

Aditya Birla Lifestyle Brands

| | |
|------------------|---|
| Estimate changes | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

CMP: INR114

TP: INR120 (+5%)

Neutral

| | |
|-----------------------|-------------|
| Bloomberg | ABLBL IN |
| Equity Shares (m) | 1221 |
| M.Cap.(INRb)/(USDb) | 139.1 / 1.5 |
| 52-Week Range (INR) | 176 / 88 |
| 1, 6, 12 Rel. Per (%) | 12/-/- |
| 12M Avg Val (INR M) | 295 |

Financials & Valuations (INR b)

| Y/E March | FY26 | FY27E | FY28E |
|-------------------|------|-------|-------|
| Sales | 84.0 | 91.4 | 99.5 |
| EBITDA | 13.4 | 15.1 | 16.5 |
| Adj. PAT | 2.1 | 2.9 | 3.2 |
| EBITDA Margin (%) | 16.0 | 16.5 | 16.6 |
| Adj. EPS (INR) | 1.7 | 2.4 | 2.6 |
| BV/Sh. (INR) | 11.6 | 13.4 | 15.3 |
| Ratios | | | |
| Net D:E | 2.1 | 1.8 | 1.6 |
| RoE (%) | 15.5 | 18.9 | 18.3 |
| RoCE (%) | 12.7 | 13.5 | 12.8 |

Valuations

| | | | |
|----------------|------|------|------|
| P/E (x) | 66.9 | 48.3 | 43.4 |
| EV/EBITDA (x) | 12.5 | 11.2 | 10.2 |
| EV/Sales (x) | 2.0 | 1.8 | 1.7 |
| Div. Yield (%) | 0.4 | 0.7 | 0.9 |

Shareholding pattern (%)

| As On | Mar-26 | Dec-25 | Mar-25 |
|----------|--------|--------|--------|
| Promoter | 46.6 | 46.6 | 46.6 |
| DII | 20.3 | 17.1 | 11.2 |
| FII | 13.3 | 16.8 | 23.4 |
| Others | 19.9 | 19.6 | 18.8 |

FII includes depository receipts

Emerging brands drive growth; Lifestyle retail LTL modest

- ABLBL reported 12% YoY revenue growth (vs. ~15% for Arvind Fashion), supported by robust ~18% YoY growth in Emerging brands. Lifestyle brands' revenue grew ~11% YoY, boosted by certain one-off PLI benefits, even as the retail LTL remained modest at ~4%.
- Improvement in gross margin (up ~85bp YoY) was partly offset by higher other expenses (up 26% YoY), which drove an in-line ~14% YoY EBITDA growth and ~30bp YoY margin expansion to 16.2%.
- Management is targeting ~8-9% annual network expansion and ~8% retail LTL on a sustainable basis. Further, it expects Van Heusen Innerwear to achieve break-even in 3QFY27 and sustained profitability from FY28 onwards.
- We fine-tune our estimates for FY27-28E EBITDA and build in a CAGR of 9%/11%/24% in revenue/EBITDA/adj. PAT over FY26-28E.
- **We reiterate our Neutral rating with a revised TP of INR120**, premised on ~20x FY28E pre-Ind AS EV/EBITDA.

Robust growth and improved profitability in emerging brands

- Revenue at INR21.7b grew 12% YoY (vs. our estimate of 10% YoY), though weaker than ~15% YoY reported by Arvind Fashions.
 - Lifestyle Brands' revenue grew 11% YoY, driven by a recovery in e-com and departmental stores, even as retail LTL was modest at ~4%.
 - Emerging brands delivered an 18% YoY growth, driven by a 30% YoY growth in Reebok.
 - The company's presence expanded to 3,348 brand stores (~33 net store additions in 4Q and ~95 net for FY26).
- Gross profit rose ~14% YoY to INR12.9b (vs. our est. INR12.5b) as gross margin expanded ~85bp YoY to 59.5%, likely driven by lower discounting.
- Other expenses spiked 26% YoY, likely due to higher A&P spending, while employee (up 4% YoY) and rental expenses (down 2% YoY) were contained.
- Reported EBITDA at INR3.5b grew ~14% YoY (in line) as EBITDA margin expanded by ~30bp YoY to 16.2% (20bp miss).
- Depreciation grew 12% YoY, while interest cost declined ~4% YoY.
- Adj. PAT at INR605m jumped ~58% YoY (~6% above our estimate).

Retail LTL picks up in FY26, driven by closures; profitability improves in Emerging brands

- Revenue grew 7% YoY to INR84b as Lifestyle Brands delivered ~8% YoY growth, driven by 9% retail LTL growth. Emerging brands grew 2% YoY (8% excluding the impact of Forever21 closure).
- Reported EBITDA grew ~13% YoY to INR13.4b as margin expanded ~80bp YoY to 16%, driven by improved profitability in Emerging brands (+375bp YoY).
- Based on our estimate, **pre-IND AS 116 EBITDA grew ~17% YoY to INR6.4b, with margin expanding ~65bp YoY to 7.7%**.
- Adjusted FY26 PAT grew ~56% YoY to INR2.1b.

