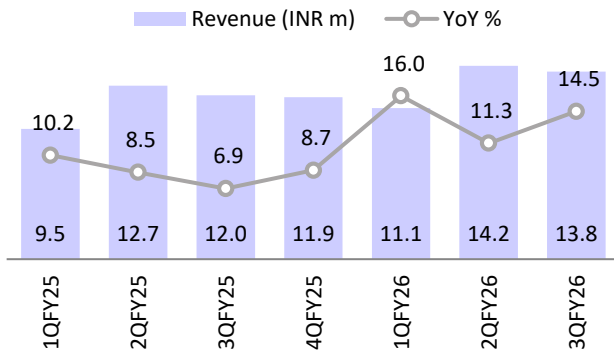


Detailed takeaways from the management interaction

- **Demand** remained stable, supported by ~8.2% retail LTL growth (USPA: ~11%, FM: ~17%) and sustained double-digit secondary growth in wholesale. Revenue grew ~15% YoY, the strongest in several years, driven by healthy retail throughput, expanding direct channels, and a steady wholesale contribution despite an uneven discretionary backdrop.
- **Online B2C** grew ~50% YoY, increasing direct channel contribution to ~63% of sales. The mix shift supports closer consumer engagement, improved pricing control, and stronger margin discipline, with DTC targeted to reach ~75% of sales over time.
- **Adjacency categories** grew ~23% YoY and now contribute ~25% of the portfolio, led by footwear and innerwear (>20% growth each) and strong early traction in womenswear (~50% growth on a low base).
- **USPA** delivered ~25% growth, driven by product elevation and premiumization, stronger retail execution, and rapid digital scaling. Retail grew ~23% with ~11% LTL, supported by targeted store expansion and closure of underperforming locations. Online B2C grew >80%, expanding reach and reinforcing momentum across both mainline and adjacency categories.
- **Flying Machine** showed early recovery with ~17% LTL growth in retail, ~40% online B2C growth, and ~35% growth in department stores, reflecting an improving product-market fit. Near-term profitability was impacted by a business model transition involving inventory take-back and sales reversals. Mainstream traction is expected over the next 2–3 seasons, supported by Gen-Z positioning and digital-first distribution.
- **Arrow** delivered steady growth, constrained by higher formalwear exposure and limited participation in wedding-led demand. Recent supply disruptions from Bangladesh delayed key inventory, though normalization post-November has supported recovery. EBITDA is targeted to reach mid-single digits over the next year as execution stabilizes.
- **PVH** was impacted by supply-chain disruptions and a GST rate hike from 12% to 18%, leading to temporary price-led demand softness in Oct–Nov. Volumes stabilized from mid-November as consumers adjusted to revised pricing.
- **Inventory quality** improved, with management indicating that stock aged over two years has been at its lowest level in the past three to four years. Higher quarter-end inventory reflects precautionary pre-buying to mitigate Bangladesh supply risk and is expected to normalize, with inventory turns reverting to ~3.8–4x.
- **EBITDA margin** expanded ~40bp YoY, driven by gross margin expansion from a favorable channel mix, sourcing efficiencies, and tighter discount control. Premiumization supported higher full-price sell-through. Employee costs increased due to ESOP charges and higher hiring in data, AI, and consumer intelligence.
- **Outlook:** Operating leverage from high LTL growth, expanding gross margins, and stable fixed costs is expected to drive EBITDA growth ahead of revenue. The company remains on track to deliver 12–15% growth, supported by retail expansion, DTC scaling, and adjacencies, underpinning medium-term earnings visibility.

