Arvind Fashions Ltd. (ARVFAS)

CMP: ₹ 541 | Target: ₹ 705 (30%) | Target Period: 12 months

BUY

September 5, 2025

Redefined business to grow consistently…

About the stock: Arvind Fashions Ltd. (AFL) is a multi-brand apparel company operating with both in-house and licenced brands. The company operates high value global brands such as US Polo, Tommy Hilfiger, Arrow and Calvin Klein under license agreement while it has its own in-house leading denim brand Flying Machine. The company operates through 977 Retail outlets with over ~11.9 Lakh sqft store space and also through 9000+ MBOs and departmental stores.

Investment Rationale:

A new journey towards profitable and high return growth path: AFL transformed its business into a profitable and efficient business model by rationalising its product portfolio to 5 marque brands, increased focus on scaling up direct-to-consumer sales and strengthening balance sheet by better working capital management and reduction in debt through improved cash flows in last five years. Change in business model aided the company to get back into high single to low double digit like-to-like growth (~6-11% in last three quarters); consistent improvement in the EBIDTA margins (260bps improvement over FY23-25) and strong improvement in the return profile with RoCE and RoIC standing at 22.4% and 15.5% respectively in FY25 from 0.9% and 0.7% in FY22.

Focus on scaling up sales through direct-to-consumer channels: Pushing revenue growth through direct channels of EBO retail and online B2C was one of the key growth strategies under the transformational journey of AFL. In Last three years the company has been focusing on increasing the superior offerings under each marque brand, reduced discounting, reenergizing the brands through higher advertisement spends opening high quality large stores / few marquee stores and investments in new retail formats such as Club A and Stride to drive superior customer experience. Management expects retail business (contributing 43% of revenues) to grow by low-to-mid teens driven by 7-8% LFL growth in existing stores, increasing retail space by 1-1.4 lakh sq.ft p.a. and double-digit growth in online B2C in the coming years. We expect AFL's retail business to grow at CAGR of 14% over FY25-28E.

Strengthened balance sheet through improvement in the working capital and reduction in debt: AFL strengthen its balance sheet through reduction in debt and working capital improvement in the last three to four years. It took various steps to increase the inventory turnover by adopting a consignment model, while also improving its working capital efficiencies. AFL's inventory turn has improved from ~2.4x in FY21 to over ~4.3x in FY25. AFL raised more than Rs.1,000cr through right/preferential issue and divestment of non-profitable brands. It reduced its debt to Rs.390cr in FY25 from Rs1,210cr in FY22. With expected further improvement in the cash flows, we expect the company to be debt free by FY28E. This will help in substantial reduction in the interest cost in the coming years.

Rating and Target Price

Transformation of business model into premium D2C play will help AFL revenues/EBIDTA to grow by 13%/18% respectively, while PAT is expected to grow multi-fold on back of strong operating performance and reduction in debt. **We recommend Buy with a price target of Rs.705 (valuing at 12x its average FY27/28E EV/EBIDTA).**

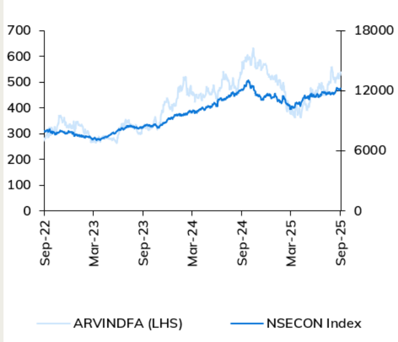
Particulars

Particular	Amount
Market Capitalisation (₹ crore)	7,212
Debt (FY25) -₹ crore	1,157
Cash (FY25) - ₹ crore	165
EV (Rs crore)	8,204
52 week H/L (₹)	640 / 338
Equity capital (₹ crore)	53.3
Face value (₹)	4.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	35.2	35.2	35.2	35.1
FII	10.4	10.0	9.4	9.4
DII	21.0	21.8	21.9	23.6
Others	33.4	33.0	33.5	31.9

Price Chart



Key risks

- Inability to renew license agreement of brands can impact operations of the business
- Delay in adaptation to latest consumer trends can lead to missed opportunities.

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Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Revenues	4259.1	4619.8	6.5	5247.8	5907.5	6641.3	12.9
EBIDTA	510.6	601.8	19.3	719.9	850.3	990.5	18.1
EBIDTA Margins(%)	12.0	13.0		13.7	14.4	14.9	
Adjusted PAT	112.8	34.2	-44.1	250.6	327.8	427.8	132.1
EPS (Rs.)	8.5	2.6		18.8	24.6	32.1	
PE (x)	63.9	210.9		28.8	22.0	16.9	
EV to EBIDTA (x)	16.0	13.6		11.4	9.4	7.8	
Price to book (x)	7.2	7.5		6.6	5.7	4.9	
RoE (%)	8.4	-3.6		14.7	16.8	18.8	
RoCE (%)	19.1	22.4		26.7	30.2	33.4	

Source: Company, ICICI Direct Research

ICICI Securities – Retail Equity Research

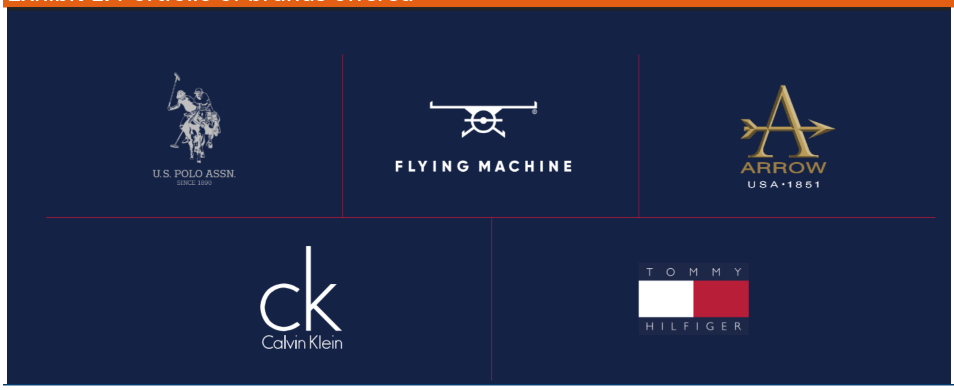
Conviction Pick

Company Background

Arvind Fashions (AFL), earlier a subsidiary of Arvind Ltd., demerged from the group in 2008. It is a multi-brand apparel company with 5 marquee brands which has omnichannel presence and operates through retail, wholesale and online channels. The company has its own in-house brand, Flying Machine and has license to operate US Polo Assn. and Arrow in India, while it has a joint venture with PVH to operate premium global brands such as Tommy Hilfiger and Calvin Klein. The company's sales are majorly driven through retail channel (EBOs) which constitute 43% of the channel mix while wholesale channel (MBOs and Departmental Stores) constitutes to 29% and online channel (B2B and B2C) forms 28% of the mix. The company has diversified into adjacent categories such as Kid's wear, Women wear, Footwear and innerwear through its premium brand offerings and have seen robust growth in these segments.

The company operates 977 retail stores (including EBOs, Club A and Strides) spread across 11.94 lakh sq.ft in 475+ cities. AFL brands also have presence through 9000+ multi-brand outlets (MBOs) and Departmental stores across various regions in India. The company launched online platform NNOW in 2016 which offer its brands a platform to leverage the strength of online presence.

Exhibit 1: Portfolio of brands offered



Source: Company, ICICI Direct Research

Exhibit 2: Strong retail offering and widespread presence across cities

Brands	No. of Stores	Store Space (in Lakh sqft)*	Cities	Brand Positioning	ASP (In Rs./piece)
U.S Polo Association	377	4.5	161	Mid-Premium Casual Wear	799-4,999
Tommy Hilfiger	103	1.4	41	Premium Lifestyle Wear	1,999-18,999
Arrow	195	2.1	97	Premium Formal Wear	1,499-15,999
Calvin Klein	80	0.8	35	Super Premium Wear	1,599-14,999
Flying Machine	142	1.1	100	Mid-Premium Casual and Denim Wear	499-3,999
Megamarts, Club A and Strides	80	1.9^	-	-	-
Total	**977**	**11.9**			

Source: Company, ICICI Direct Research *Total Store space is calculated on the basis of average store size per brand. ^Calculated basis

Brief profile of promoter and top management

- **Sanjay Lalbhai (Chairman and Non-Executive Director)**: He is the chairman and managing director of one of India's largest conglomerates, Arvind Ltd. Over the last 4 decades he has transformed Arvind from 1 textile mill to a leading denim manufacturer and apparel solutions. He was instrumental in bringing India's initial premium brands Flying Machine and Arrow and also introducing the concept of exclusive brand outlets (EBOs). Mr. Lalbhai is an MBA from Jamnalal Bajaj Institute.

- **Amisha Jain (Managing Director and Chief Executive Officer)**: She has taken charge are MD and CEO from August 13th 2025. She is an alumna of INSEAD and top consulting firm McKinsey with over 25+ years of experience in consumer, retail and technology sectors. She was the MD & SVP of South Asia, Middle East, Africa and Eastern Europe at Levi Strauss & Co. During her term at Levi Strauss & Co. the company witnessed high teens growth and gained No. 1 brand equity in denim and apparels. She was also a CEO of Zivanne and led a turnaround of the brand. Her prior experience includes Arvind Group, Nike India and Motorola Inc.

- **Kulin Lalbhai (Vice-Chairman and Non-Executive Director)**: He is the Vice-Chairman at AFL and Executive Director at Arvind Ltd. He is driving the consumer and digital businesses at Arvind which includes AFL, real estate and telecom and has been instrumental in setting up several new retail concepts for the Group and involved with expanding the brand portfolio of AFL and also its foray into footwear. He holds an MBA from the Harvard Business School, and a BSc in Electrical Engineering from the Stanford University. Prior to his current role, he has also been a management consultant at McKinsey & Co.

- **Girdhar Kumar Chitlangia (CFO)**: He is a Chartered Accountant with 30 years of industry experience and has worked in leadership roles in large retail & FMCG companies both in India and abroad. Prior to joining AFL, he was associated with More Retail, Coca-Cola Company and Super Max World. He has attended top business schools like Harvard and Oxford.