Elevated capex weighs on FCF generation; modest decline in net debt

- Inventory levels increased ~11% YoY, with inventory days rising to 102 (vs. 98 YoY), while receivables moderated ~9% YoY with days lower at 52 (vs. 62 YoY).
- Payables rose ~8% YoY with stable days at 99 YoY. As a result, core working capital declined ~4% YoY with CWC days lower at 55 (vs. 61 YoY).
- OCF (after interest and leases) stood at INR3.8b (vs. ~INR3.7b YoY), due to WC capital build-up and higher taxes.
- Capex increased ~32% YoY to INR3.2b. As a result, FCF (after interest and leases) stood at INR566m (vs. INR1.2b YoY).
- The Board announced a dividend per share of INR0.5, while its net debt moderated to INR7.3b (from ~INR7.8b YoY).

Key highlights from the management interaction

- **Demand trends** remained broadly stable through most of 4Q despite a weaker wedding calendar, although consumer sentiment softened toward quarter-end amid geopolitical and market volatility. Even in this backdrop, ABLBL sustained healthy retail LTL growth, reinforcing management's confidence in delivering ~7% steady-state LTL growth over the medium term.
- **RM inflation:** Management noted that an increase in polyester costs affects several product categories across the ABLBL portfolio, especially modern product categories and bottom wear. However, ABLBL is looking to mitigate the impact through sourcing efficiencies and cost management initiatives.
- **Network expansion:** Despite elevated closures in 1HFY26, ABLBL ended the year with ~95 store additions. Management expects ~300 store additions (on a base of ~3,300+ stores) in FY27, while heavy lifting on store closures has already been done in the past few years.
- **Van Heusen Innerwear** delivered double-digit YoY growth in 4Q, aided by its fifth successive quarter of double-digit retail LTL and robust performance across channels. Management expects to achieve break-even in 3QFY27 and sustainable profitability from FY28 onwards.

Valuation and view

- ABLBL's lifestyle brands have achieved scale along with healthy profitability, while the company is focused on scaling up its emerging brands such as American Eagle (denim), Reebok (footwear), and Van Heusen Innerwear (innerwear and athleisure), providing a compelling retail play with a balanced growth and profitability profile with strong cash generation and robust return ratios.
- Management targets to double revenue (~12% CAGR) over FY24-30 through the company's sustained high-single-digit, like-to-like growth and an accelerated store rollout.
- However, we believe that given the widespread presence of lifestyle brands across EBOs, MBOs, LFS, and online channels and rising D2C competition, sustained double-digit growth could prove challenging.
- We fine-tune our FY27-28 estimates and model a CAGR of 9%/11%/24% in revenue/EBITDA/adj. PAT over FY26-28E.
- **We reiterate our Neutral rating with a revised TP of INR120 (earlier INR115),** premised on ~20x FY28E pre-Ind AS EV/EBITDA. We prefer [Arvind Fashions](#) over ABLBL for its superior growth profile and improved profitability.

Quarterly earnings summary

| Y/E March | FY25 | | | | FY26 | | | | FY25 | FY26 | FY26 | Est |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Revenue | 17,845 | 18,525 | 21,042 | 18,775 | 18,406 | 20,379 | 23,432 | 21,742 | 76,186 | 83,958 | 21,273 | 2.2 |
| YoY Change (%) | -44.2 | -42.6 | -49.5 | 2.5 | 3.1 | 10.0 | 11.4 | 11.9 | 0.6 | 7.2 | | |
| Total Expenditure | 15,157 | 15,715 | 17,709 | 15,688 | 15,775 | 17,212 | 19,314 | 18,218 | 64,269 | 70,518 | 17,785 | 2.4 |
| EBITDA | 2,688 | 2,810 | 3,332 | 3,087 | 2,631 | 3,167 | 4,118 | 3,523 | 11,918 | 13,440 | 3,488 | 1.0 |
| Change, YoY (%) | | | | | -2.1 | 12.7 | 23.6 | 14.1 | 10.1 | 12.8 | | |
| Depreciation | 1,623 | 1,705 | 1,716 | 2,014 | 1,725 | 2,090 | 2,037 | 2,103 | 7,057 | 7,954 | 2,043 | |
| Interest | 874 | 1,088 | 964 | 894 | 850 | 978 | 954 | 863 | 3,820 | 3,644 | 893 | |
| Other Income | 141 | 204 | 221 | 211 | 225 | 211 | 191 | 224 | 777 | 851 | 212 | |
| PBT before EO expense | 332 | 221 | 875 | 390 | 282 | 311 | 1,318 | 781 | 1,817 | 2,692 | 765 | 2.2 |
| Extra-Ord expense | 3 | -199 | 89 | -877 | 0 | 0 | -413 | -77 | -983 | -490 | 0 | |
| PBT | 335 | 22 | 964 | -487 | 282 | 311 | 905 | 704 | 834 | 2,202 | 765 | -7.9 |
| Tax | 102 | -218 | 228 | 126 | 41 | 76 | 215 | 159 | 238 | 492 | 192 | |
| Rate (%) | 30.5 | -990.9 | 23.7 | -25.8 | 14.6 | 24.6 | 23.8 | 22.6 | 28.5 | 22.3 | 25.2 | |
| Reported PAT | 232 | 240 | 736 | -612 | 241 | 234 | 690 | 545 | 596 | 1,711 | 572 | -4.7 |
| Adj PAT | 230 | 389 | 669 | 44 | 241 | 234 | 999 | 603 | 1,332 | 2,077 | 572 | 5.4 |
| YoY Change (%) | | | | | 4.6 | -39.7 | 49.4 | 269.8 | | 56.0 | | |