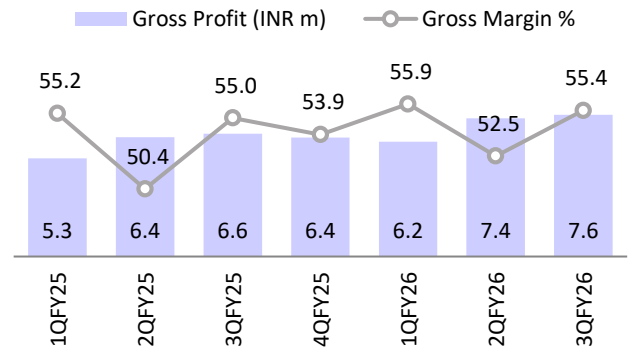
Story in charts

Exhibit 6: Revenue grew by robust 15% YoY



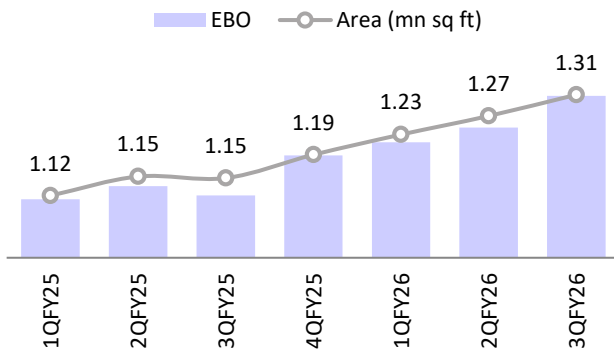
Source: MOFSL, Company

Exhibit 7: GM continues to expand



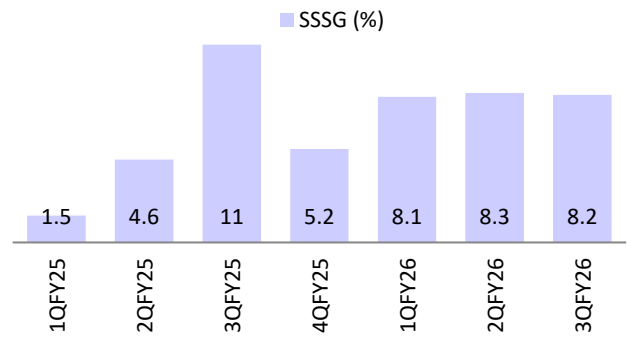
Source: MOFSL, Company

Exhibit 8: Net additions of 40k sq ft in 3Q



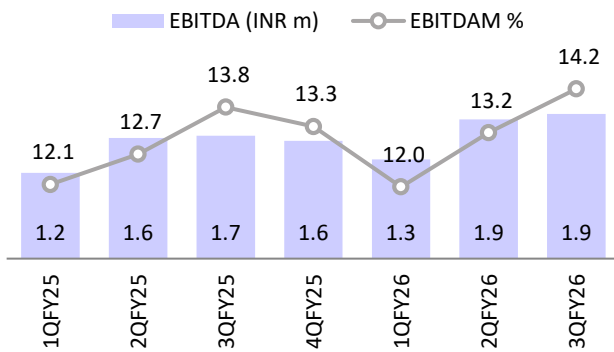
Source: MOFSL, Company

Exhibit 9: Strong SSSG momentum



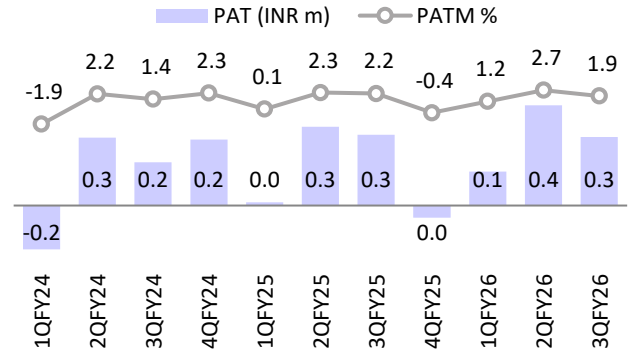
Source: MOFSL, Company

Exhibit 10: EBITDA grew 18% on the back of strong margins



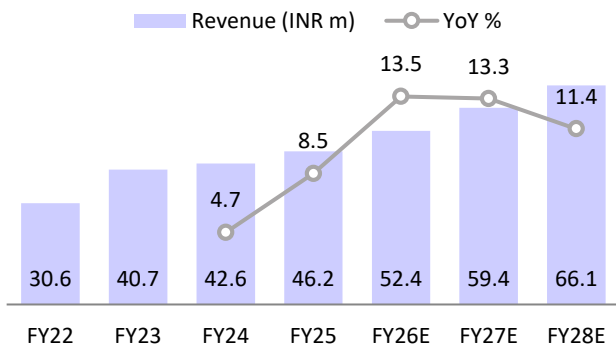
Source: MOFSL, Company

Exhibit 11: Attributable PAT affected by a one-off labor code impact



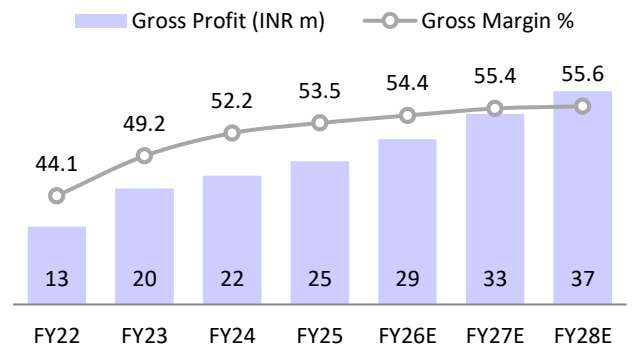
Source: MOFSL, Company

Exhibit 12: Expect revenue CAGR of ~13% over FY25-28



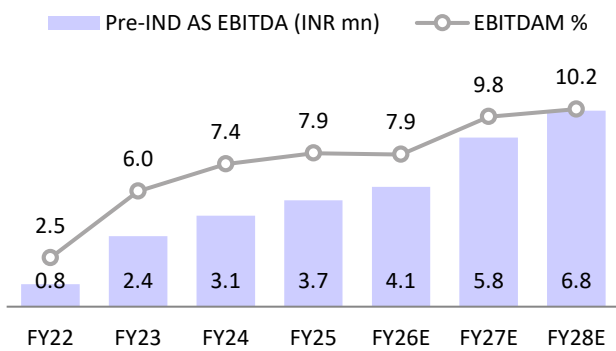
Source: MOFSL, Company

Exhibit 13: GM to expand ~220bp over FY25-28



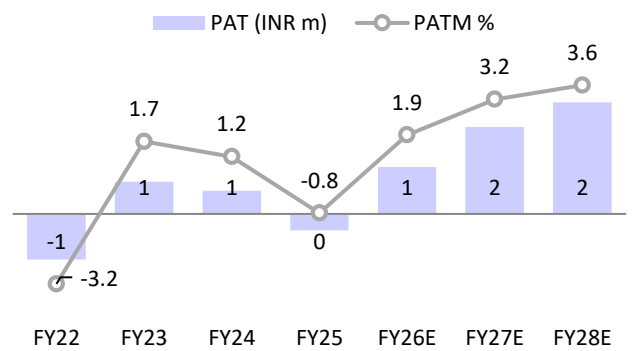
Source: MOFSL, Company

Exhibit 14: EBITDA to post a 23% CAGR



Source: MOFSL, Company

Exhibit 15: Strong profitability ahead



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	19,119	30,560	40,695	42,591	46,198	52,413	59,391	66,140
Change (%)	-47.1	59.8	33.2	4.7	8.5	13.5	13.3	11.4
Raw Materials	11,182	17,098	20,667	20,371	21,495	23,876	26,517	29,342
Gross Profit	7,937	13,462	20,028	22,220	24,703	28,537	32,874	36,798
Gross Margin (%)	41.5	44.1	49.2	52.2	53.5	54.4	55.4	55.6
