02 November 2026
2QFY27 Results Update | Sector: Retail

Aditya Birla Lifestyle Brands

Estimate changes	⇔
TP change	⇓
Rating change	⇔

Bloomberg	ABLBL IN
Equity Shares (m)	1221
M.Cap.(INRb)/(USDb)	88 / 0.9
52-Week Range (INR)	142 / 69
1, 6, 12 Rel. Per (%)	-8/-28/-37
12M Avg Val (INR M)	227

Financials & Valuations (INR b)

Y/E March	FY27E	FY28E	FY29E
Sales	92.1	100.9	109.4
EBITDA	15.1	16.6	18.1
Adj. PAT	2.6	2.9	3.1
EBITDA Margin (%)	16.3	16.5	16.5
Adj. EPS (INR)	2.1	2.4	2.6
BV/Sh. (INR)	13.2	14.8	16.4
Ratios			
Net D:E	1.9	1.8	1.6
RoE (%)	17.2	16.8	16.4
RoCE (%)	13.1	12.3	11.9
Valuations			
P/E (x)	33.9	30.6	28.2
EV/EBITDA (x)	7.9	7.2	6.6
EV/Sales (x)	1.3	1.2	1.1
Div. Yield (%)	1.0	1.4	1.7

Shareholding pattern (%)

As On	Sep-26	Jun-26	Sep-25
Promoter	46.6	46.6	46.6
DII	20.9	20.8	11.5
FII	12.8	13.2	21.9
Others	19.7	19.4	20.0

FII includes depository receipts

CMP: INR72 **TP: INR80(+11%)** **Neutral**

In-line 2Q; consistent double-digit growth and margin expansion key to re-rating

- Aditya Birla Lifestyle Brands (ABLBL) reported ~11% YoY revenue growth in 2Q, supported by robust ~27% YoY growth in Emerging Brands. Lifestyle Brands' revenue grew ~9% YoY, aided by ~5% retail LTL growth, despite the festive shift and double-digit growth in the wholesale channel.
- Gross margin remained broadly flat YoY at 57.7% (~20bp beat). Operating leverage on employee and rental costs, which grew ~8% and ~6% YoY, respectively, supported ~14% YoY EBITDA growth and ~35bp YoY margin expansion to 15.9% (~30bp beat).
- Management reiterated its target of ~11-12% revenue growth CAGR with consistent margin expansion over the medium term, driven by 7-8% LTL growth and retail network expansion. Over the medium term, management expects Reebok's margin (adjusted for royalty) to be in line with the lifestyle brands' margins, while it still expects Van Heusen Innerwear to achieve break-even in one of the quarters in FY27 with further scale-up in FY28.
- We fine-tune our estimates and model a CAGR of 9%/10%/14% in revenue/ reported EBITDA/adj. PAT over FY26-29E.
- **We reiterate our Neutral rating with a revised TP of INR80,** premised on ~13x Dec'28E pre-Ind AS EV/EBITDA (implies ~32x Dec'28E EPS).
- Consistent double-digit revenue growth, along with improved profitability in emerging brands, remains the key catalyst for a potential re-rating.

In-line 2Q; LTL-led growth boosts profitability

- ABLBL's 2Q revenue at INR22.7b grew 11% YoY (vs. our est. ~10% YoY), despite the festive shift, led by **strong retail LTL growth in Lifestyle (5%) and Emerging (~11%) brands.**
  - Lifestyle Brands grew 9% YoY, driven by 5% retail LTL growth and double-digit YoY wholesale growth, while Emerging Brands delivered 27% YoY growth.
  - The company expanded its footprint to 3,434 brand stores (~72 net store additions in 2Q vs. ~14 in 1Q; 100+ gross additions).
- Gross profit rose ~11% YoY to INR13.1b as gross margin was stable YoY at 57.7% (~20bp beat).
- Other expenses rose ~12% YoY due to input and logistics cost inflation, while employee costs (up 8% YoY) and rental expenses (up 6% YoY) were contained.
- Reported **EBITDA of INR3.6b** grew ~14% YoY (~4% beat), with **EBITDA margin expanding ~35bp YoY to 15.9% (~30bp beat)**, driven by operating leverage.
- Depreciation increased ~7% YoY, while finance costs declined ~2% YoY. Other income rose ~41% YoY to INR298m.
- **Reported PAT of INR530m surged ~2.3x YoY** but was a 5% miss on our estimates, due to higher-than-estimated depreciation and finance costs, partly offset by higher other income.

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Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Robust growth and reported profitability in 1H

- Its 1HFY27 revenue grew ~11% YoY to INR43.1b, driven by healthy growth across Lifestyle (9% YoY) and Emerging Brands (23% YoY).
- Gross margin contracted ~75bp YoY to 59.3% in 1H, but contained opex (up 8% YoY) drove the company's **1HFY27 EBITDA** higher by **15% YoY to INR6.7b**, with margin expanding ~55bp YoY to 15.5%.
- ABLBL's 1HFY27 pre-Ind AS EBITDA stood at INR2.6b (**up 6% YoY**), with margin contracting ~30bp YoY to 6%, as lease payments rose 22% YoY due to accelerated store additions (up by 86 YoY on a net basis).
- ABLBL's adjusted 1HFY27 PAT grew ~73% YoY to INR821m, supported by higher operating profitability and ~2% YoY decline in finance costs.
- For 2HFY27, the implied ask-rate for revenue/reported EBITDA/adj. PAT growth is ~9-10%, which should be achievable, given the shift in the festive period.

