22 July 2026

1QFY27 Results Update | Sector: Retail

Arvind Fashions

Estimate change	↑
TP change	↑
Rating change	↔

Bloomberg	ARVINDFA IN
Equity Shares (m)	134
M.Cap.(INRb)/(USDb)	63.6 / 0.7
52-Week Range (INR)	579 / 366
1, 6, 12 Rel. Per (%)	0/11/-1
12M Avg Val (INR M)	167

Financials & Valuations Consol (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	59.9	67.0	74.8
EBITDA	5.2	6.1	7.2
Adj. PAT	1.7	2.4	3.3
EBITDA Margin (%)	8.8	9.1	9.6
Adj. EPS (INR)	12.7	18.2	24.6
EPS Gr. (%)	15.7	43.2	34.7
BV/Sh. (INR)	98.0	114.7	136.9
Ratios			
Net D:E	0.1	-0.1	-0.5
RoE (%)	16.7	20.4	19.6
RoCE (%)	21.9	23.8	24.5
Valuations			
P/E (x)	37.4	26.1	19.4
EV/EBITDA (x)	16.1	13.6	10.5
EV/Sales (X)	1.1	0.9	0.8
Div. Yield (%)	0.4	0.6	0.8

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	35.1	35.1	35.1
DII	25.0	24.6	23.6
FII	12.2	12.0	9.4
Others	27.8	28.3	31.9

FII includes depository receipts

CMP: INR475 TP: INR620 (+31%) Buy

Strong start to FY27; execution remains robust

- AFL's growth engine continues to strengthen, supported by improving execution, rising D2C penetration and broad-based brand momentum.
- Retail LTL growth accelerated to 11.6% in 1QFY27, driving 18% retail growth, while and online B2C grew 39%, increasing the direct channel's contribution to 62% (+380bp YoY).
- Gross margin expanded ~90bp YoY to 56.7%, driving EBITDA growth of ~20% despite a ~50bp increase in brand investments. Margin improvement was led by lower discounting, sourcing efficiencies and a richer D2C mix, reflecting improving operating leverage.
- Execution continues to strengthen across the portfolio, with USPA extending its leadership, PVH brands returning to growth, and FM's repositioning gaining traction. Continued investments in consumer analytics, retail execution and organizational restructuring are supporting market share gains and improving brand productivity.
- Growth outlook remains healthy, driven by D2C scale-up, premiumization, category expansion and improving execution. Near-term risks from raw material inflation, wage hikes and forex volatility are being mitigated through advance sourcing, while pricing actions remain calibrated and contingent on cost inflation.
- We expect AFL to deliver ~13% revenue CAGR and ~18% pre-Ind AS EBITDA CAGR over FY26-28E, with EBITDA margins expanding ~80bp to ~9.0%. PAT is estimated to clock ~30% CAGR, supported by operating leverage, margin expansion and continued deleveraging.
- AFL continues to trade at a ~20% EV/EBITDA and ~35% P/E discount to ABLBL on FY28E, despite superior earnings growth, margin expansion and comparable profitability.
- **We reiterate our BUY rating with an unchanged SoTP-based TP of INR620.**

Healthy double-digit growth continues; margin expansion offsets higher brand investments

- AFL reported 15.5% YoY revenue growth to INR12.8b, ahead of our estimates (+1.6%). This growth reflects broad-based demand across channels and continued strength in direct-to-consumer businesses.
- Retail remained the largest growth driver, growing at 18% YoY, supported by 11.6% LFL growth and 10% area additions. Area additions continue to outpace stores as the company added 20k net sqft in 1Q (vs. only five net store additions).
- Wholesale delivered a healthy 16% YoY growth, reflecting stable demand across distribution channels.
- Online B2C continued to outperform, growing 39% YoY, while Online B2B declined 10% YoY amid a calibrated focus on D2C channels.
- Consequently, direct channels (Retail + Online B2C) contributed 62% of revenue (vs. 59% YoY), underscoring AFL's continued shift toward higher-margin owned channels.

Research Analyst: Avinash Karumanchi (Avinash.Karumanchi@MotilalOswal.com) | **Aditya Bansal** Aditya.Bansal@MotilalOswal.com)
Research Analyst: Siddhesh Chaudhari (Siddhesh.Chaudhari@MotilalOswal.com) | **Niraj Harwande** (Niraj.Harwande@MotilalOswal.com)

Margin expansion driven by gross margin

- Gross margins expanded 87bp YoY to 56.7%, ahead of our estimate by 37bp, driven by higher full-price sell-through, lower discounting, and an improving channel mix.
- Employee costs increased 15% YoY, broadly in line with revenue growth, while other operating expenses rose 17% YoY, reflecting higher brand investments and continued expansion of direct channels.
- EBITDA increased 19.6% YoY to INR1.6b, ahead of our estimate by 2.5%, while EBITDA margin expanded 43bp YoY to 12.5% despite elevated marketing spends.
- EBIT grew 24.5% YoY, with EBIT margin improving 46bp YoY to 6.3%, supported by healthy operating leverage.
- Finance costs rose 18% YoY, while other income fell 52% YoY to INR70m.
- Adjusted PAT increased 11.5% YoY to INR280m, substantially ahead of our estimate (+32%). However, attributable PAT declined 26% YoY to INR96m, reflecting lower other income and a higher effective tax rate.