Employees Cost	2,047	2,368	2,440	2,601	2,687	3,145	3,563	3,968
Other Expenses	5,906	9,293	13,358	14,514	15,997	18,525	20,966	23,292
Total Expenditure	19,135	28,759	36,465	37,486	40,178	45,546	51,046	56,603
% of Sales	100.1	94.1	89.6	88.0	87.0	86.9	85.9	85.6
EBITDA	-16	1,802	4,230	5,105	6,020	6,868	8,345	9,537
Margin (%)	-0.1	5.9	10.4	12.0	13.0	13.1	14.1	14.4
Pre-IND AS EBITDA	-611	773	2,430	3,143	3,672	4,128	5,838	6,762
Margin (%)	-3.2	2.5	6.0	7.4	7.9	7.9	9.8	10.2
Depreciation	2,378	2,330	2,031	2,301	2,557	2,885	3,151	3,499
EBIT	-2,394	-528	2,199	2,805	3,463	3,983	5,194	6,038
Int. and Finance Charges	1,803	1,239	1,210	1,442	1,558	1,682	1,652	1,860
Other Income	1,087	669	503	337	346	398	248	433
PBT bef. EO Exp.	-3,110	-1,099	1,493	1,700	2,251	2,698	3,789	4,611
EO Items/Share of Associates	-452	0	0	-62	-1,047	(290)	-	-
PBT after EO Exp.	-3,562	-1,099	1,493	1,638	1,204	2,408	3,789	4,611
Total Tax	419	-58	401	573	860	770	955	1,162
Tax Rate (%)	-11.8	5.3	26.8	34.9	71.4	32.0	25.2	25.2
Reported PAT	-3,980	-1,041	1,093	1,066	344	1,638	2,834	3,449
PAT (after Minority)	-4,399	-983	692	501	-356	1,011	1,853	2,390
Change (%)	55.7	-77.7	-170.4	-27.6	-171.0	-384.1	83.3	29.0
Margin (%)	-23.0	-3.2	1.7	1.2	-0.8	1.9	3.1	3.6

Consolidated – Balance sheet

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	424	530	531	532	533	533	533	533
Minority Interest	694	1,002	1,826	1,891	2,074	2,358	2,248	2,436
Total Reserves	4,796	6,973	8,565	9,501	9,038	9,745	11,042	12,715