FCF outflow moderates in 1HFY27; net debt inches up due to WC build-up

- Core working capital days improved to 58 in 1HFY27 (vs. 65 days in 1HFY26), led by lower inventory days at 103 (vs. 112 YoY) and receivable days at 60 (vs. 63 YoY), with this partly offset by lower payable days at 106 (vs. 110 YoY).
- Overall CWC was stable YoY at INR14b despite ~11% YoY revenue growth. This narrowed the NWC outflow to INR2.1b during 1HFY27 (vs. INR2.8b).
- ABLBL's 1HFY27 OCF outflow (after interest and leases) moderated to INR466m (vs. outflow of INR920m in 1HFY26), led by improved profitability and lower WC.
- Its 1HFY27 cash capex stood at INR1.4b (vs. INR1.2b YoY). 1HFY27 FCF outflow (after interest and leases) came in at INR1.8b (vs. INR2.15b outflow in 1HFY26).
- Net debt rose to INR9.7b (vs. INR7.3b in Mar'26).

Key highlights from the management interaction

- **Demand outlook:** Consumption environment remained broadly stable in 2QFY27. The festive shift from Sep'25 to Oct'26 led to zero LTL growth in Sep'26. Adjusted for the same, LTL for 2Q would have been ~8%. Management indicated encouraging demand trends during the early festive period and expects stronger momentum in 2H, supported by festive demand, acceleration in store expansion, and continued traction across channels.
- **Outlook:** Management reiterated its target of ~11-12% revenue growth CAGR with consistent margin expansion over the medium term, driven by 7-8% LTL and retail network expansion. Over the medium term, management expects Reebok's margin (adjusted for royalty) to be in line with the lifestyle brands' margins, while it still expects Van Heusen Innerwear to achieve break-even in one of the quarters in FY27 with further scale-up in FY28.
- **Store expansion and network optimization:** ABLBL accelerated store expansion, adding over 100 gross stores in 2QFY27, its highest quarterly additions in over two years. During 1HFY27, the company added ~180 gross stores and ~90 net stores, with closures largely reflecting relocation to better locations or to larger formats in the same markets. Management expects further acceleration in store additions during 2HFY27, with relatively fewer closures.

Valuation and view

- ABLBL combines scaled and profitable lifestyle brands with a portfolio of currently sub-scale but emerging brands with high growth potential, offering a balanced mix of steady cash generation and levers for growth and margin expansion.
- We expect ~9% CAGR in overall revenue over FY26-29, driven by ~150 net annual store additions, mid-single digit LTL growth, and the scale-up of emerging brands.
- We build in a CAGR of ~10%/15% in reported EBITDA/adj. PAT, aided by ~55bp blended reported EBITDA margin expansion over FY26-29. Improved profitability of emerging brands, remains the key driver for margin expansion.
- We expect ABLBL to generate cumulative OCF of ~INR16.6b and FCF of ~INR7.6b over FY26-29, which should provide headroom for increasing shareholder payouts while deleveraging the balance sheet.
- **We reiterate our Neutral rating** with a revised TP of INR80 (earlier INR85), based on 13x Dec'28E pre-Ind AS EV/EBITDA (implies ~32x Dec'28E EPS).
- Consistent double-digit revenue growth, along with improved profitability in emerging brands, remains the key catalyst for a potential re-rating.

Our TP of INR80 is premised on ~13x Dec'28E pre-IND AS EV/EBITDA (~32x Dec'28E EPS)

Dec'28E (INR b)	EBITDA/Revenue	Multiple	EV	EV/share
Lifestyle Brands EBITDA	17.7	6.5	115	95
Emerging Brands revenue	18.9	0.8	14	12
ABLBL EV	**17.7**	**7.3**	**130**	**106**
Net debt (inc. leases)			31	26
ABLBL equity value			**98**	**80**
Share count (m)			1,220	
ABLBL TP			**80**	