Our TP of INR120 is premised on ~20x FY28E pre-IND AS EV/EBITDA

| FY28E (INR b) | EBITDA/Revenue | Multiple | EV | EV/share |
|---------------------------|----------------|-----------|------------|------------|
| Lifestyle Brands EBITDA | 16.7 | 10 | 160 | 131 |
| Emerging Brands revenue | 16.1 | 1 | 16 | 13 |
| ABLBL EV | 16.5 | 11 | 176 | 144 |
| Net debt (inc. leases) | | | 29 | 24 |
| ABLBL equity value | | | 147 | 120 |
| Share count (m) | | | 1,220 | |
| ABLBL TP | | | 120 | |

Detailed highlights from the management commentary

- **Demand trends** remained broadly stable through most of 4Q despite a weaker wedding calendar, although consumer sentiment softened toward quarter-end amid geopolitical and market volatility. Even in this backdrop, ABLBL sustained healthy retail LTL growth, reinforcing management's confidence in delivering ~7% steady-state LTL growth over the medium term.
- **RM inflation:** Management noted that a rise in polyester costs affects several product categories across the ABLBL portfolio, especially modern product categories and bottom wear. However, the company is looking to mitigate the impact through sourcing efficiencies and cost management initiatives.
- **Network expansion:** Despite elevated closures in 1HFY26, ABLBL ended the year with ~95 store additions. Management expects ~300 store additions (on a base of ~3,300+ stores) in FY27, while heavy lifting on store closures has already been done in the past few years.
- **Van Heusen Innerwear** delivered double-digit YoY growth in 4Q, aided by its fifth successive quarter of double-digit retail LTL and robust performance across channels. Management expects to achieve break-even in 3QFY27 and sustainable profitability from FY28 onwards.
- **Reebok** maintained strong momentum with sales having more than doubled since the acquisition. The brand currently operates over 210 stores, and management believes the runway is significantly larger. Network expansion is expected to continue at around 40-50 stores annually over the next few years. The company also highlighted new product launches as drivers for future growth momentum.
- **LTL growth:** The company delivered 6% retail like-to-like growth during Q4 FY26, while FY26 LTL growth for the Lifestyle Brands business stood at ~8%. Management indicated that despite quarterly fluctuations caused by wedding seasonality, the steady-state expectation for the business remains healthy and guided for ~7-8% steady state LTL CAGR over the next few years, supported by multiple growth initiatives across brands and categories.
- **Net debt:** Net debt at the end of FY26 stood at ~INR7.3b (vs. INR7.8b YoY). Management stated that based on the predictable and consistent cash flow generation profile of the business, the company expects to become debt-free over the next three years; however, it is not actively targeting net cash status at the expense of curtailing growth investments.
- **Dividend policy:** The Board declared a dividend of INR0.50/share in the first year after the company became independent. Management indicated that over time, the company aims to maintain a dividend payout ratio broadly in the range of 15-25% of net profits, depending on business conditions and investment requirements.
- **Capex:** The Capex guidance for FY27 remains ~INR3b, of which nearly INR2b will be directed towards expansion and renovation activities, while the balance will go towards routine maintenance and manufacturing-related Capex. A significant part of expansion is expected to come through partnered and franchise-led store additions, thereby lowering overall capex requirements.
- **Margins:** There is still room for margin improvement through higher retail productivity and operating leverage on fixed costs. However, management

clarified that while gradual basis-point improvements are possible over time, the business is not expected to witness any dramatic changes in margin profile going forward.

- **Working capital:** One of the key priorities for FY27 is to improve working capital efficiency. The company had pre-produced some core products after adding manufacturing capacity during FY26, and management expects this inventory to help release working capital in FY27.
- **PLI:** The company received ~INR200m benefits under the PLI scheme related to its new manufacturing facility during 4QFY26. The benefit was one-off, linked to achieving targets under the scheme, and was reflected in profitability during 4Q. However, with improved capacity utilization, management does not expect any significant dip in profitability.

Segment-wise results summary

Lifestyle Brands:

- Revenue at INR18.3b grew 11% YoY (vs. our est. INR17.9b)
 - Retail grew ~7% YoY, driven by 4% LTL growth.
 - Wholesale grew 9% YoY as departmental stores' business delivered double-digit growth.
 - Other channels grew 44% YoY due to one-time PLI benefits
 - E-Commerce growth of ~26% YoY driven by channel specific merchandize and better availability.
- EBITDA stood at INR 3.7b (up 10% YoY, our est. INR3.6b).
- EBITDA Margin at 20%, declined ~30bp YoY (in line).