Balance sheet remains healthy

- Net working capital remained stable at 65 days despite higher marketing investments and strong revenue growth.
- Inventory freshness reached an all-time high, reflecting tighter inventory management and supporting higher full-price sell-through.
- Management maintained a positive outlook, highlighting resilient demand despite macro headwinds, including geopolitical tensions, higher crude prices, forex pressures, and wage inflation. The company will continue to prioritize profitable growth through higher brand investments and retail and online B2C expansion while maintaining inventory discipline and stable working capital.

Highlights from the management commentary

- **Demand** remained healthy despite a volatile macro backdrop, with retail **LTL growth of 11.6% and online B2C growth of 38%.** AFL highlighted continued market share gains across retail, department stores and MBOs, supported by improving product relevance, stronger retail execution and lower discounting.
- **US Polo** continues to widen its leadership within the portfolio, with higher inventory availability translating into stronger sell-through and market share gains. Growth runway remains significant, supported by store upsizing, category expansion and rising online penetration while maintaining healthy productivity.
- **Retail execution** continues to improve across the portfolio, driven by better consumer analytics, localized assortments, sharper pricing architecture, improved inventory freshness and enhanced in-store execution. These initiatives are translating into stronger conversions, lower markdowns and continued market share gains.
- AFL expects to sustain mid-double-digit revenue growth and 30-40bp EBITDA margin expansion, supported by D2C scale-up, brand premiumization, retail expansion and improving execution, while remaining watchful of geopolitical developments, input-cost inflation and forex volatility.

Valuation and view

- AFL continues to strengthen its competitive positioning through sharper brand architecture, D2C scale-up, category expansion and disciplined retail execution, reinforcing confidence in its medium-term growth trajectory.
- We expect AFL to deliver ~13% revenue CAGR and ~18% pre-Ind AS EBITDA CAGR over FY26-28E, with EBITDA margins expanding ~80bp to ~9.0% and PAT growing at ~30% CAGR.
- We view AFL's ~20% EV/EBITDA and ~35% P/E discount to ABLBL as unwarranted, given its comparable profitability and superior earnings growth, margin expansion and capital efficiency.
- ***We reiterate our BUY rating with an unchanged SoTP-based TP of INR620.***

Quarterly performance (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27	Est.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	Var (%)
Revenue	**11,073**	**14,175**	**13,766**	**13,648**	**12,785**	**16,203**	**15,680**	**15,188**	**52,662**	**59,856**	**12,580**	**2**
YoY Change (%)	16.0	11.3	14.5	14.8	15.5	14.3	13.9	11.3	14.0	13.7		
Total Expenditure	9,740	12,302	11,818	11,757	11,190	13,951	13,345	13,029	45,616	51,515	11,024	2
EBITDA	**1,334**	**1,873**	**1,948**	**1,891**	**1,595**	**2,252**	**2,336**	**2,159**	**7,046**	**8,342**	**1,556**	**3**
EBITDA Margin (%)	12.0	13.2	14.2	13.9	12.5	13.9	14.9	14.2	13.4	13.9	12.4	
Depreciation	685	713	748	751	788	825	855	891	2,897	3,359	810	-3
Interest	406	416	434	449	477	481	465	459	1,705	1,881	505	-6
Other Income	146	130	59	73	70	94	91	92	408	346	43	61
PBT before EO expense	**388**	**874**	**825**	**764**	**400**	**1,039**	**1,107**	**901**	**2,852**	**3,448**	**284**	**41**
PBT	**388**	**874**	**1,116**	**707**	**404**	**1,039**	**1,107**	**901**	**3,085**	**3,448**	**284**	**42**
Tax	137	308	172	154	120	262	279	227	770	888	72	
Rate (%)	35.3	35.2	15.4	21.7	29.7	25.2	25.2	25.2	25.0	25.8	25.2	
Reported PAT	**251**	**566**	**364**	**667**	**276**	**777**	**828**	**674**	**1,849**	**2,560**	**213**	**30**
Attributable PAT	**128**	**377**	**548**	**417**	**100**	**561**	**612**	**423**	**1,471**	**1,695**	**24**	**NM**
YoY Change (%)	994.0	26.9	-7.0	306.5	-25.5	48.8	136.8	-10.8	112.7	15.3	-90.6	

Exhibit 1: SoTP-based TP of INR640

Valuation	FY25-27 CAGR		FY26	FY27	FY28	EV/	FY28E
	Revenue	EBITDA	Pre-IND AS EBITDA			EBITDA	EV
Revenues							
Standalone (arrow Wholesale)	13	NA	(54)	284	386	10	3,857
Lifestyle (USPA+Arrow)	13	17	1,952	2,361	2,681	20	54,025
Flying Machine	13	NA	(69)	(53)	177	10	1,770
PVH (Tommy+CK)	12	13	2,006	2,247	2,565	18	23,088
CONSOL	**13**	**18**	**4,383**	**5,240**	**6,099**		**82,740**
Net Debt							-168
Equity Value							**82,908**
Per Share							620
Implied P/E (after minority)							**34.0**