Quarterly earnings summary

Y/E March	FY26				FY27E				FY26	FY27	FY27 2QE	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue	**18,406**	**20,379**	**23,432**	**21,742**	**20,457**	**22,656**	**26,029**	**22,998**	**83,958**	**92,141**	**22,310**	**1.6**
YoY Change (%)	3.1	10.0	11.4	11.9	11.1	11.2	11.1	5.8	7.2	9.7		
Total Expenditure	15,775	17,212	19,314	18,218	17,377	19,053	21,434	19,223	70,518	77,082	18,827	**1.2**
EBITDA	**2,631**	**3,167**	**4,118**	**3,523**	**3,081**	**3,603**	**4,596**	**3,776**	**13,440**	**15,059**	**3,482**	**3.5**
Change, YoY (%)	-2.1	12.7	23.6	14.1	17.1	13.8	11.6	7.2	12.8	12.0		
Depreciation	1,725	2,090	2,037	2,103	2,041	2,236	2,326	2,394	7,954	8,997	2,143	
Interest	850	978	954	863	833	961	932	827	3,644	3,553	815	
Other Income	225	211	191	224	185	298	238	236	851	957	222	
PBT before EO expense	**282**	**311**	**1,318**	**781**	**392**	**704**	**1,576**	**790**	**2,692**	**3,466**	**746**	**-5.5**
Extra-Ord expense	0	0	-413	-77	0	0	0	0	-490	0	0	
PBT	**282**	**311**	**905**	**704**	**392**	**704**	**1,576**	**790**	**2,202**	**3,466**	**746**	**-5.5**
Tax	41	76	215	159	102	174	397	200	492	872	188	
Rate (%)	14.6	24.6	23.8	22.6	25.9	24.7	25.2	25.3	22.3	25.2	25.2	
Reported PAT	**241**	**234**	**690**	**545**	**290**	**530**	**1,179**	**590**	**1,711**	**2,593**	**558**	**-4.9**
Adj PAT	**241**	**234**	**999**	**603**	**290**	**530**	**1,179**	**590**	**2,077**	**2,593**	**558**	**-4.9**
YoY Change (%)	4.6	-39.7	49.4	269.8	20.6	126.3	18.0	-2.1	56.0	24.8		

Segment-wise results summary

Lifestyle Brands:

- Revenue of INR19.1b **grew ~9% YoY** (broadly in line with our estimate).
  - Retail delivered **5% LTL growth** (vs. 7% in 1Q, despite the festive shift); small-town stores posted double-digit LTL for the sixth straight quarter.
  - Wholesale grew by double digits, led by robust primary sales, reversing 1Q's primary-led weakness.
  - E-commerce grew in the high single digits, with own e-commerce business accelerating to ~70% YoY.
- EBITDA **rose ~10% YoY** to INR3.7b (in line) as EBITDA margin **expanded ~20bp YoY** to 19.5% (~20bp beat).

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

- Revenue of INR3.7b **surged ~27% YoY** (+12% QoQ; **~8% beat**), led by **~11% retail LTL growth** (similar to 1QFY27) and double-digit growth across brands and channels.
- EBITDA jumped to INR250m (vs. INR40m in 2QFY26 and our estimate of INR103m), reflecting improving operating leverage with scale.
  - EBITDA margin expanded ~535bp YoY to 6.7% (~375bp beat).

Exhibit 1: Quarterly performance

ABLBL (INR m)	2QFY26	1QFY27	2QFY27	YoY%	QoQ%	2QFY27E	vs. est
Revenue	**20,379**	**20,457**	**22,656**	***11.2***	***10.7***	**22,310**	***1.6***
Raw Material cost	8,612	7,968	9,578	*11.2*	*20.2*	9,482	*1.0*
Gross Profit	**11,767**	**12,489**	**13,078**	***11.1***	***4.7***	**12,828**	***1.9***
Gross margin (%)	**57.7**	**61.0**	**57.7**	***-2bps***	***-333bps***	**57.5**	***22bps***
Employee Costs	2,203	2,486	2,382	*8.1*	*-4.2*	2,365	*0.7*
Rent	1,500	1,925	1,593	*6.2*	*-17.2*	1,606	*-0.8*
SGA Expenses	4,896	4,997	5,500	*12.3*	*10.1*	5,375	*2.3*
Total	**8,600**	**9,408**	**9,475**	***10.2***	***0.7***	**9,346**	***1.4***
EBITDA	**3,167**	**3,081**	**3,603**	***13.8***	***17.0***	**3,482**	***3.5***
EBITDA margin (%)	***15.5***	***15.1***	***15.9***	***36bps***	***84bps***	***15.6***	*30bps*
Depreciation and amortization	2,090	2,041	2,236	*7.0*	*9.5*	2,143	*4.3*
EBIT	1,078	1,040	1,367	*26.9*	*31.5*	1,339	*2.1*
EBIT margin (%)	*5.3*	*5.1*	*6.0*	*75bps*	*95bps*	*6.0*	*3bps*
Finance Costs	978	833	961	*-1.8*	*15.4*	815	*17.9*
Other income	211	185	298	*41.1*	*61.5*	222	*34.4*
Exceptional item	0	0	*0*				
Profit before Tax	**311**	**392**	**704**	***126.7***	***79.8***	**746**	***-5.5***
Tax	76	102	174			188	***-7.4***
Tax rate (%)	*24.6*	*25.9*	*24.7*			*25.2*	
Profit after Tax	**234**	**290**	**530**	***126.3***	***82.8***	**558**	***-4.9***
Adj Profit after Tax	**234**	**290**	**530**	***126.3***	***82.8***	**558**	***-4.9***