Emerging brands (Reebok, American Eagle, and Van Heusen Innerwear):

- Revenues at INR3.6b surged ~18% YoY, led by strong ~16% retail LTL growth.
 - American Eagle: Sustained profitable growth with presence across 70+ EBOs and 270+ SIS.
 - Reebok: Delivered ~30% YoY growth in 4Q with double-digit retail LTL. Store count reached more than 210 (vs. 200+ in 3QFY26).
 - Van Heusen Innerwear: Grew double-digit with fifth consecutive quarter of double-digit retail LTL (30% LTL in FY26).
- EBITDA stood at INR150m (vs. breakeven YoY, and our estimate of INR110m) as margin expanded ~420bp YoY (~110bp beat).

Exhibit 1: Quarterly performance

| ABLBL (INR m) | 4QFY25 | 3QFY26 | 4QFY26 | YoY% | QoQ% | 4QFY26E | vs. est |
|-------------------------------|---------------|---------------|---------------|--------------|----------------|---------------|---------------|
| Revenue | 19,422 | 23,432 | 21,742 | 11.9 | -7.2 | 21,273 | 2.2 |
| Raw Material cost | 8,030 | 9,694 | 8,805 | 9.6 | -9.2 | 8,791 | 0.2 |
| Gross Profit | 11,391 | 13,738 | 12,937 | 13.6 | -5.8 | 12,482 | 3.6 |
| Gross margin (%) | 58.7 | 58.6 | 59.5 | 85bps | 87bps | 58.7 | 83bps |
| Employee Costs | 2,311 | 2,462 | 2,403 | 4.0 | -2.4 | 2,382 | 0.9 |
| Rent | 1,908 | 2,270 | 1,863 | -2.3 | -17.9 | 1,923 | -3.1 |
| SGA Expenses | 4,085 | 4,888 | 5,148 | 26.0 | 5.3 | 4,689 | 9.8 |
| Total | 8,304 | 9,620 | 9,413 | 13.4 | -2.1 | 8,994 | 4.7 |
| EBITDA | 3,087 | 4,118 | 3,523 | 14.1 | -14.4 | 3,488 | 1.0 |
| EBITDA margin (%) | 15.9 | 17.6 | 16.2 | 31bps | -137bps | 16.4 | -19bps |
| Depreciation and amortization | 1,884 | 2,037 | 2,103 | 11.6 | 3.2 | 2,043 | 2.9 |
| EBIT | 1,204 | 2,081 | 1,421 | 18.1 | -31.7 | 1,445 | -1.7 |
| EBIT margin (%) | 6.2 | 8.9 | 6.5 | 34bps | -235bps | 6.8 | -26bps |
| Finance Costs | 894 | 954 | 863 | -3.5 | -9.5 | 893 | -3.3 |
| Other income | 211 | 191 | 224 | 5.8 | 17.3 | 212 | 5.3 |
| Exceptional item | 0 | -413 | -77 | | | | |
| Profit before Tax | 520 | 905 | 704 | 35.3 | -22.2 | 765 | -7.9 |
| Tax | 137 | 215 | 159 | 16.5 | | 192 | -17.3 |
| Tax rate (%) | 26.2 | 23.8 | 22.6 | | | 25.2 | |
| Profit after Tax | 384 | 690 | 545 | 42.1 | -21.0 | 572 | -4.7 |
| Adj Profit after Tax | 384 | 1,103 | 605 | 57.6 | -45.2 | 572 | 5.7 |

Exhibit 2: Segment-wise performance

| Segments | 4QFY25 | 3QFY26 | 4QFY26 | YoY% | QoQ% | 4QFY26E | vs. est |
|--|---------------|---------------|---------------|---------------|----------------|---------------|---------------|
| Lifestyle Brands | | | | | | | |
| Revenue | 16,440 | 20,020 | 18,290 | 11.3 | -8.6 | 17,874 | 2.3 |
| Wholesale | 3,730 | 3,530 | 4,050 | 8.6 | 14.7 | 3,970 | 2.0 |
| Retail | 10,910 | 14,100 | 11,650 | 6.8 | -17.4 | 11,854 | -1.7 |
| Others | 1,800 | 2,390 | 2,590 | 43.9 | 8.4 | 2,049 | 26.4 |
| EBITDA | 3,340 | 4,130 | 3,660 | 9.6 | -11.4 | 3,587 | 2.0 |
| % Margin | 20.3 | 20.6 | 20.0 | -31bps | -62bps | 20.1 | 6bps |
| Others (Reebok, AE, VH innerwear) | | | | | | | |
| Revenue | 3,030 | 3,550 | 3,560 | 17.5 | 0.3 | 3,419 | 4.1 |
| EBITDA | 0 | 250 | 150 | NA | -40.0 | 107 | 40.1 |
| % Margin | 0.0 | 7.0 | 4.2 | 421bps | -283bps | 3.1 | 108bps |