Net Worth	5,914	8,504	10,922	11,924	11,645	12,636	13,824	15,684
Total Loans	9,034	4,607	5,569	4,463	3,896	3,208	3,616	4,054
Lease Liability	8,119	4,560	6,673	6,818	7,672	9,771	12,565	14,444
Other long Term Liabilities	2,304	2,535	1,376	1,480	1,417	1,417	1,417	1,417
Capital Employed	25,370	20,207	24,540	24,684	24,629	27,032	31,421	35,599
Gross Block	8,751	5,160	5,354	5,154	5,941	6,841	7,841	8,941
Less: Accum. Deprn.	5,646	2,914	3,191	2,800	3,149	3,870	4,641	5,522
Net Fixed Assets	3,105	2,245	2,163	2,353	2,791	2,970	3,200	3,419
Right to use Assets	6,645	3,879	6,080	6,252	6,920	7,524	8,153	7,574
Capital WIP	4	0	21	39	11	11	11	11
Total Investments	6,699	6,145	5,686	5,553	4,076	4,076	4,076	4,076
Curr. Assets, Loans&Adv.	20,559	20,360	22,771	21,872	24,293	26,093	31,439	37,735
Inventory	8,796	8,308	9,819	9,094	10,801	11,269	12,704	14,240
Account Receivables	6,553	5,717	5,595	6,468	7,294	7,898	8,949	9,966
Cash and Bank Balance	189	1,050	2,003	1,680	1,647	1,741	3,912	6,989
Loans and Advances	5,022	5,285	5,353	4,630	4,551	5,185	5,873	6,539
Curr. Liability & Prov.	11,642	12,422	12,180	11,385	13,462	13,642	15,458	17,215
Account Payables	9,598	10,479	10,195	9,363	11,720	11,488	13,017	14,497
Other Current Liabilities	2,044	1,943	1,985	2,022	1,743	2,154	2,441	2,718
Net Current Assets	8,917	7,937	10,591	10,487	10,830	12,451	15,981	20,520
Appl. of Funds	25,370	20,207	24,540	24,684	24,629	27,033	31,422	35,600