Exhibit 2: Segment-wise performance

Segments	2QFY26	1QFY27	2QFY27	YoY%	QoQ%	2QFY27E	vs. est
Lifestyle Brands							
Revenue	**17,540**	**17,250**	**19,060**	***8.7***	***10.5***	**18,964**	***0.5***
EBITDA	**3,380**	**3,190**	**3,710**	***9.8***	***16.3***	**3,651**	***1.6***
% Margin	*19.3*	*18.5*	*19.5*	*19bps*	*97bps*	*19.3*	*21bps*
Others (Reebok, AE, VH innerwear)							
Revenue	**2,920**	**3,320**	**3,710**	***27.1***	***11.7***	**3,446**	***7.7***
EBITDA	**40**	**140**	**250**	***525.0***	***78.6***	**103**	***141.9***
% Margin	*1.4*	*4.2*	*6.7*	*537bps*	*252bps*	*3.0*	*374bps*

Source: MOFSL, Company

Detailed highlights from the management commentary

- **Demand outlook:** Consumption environment remained broadly stable in 2QFY27. The festive shift from Sep'25 to Oct'26 led to zero LTL growth in Sep'26. Adjusted for the same, LTL for 2Q would have been ~8%. Management indicated encouraging demand trends during the early festive period and expects stronger momentum in 2H, supported by festive demand, acceleration in store expansion, and continued traction across channels.
- **Outlook:** Management reiterated its target of ~11-12% revenue growth CAGR with consistent margin expansion over the medium term, driven by 7-8% LTL and retail network expansion. Over the medium term, management expects Reebok's margin (adjusted for royalty) to be in line with the lifestyle brands' margins, while it still expects Van Heusen Innerwear to achieve break-even in one of the quarters in FY27 with further scale-up in FY28.
- **Store expansion and network optimization:** ABLBL accelerated store expansion, adding over 100 gross stores in 2QFY27, its highest quarterly additions in over two years. During 1HFY27, the company added ~180 gross stores and ~90 net stores, with closures largely reflecting relocation to better locations or to larger formats in the same markets. Management expects further acceleration in store additions during 2HFY27, with relatively fewer closures.
- **E-commerce growth and digital initiatives:** Priority is to drive e-commerce growth through online-exclusive merchandise, improved app experiences and expanding hyperlocal delivery capabilities. The business operates through a combination of marketplaces and B2B partnerships, resulting in quarterly fluctuations in primary sales due to inventory stocking ahead of events. However, underlying secondary sales to consumers maintained healthy double-digit growth throughout 1HFY27, indicating sustained demand momentum.
- **Emerging brands performance:** The Emerging Brands portfolio, comprising Reebok, Van Heusen Innerwear and American Eagle, delivered strong growth and margin expansion, supported by broad-based growth across brands and channels. Continued distribution expansion, improving brand traction and increasing retail penetration are expected to support growth and profitability over the medium term.
- **Inflation and pricing actions:** ABLBL has undertaken ~6% price hikes to pass on the input cost inflation. The pricing action had limited impact in 2Q and bulk of the benefit is likely to be seen in 3Q. However, the effective realization will depend on consumer acceptance and discounting levels. The company continues to engage with vendors to optimize sourcing costs and limit margin pressures.
- **Debt reduction and capex outlook:** Management reiterated its FY27-end net debt target of ~INR6b (vs. ~INR9.7b at end-1HFY27), supported by stronger cash flow generation in 2H. FY27 capex guidance remains unchanged at ~INR3b, with spending broadly on track despite increased franchise-led expansion. Management expects to fully utilize the planned capex, supported by a healthy store expansion pipeline, while maintaining its focus on deleveraging.
- **Small-town performance:** Small towns (population below 150k) continued to deliver double-digit LTL growth for the sixth consecutive quarter, outperforming the overall retail network. These markets currently contribute ~5-6% of revenue,

with management seeing potential for this share to increase to ~6-7%. The network spans 500+ stores, with Peter England accounting for nearly half of the store base. Management remains optimistic about growth opportunities in smaller towns, supported by healthy demand and further retail penetration.

- **Reebok expansion and channel mix:** Reebok continues to expand across exclusive brand outlets, department stores, e-commerce and multi-brand retail channels. Its exclusive store network has crossed 250 outlets, with management targeting 300+ stores by FY27-end. Typical Reebok stores span ~1,000-1,100 sq. ft. and are profitable at store level, supporting further expansion. Management sees significant headroom for additional store openings, backed by healthy brand traction and a scalable retail model.

Exhibit 3: Our estimate revisions

	FY27E	FY28E	FY29E
Revenue (INR m)			
Old	91,640	99,223	1,06,591
Actual/New	92,141	1,00,913	1,09,433
Change (%)	0.5	1.7	2.7
EBITDA (INR m)			
Old	14,867	16,309	17,746
Actual/New	15,059	16,623	18,106
Change (%)	*1.3*	*1.9*	*2.0*
EBITDA margin (%)			
Old	16.2	16.4	16.6
Actual/New	16.3	16.5	16.5
Change (bp)	*12*	*4*	*-10*
Net Profit (INR m)			
Old	2,620	2,617	2,749
Actual/New	2,593	2,873	3,117
Change (%)	-1.0	9.8	13.4
EPS (INR)			
Old	2.1	2.1	2.3
Actual/New	2.1	2.4	2.6
Change (%)	*-1.0*	*9.8*	*13.4*