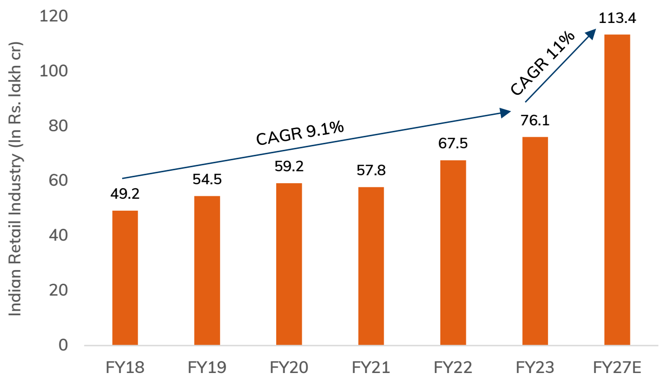
Industry overview

Indian Retail Market

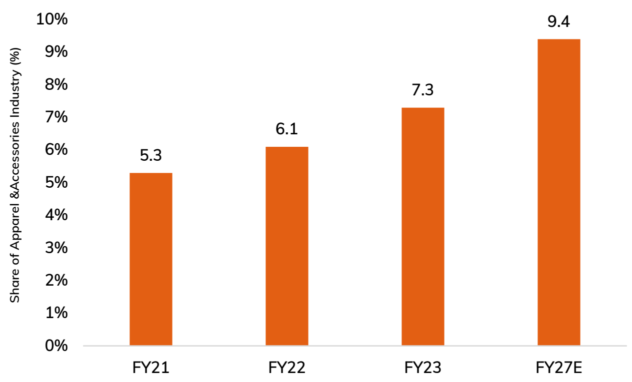
The Indian Retail market was valued at ~Rs.49.2 lakh crore as of FY18 and scaled to ~Rs.76.1 lakh crore in FY23 growing at a CAGR of 8.7%. The retail market is expected to grow to ~Rs.113.4 lakh crore in FY27 aided by improved infrastructure and higher disposable income. Retail market forms 48% of Private consumption and is expected at similar levels ahead. The recent policy reforms announced by the government such as revamp of income tax slabs, GST reforms, Interest rate cuts is positive for the consumption basket. With higher consumption, the retail is expected to scale growth ahead.

Apparel and Apparel Accessories is one of the largest segments in the Indian retail sector. It was valued at ~Rs.5.5 lakh crore in FY23 growing from ~Rs.3.6 lakh crore which signifies the robust growth trajectory of the Apparels sectors. With the change in consumer trends led by higher incomes and the expansion of global and domestic brand labels the apparel sector is expected to be valued at Rs.10.7 lakh crore in FY27 and is one of the fastest growing sectors expected to record 18% CAGR between FY23 and FY27.

Exhibit 3: Indian Retail Sector to witness robust growth



Improving Salience of Apparels & Accessories



Source: Company, ICICI Direct Research

Enhanced consumerism to drive the Indian Apparel Industry

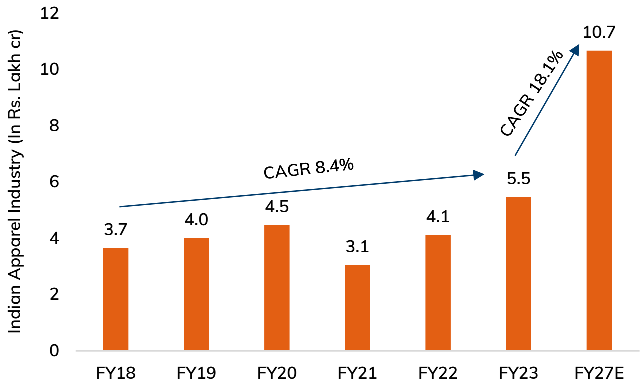
The Indian Apparel Industry is growing rapidly on the back of evolving consumer trends such as shift to branded products, aspiring for premium products and increasing trend of online buying largely driven by rising disposable incomes and increasing awareness. The Indian Apparel market was valued at ~Rs.5.5 Lakh crore as of FY23 and is expected to scale to ~Rs.10.7 Lakh crore in FY27 and expected to grow at CAGR of 18%. Consumers are seeking unique expression of themselves through their apparel choices and are shifting to branded products which would position them better amongst their peers in terms of brand image.

The growing interest for such branded and value-added products are pushing retailers to invest more in launching newer brands, products and stores. There has been evident increase in the addition of stores by retailers showcasing wide range of products aimed at fulfilling the varied preferences of consumers. Along with introduction of innovative product collection, retailers are also positioning themselves to enhance the shopping experience of consumers through attractive store layouts, brand positioning in the stores and also increasing their presence in the e-commerce space to enhance reach.

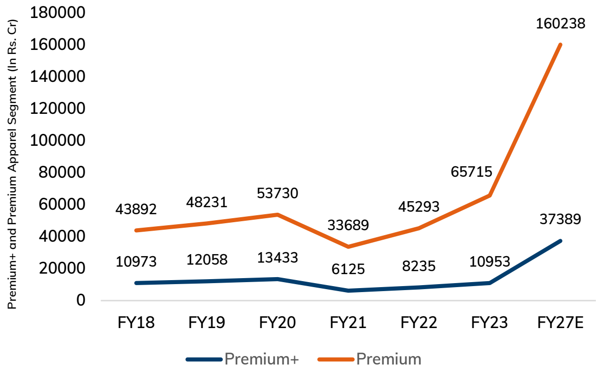
The growing demand for branded products can be seen from the robust growth of Super Premium and Premium apparel segment. Premium apparel segment was valued at Rs.43,892 crore in FY18 and grew to over Rs.65,700 crore in FY23. With better access to brands, higher incomes the industry is expected to more than double to Rs.1.6 Lakh crore in FY27 signalling immense growth potential while the Premium+ segment was valued at Rs.10,953 crore in FY23 and has almost recovered to pre-covid levels on the back of strong demand. The segment is expected to grow by 4x in the next 4-5 years to over Rs.37,400 crore in 2027.

With the growing interest from consumers, domestic and international brands are seeking share in the high-growth Indian apparel market. International Brands are positioning themselves according to the local preferences of the consumers and are enhancing the experience by blending domestic preferences while maintaining the brand's global USP. With evolving preferences and shift in consumerism, the market provides immense potential for brands to scale up their presence and increase in competition will lead to better potential for industry to grow ahead.

Exhibit 4: Indian Apparel Industry to scale



Premium+ & Premium in robust growth path



Source: Company, ICICI Direct Research

Long-Term Drivers of Indian Apparel Industry

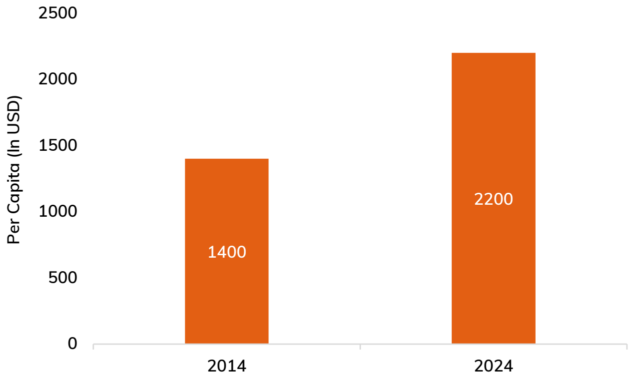
Rising Disposable Income and Urbanisation aiding middle-class household growth thereby driving premiumisation and branded products demand

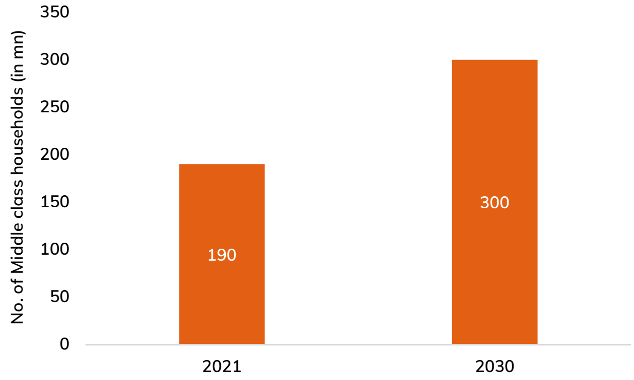
India is witnessing rapid rise in urbanization with expected urban population to scale to over 600mn by 2026 which would form 40% of the total population compared to 31% in 2011. Shift from rural areas to urban areas leads to change in consumption habits and preferences. With rising disposable income and urbanization, the trend of need based purchase is now shifting lifestyle-based purchase, Consumers are now aligned more towards their brand image and are also focussing on event-based clothing. This has led to growth in occasion specific categories aligning to consumer needs. Urban population is also often inclined towards premium clothing and with better disposable income and exposure to global fashion trend the growth trajectory for domestic and international apparel brands is expected to be strong ahead.

Consequently, India's per-capita has risen from US $1400 in 2014 to US $2200 in 2024. This expansion in per capita has led to increase in middle class households which is expected to rise from ~190mn in 2021 to ~300mn households in 2030. The affluent class is the driving the shift in the trend towards premiumisation. Also, Rising income is leading the shift towards premium and luxury fashion to align with peers. International brand, Global high-brand labels are witnessing significant rise in demand with the growing middle-class households.

The expanding middle class with higher income and aspirations influenced by global trends coupled with further expansion of the economy of India augurs well for the apparel industry which will witness heightened demand for premium and branded goods ahead.