Source: MOFSL, Company

Exhibit 3: Our estimate revisions

| | FY26 | FY27E | FY28E |
|---------------------------|--------|--------|--------|
| Revenue (INR m) | | | |
| Old | | 90,720 | 98,144 |
| Actual/New | 83,958 | 91,394 | 99,477 |
| Change (%) | | 0.7 | 1.4 |
| EBITDA (INR m) | | | |
| Old | | 14,941 | 16,371 |
| Actual/New | 13,440 | 15,077 | 16,544 |
| Change (%) | | 0.9 | 1.1 |
| EBITDA margin (%) | | | |
| Old | | 16.5 | 16.7 |
| Actual/New | 16.0 | 16.5 | 16.6 |
| Change (bp) | | 3 | -5 |
| Net Profit (INR m) | | | |
| Old | | 3,040 | 3,337 |
| Actual/New | 2,077 | 2,877 | 3,205 |
| Change (%) | | -5.4 | -4.0 |
| EPS (INR) | | | |
| Old | | 2.5 | 2.7 |
| Actual/New | 1.7 | 2.4 | 2.6 |
| Change (%) | | -5.4 | -4.0 |

Story in charts

Exhibit 1: ABLBL's revenue grew ~12% YoY

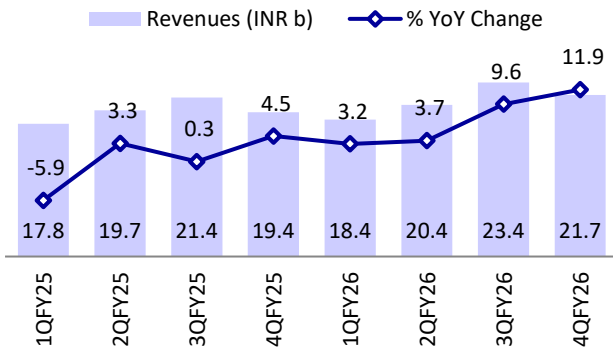


Exhibit 2: EBITDA up 14% YoY with ~30bp margin expansion

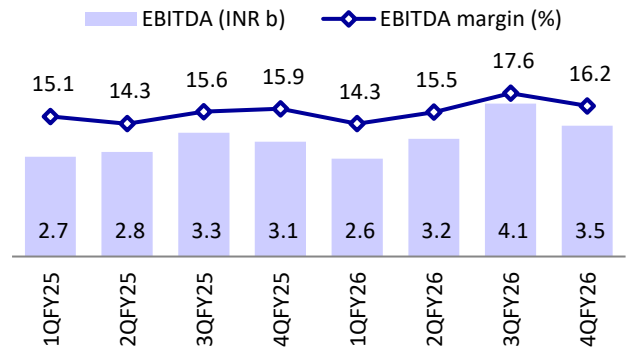