Exhibit 4: Key financial estimates for ABLBL

(INR b)	FY25	FY26	FY27E	FY28E	FY29E
ABLBL					
Revenue	**78.3**	**84.0**	**92.1**	**100.9**	**109.4**
YoY	0.6	7.2	9.7	9.5	8.4
Gross profit	**45.6**	**50.0**	**54.4**	**59.5**	**64.8**
Gross margin %	58.2	59.5	59.0	59.0	59.3
Reported EBITDA	**11.9**	**13.4**	**15.1**	**16.6**	**18.1**
margin %	15.2	16.0	16.3	16.5	16.5
Pre-INDAS EBITDA	**5.5**	**6.4**	**6.6**	**7.2**	**8.0**
margin %	7.0	7.7	7.2	7.2	7.3
Adj. PAT	**1.3**	**2.1**	**2.6**	**2.9**	**3.1**
Adj. EPS (INR/sh)	1.1	1.7	2.1	2.4	2.6

Story in charts

Exhibit 5: Consol. revenue grew ~11% YoY

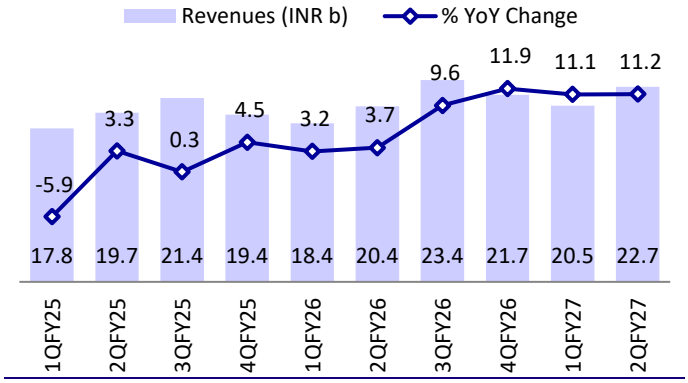


Exhibit 6: EBITDA up 14% YoY with ~35bp margin expansion