Exhibit 5: Robust Per capita growth and sizeable increase in middle-class households driving premiumisation





Source: Company, ICICI Direct Research

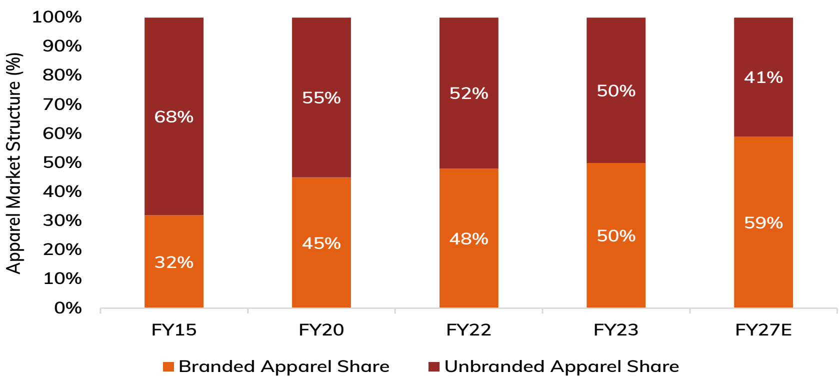
Shift to branded products will drive better growth for Apparel Industry

Growing aspiration and improving awareness will result in large shift to branded products, which will be one of the key drivers for apparel industry in India. The rise in share of organized apparel market coupled with better accessibility to the market, domestic and international brands are eyeing greater share in the Indian apparel market. Over the years, many in-house brands as well as foreign brands have started to penetrate in the Indian market. In FY15, the branded apparel share stood at ~32% which has improved to 50% in FY23. The key drivers of the rise in share can also be attributed to consumer awareness, rise in importance of brand image and rising disposable income of the people. Also, with the age mix of India more aligned towards younger population, the growth of branded apparel market is expected to be strong with market share expected at ~59% in FY27.

The change in consumers seeking differentiated buying experience has led to emergence of newer channels of trade. Earlier, the consumers were focused only on buying from physical stores but with advancement in technology, companies are widening their net and expanding into channels such as e-commerce which facilitates easier buying experience. Post Covid, the importance of digital trade has gained more significance with penetration of online shopping rising from ~18% in 2019 to over ~50% in 2024 and the number of digital transactions growing from 23bn transactions to 164bn transactions during the same period. However, this has not slowed down the growth in footfalls at physical stores. Over ~58% of purchases still happen through physical stores and these are popular channels in Tier 3 and 4 cities where touch and feel of the product are still considered important before buying the product.

Overall, the change in market structure with rising share of organised apparel with rising salience of branded products will help in the growth of the industry. The different channels of trade will further help in penetration of the products among consumers in far-away markets providing accessibility and raising awareness of branded apparel.

Exhibit 6: Changing Market Structure aiding brand apparel growth



Source: Company, ICICI Direct Research

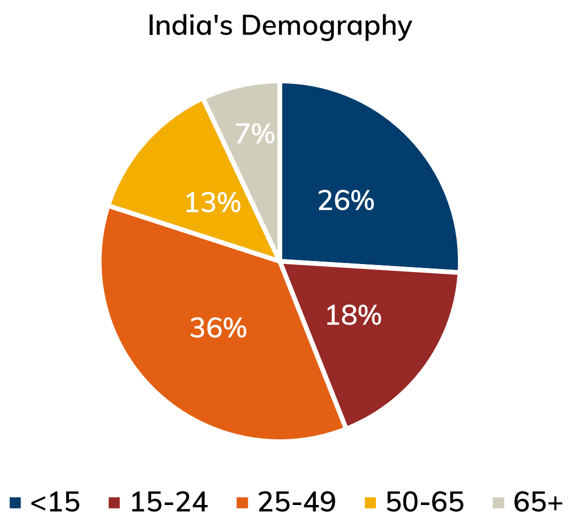
India's changing demographics to aiding growth

The Apparel industry is expected to benefit from the changing demography of the country. India's population has changed drastically over the years with majority of the total population grouped in the age range of 15-30. The younger population is generally tilted towards premium fashion trends. Many International brands have made entry into the Indian market in the last few years with an aim to tap into the rising younger consumer base.

India's young population is one of the largest across the world and has median age of ~28. The younger population, influenced by global trends and increasing importance of brand image coupled with rising income are driving demand and innovation in the apparel industry. This transition in demographics is contributing to significant increase in demand for apparel and accessories as they actively seek to update their wardrobe and align with the recent trends in the global space.

The apparel companies are also actively engaged in expanding their presence in the Indian market to adapt to the latest trends and capture sizeable share in the high-growth market.

Exhibit 7: More than half of India's population is in the 15-49 age bracket

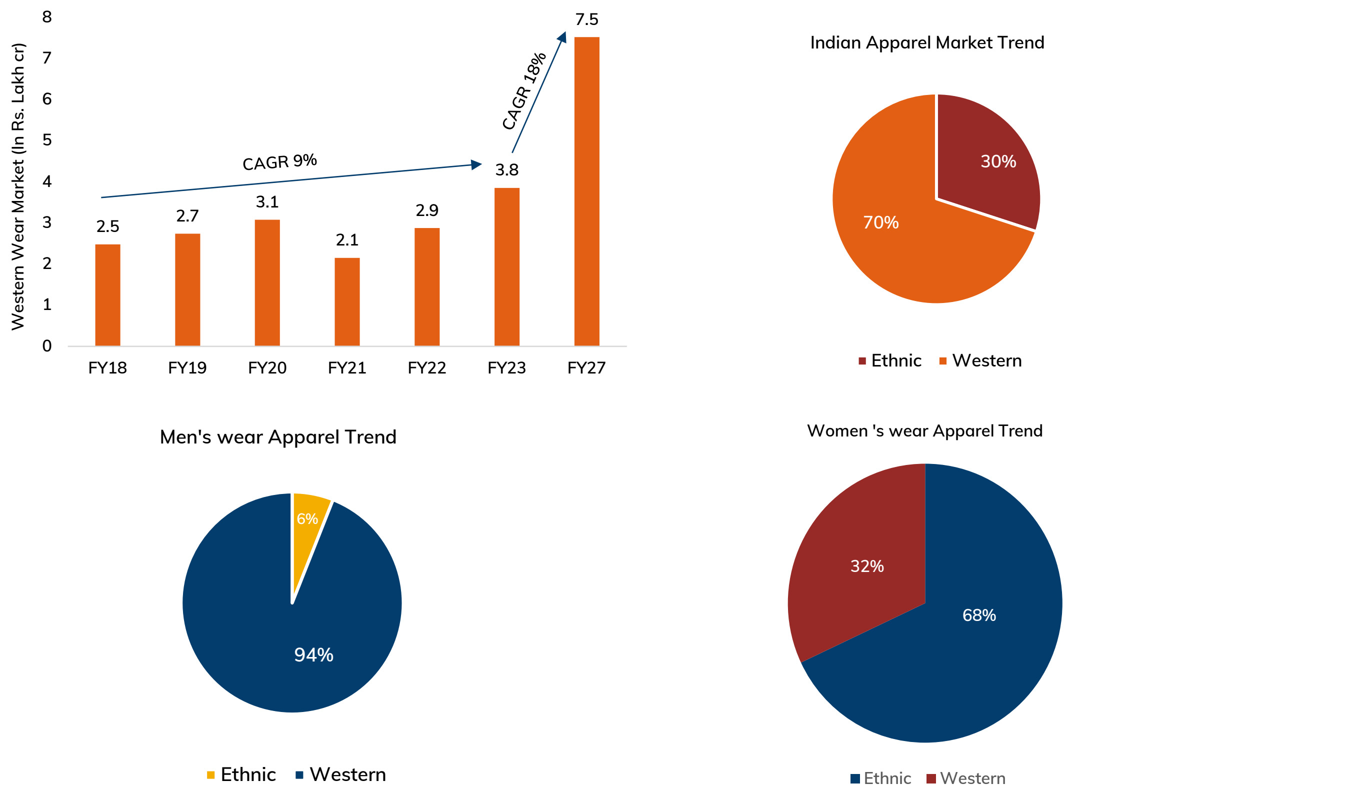


Source: Company, ICICI Direct Research

Western Wear Segment Leads the Indian Apparel Market

The western wear sector holds a significant position in the Indian market, commanding ~70% of the market share. It was valued at ~Rs.2.5 lakh crore in FY18 and has increased to over Rs.3.8 lakh crore by FY2023, reflecting a CAGR of 5% from FY18 to FY23. Within the men's wear category, western wear is particularly dominant, accounting for 94% of the market and is projected to grow at a CAGR of 18% from FY23 to FY27, reaching an estimated value of Rs.4.1 lakh crore by FY27. In the women's wear segment, western wear holds a 32% share, with the market valued at approximately Rs.66,312 crore in FY23 and the potential to expand to around Rs.1.37 lakh crore by FY27.

Exhibit 8: Western Wear market holds large share in the Indian Apparel Market



Source: Company, ICICI Direct Research

Tier 2 and 3 markets are fast growing reflecting superior consumption trends

India's next leg of growth is expected to be aided by Tier 2 and 3 cities. As metro cities are getting saturated, the high-growth potential rests with Tier 2 and 3 cities which have increasingly attracted attention of top global and domestic companies who have now started to look beyond the metro cities. With government's increased focus on these cities, the connectivity to rest of India and globe has helped in the rapid change of consumption patterns in these cities.

Large number of Global Capability Centres (GCCs) have started to setup satellite offices in these areas which is aiding the demand for formal apparels and with the advent of connection with global culture, the consumers in these cities are now seeking differentiated products which align with their global peers. Additionally, with better telecom infrastructure, these areas have now seamless access to the internet which enables them to be on par with the latest global trends and with social media presence also increasing the consumers now have heightened awareness and are seeking to align their wardrobe in the lines of top domestic and global trends.