Source: MOFSL, Company

Exhibit 2: Valuation after adjusting PVH's stake

Valuation	FY25	FY26	FY27	FY28
EBITDA	4,857	5,633	6,881	7,989
Pre-IND AS EBITDA	2,610	3,043	4,224	4,962
PAT	692	1,238	1,702	2,437
EV/EBITDA	15.2	13.7	11.1	9.3
Pre-IND AS EV/EBITDA	25.4	22.6	15.7	12.8
P/E (after minority)	**92.0**	**51.4**	**37.4**	**26.1**

Source: MOFSL, Company

Exhibit 3: Relative Valuation

FY26-28E CAGR (%)	M.Cap	FY26-28E CAGR (%)			P/E (X)		EV/EBITDA (x)		EV/Sales (X)		RoE (%)	
	INR b	Sales	EBITDA	PAT	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY25	FY28E
VMM	525	19.1	25.0	26.6	50.0	39.0	31.9	24.7	3.2	2.7	13.2	14.7
V-Mart	61	18.0	25.7	27.1	38.0	30.3	20.6	16.3	1.4	1.2	15.6	16.6
Value Retailers		**18.5**	**25.4**	**26.9**	**44.0**	**34.7**	**26.2**	**20.5**	**2.3**	**1.9**	**14.4**	**15.7**
D-Mart	2,609	17.5	16.5	16.3	74.9	64.9	45.7	39.7	3.2	2.8	13.8	13.9
Trent	1,540	21.1	20.4	20.7	73.8	60.7	46.9	38.2	6.3	5.1	27.7	27.0
ABLBL	114	8.5	6.7	17.1	43.6	40.2	17.5	16.0	1.3	1.2	17.3	16.6
Vedant fashions	99	6.3	8.5	5.5	26.1	23.6	18.5	15.9	5.6	5.0	19.4	19.9
Arvind fas	64	12.8	27.7	40.3	37.4	26.1	15.7	12.8	1.1	0.9	16.7	20.4
Traditional retailers		**13.5**	**20.6**	**24.3**	**52.7**	**42.0**	**28.3**	**22.9**	**3.5**	**2.9**	**14.6**	**15.6**
Metro	289	16.3	18.0	15.6	60.6	52.2	40.5	34.1	8.2	7.1	22.2	22.3
Relaxo	100	5.9	6.8	9.4	46.3	43.8	26.6	25.2	3.4	3.1	9.5	9.5
Bata	89	5.4	19.0	22.1	39.0	29.1	17.4	14.3	2.1	1.9	13.9	17.1
Campus	68	12.8	19.0	19.3	39.4	31.7	22.2	17.9	3.3	2.9	17.7	19.3
Footwear		**10.1**	**15.7**	**16.6**	**46.3**	**39.2**	**26.7**	**22.9**	**4.2**	**3.7**	**15.8**	**17.0**

Source: MOFSL, Company

EBITDA considered here is Pre-IND AS EBITDA

Exhibit 4: Quarterly performance (INR m)

Consolidated Quarterly	1QFY26	4QFY26	1QFY27	*YoY%*	*QoQ%*	1QFY27E	*v/s est (%)*
Revenue	**11,073**	**13,648**	**12,785**	***15.5***	***-6.3***	**12,580**	***1.6***
Raw Material cost	4,889	6,268	5,533	*13.2*	*-11.7*	5,491	*0.8*
Gross Profit	**6,185**	**7,380**	**7,252**	***17.3***	***-1.7***	**7,089**	***2.3***
Gross Margin (%)	**55.9**	**54.1**	**56.7**	***87bps***	***265bps***	**56.4**	***37bps***
Employee Costs	722	820	833	*15.4*	*1.6*	835	*-0.2*
Other Expenses	4,129	4,668	4,823	*16.8*	*3.3*	4,698	*2.7*
Total Expenses	**4,851**	**5,489**	**5,656**	***16.6***	***3.1***	**5,533**	***2.2***
EBITDA	**1,334**	**1,891**	**1,595**	***19.6***	***-15.6***	**1,556**	***2.5***
EBITDA margin (%)	***12.0***	***13.9***	***12.5***	***43bps***	***-138bps***	***12.4***	***11bps***
Depreciation	685	751	788	*15.0*	*5.0*	810	*-2.7*
EBIT	649	1,140	807	*24.5*	*-29.2*	746	*8.2*
EBIT margin (%)	*5.9*	*8.4*	*6.3*	*46bps*	*-204bps*	*5.9*	*38bps*
Finance Costs	406	449	477	*17.6*	*6.1*	505	*-5.6*
Other income	146	73	70	*-51.8*	*-4.5*	43	*61.2*
Exceptional item	0	57	-4				
Profit before Tax	**388**	**764**	**400**	***3.1***	***-47.6***	**284**	***40.9***
Tax	137	154	120	***-12.4***	***-21.9***	72	*67.7*
Tax rate (%)	*35.3*	*20.1*	*30.0*	*NA*	*989bps*	*25.2*	*480bps*
Adj PAT	**251**	**611**	**280**	***11.5***	***-54.1***	**213**	***31.8***
Adj PAT margin (%)	*2.3*	*4.5*	*2.2*	*-8bps*	*-228bps*	*1.7*	*50bps*
Attributable PAT	**128**	**474**	**96**	***-25.5***	***-79.8***	**24**	***291.9***
Adj PAT margin (%)	*1.2*	*3.5*	*0.7*	*-41bps*	*-272bps*	*0.2*	*55bps*