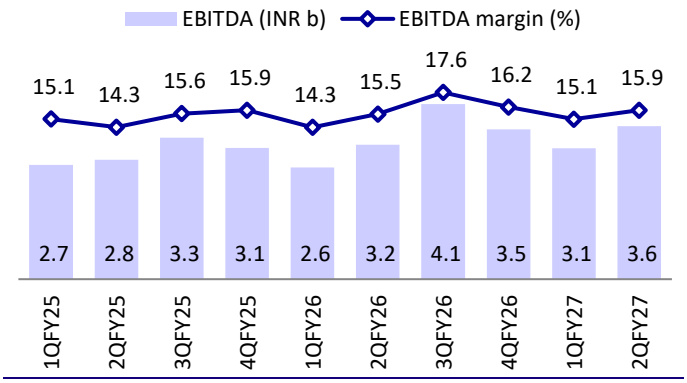


Exhibit 7: Lifestyle's revenue grew ~9% YoY

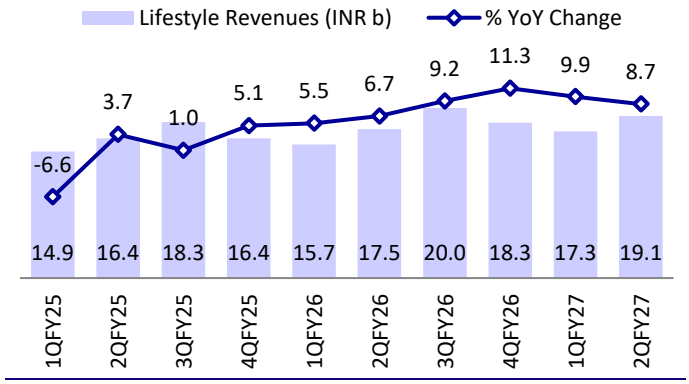


Exhibit 8: Lifestyle's EBITDA grew ~10% YoY with 20bp margin expansion

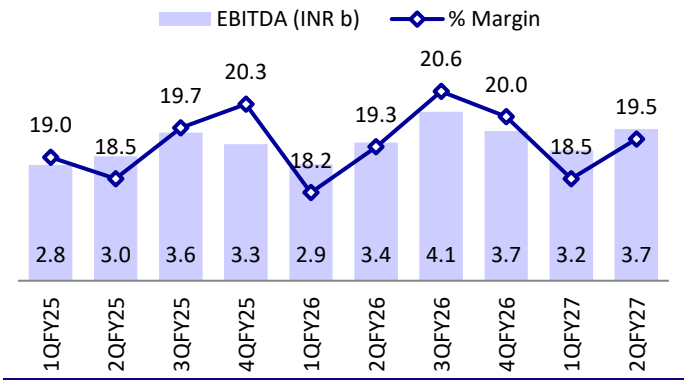


Exhibit 9: Emerging brands' revenue grew ~27% YoY

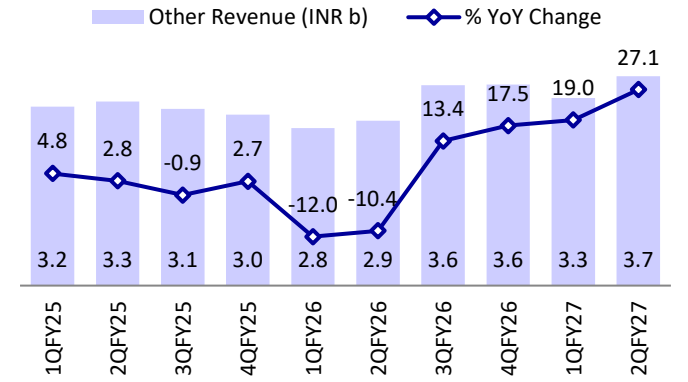


Exhibit 10: YoY EBITDA improvement continues

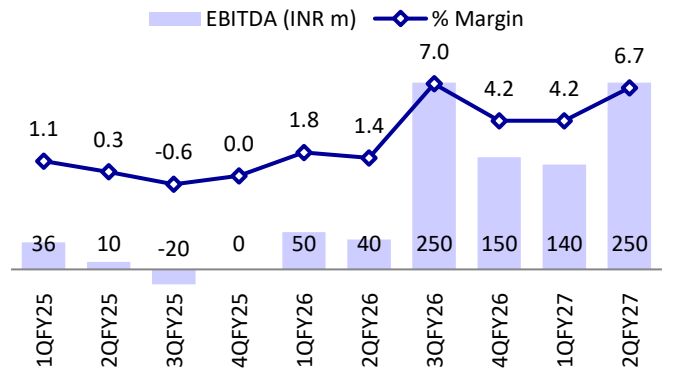


Exhibit 11: Lifestyle brands to record ~8%/9% revenue/ reported EBITDA CAGR over FY26-29

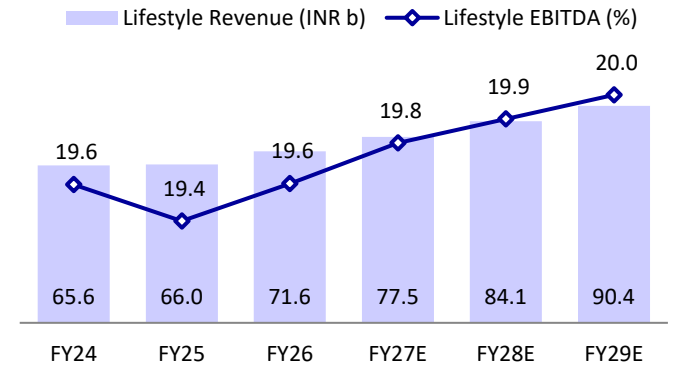


Exhibit 12: Expect ~15% revenue CAGR and a sharp margin expansion over FY26-29 for emerging brands