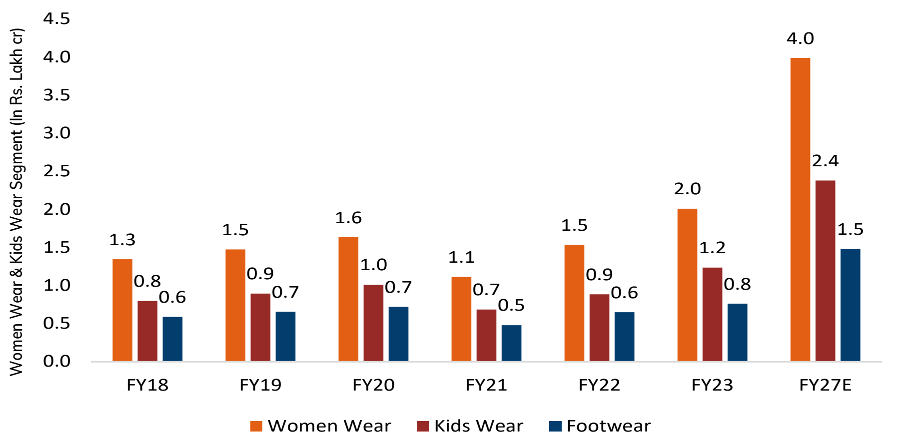
Women Wear, Kid wear and Footwear scaling growth

The role of women in the society has witnessed significant changes. With the working population of women increasing significantly, the demand for apparels has also witnessed significantly with women changing their wardrobe styles. The women's wear market was valued at ~Rs.1.3 lakh crore in FY18 and has grown at a CAGR of ~8.3% to Rs.2 lakh crore in FY23. With urbanization and more exposure to global trends, the women wear market is expected to scale to ~Rs.4 lakh crore in FY27 at a CAGR of 19% between FY23-FY27.

Subsequently, the change in women's wardrobe is leading to change in their kid's wear and also with nuclearization of families and double income of both men and women, kids wear is expected to grow rapidly. The kids wear market was valued at ~Rs.0.8 lakh crore in FY18 and has grown to over ~Rs.1.2 lakh crore in FY23 at a CAGR of ~8.4% while it is expected to scale to Rs.2.4 lakh crore by FY27 growing at a CAGR of ~19% between FY23 and FY27.

The footwear market in India is expected to grow at CAGR of 18% between FY23 and FY27 driven by shift in consumer trends, increase in working women population, adaptation of sport and athleisure, increased focus towards branded and premium product. The footwear market has grown at 5% CAGR between FY18 and FY23 growing from ~Rs.58,863 crore in FY18 to ~Rs.76,111 crore in FY23. The further growth is expected to be driven growing awareness of sports, entry of global brand labels, increasing middle-class population and easy availability and assortment due to the entry of online channel.

Exhibit 9: Adjacent Categories growing rapidly



Source: Company, ICICI Direct Research

Near-Term Drivers of the Indian Apparel Industry

(i) **Favourable Income Tax Policies:** The government has announced various policies to aid growth in consumption. In early 2025, the government revamped the income tax policies changing the tax exemption limit for salary income up to Rs.12 Lakhs/annum. A revamp in the income tax rates is expected to provide a direct boost to the disposable income of households thereby increasing purchasing power and supporting consumption growth. All consumption driven sectors are expected to witness incremental growth. This also leads to improved and positive sentiment among middle-class households and could further trigger consumption led-growth and aid sectors such as apparel which are directly associated to domestic led demand.

(ii) **GST Reforms 2.0:** GST council in its recent meeting approved the proposal that ready-made garments priced up to Rs2,500 will be taxed at 5%. Till date, garments below Rs.1,000 were taxed at 5% while above Rs.1000 attracted 12% GST rate. As benefits will start reflecting from the start of festive season, we expect the sales volume to pick up in the quarters ahead. This will help over like-for-like growth for apparel companies to improve sequentially.

(iii) **Interest Rate Cuts:** The RBI's interest rate cut is expected to provide boost to consumption by reducing borrowing cost for households and improving disposable income. Lower rates are expected to enhance affordability, thereby supporting discretionary spending. In addition, improved liquidity conditions may revive consumer confidence, aiding demand recovery across consumption driven sectors.

(iv) **Inflation Cools off to record lows:** The moderation in inflation has been a key driver for consumption revival and growth. Lower inflation has helped stabilize the consumer sentiment and has encouraged the consumer spending in the non-staples and premiumisation themes. Apparels especially are expected to witness stronger growth with households having extra money to spend on other products. With recent GST reforms and RBI's monetary policy support, it is expected that Inflation shall cool down further aiding robust growth in domestic consumption ahead.

Investment rationales

Transformation into profitable business with improved return profile

AFL transformed its business into a profitable and efficient business model by rationalising its product portfolio to 5 marque brands, increased focus on scaling up direct-to-consumer sales and strengthening balance sheet by better working capital management and reduction in debt. From FY20, it began its transformation by discontinuing its non-core and non-performing brands which was completed in FY24. Along with discontinuation of brands, the company also rationalised non-performing stores across brands to focus on efficiency. The company revitalised its supply chain by consolidating and automating warehouses while also shifting to consignment-based inventory model. AFL's focus also shifted towards scaling its revenues through direct channel thereby further improving its working capital efficiencies.

In FY20, AFL discontinued GANT, Nautica, Elle and Izod. Further in FY21, it discontinued Children's Place, Hanes, Newport, Ruf & Tuf and GAP thereby freeing up capital and also rationalization its operating cost and routing focus towards the core brands. In FY22, the company sold Unlimited, the value fashion brand to V-Mart for ~Rs.166cr and Sephora for ~Rs.216cr in FY24. Additionally, the company raised ~Rs.1260cr through rights and preferential issue and through stake sale in Flying machine to Flipkart in FY21 and FY22. With the amount raised from various sources, the company reduced its debt from ~Rs.1210cr in FY20 to ~Rs.390cr in FY25. The company also re-invested certain proceeds from the discontinued brands into the 5 core brands to revitalize the performance. With reduction in debt and exit from non-performing brands, the company was able to free up additional capital which it could use for expansion and investments into core brands. This coupled with robust growth in profitability led to significant improvement in the return profile of the company with RoCE improving from 1% in FY22 to 22.4% in FY25.

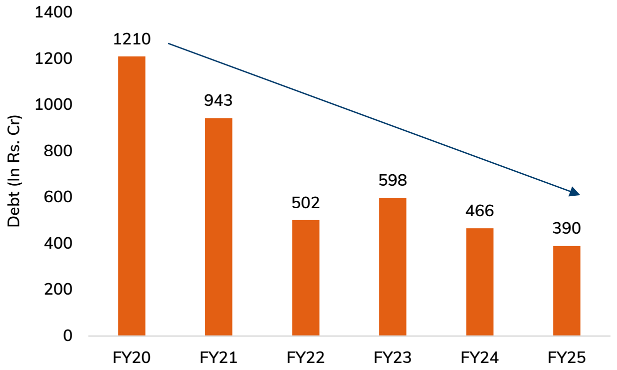
Exhibit 10: Fund Raise

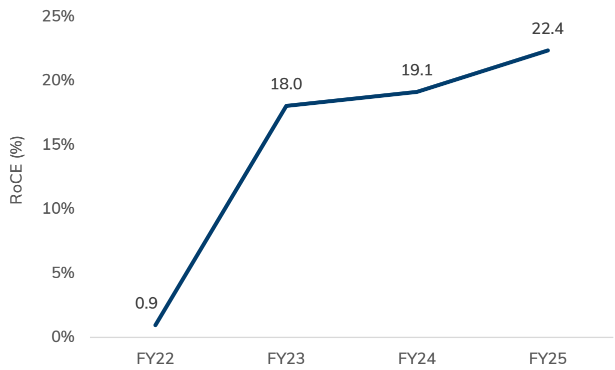
Fund Raise	Year	Amount Raised (In Rs.Cr)
Rights Issue	FY21	400
Investment by Flipkart in Flying Machine	FY21	260
Rights Issue	FY21	200
Preferential Issue	FY22	400
Total		**1260**

Source: Company, ICICI Direct Research

As the non-core and non-performing brands were discontinued in FY20 and FY21, the store count also rationalised from 1290 stores in FY20 to 950 stores in FY23. The focus was on investments behind brands, innovation in portfolio and improving the store and back-end efficiencies to scale up the 5 core brands. Post FY23, as the brand portfolio stabilised, the company started to scale up retail stores. The total retail store count grew from 950 in FY23 to 977 in FY25. Additionally with the increase in store count, AFL's retail channel salience also improved from 39% in FY23 to 43% in FY25 thereby improving its working capital efficiencies.

Exhibit 11: Significant reduction in Debt and reduction of capital employed leading to better return profile





Source: Company, ICICI Direct Research

Strong Portfolio of marquee brands

AFL is a multi-brand, multi-channel fashion retailer which hosts 5 marquee brands in its portfolio. The company has a mix of licenced and owned brands. US Polo, Arrow, Calvin Klein and Tommy Hilfiger are operated through licenced agreements while Flying machine is an in-house developed brand. Over the years, the company has rationalised it portfolio from over 15 brands to 5 brands and plans to scale up these as these have high-growth potential in the domestic market. The company through these brands is also scaling into adjacent categories such as kids wear, women wear and Footwears. AFL is expanding the presence of these brands through retail outlets with presence in the online, wholesale channels and also penetrating untapped markets such as Tier 2 and 3 cities. These brands have high brand recall and expected to benefit from macroeconomic tailwinds.

U.S. Polo Association (USPA)

USPA is India's top casual wear brand, operating in the mid-premium segment as a multi-category, multi-channel brand. Managed by AFL under a licensing agreement in India, USPA has grown significantly, achieving over Rs.2000cr+ in Net Sales Value, making it the largest apparel brand in India. AFL has expanded USPA's reach through retail, online, and multi-brand stores, modernizing locations and introducing larger formats to accommodate a wider product range. USPA has diversified into women's wear, kids' wear, footwear, and accessories, enhancing its value proposition. The brand is refreshing its inventory with new initiatives, focusing on bottom wear like chinos and jeans, while also expanding women's and kids' collections. Footwear is experiencing double-digit growth through localization and new products like sneakers with overall adjacent categories clocking ~20% growth. AFL aims to enhance USPA's retail presence by converting stores into larger formats that encompass all categories. USPA operates in over 160 cities with 377 retail stores and maintains an online presence through its website and other platforms.