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	-33.0	-7.4	5.2	3.8	-2.7	7.6	13.9	17.9
Cash EPS	-19.0	10.2	20.5	21.1	16.6	29.3	37.6	44.3
BV/Share	55.8	64.2	82.2	89.7	87.6	95.0	104.0	117.9
DPS	0.0	0.0	1.0	1.3	1.6	2.3	4.2	5.4
Payout (%)	0.0	0.0	12.2	15.6	62.0	18.5	19.6	20.8
Valuation (x)								
P/E	-3.7	-29.6	57.4	97.1	-186.4	59.6	32.5	25.2
Cash P/E	-6.4	21.4	14.5	17.3	30.0	15.4	12.0	10.2
P/BV	2.2	3.4	3.6	4.1	5.7	4.8	4.3	3.8
EV/Sales	1.1	1.1	1.1	1.2	1.5	1.2	1.0	0.9
EV/EBITDA	-1,366.4	18.0	10.2	10.1	11.4	9.0	7.2	6.0
Dividend Yield (%)	0.0	0.0	0.3	0.3	0.3	0.5	0.9	1.2
FCF per share	26.8	40.0	25.1	30.1	31.1	25.4	37.7	43.6
Return Ratios (%)								
RoE	-68.8	-13.6	7.1	4.4	-3.0	8.3	14.0	16.2
RoCE	-13.9	-0.7	13.3	16.7	17.8	21.0	29.3	32.2
RoIC	-7.5	-0.5	8.6	10.7	12.2	15.8	24.9	30.2
Working Capital Ratios								
Fixed Asset Turnover (x)	2.2	5.9	7.6	8.3	7.8	7.7	7.6	7.4
Asset Turnover (x)	0.8	1.5	1.7	1.7	1.9	1.9	1.9	1.9
Inventory (Days)	168	99	88	78	85	78	78	79
Debtor (Days)	125	68	50	55	58	55	55	55
Creditor (Days)	183	125	91	80	93	80	80	80
Leverage Ratio (x)								
Current Ratio	1.8	1.6	1.9	1.9	1.8	1.9	2.0	2.2
Interest Cover Ratio	-1.3	-0.4	1.8	1.9	2.2	2.4	3.1	3.2
Net Debt/Equity	1.5	0.4	0.3	0.2	0.2	0.1	0.0	-0.2

Consolidated - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	(3,562)	(1,099)	1,493	1,638	2,251	2,408	3,789	4,611
Depreciation	3,341	2,609	2,387	2,492	2,557	2,885	3,151	3,499
Interest & Finance Charges	2,357	1,369	1,384	1,519	1,558	1,682	1,652	1,860
Direct Taxes Paid	112	(118)	(433)	(627)	(433)	(770)	(955)	(1,162)
(Inc)/Dec in WC	1,078	2,435	(955)	(31)	(613)	(1,527)	(1,359)	(1,462)
CF from Operations	3,326	5,197	3,876	4,992	5,320	4,678	6,279	7,346
Others	(24)	(70)	(157)	(163)	(215)	(398)	(248)	(433)
CF from Operating incl EO	3,302	5,127	3,719	4,829	5,105	4,280	6,031	6,914
(Inc)/Dec in FA	(464)	166	(380)	(823)	(958)	(900)	(1,000)	(1,100)
Free Cash Flow	2,838	5,293	3,339	4,006	4,147	3,380	5,031	5,814
(Pur)/Sale of Investments	24	70	140	1,102	-	398	248	433
Others	-48	-321	-65	18	160	-	-	-
CF from Investments	-488	-85	-305	297	-798	-502	-752	-667
Issue of Shares	4,993	4,948	54	23	53	-	-	-
Inc/(Dec) in Debt	-2,990	-4,413	959	-1,316	-761	-687	408	439
Interest Paid	-3,211	-1,371	-1,438	-1,417	-1,566	-1,682	-1,652	-1,860
Dividend Paid	0	0	0	-133	-167	-303	-556	-717
Others	2,336	-1,256	-1,552	-2,070	-2,119	-1,011	-1,307	-1,031
CF from Fin. Activity	1,128	-2,092	-1,977	-4,912	-4,560	-3,684	-3,108	-3,169
Inc/Dec of Cash	3,942	2,950	1,438	214	-253	93	2,171	3,077

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed 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, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.