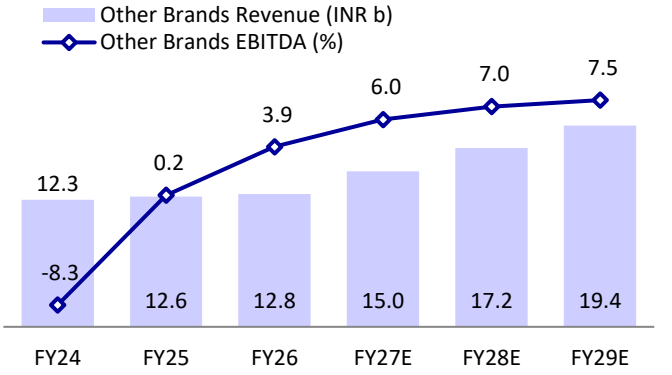


Exhibit 13: Expect ABLBL to deliver ~9% revenue CAGR over FY26-29

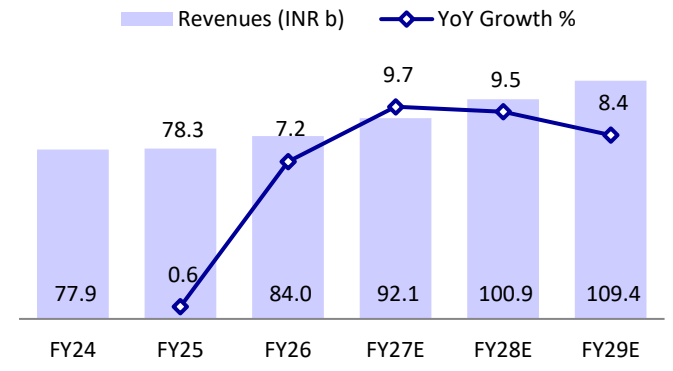


Exhibit 14: Expect ~9% CAGR in gross profit over FY26-29

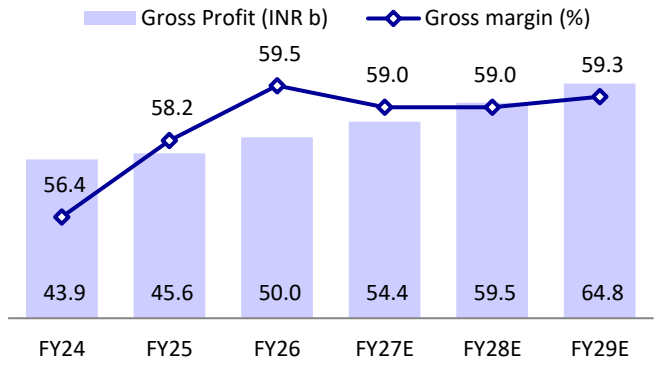


Exhibit 15: Expect ~10% reported EBITDA CAGR over FY26-29

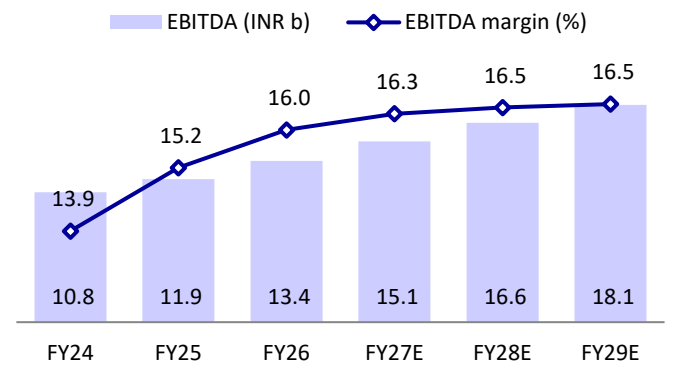
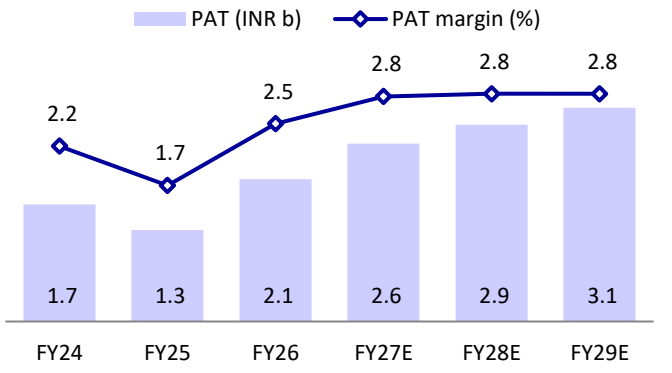


Exhibit 16: Adj. PAT to record ~15% CAGR over FY26-29E



Financials and valuations

Income Statement					(INR m)	
Y/E March	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Income from Operations	**77,860**	**78,300**	**83,958**	**92,141**	**1,00,913**	**1,09,433**
Change (%)		0.6	7.2	9.7	9.5	8.4
Raw Materials	33,947	32,720	33,994	37,778	41,375	44,594
Employees Cost	8,201	9,184	9,413	10,136	10,899	11,709
Rent	7,393	7,647	7,538	7,924	8,426	8,974
Other Expenses	17,498	16,831	19,573	21,245	23,591	26,050
Total Expenditure	**67,038**	**66,382**	**70,518**	**77,082**	**84,291**	**91,327**
EBITDA	**10,822**	**11,918**	**13,440**	**15,059**	**16,623**	**18,106**
Margin (%)	13.9	15.2	16.0	16.3	16.5	16.5
Depreciation	6,383	7,057	7,954	8,997	10,471	11,761
EBIT	**4,439**	**4,860**	**5,486**	**6,062**	**6,152**	**6,345**
Int. and Finance Charges	3,249	3,820	3,644	3,553	3,384	3,369
Other Income	999	777	851	957	1,072	1,190
PBT bef. EO Exp.	**2,188**	**1,817**	**2,692**	**3,466**	**3,839**	**4,165**
EO Items/Share of Associates	-	-983	-490	-	-	-
PBT after EO Exp.	**2,188**	**834**	**2,202**	**3,466**	**3,839**	**4,165**
Total Tax	481	238	492	872	966	1,048
Tax Rate (%)	22.0	28.5	22.3	25.2	25.2	25.2
Reported PAT	**1,707**	**596**	**1,711**	**2,593**	**2,873**	**3,117**
Adjusted PAT	**1,707**	**1,332**	**2,077**	**2,593**	**2,873**	**3,117**
Change (%)	NA	-22.0	56.0	24.8	10.8	8.5
Margin (%)	2.2	1.7	2.5	2.8	2.8	2.8