Exhibit 12: Operating environment of USPA

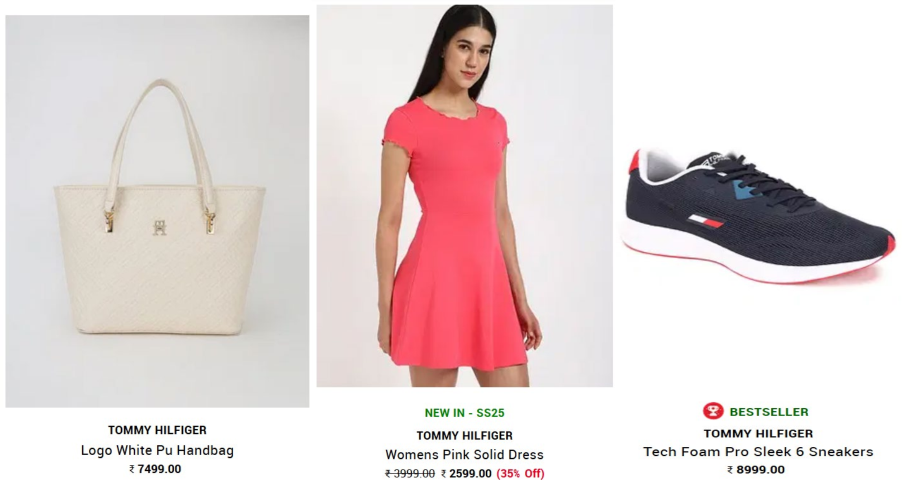
Brand	Segment	Category	Price Point (In Rs.)
U.S. Polo Association	Mid-Premium Casual Wear	Men, Women and Kids wear, Footwear, Accessories	799-4,999
Tommy Hilfiger	Premium Lifestyle Wear	Men, Women and Kids wear, Footwear, Innerwear	1,999-25,000
Allen Solly	Premium Casual Wear	Men, Women and Kids wear, Footwear, Bags, Wallets	1,500-7,500
Mufti	Mid-Premium to Premium Casual Wear	Men's wear	1,200-2,700
Indian Terrain	Mid-Premium to Premium Casual Wear	Men's wear and Boys wear (4-16)	1,800-3,000
Marks and Spencer	Mid-Premium to Premium Casual Wear	Men, women and Kids wear	400-4,000

Source: Company, ICICI Direct Research

Tommy Hilfiger (TH)

Tommy Hilfiger is a strong play, super-premium brand with style and broad appeal among the consumers. It encompasses classic American style and has established as one of the foremost international premium casual wears of India. Its brand appeal has created a strong brand re-call among the consumers. Over the years, the brand has scaled its presence into categories such as Kids wear, Women wear, fashionable denim, footwear and accessories such as watches to cater to wider range of consumers. Strategic interventions such as introduction of tailored clothing line, product premiumization, and broadening the reach of the brand has led to significant growth of the brand. The brand has also been expanding its presence in smaller towns, Tier 2 and 3 cities to cater to wider base of the market.

Exhibit 13: TH scaling through adjacent categories

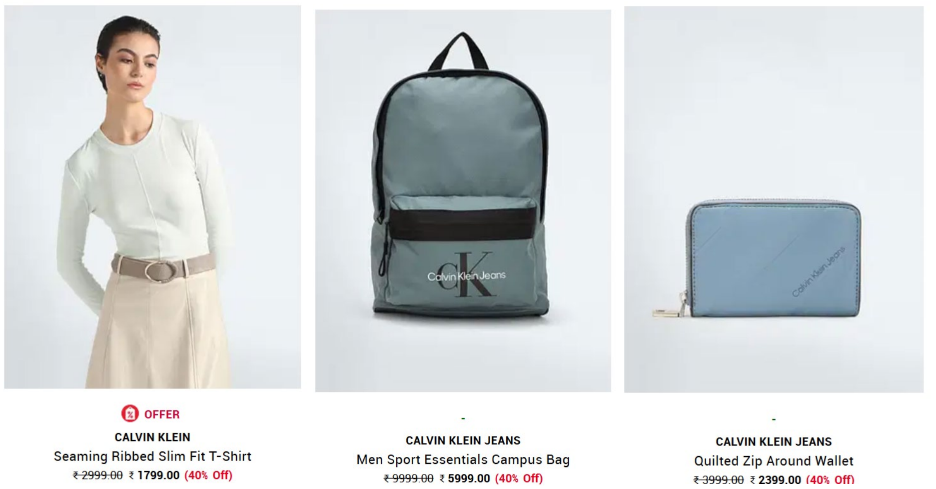


Source: Company, ICICI Direct Research

Calvin Klein (CK)

Calvin Klein was initially part of the emerging brands portfolio of AFL. Over the years, the brand has scaled through newer product categories and its brand equity and has become part of the Core/Power brand portfolio. CK is a super-premium casual wear brand. In FY20, multi-category brand stores were opened and non-profitable and non-performing retail stores were rationalised to improve profitability and maintain operational efficiency. Further in FY21, the brand strengthened its entry-level price points in the online segment have better traction and gain equity among the online consumers which has wider reach. Having achieved considerable scale in apparels, CK seeks to drive growth through introduction of adjacent categories such as Footwear and Wallets and also through newly introduced segment such as Men and Women Handbags.

Exhibit 14: New Categories aiding growth



Source: Company, ICICI Direct Research

Arrow

Arrow entered the Indian market in 1993 as a premium formal wear brand known for its innovative clothing. However, the Covid pandemic posed significant challenges, leading to office closures and a shift towards remote work, which decreased demand for formal wear. This shift, along with the rise of multinational corporations, increased consumer preference for casual attire, resulting in declining revenues, higher inventory, and reduced profitability for Arrow. To revitalize the brand, AFL introduced new product lines like the '1831 collection' and 'Auto Press' wrinkle-free shirts, expanding from formal wear to include semi-formal and casual options. The company also focused on optimizing inventory and improving distribution through retail channels. Currently, AFL operates 195 stores, while its closest competitor has over 400 stores, indicating strong room for growth. Following its strategic overhaul and new clothing launches, Arrow has quickly recovered, reaching breakeven and returning to pre-Covid performance levels.

Exhibit 15: Brand Refresh helping transformation and alignment to market

Source: Company, ICICI Direct Research

Flying Machine (FM)

Flying Machine is India's leading denim brand, operating in both premium and value segments through 142 retail outlets and online platforms. It offers a wide range of men's denim products and primarily serves women online. The brand is expanding its retail presence in Tier 1 cities, targeting areas with rising disposable incomes. As the economy grew and opened up, it also entered Tier 3 and 4 cities with its value sub-brand 'FMX.' Post-FY20, the brand has focused on appealing to Gen Z. A stake sale to Flipkart has boosted its online reach and inventory turnover in online channels, while it has also expanded in metro areas through premium department stores. The brand has refreshed its product styles and logo, and in late 2024, it launched the Orry Collection in collaboration with influencer Orry (Orhan Awatramani), which has been well-received. Additionally, it is entering the footwear market to drive incremental growth.

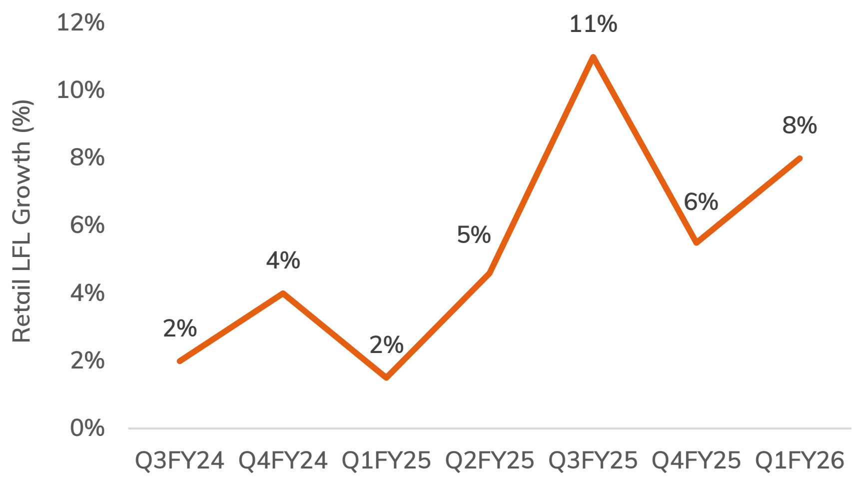
Exhibit 16: Renewed Brand Positioning aiding growth

Source: Company, ICICI Direct Research

Leveraging on better channel mix; Direct channels to grow in upwards of 15%

Pushing revenue growth through direct channels of EBO retail and online B2C was one of the key growth strategies under the transformational journey of AFL. In Last three years the company has been focusing on increase the superior offerings under each marque brand, reduced discounting, reenergizing the brands through higher advertisement spends opening high quality large stores / few marquee stores and investments in new retail formats such as Club A and Stride to drive superior customer experience. At the brand level, the company's initiatives centred around offering distinctive products and bringing in more casualisation, which is aiding brands to gain more traction. Change in retail strategy aided the company witness strong improvement in the Like-for-Like growth in retail channel, which stood in the range of 5-11% in the last three quarters.