Exhibit 5: Channel mix

Channel Mix	1QFY26	4QFY26	1QFY27	*YoY%*	*QoQ%*
Retail	4,872	6,332	5,753	*18.1*	*-9.1*
Wholesale	2,547	3,717	2,941	*15.5*	*-20.9*
Online B2B	1,993	1,514	1,790	*-10.2*	*18.2*
Online B2C	1,661	2,340	2,301	*38.6*	*-1.7*

Exhibit 6: Our estimate change summary

	FY27E	FY28E	FY29E
Revenue (INR m)			
Old	59,199	66,018	-
Actual/New	59,856	67,039	74,756
Change (%)	1.1%	1.5%	-
Pre-IND AS EBITDA (INR m)			
Old	5,158	5,961	-
Actual/New	5,240	6,099	7,207
Change (%)	1.6%	2.3%	-
EBITDA margin (%)			
Old	8.7%	9.0%	-
Actual/New	8.8%	9.1%	9.6%
Change (bp)	*4.1*	*6.8*	-
Net Profit (INR m)			
Old	1,615	2,150	-
Actual/New	1,695	2,432	3,279
Change (%)	5.0%	13.1%	-
EPS (INR)			
Old	12.1	16.1	-
Actual/New	12.7	18.3	24.6
Change (%)	5.0%	13.1%	-

Source: MOFSL, Company

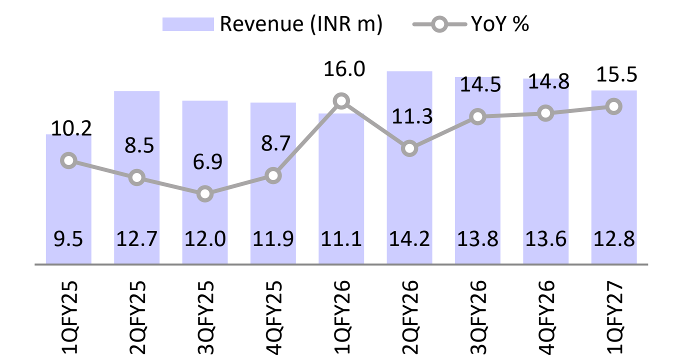
CONFERENCE CALL

Detailed takeaways from the management commentary

- **Demand** remained healthy despite a volatile macro backdrop, with retail **LTL growth of 11.6% and online B2C growth of 38%.** AFL highlighted continued market share gains across retail, department stores and MBOs, supported by improving product relevance, stronger retail execution and lower discounting.
- **US Polo** continues to widen its leadership within the portfolio, with higher inventory availability translating into stronger sell-through and market share gains. Growth runway remains significant, supported by store upsizing, category expansion and rising online penetration while maintaining healthy productivity.
- **Flying Machine's** turnaround is gaining traction following its strategic repositioning**.** The brand has sharpened its focus on Gen-Z, denim and unisex fashion, expanded across major digital platforms and will launch its own D2C platform in 2HFY27. Store expansion will remain selective, targeting youth-centric catchments before accelerating brand investments.
- **PVH** has returned to growth after last year's GST-led disruption. **Arrow's** transformation is progressing steadily, with the focus shifting toward improving channel economics.
- **Store expansion** is becoming increasingly brand-specific. US Polo will prioritize larger stores and network densification, FM will focus on high-potential youth catchments, Arrow will continue selective expansion with larger formats, and PVH brands remain concentrated in Grade-A malls. It targets **~150k sqft net additions** in FY27 while pruning ~5% of the network annually to improve fleet productivity.
- **Inventory build is strategic**, reflecting incremental stocking at US Polo to support growth, early PVH sourcing to mitigate geopolitical risks, footwear restocking and the ongoing shift toward D2C. Inventory turns are expected to improve from **~3.5x to 3.7-3.8x over the next 18-24 months** as these factors normalize.
- **Retail execution** continues to improve across the portfolio, driven by better consumer analytics, localized assortments, sharper pricing architecture, improved inventory freshness and enhanced in-store execution. These initiatives are translating into stronger conversions, lower markdowns and continued market share gains.
- **Organizational restructuring** is strengthening execution across brands**.** Brand heads now own end-to-end P&Ls, while marketing, digital, data and AI capabilities have been centralized, improving accountability, pricing decisions, merchandising and cross-brand execution. Early benefits are already visible through better pricing optimization and lower discounting.
- **Margin expansion** (up 90bp) remains quality-led, supported by lower discounting, sourcing efficiencies and a richer D2C mix despite higher brand investments (up by 50bp). Pricing remains a key near-term monitor, with potential selective price hikes if elevated input costs persist in FY27. Other income has normalized to a steady ~INR70-80m quarterly run-rate.
- AFL expects to sustain **mid-double-digit revenue growth** and **30-40bp EBITDA margin expansion**, supported by D2C scale-up, brand premiumization, retail expansion and improving execution, while remaining watchful of geopolitical developments, input-cost inflation and forex volatility.