Balance Sheet					(INR m)
Y/E March	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Equity Share Capital	12,203	12,205	12,205	12,205	12,205
Total Reserves	562	1,917	3,900	5,858	7,754
Net Worth	**12,765**	**14,122**	**16,105**	**18,063**	**19,959**
Borrowings	9,522	8,337	7,337	6,337	5,587
Lease Liability	19,803	21,844	25,016	27,221	29,359
Deferred Tax Liabilities	-1,447	-1,318	-1,318	-1,318	-1,318
Other Long-Term Liability	8,411	8,707	8,707	8,707	8,707
Capital Employed	**49,054**	**51,692**	**55,846**	**59,009**	**62,294**
Gross Block	24,761	27,377	30,377	33,377	36,377
Less: Accum. Deprn.	7,203	9,036	11,764	14,858	18,301
Net Fixed Assets	**6,385**	**7,684**	**8,484**	**8,919**	**9,004**
Right to use Assets	15,244	17,750	21,194	23,314	25,033
Intangible	11,173	10,656	10,128	9,600	9,073
Capital WIP	130	460	460	460	460
Total Investments	**1,172**	**163**	**163**	**163**	**163**
Other Long-Term Assets	4,359	3,515	3,515	3,515	3,515
Curr. Assets, Loans&Adv.	**42,881**	**45,653**	**48,908**	**53,169**	**58,213**
Inventory	21,088	23,485	24,739	26,818	28,782
Account Receivables	13,221	11,981	12,622	13,824	14,991
Cash and Bank Balance	537	915	1,523	1,783	2,995
Loans and Advances	8,035	9,272	10,023	10,744	11,445
Curr. Liability & Prov.	**32,289**	**34,191**	**37,007**	**40,131**	**43,165**
Account Payables	21,213	22,882	23,982	26,265	28,483
Other Current Liabilities	9,660	9,873	11,361	12,022	12,664
Provisions	1,416	1,435	1,664	1,844	2,019
Net Current Assets	**10,591**	**11,463**	**11,902**	**13,038**	**15,047**
Appl. of Funds	**49,054**	**51,692**	**55,847**	**59,010**	**62,295**

Financials and valuations

Ratios

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)					
EPS	**1.1**	**1.7**	**2.1**	**2.4**	**2.6**
Cash EPS	6.9	8.2	9.5	10.9	12.2
BV/Share	10.5	11.6	13.2	14.8	16.4
DPS	0.0	0.5	0.7	1.0	1.2
Payout (%)	0.0	35.7	35.3	42.5	48.9
Valuation (x)					
P/E	66.0	42.3	33.9	30.6	28.2
Cash P/E	10.5	8.8	7.6	6.6	5.9
P/BV	6.9	6.2	5.5	4.9	4.4
EV/Sales	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	9.8	8.7	7.9	7.2	6.6
Dividend Yield (%)	0.0	0.7	1.0	1.4	1.7
FCF per share	1.0	0.5	1.0	0.9	1.6
Return Ratios (%)					
RoE	10.4	15.5	17.2	16.8	16.4
RoCE	11.5	12.7	13.1	12.3	11.9
RoIC	12.1	13.2	13.6	12.9	12.6
Working Capital Ratios					
Fixed Asset Turnover (x)	3.2	3.1	3.0	3.0	3.0
Asset Turnover (x)	1.6	1.6	1.6	1.7	1.8
Inventory (Days)	98	97	96	93	93
Debtor (Days)	62	55	49	48	48
Creditor (Days)	99	96	93	91	91
Leverage Ratio (x)					
Current Ratio	1.3	1.3	1.3	1.3	1.3
Interest Cover Ratio	1.3	1.5	1.7	1.8	1.9
Net Debt/Equity	2.2	2.1	1.9	1.8	1.6

Cash Flow Statement

(INR m)

Y/E March	FY25	FY26	FY27E	FY28E	FY29E
OP/(Loss) before Tax	834	2,202	3,466	3,839	4,165
Depreciation	7,886	7,954	8,997	10,471	11,761
Interest & Finance Charges	3,820	3,644	3,553	3,384	3,369
Direct Taxes Paid	-36	-366	-872	-966	-1,048
(Inc)/Dec in WC	-828	-1,009	169	-877	-797
CF from Operations	**11,676**	**12,425**	**15,313**	**15,851**	**17,450**
Others	-234	-237	(957)	(1,072)	(1,190)
CF from Operating incl EO	**11,442**	**12,188**	**14,356**	**14,779**	**16,261**
(Inc)/Dec in FA	-2,435	-3,225	-3,000	-3,000	-3,000
Lease Payments	-7,771	-8,377	-10,095	-10,676	-11,268
Free Cash Flow	**1,235**	**586**	**1,261**	**1,103**	**1,993**
(Pur)/Sale of Investments	2,446	1,078	0	0	0
Others	58	166	957	1,072	1,190
CF from Investments	**-7,702**	**-10,358**	**-12,138**	**-12,605**	**-13,078**
Issue of Shares	1	-267	0	0	0
Inc/(Dec) in Debt	-4,533	-1,185	-1,000	-1,000	-750
Dividend Paid	0	0	-610	-915	-1,220
CF from Fin. Activity	**-4,533**	**-1,452**	**-1,610**	**-1,915**	**-1,970**
Inc/Dec of Cash	**-793**	**379**	**608**	**259**	**1,212**
Opening Balance	1,324	531	910	1,518	1,777
Closing Balance	**531**	**910**	**1,518**	**1,777**	**2,989**
less: Other Bank Balance	6	6	6	6	6
Net Closing Balance	**536**	**916**	**1,523**	**1,783**	**2,995**

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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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.