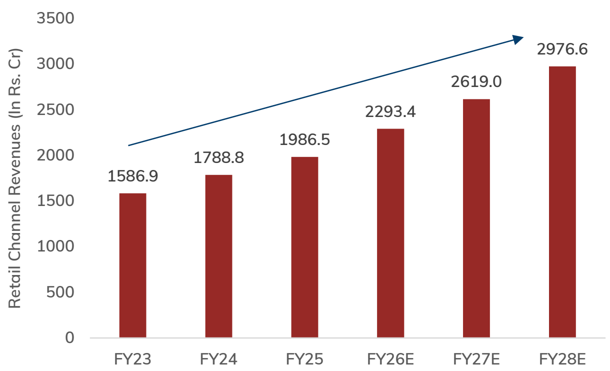
Exhibit 17: Improvement in LFL Growth



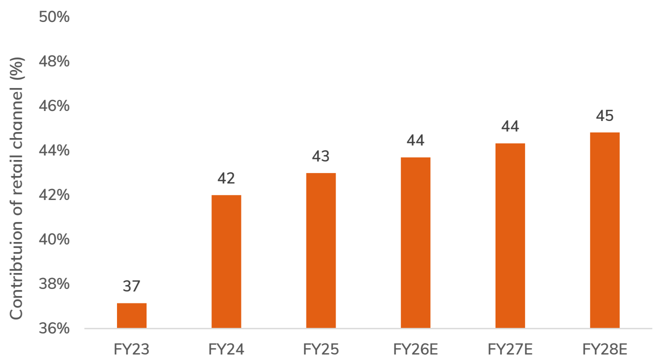
Source: Company, ICICI Direct Research

Management expects the retail LTL growth should sustain at 7-8% in the near term. Revenue contribution of retail channel has improved to 43% in FY25 from 39% in FY23. Freshness of products on shelves is helping to lower the discount and quick churn out at store level aiding in better working capital management. Further large emphasis on adjacencies such as footwear, Inner wear, women wear and kids wear which have gained strong traction under brands such as US Polo. In FY25, innerwear grew 15%+, Footwear got back into double digit growth with inventory levels building up on various channels on the back of resolution of BIS issue. This along with 1.25-1.4lakh sq.ft addition every year will help retail business will help the revenues of retail channel to grow consistently at low to mid-teens in the coming years.

Exhibit 18: Retail channel revenues



Increase in revenue contribution



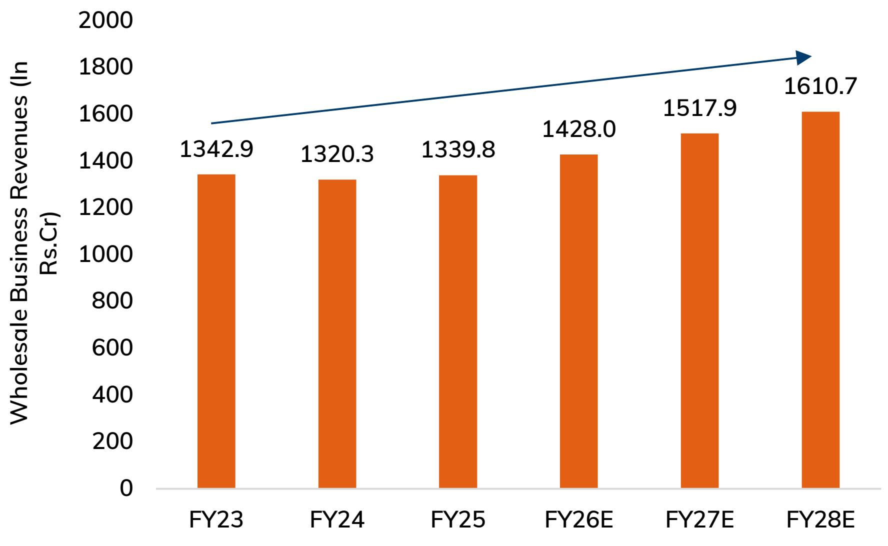
Source: Company, ICICI Direct Research

AFL is consciously pivoting B2C business from wholesale to retail kind of mindset to improve the growth in the medium to long run. The company has created inventory exclusively for online channels and developed analytics-driven online exclusive assortments. This aided the company to achieve higher growth of 30%+ in B2C channel in Q1FY26. The contribution of online B2C channel has improved by 200bps on YoY basis to 15% in Q1FY26.

Efforts undertaken to revive the growth of wholesale channel

AFL's wholesale channel (MBO + departmental stores) growth remained muted at low single digit in FY25. The company undertook sleeve of actions including bringing of freshness inventory in the departmental and MBO stores, getting more spaces on shelves of existing partners and incurred higher advertisement spends to remain top of the mind and gain market share. These efforts have helped the company to witnessed improvement in the MBO revenue growth to 10% with LTL growth of high single digit in Q1FY26. Management expects MBO channel to maintain high single digit revenue growth in the coming years.

Exhibit 19: Improvement in wholesale business revenues



Source: Company, ICICI Direct Research

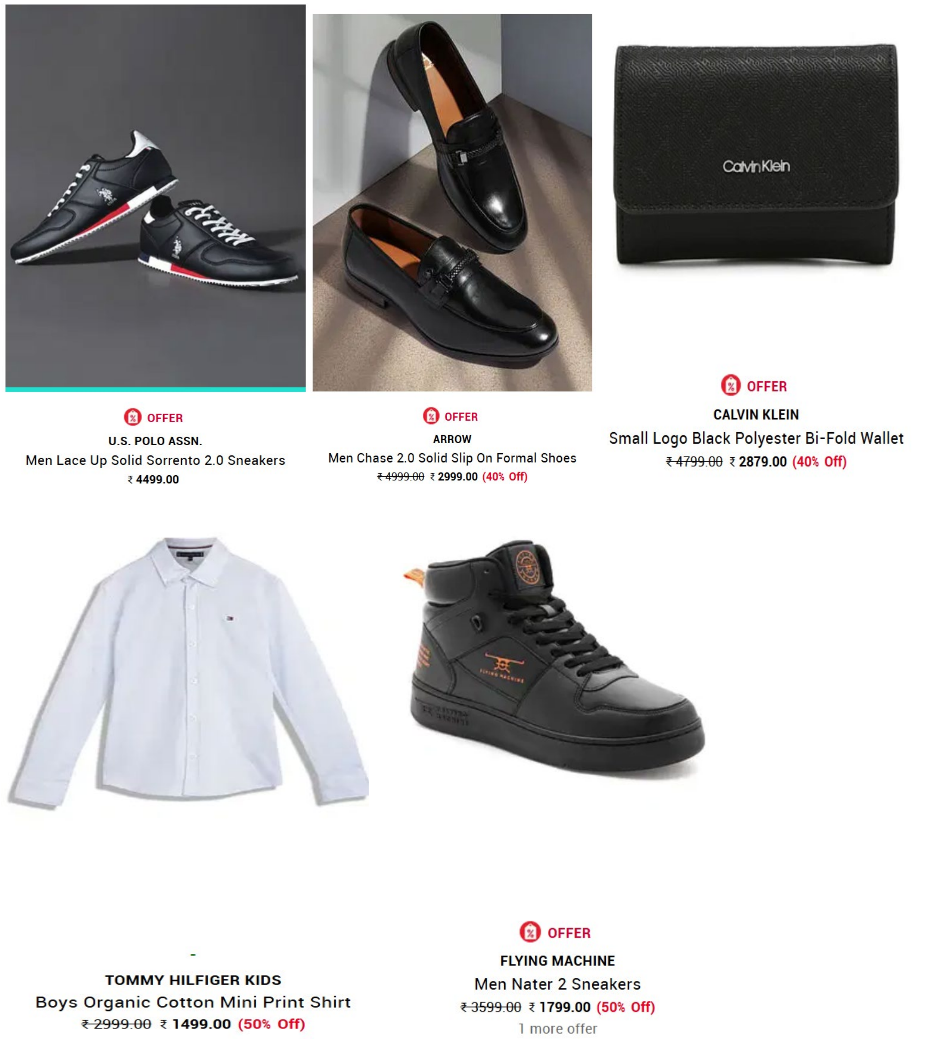
Adjacent Categories providing newer avenues of growth

AFL during its business overhaul in the last 5 years started exploring newer avenues of growth as the core brands in the portfolio achieved the desired market share and growth in the core categories. The company started to explore brand wise adjacent categories to scale growth, it entered high-growth segments such as kids wear, women wear, footwear and accessories. The revenue share of adjacent categories has seen significant improvement from 15% in FY24 to 20% in FY25 led by US Polo Assn. and Tommy Hilfiger.

Footwear is witnessing robust growth in double-digits as BIS issues have now been resolved. It is expected to scale back to 20% growth trajectory with regulatory issues getting resolved and improvement in inventory levels. Footwear recorded Rs.300cr+ revenues in FY25 aided by US Polo through its most trending sneaker category. With stronger traction in the footwear segment and to further scale the market, AFL upgraded USPA stores to larger formats to house footwear category which now contributes sizeable amount to USPA revenues. Additionally, as a part of Arrow's revival, the brand introduced Arrow formal footwear providing complete formal wear solution. With new supply chain initiatives and BIS issue resolution, the footwear category is expected to record ~Rs.500cr by FY27 growing at CAGR of ~29%. The large part of footwear growth is expected to be aided by USPA, Calvin Klein and Tommy Hilfiger.

Innerwear category has witnessed strong growth post the revamp from MBO channel to online channel play. Majority of the growth has come from US Polo Retail stores and large contribution from the online channel. The category is expected to scale to over ~Rs.200cr in the near term. Meanwhile, Women wear post its re-launch has witnessed strong growth. AFL re-strategized the category by moving the business to online channel. With the re-launch through online channel, women wear category has reached regions where the brands were not serviced therefore giving the reach.

Exhibit 20: Adjacent Categories – New Avenues of growth



Source: Company, ICICI Direct Research

Reinventing Arrow as a profitable brand; focus on reviving growth of Flying Machine

Arrow has established itself a leading brand in men's formal apparel segment. In it's a transformation phase, the company focused on re-inventing Arrow into a more profitable brand. The brand encountered considerable challenges following the Covid led pandemic. Hence the company decided to bring in more freshness and innovation in the brand to improve its growth prospects in long run. In-line with the change in the strategy, the company is changing brand identity by venturing into non-formal categories. This helped the brand to transform itself from being only formal to a lifestyle brand. In an effort to rejuvenate the brand, new Product lines were introduced such as the '1831 collection' and 'Auto Press' wrinkle-free shirts. The company also transitioned from being solely a formal wear brand to enhancing its portfolio with semi-formal and casual options. Alongside this brand revamp, the company concentrated on optimizing its inventory over time. Following the implementation of its revamped strategy and the introduction of new clothing formats, Arrow has experienced a swift recovery in performance, reaching breakeven and returning to pre-Covid performance levels. With improved distribution and an increase in retail store presence, Arrow is projected to achieve low single-digit EBITDA margins in FY26, followed by high single-digit EBITDA margins in FY27.