Exhibit 3: Lifestyle's revenue grew ~11% YoY

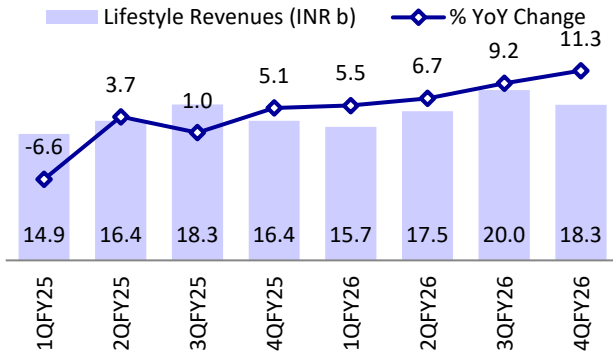


Exhibit 4: Lifestyle's EBITDA grew ~10% YoY

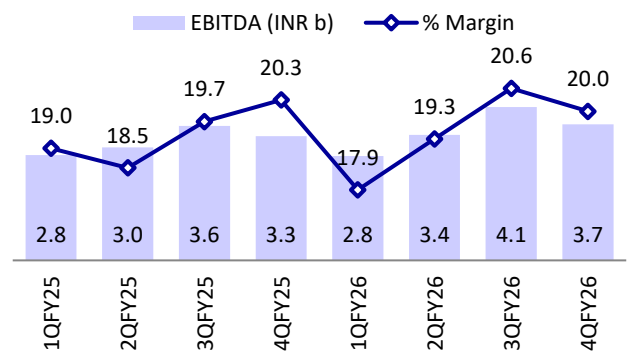


Exhibit 5: Emerging brands' revenue grew ~18% YoY

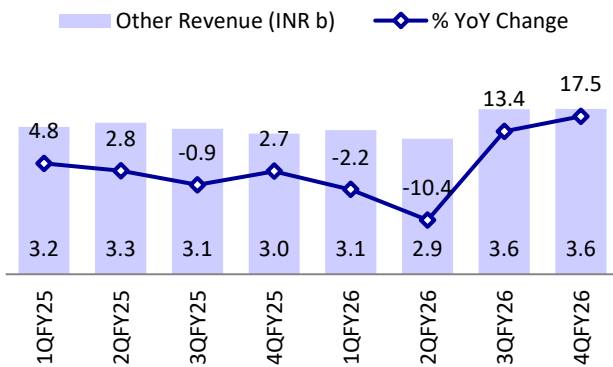


Exhibit 6: YoY EBITDA improvement continues

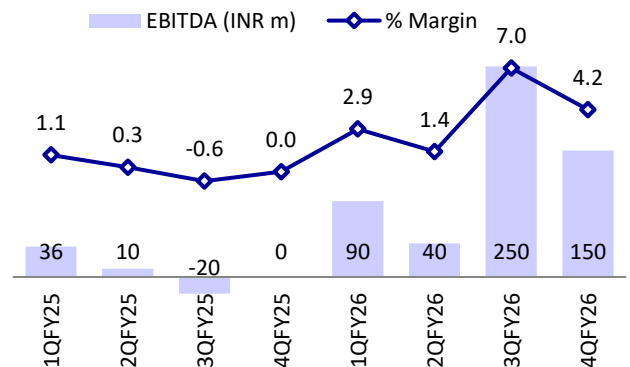


Exhibit 7: Lifestyle brands to record an 8-9% revenue and EBITDA CAGR over FY26-28

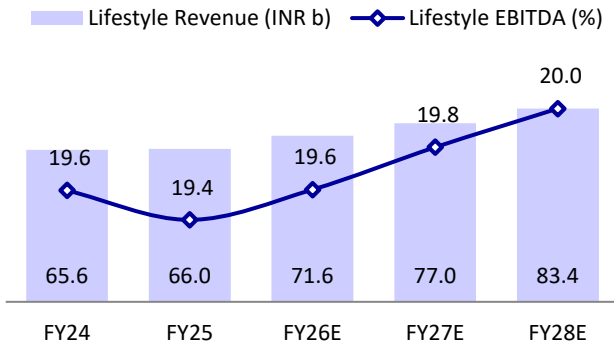


Exhibit 8: Expect ~12% revenue CAGR and a sharp margin expansion over FY26-28 for emerging brands

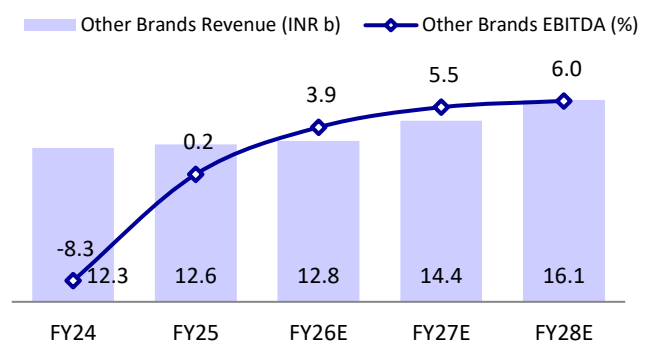


Exhibit 9: Expect ABLBL to deliver ~9% revenue CAGR over FY26-28

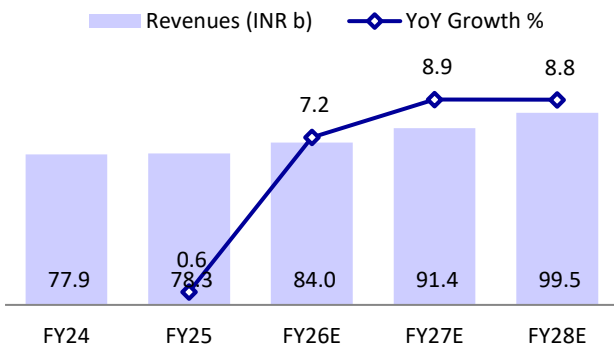


Exhibit 10: Expect ~9% CAGR in gross profit over FY26-28

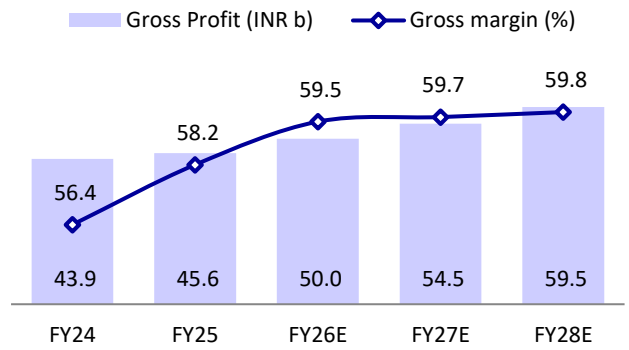


Exhibit 11: Expect ~11% EBITDA CAGR over FY26-28

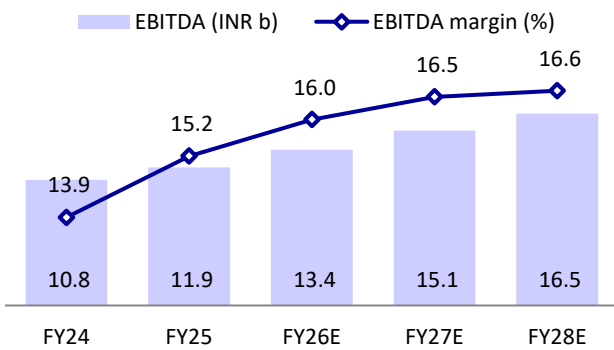
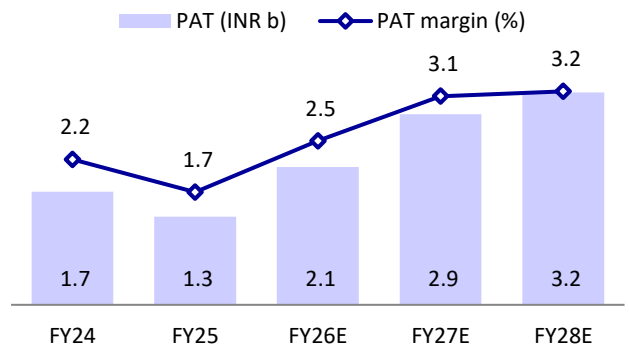