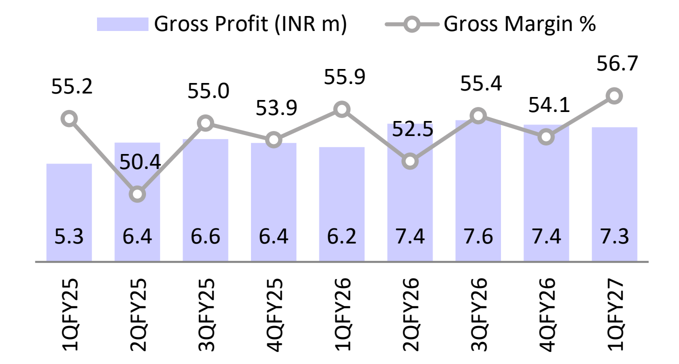
Story in charts

Exhibit 7: Revenue jumped 15.5% YoY



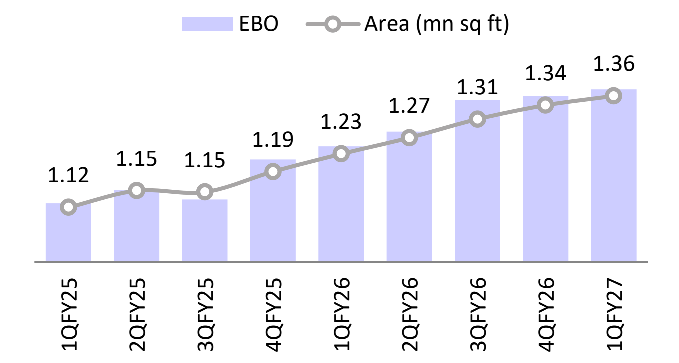
Source: MOFSL, Company

Exhibit 8: GM continued to expand YoY



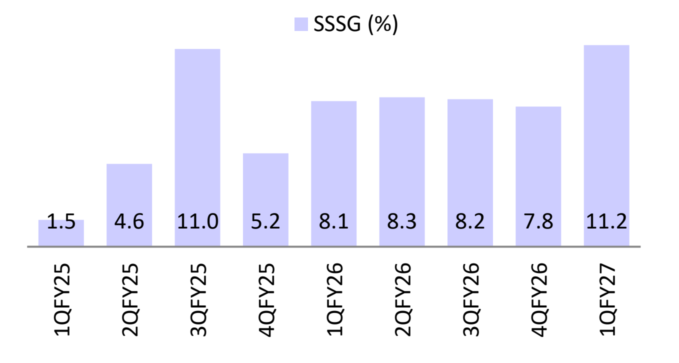
Source: MOFSL, Company

Exhibit 9: Net additions of 20k sq ft in 1Q



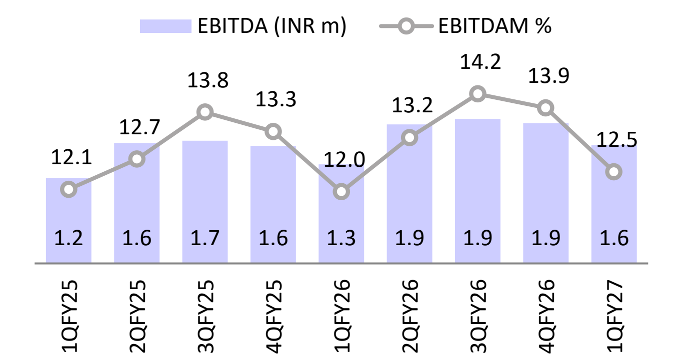
Source: MOFSL, Company

Exhibit 10: Strong SSSG momentum



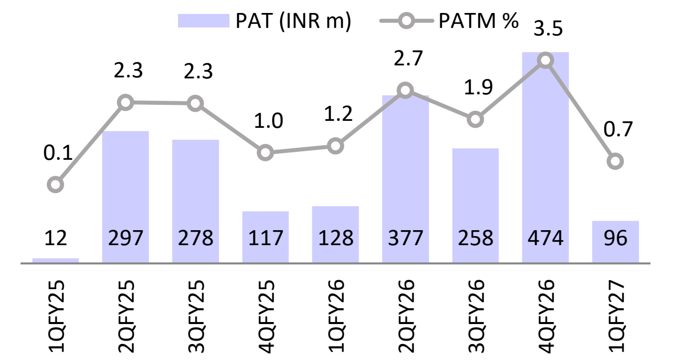
Source: MOFSL, Company

Exhibit 11: EBITDA grew 20% YoY



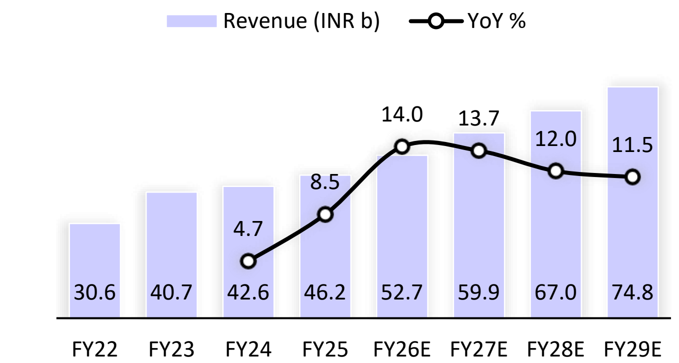
Source: MOFSL, Company

Exhibit 12: Attributable PAT impacted due to lower other income