Flying Machine refresh was done in 2024 with change in the logo of the brand, change in the font of brand, new color scheme and introduced new merchandise architecture to attract more Gen – Z customers in the coming years. Post the refresh, the brand started gaining good traction from H2FY25 with steady scale-up in revenues and EBIDTA margins recovering to low single digit. New launches under the brand are gaining strong traction (especially in MBO channels). Management has ambitious target of achieving revenues of Rs1,000crore and EBIDTA margins improving to high single digit in the coming years.

Revamping strategies to enhance working capital efficiencies

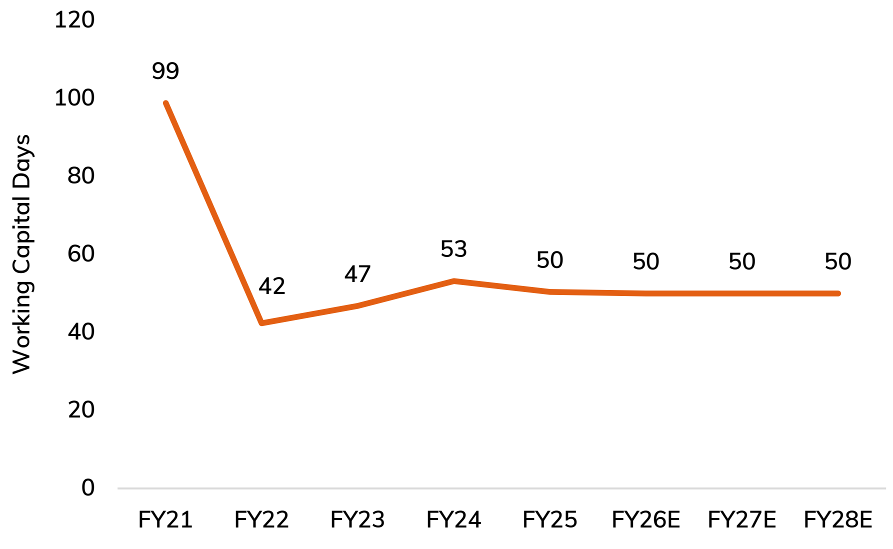
The company strengthen its balance sheet through working capital improvement in the last three to four years. It took various steps to increase the inventory turnover by adopting a consignment model, while also improving its working capital efficiencies.

With the discontinuation of certain brands and a renewed emphasis on enhancing store-level efficiency, the company has reduced its store count from 1,290 in FY23 to 950 in FY23. Among the core brands the store rationalization was focused on Arrow and Flying Machine which faced structural headwinds during the Covid period. Following the brand rationalization process, the company prioritized the scale of retail stores across its five core brands. The store count increased from 950 in FY23 to 977 in FY25, with plans to add 150 stores (~1.5 lakh sq.ft) annually in the coming years. Consequently, due to the emphasis on store expansion, the significance of the retail channel rose from 39% in FY23 to 43% in FY25. With the increased importance of the retail channel, the company has successfully reduced its debtor days from ~119 days in FY21 to ~58 days in FY25.

Furthermore, AFL previously operated under a sales return model. In this model, the company sells stock to retailers at the start of the season, transferring ownership of the stock to them. If the inventory doesn't get sold by end of the season, the same is returned to the company. This practice led to elevated inventory levels for AFL, preventing the company from reallocating stock to stores experiencing shortages or higher demand. AFL has restructured its approach by transitioning from the sales return model to a consignment model. Under the consignment model, the company sells products to retailers while retaining ownership of the inventory. This allows the company to manage and relocate stock from underperforming or low-demand stores to those with higher demand, thus enabling it to serve high consumption areas more effectively and stabilize its inventory levels. After the change in supply chain model, AFL's inventory turn has improved from ~2.4x in FY21 to over ~4.3x in FY25.

The improving inventory turns as a result of change in the business model and lowering of debtors' days duet to increase in retail salience has led to working capital efficiencies for the business. The working capital days has shortened from ~99 days in FY21 to ~50 days in FY25.

Exhibit 21: Improved Working Capital efficiencies post transformation



Source: Company, ICICI Direct Research

Exhibit 22: Key Operating Assumption

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Retail Business					
Retail area (in msf)	1.1	1.2	1.3	1.4	1.5
Additions (in msf)		0.10	0.12	0.08	0.10
Retail Business revenues (in Rs. Cr)	1788.8	1986.5	2293.4	2619.0	2976.6
Growth (%)		11.1%	15.4%	14.2%	13.7%
Contribution (%)	42.0	43.0	43.7	44.3	44.8
Wholesale Business					
Wholesale Business revenues (in Rs. Cr)	1320.3	1339.8	1428.0	1517.9	1610.7
Growth (%)		1.5%	6.6%	6.3%	6.1%
Contribution (%)	31.0	29.0	27.2	25.7	24.3
Online Business					
Online Business revenues (in Rs. Cr)	1149.9	1293.6	1526.4	1770.6	2053.9
Growth (%)		12.5%	18.0%	16.0%	16.0%
Contribution (%)	27.0	28.0	29.1	30.0	30.9

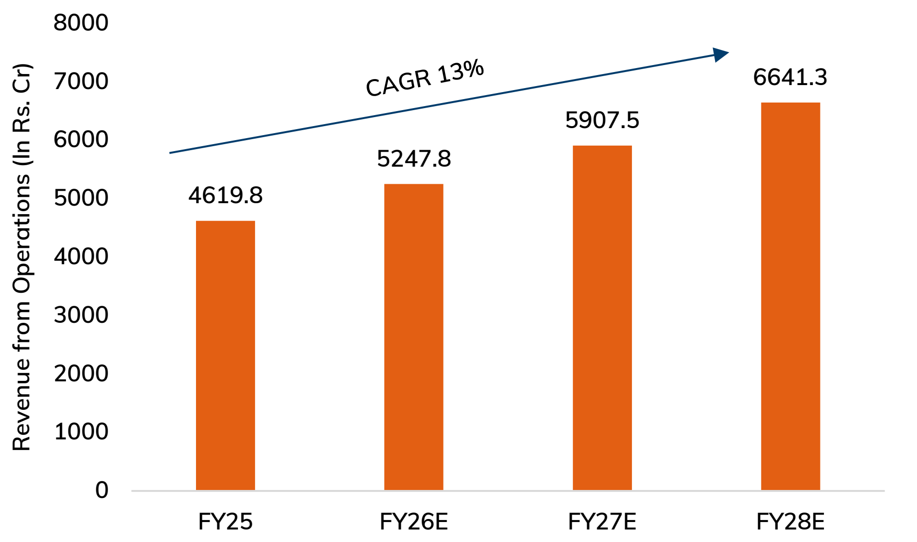
Source: Company, ICICI Direct Research

Key Financial Summary

Revenues to grow at CAGR of 13% over FY25-28E

AFL's revenues grew by ~9% YoY to Rs.4,619.8cr in FY25, 11% growth in the retail business. Strong investments in marketing and supply efficiencies yielded positive results with like-to-like (LTL) growing by over 5% (with last three quarters witnessing LTL growth of (5-11%). All key brands, including U.S. Polo Association, Tommy Hilfiger and Calvin Klein, grew in double-digit in revenue during the year. AFL revenues are expected to grow at CAGR of 13% over FY25-28E to Rs.6,641.3cr, driven by 14% CAGR revenue growth in the retail business and mid-to-high teens growth in the online B2C business.

Exhibit 23: Revenues to witness double-digit growth over FY25-28E



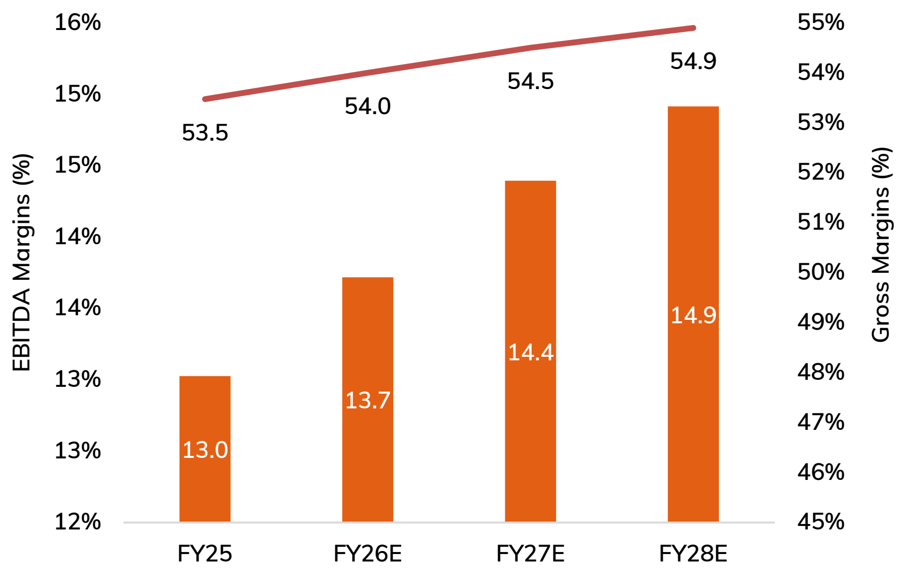
Source: Company, ICICI Direct Research

EBIDTA margins to consistently improve by 60-80bps; likely to touch 15% by FY28

A reduction in discounting by 1-1.2%, sourcing efficiency and a richer channel mix aided AFL to witness marked improvement of 130bps in the gross profit (GP) margins to 53.5% in FY25. This along with sharp focus on operational efficiencies and cost optimisation helped drive operating leverage, resulting in 100bps improvement in the

EBITDA margins to 13%. In Q1FY26, AFL's gross margins improved by 61bps yoy to 55.9% and EBIDTA margins stood almost flat 12.0% with large investment behind portfolio of brands. We expect, AFL's EBIDTA margins to consistently improve by 50-60bps p.a over the next three years driven by improved channel mix, scale leverage in adjacencies and supply efficiencies. EBIDTA margins are expected to reach close to 15% by FY28E.