Exhibit 12: Adj. PAT to record ~24% CAGR over FY26-28E



Financials and valuations

| Income Statement | | | | | | (INR m) |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------|
| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E | |
| Total Income from Operations | 77,860 | 78,300 | 83,958 | 91,394 | 99,477 | |
| Change (%) | | 0.6 | 7.2 | 8.9 | 8.8 | |
| Raw Materials | 33,947 | 32,720 | 33,994 | 36,877 | 39,990 | |
| Employees Cost | 8,201 | 9,184 | 9,413 | 10,053 | 10,744 | |
| Rent | 7,393 | 7,647 | 7,538 | 7,951 | 8,406 | |
| Other Expenses | 17,498 | 16,831 | 19,573 | 21,435 | 23,794 | |
| Total Expenditure | 67,038 | 66,382 | 70,518 | 76,317 | 82,934 | |
| EBITDA | 10,822 | 11,918 | 13,440 | 15,077 | 16,544 | |
| Margin (%) | 13.9 | 15.2 | 16.0 | 16.5 | 16.6 | |
| Depreciation | 6,383 | 7,057 | 7,954 | 8,899 | 10,338 | |
| EBIT | 4,439 | 4,860 | 5,486 | 6,178 | 6,206 | |
| Int. and Finance Charges | 3,249 | 3,820 | 3,644 | 3,290 | 3,024 | |
| Other Income | 999 | 777 | 851 | 957 | 1,100 | |
| PBT bef. EO Exp. | 2,188 | 1,817 | 2,692 | 3,844 | 4,283 | |
| EO Items/Share of Associates | - | -983 | -490 | - | - | |
| PBT after EO Exp. | 2,188 | 834 | 2,202 | 3,844 | 4,283 | |
| Total Tax | 481 | 238 | 492 | 968 | 1,078 | |
| Tax Rate (%) | 22.0 | 28.5 | 22.3 | 25.2 | 25.2 | |
| Reported PAT | 1,707 | 596 | 1,711 | 2,877 | 3,205 | |
| Adjusted PAT | 1,707 | 1,332 | 2,077 | 2,877 | 3,205 | |
| Change (%) | NA | -22.0 | 56.0 | 38.5 | 11.4 | |
| Margin (%) | 2.2 | 1.7 | 2.5 | 3.1 | 3.2 | |

| Balance Sheet | | | | | | (INR m) |
|-------------------------------------|------|---------------|---------------|---------------|---------------|---------|
| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E | |
| Equity Share Capital | | 12,203 | 12,205 | 12,205 | 12,205 | |
| Total Reserves | | 562 | 1,917 | 4,183 | 6,473 | |
| Net Worth | | 12,765 | 14,122 | 16,388 | 18,678 | |
| Borrowings | | 9,522 | 8,337 | 6,437 | 4,537 | |
| Lease Liability | | 19,803 | 21,844 | 24,554 | 26,676 | |
| Deferred Tax Liabilities | | -1,447 | -1,317 | -1,317 | -1,317 | |
| Other Long-Term Liability | | 8,411 | 8,707 | 8,707 | 8,707 | |
| Capital Employed | | 49,054 | 51,693 | 54,769 | 57,280 | |
| Gross Block | | 24,761 | 27,975 | 30,975 | 33,725 | |
| Less: Accum. Deprn. | | 7,203 | 9,634 | 12,382 | 15,503 | |
| Net Fixed Assets | | 6,385 | 7,684 | 8,540 | 8,773 | |
| Right to use Assets | | 15,244 | 17,750 | 20,338 | 21,900 | |
| Intangible | | 11,173 | 10,656 | 10,053 | 9,449 | |
| Capital WIP | | 130 | 460 | 460 | 460 | |
| Total Investments | | 1,172 | 163 | 163 | 163 | |
| Other Long-Term Assets | | 4,359 | 3,516 | 3,516 | 3,516 | |
| Curr. Assets, Loans&Adv. | | 42,881 | 45,653 | 48,440 | 52,639 | |
| Inventory | | 21,088 | 23,485 | 24,539 | 26,436 | |
| Account Receivables | | 13,221 | 11,981 | 12,520 | 13,627 | |
| Cash and Bank Balance | | 537 | 915 | 1,420 | 1,949 | |
| Loans and Advances | | 8,035 | 9,272 | 9,962 | 10,626 | |
| Curr. Liability & Prov. | | 32,289 | 34,191 | 36,740 | 39,619 | |
| Account Payables | | 21,213 | 22,882 | 23,787 | 25,891 | |
| Other Current Liabilities | | 9,660 | 9,873 | 11,305 | 11,914 | |
| Provisions | | 1,416 | 1,435 | 1,648 | 1,815 | |
| Net Current Assets | | 10,591 | 11,463 | 11,700 | 13,020 | |
| Appl. of Funds | | 49,054 | 51,693 | 54,770 | 57,281 | |