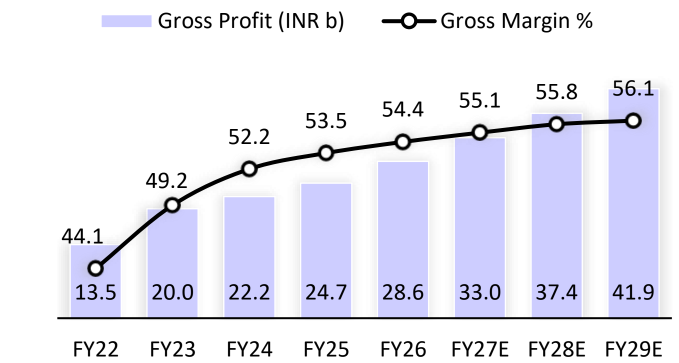
Source: MOFSL, Company

Exhibit 13: Expect revenue CAGR of ~13% over FY26-29



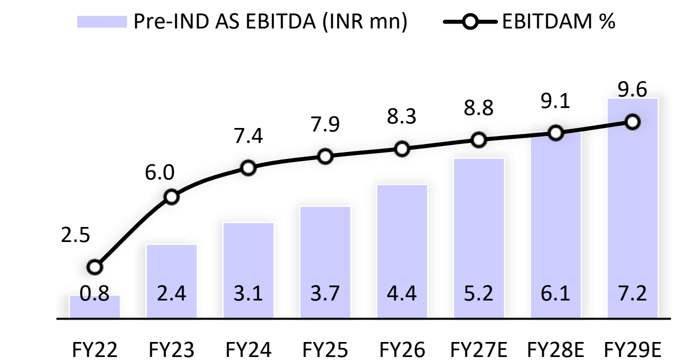
Source: MOFSL, Company

Exhibit 14: GM to expand ~145bp over FY26-29



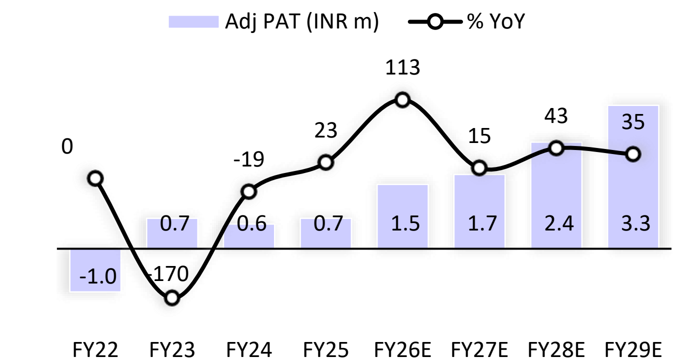
Source: MOFSL, Company

Exhibit 15: EBITDA to post a 18% CAGR over FY26-29E



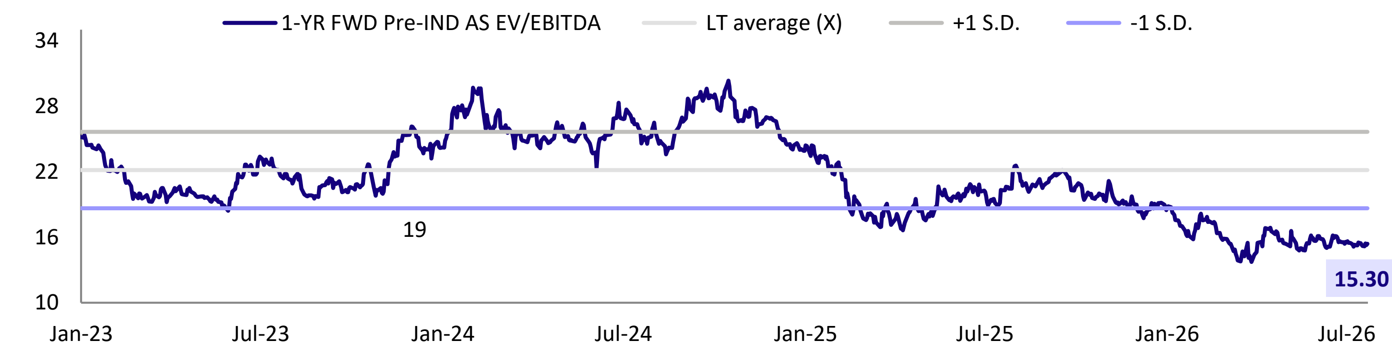
Source: MOFSL, Company

Exhibit 16: Strong profitability ahead



Source: MOFSL, Company

Exhibit 17: Arvind Fashions currently trades at 15.4x 1-yr forward Pre-IND AS EBITDA much below its historical average