Financials and valuations

Ratios

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|-------------------------------|------------|------------|------------|------------|------------|
| Basic (INR) | | | | | |
| EPS | 1.4 | 1.1 | 1.7 | 2.4 | 2.6 |
| Cash EPS | 6.6 | 6.9 | 8.2 | 9.6 | 11.1 |
| BV/Share | 0.0 | 10.5 | 11.6 | 13.4 | 15.3 |
| DPS | NA | 0.0 | 0.5 | 0.7 | 1.0 |
| Payout (%) | 0.0 | 0.0 | 35.7 | 31.8 | 38.1 |
| Valuation (x) | | | | | |
| P/E | NA | 104.4 | 66.9 | 48.3 | 43.4 |
| Cash P/E | NA | 16.6 | 13.9 | 11.8 | 10.3 |
| P/BV | NA | 10.9 | 9.8 | 8.5 | 7.4 |
| EV/Sales | NA | 2.1 | 2.0 | 1.8 | 1.7 |
| EV/EBITDA | 0.0 | 14.1 | 12.5 | 11.2 | 10.2 |
| Dividend Yield (%) | NA | 0.0 | 0.4 | 0.7 | 0.9 |
| FCF per share | NA | 1.0 | 0.5 | 1.7 | 1.8 |
| Return Ratios (%) | | | | | |
| RoE | NA | 10.4 | 15.5 | 18.9 | 18.3 |
| RoCE | NA | 11.5 | 12.7 | 13.5 | 12.8 |
| RoIC | NA | 12.1 | 13.2 | 14.0 | 13.4 |
| Working Capital Ratios | | | | | |
| Fixed Asset Turnover (x) | NA | 3.2 | 3.0 | 3.0 | 2.9 |
| Asset Turnover (x) | NA | 1.6 | 1.6 | 1.7 | 1.7 |
| Inventory (Days) | 0 | 98 | 97 | 96 | 94 |
| Debtor (Days) | 0 | 62 | 55 | 49 | 48 |
| Creditor (Days) | 0 | 99 | 96 | 93 | 91 |
| Leverage Ratio (x) | | | | | |
| Current Ratio | NA | 1.3 | 1.3 | 1.3 | 1.3 |
| Interest Cover Ratio | 1.4 | 1.3 | 1.5 | 1.9 | 2.1 |
| Net Debt/Equity | NA | 2.2 | 2.1 | 1.8 | 1.6 |

Cash Flow Statement

| Y/E March | FY24 | FY25 | FY26 | FY27E | FY28E |
|----------------------------------|------|---------------|----------------|----------------|----------------|
| (INR m) | | | | | |
| OP/(Loss) before Tax | | 834 | 2,202 | 3,844 | 4,283 |
| Depreciation | | 7,886 | 7,954 | 8,899 | 10,338 |
| Interest & Finance Charges | | 3,820 | 3,644 | 3,290 | 3,024 |
| Direct Taxes Paid | | -36 | -366 | -968 | -1,078 |
| (Inc)/Dec in WC | | -828 | -1,009 | 268 | -791 |
| CF from Operations | | 11,676 | 12,425 | 15,334 | 15,776 |
| Others | | -234 | (237.20) | (956.81) | (1,100.33) |
| CF from Operating incl EO | | 11,442 | 12,188 | 14,377 | 14,675 |
| (Inc)/Dec in FA | | -2,435 | -3,225 | -3,000 | -2,750 |
| Lease Payments | | -7,771 | -8,377 | -9,319 | -9,681 |
| Free Cash Flow | | 1,235 | 586 | 2,057 | 2,244 |
| (Pur)/Sale of Investments | | 2,446 | 1,078 | 0 | 0 |
| Others | | 58 | 166 | 957 | 1,100 |
| CF from Investments | | -7,702 | -10,358 | -11,363 | -11,331 |
| Issue of Shares | | 1 | -267 | 0 | 0 |
| Inc/(Dec) in Debt | | -4,533 | -1,185 | -1,900 | -1,900 |
| Dividend Paid | | 0 | 0 | -610 | -915 |
| CF from Fin. Activity | | -4,533 | -1,452 | -2,510 | -2,815 |
| Inc/Dec of Cash | | -793 | 379 | 504 | 530 |
| Opening Balance | | 1,324 | 531 | 910 | 1,414 |
| Closing Balance | | 531 | 910 | 1,414 | 1,943 |
| less: Other Bank Balance | | 6 | 6 | 6 | 6 |
| Net Closing Balance | | 536 | 916 | 1,420 | 1,949 |

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| 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.

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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

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| 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 |

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