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Total Income from Operations	**30,560**	**40,695**	**42,591**	**46,198**	**52,662**	**59,856**	**67,039**	**74,756**
Change (%)	59.8	33.2	4.7	8.5	14.0	13.7	12.0	11.5
Raw Materials	17,098	20,667	20,371	21,495	24,025	26,857	29,619	32,809
Gross Profit	**13,462**	**20,028**	**22,220**	**24,703**	**28,637**	**33,000**	**37,421**	**41,947**
Gross Margin (%)	44.1	49.2	52.2	53.5	54.4	55.1	55.8	56.1
Employees Cost	2,368	2,440	2,601	2,687	3,218	3,591	3,955	4,411
Other Expenses	9,293	13,358	14,514	15,997	18,374	21,066	23,869	26,403
Total Expenditure	**28,759**	**36,465**	**37,486**	**40,178**	**45,616**	**51,515**	**57,443**	**63,623**
% of Sales	94.1	89.6	88.0	87.0	86.6	86.1	85.7	85.1
EBITDA	**1,802**	**4,230**	**5,105**	**6,020**	**7,046**	**8,342**	**9,597**	**11,134**
Margin (%)	5.9	10.4	12.0	13.0	13.4	13.9	14.3	14.9
Pre-IND AS EBITDA	**773**	**2,430**	**3,143**	**3,672**	**4,383**	**5,240**	**6,099**	**7,207**
Margin (%)	2.5	6.0	7.4	7.9	8.3	8.8	9.1	9.6
Depreciation	2,330	2,031	2,301	2,557	2,897	3,350	3,763	4,309
EBIT	**-528**	**2,199**	**2,805**	**3,463**	**4,149**	**4,991**	**5,833**	**6,825**
Int. and Finance Charges	1,239	1,210	1,442	1,558	1,705	1,881	1,753	1,699
Other Income	669	503	337	346	408	346	473	698
PBT bef. EO Exp.	**-1,099**	**1,493**	**1,700**	**2,251**	**2,852**	**3,456**	**4,552**	**5,825**
EO Items/Share of Associates	0	0	-62	-1,047	-233	-	-	-
PBT after EO Exp.	**-1,099**	**1,493**	**1,638**	**1,204**	**2,619**	**3,456**	**4,552**	**5,825**
Total Tax	-58	401	573	860	770	890	1,147	1,468
Tax Rate (%)	5.3	26.8	34.9	71.4	29.4	25.8	25.2	25.2
Reported PAT	**-1,041**	**1,093**	**1,066**	**344**	**1,849**	**2,566**	**3,405**	**4,357**
PAT (after Minority)	**-983**	**692**	**501**	**692**	**1,471**	**1,702**	**2,437**	**3,284**
Change (%)	-77.7	-170.4	-27.6	38.0	112.7	15.7	43.2	34.7
Margin (%)	-3.2	1.7	1.2	1.5	2.8	2.8	3.6	4.4

Consolidated – Balance sheet

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	530	531	532	533	535	535	535	535
Minority Interest	1,002	1,826	1,891	2,074	2,169	2,153	2,292	2,455
Total Reserves	6,973	8,565	9,501	9,038	8,902	10,343	12,410	15,197
Net Worth	**8,504**	**10,922**	**11,924**	**11,645**	**11,605**	**13,031**	**15,236**	**18,186**
Total Loans	4,607	5,569	4,463	3,896	5,313	3,399	1,984	1,364
Lease Liability	4,560	6,673	6,818	7,672	8,045	10,024	10,770	11,042
Other long-term liabilities	2,535	1,376	1,480	1,417	1,352	1,352	1,352	1,352
Capital Employed	**20,207**	**24,540**	**24,684**	**24,629**	**26,316**	**27,805**	**29,342**	**31,945**
Gross Block	5,160	5,354	5,154	5,941	7,217	8,217	9,217	10,217
Less: Accum. Deprn.	**2,914**	**3,191**	**2,800**	**3,149**	**4,063**	**5,163**	**6,340**	7,652
Net Fixed Assets	**2,245**	**2,163**	**2,353**	**2,791**	**3,154**	**3,054**	**2,877**	**2,565**
Right to use Assets	**3,879**	**6,080**	**6,252**	**6,920**	**7,231**	**7,865**	**7,236**	**6,040**
Capital WIP	0	21	39	11	39	39	39	39
Total Investments	**6,145**	**5,686**	**5,553**	**4,076**	**3,957**	**3,957**	**3,957**	**3,957**
Curr. Assets, Loans&Adv.	**20,360**	**22,771**	**21,872**	**24,293**	**27,778**	**30,438**	**34,886**	**41,259**
Inventory	8,308	9,819	9,094	10,801	13,896	15,007	16,276	18,149
Account Receivables	5,717	5,595	6,468	7,294	7,516	8,200	9,183	10,241
Cash and Bank Balance	1,050	2,003	1,680	1,647	639	1,488	2,994	5,696
Loans and Advances	5,285	5,353	4,630	4,551	5,727	5,744	6,433	7,173
Curr. Liability & Prov.	**12,422**	**12,180**	**11,385**	**13,462**	**15,842**	**17,547**	**19,653**	**21,915**
Account Payables	10,479	10,195	9,363	11,720	13,871	15,087	16,898	18,843
Other Current Liabilities	1,943	1,985	2,022	1,743	1,971	2,460	2,755	3,072
Net Current Assets	**7,937**	**10,591**	**10,487**	**10,830**	**11,936**	**12,891**	**15,234**	**19,344**
Appl. of Funds	**20,207**	**24,540**	**24,684**	**24,629**	**26,316**	**27,805**	**29,342**	**31,945**

Financials and valuations

Ratios								
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Basic (INR)								
EPS	**-7.4**	**5.2**	**4.2**	**5.2**	**11.0**	**12.7**	**18.2**	**24.5**
Cash EPS	10.2	20.5	21.5	24.4	32.8	38.0	46.6	57.1
BV/Share	64.2	82.2	89.7	87.6	87.3	98.0	114.6	136.8
DPS	0.0	1.0	1.3	1.6	1.6	1.9	2.7	3.7
Payout (%)	0.0	12.2	15.6	62.0	11.5	9.9	10.7	11.3
Valuation (x)								
P/E	-29.7	57.5	86.7	96.1	43.3	37.5	26.2	19.4
Cash P/E	21.4	14.5	17.0	20.4	14.5	12.5	10.2	8.3
P/BV	3.4	3.6	4.1	5.7	5.5	4.9	4.2	3.5
EV/Sales	1.1	1.1	1.2	1.5	1.3	1.1	0.9	0.8
EV/EBITDA	18.0	10.2	35.4	25.4	20.4	16.1	13.6	10.5
Dividend Yield (%)	0.0	0.3	0.3	0.3	0.3	0.4	0.6	0.8
FCF per share	40.0	25.1	30.1	31.1	22.2	47.5	49.5	54.3
Return Ratios (%)	100.0							
RoE	-13.1	8.3	5.2	7.1	13.0	16.7	20.4	19.6
RoCE	-2.9	9.7	13.7	16.7	18.5	21.8	23.8	24.5
RoIC	-2.4	7.2	9.6	12.4	13.5	17.3	22.4	30.6
Working Capital Ratios								
Fixed Asset Turnover (x)	5.9	7.6	8.3	7.8	7.3	7.3	7.3	7.3
Asset Turnover (x)	1.5	1.7	1.7	1.9	2.0	2.2	2.3	2.3
Inventory (Days)	99	88	78	85	96	92	89	89
Debtor (Days)	68	50	55	58	52	50	50	50
Creditor (Days)	125	91	80	93	96	92	92	92
Leverage Ratio (x)								
Current Ratio	1.6	1.9	1.9	1.8	1.8	1.7	1.8	1.9
Interest Cover Ratio	-0.4	1.8	1.9	2.2	2.4	2.6	3.3	4.0
Net Debt/Equity	0.4	0.3	0.2	0.2	0.4	0.1	-0.1	-0.5

Consolidated - Cash Flow Statement								
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
OP/(Loss) before Tax	(1,099)	1,493	1,638	2,251	2,619	3,448	4,545	5,817
Depreciation	2,609	2,387	2,492	2,557	2,897	3,359	3,771	4,317
Interest & Finance Charges	1,369	1,384	1,519	1,558	1,705	1,881	1,753	1,699
Direct Taxes Paid	(118)	(433)	(627)	(433)	(433)	(888)	(1,145)	(1,466)
(Inc)/Dec in WC	2,435	(955)	(31)	(613)	(2,588)	(107)	(836)	(1,408)
CF from Operations	**5,197**	**3,876**	**4,992**	**5,320**	**4,199**	**7,693**	**8,089**	**8,959**
Others	(70)	(157)	(163)	(215)	(147)	(346)	(473)	(699)
CF from Operating incl EO	**5,127**	**3,719**	**4,829**	**5,105**	**4,053**	**7,347**	**7,615**	**8,259**
(Inc)/Dec in FA	166	(380)	(823)	(958)	(1,090)	(1,000)	(1,000)	(1,000)
Free Cash Flow	**5,293**	**3,339**	**4,006**	**4,147**	**2,963**	**6,347**	**6,615**	**7,259**
(Pur)/Sale of Investments	70	140	1,102	-	-	346	473	699
Others	-321	-65	18	160	99	-	-	-
CF from Investments	**-85**	**-305**	**297**	**-798**	**-991**	**-654**	**-527**	**-301**
Issue of Shares	4,948	54	23	53	98	-	-	-
Inc/(Dec) in Debt	-4,413	959	-1,316	-761	1,418	-1,914	-1,415	-620
Interest Paid	-1,371	-1,438	-1,417	-1,566	-1,697	-787	-614	-1,699
Dividend Paid	0	0	-133	-167	-214	-254	-365	-492
Others	-1,256	-1,552	-2,070	-2,119	-3,666	-2,888	-3,189	-2,446
CF from Fin. Activity	**-2,092**	**-1,977**	**-4,912**	**-4,560**	**-4,060**	**-5,844**	**-5,582**	**-5,257**
Inc/Dec of Cash	**2,950**	**1,438**	**214**	**-253**	**-997**	**849**	**1,506**	**2,702**

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://onlinereports.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, not 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.