Exhibit 24: Improvement in Margins

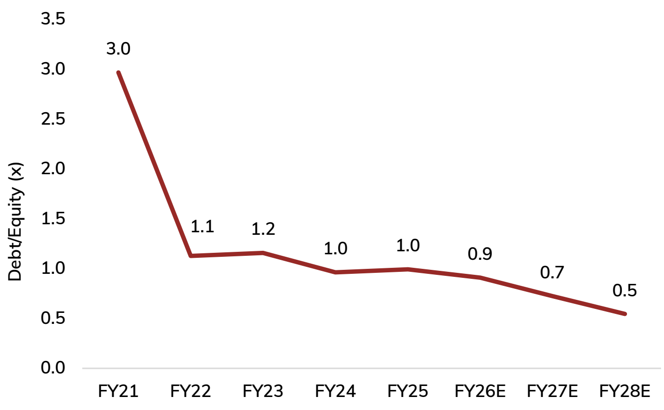


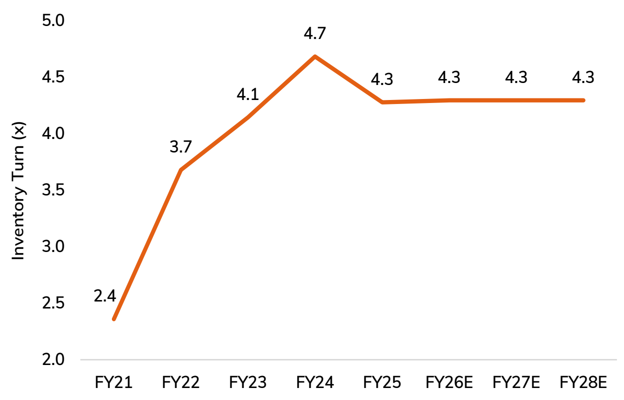
Source: Company, ICICI Direct Research

Strengthened balance sheet through improvement in the working capital and reduction in debt

The company strengthen its balance sheet through reduction in debt and working capital improvement in the last three to four years. It took various steps to increase the inventory turnover by adopting a consignment model, while also improving its working capital efficiencies. AFL's inventory turn has improved from ~2.4x in FY21 to over ~4.3x in FY25. AFL raised more than Rs1,000cr through right/preferential issue and divestment of non-profitable brands. It reduced its debt to Rs.390cr in FY25 from Rs1210cr in FY22. With expected further improvement in the cash flows, we expect debt to further reduce in the coming years (likely to be debt free by FY28). This will help in substantial reduction in the interest cost in the coming years.

Exhibit 25: Debt/Equity (x) Inventory Turn (x)





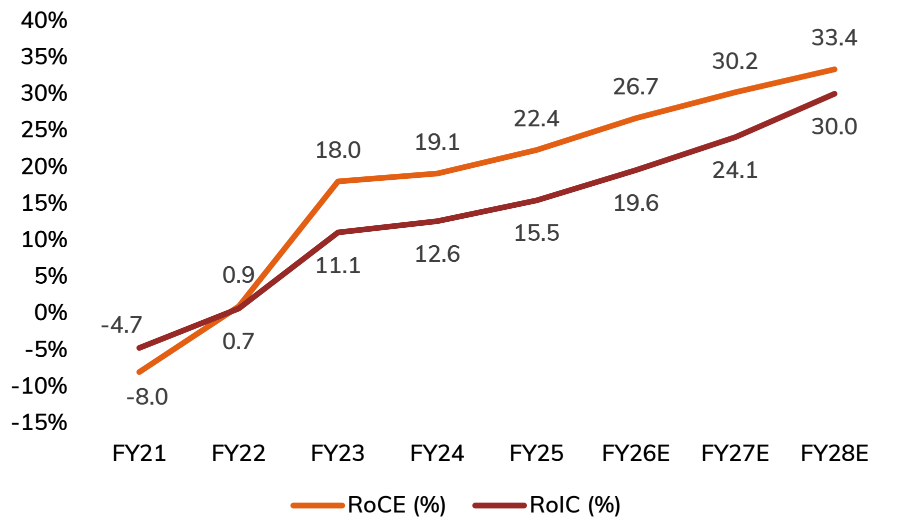
Source: Company, ICICI Direct Research

Strong return profile; return ratios will improve ahead

Consistent improvement in the profitability and reduction in debt led to consistent improvement in the return profile with RoCE and RoIC improving to 22.4% and 15.5% in FY25 from 0.9% and 0.7% in FY22. We expect RoCE and RoIC to cross 30% by

FY28E with consistent improvement in the profitability and reduction in debt in the coming years.

Exhibit 26: Consistent improvement in return profile



Source: Company, ICICI Direct Research

Risk and Concerns

Majority of the brand portfolio is through licensing agreement

AFL has 5 brands in its portfolio and 4 out of the those is through license agreement. USPA, which is the highest revenue contributing brand is also through license agreement. Inability to renew the licenses of the brand due to non-compliance and any failure to meet the required parameters with respect to quality and performance can lead to cancellation of license. This can have adverse impact on the operations of the business thereby impacting revenues and profitability.

Any Inability or delay in aligning to consumer trends can impact on revenues and balance sheet.

Consumer behaviour and preferences are changing rapidly with the advent of social media and global reach. It is important for business to adapt to latest trends else it can lead loss of revenue and market share opportunity for the business. Inability to adapt to latest consumer trends can lead to higher inventory buildup due to inventory obsolescence which can further lead to higher working capital requirements.

Supply chain disruptions, Forex Fluctuations can hamper operations and profitability of the business.

Due to rising geopolitical tensions, there is a risk of disruptions in supply chain such as higher lead times, movement of stock to stores etc. Strain in International trade relation and restriction of imports especially from China can significantly impact the supply chain thereby potentially leading to shortage of inventory across stores impacting revenues and profitability. AFL's import of apparel and accessories and payment of royalty to brands are tied to USD therefore any sharp fluctuation in the forex rates impact the margins of the business.

Financial Summary

Exhibit 27: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	4259.1	4619.8	5247.8	5907.5	6641.3
Growth (%)	4.7	*8.5*	*13.6*	*12.6*	*12.4*
Raw material cost	2037.1	2149.5	2414.0	2687.9	2995.2
Employee Expenses	260.1	268.9	290.4	319.4	357.7
Other Expenditure	1451.4	1599.7	1823.6	2049.9	2297.9
Total Operating Expenditure	3748.6	4018.0	4528.0	5057.2	5650.8
EBITDA	**510.6**	**601.8**	**719.9**	**850.3**	**990.5**
Growth (%)	*20.7*	*17.9*	*19.6*	*18.1*	*16.5*
Interest	144.2	155.8	128.3	122.9	108.8
Depreciation	230.1	255.7	290.6	321.3	352.1
Other Income	33.7	34.6	40.0	40.0	52.5
PBT	**170.0**	**224.9**	**341.0**	**446.0**	**582.1**
Less Tax	57.3	190.7	90.4	118.2	154.2
Adjusted PAT	**112.8**	**34.2**	**250.6**	**327.8**	**427.8**
Growth (%)	*3.2*	*-69.7*	*632.9*	*30.8*	*30.5*
Minority Interest	56.47	68.55	100.3	131.14	171.13
Adjusted PAT (after minority interest)	**56.3**	**-34.3**	**150.4**	**196.7**	**256.7**
Exceptional item	-6	0	0	0	0
Discontinued Business	31	-1	0	0	0
Reported PAT (ex. Minority interest)	**80.7**	**-35.7**	**150.4**	**196.7**	**256.7**
Growth (%)	*118.9*	*-144.3*	*-520.7*	*30.8*	*30.5*
EPS (Adjusted)	8.5	2.6	18.8	24.6	32.1

Source: Company, ICICI Direct Research

Exhibit 28: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit/(Loss) after taxation	79.0	-0.4	210.6	287.8	375.3
Add: Depreciation & Amort.	230.1	255.7	290.6	321.3	352.1
Other income	33.7	34.6	40.0	40.0	52.5
Changes in the working capit	-25.3	-9.0	-51.9	-102.4	-110.1
CF from Operating activities	**317.6**	**280.9**	**489.3**	**546.8**	**669.9**
(Purchase)/Sale of Fixed Asset	-262.9	-366.9	-165.0	-162.0	-162.0
Investments	0.0	0.0	0.0	0.0	0.0
Bank balance	7.2	1.5	-86.2	-100.0	-150.0
Others	8.1	151.0	-18.4	-19.4	-20.3
CF from Investing activities	**-247.7**	**-214.4**	**-269.6**	**-281.4**	**-332.3**
(inc)/Dec in Loan	-82.5	-6.3	-170.1	-104.4	-127.8
Change in equity & reserves	4.0	-40.8	-100.3	-131.1	-171.1
Dividend paid	-16.6	-21.3	-21.3	-26.7	-33.3
Other	0.0	0.0	0.0	0.0	0.0
CF from Financing activities	**-95.1**	**-68.4**	**-291.7**	**-262.2**	**-332.2**
Net Cash Flow	-25.2	-1.8	-72.0	3.3	5.3
Cash and Cash Equivalent (opening)	**177.8**	**152.6**	**150.8**	**78.8**	**82.1**
Cash	**152.6**	**150.8**	**78.8**	**82.1**	**87.4**
Free Cash Flow	**54.7**	**-86.0**	**324.3**	**384.8**	**507.9**

Source: Company, ICICI Direct Research

Exhibit 29: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	53.2	53.3	53.3	53.3	53.3
Reserve and Surplus	950.1	903.8	1032.9	1202.9	1426.3
Total Shareholders funds	**1003.3**	**957.1**	**1086.2**	**1256.2**	**1479.6**
Minority Interest	189.1	207.4	207.4	207.4	207.4
Total Debt	1330.9	1356.4	1175.5	1059.3	918.4
Deferred Tax Liability	0.0	0.0	0.0	0.0	0.0
Other Non Current Liabilities	16.3	20.1	22.1	24.4	26.8
Total Liabilities	**2539.6**	**2541.1**	**2491.2**	**2547.2**	**2632.2**
Gross Block - Fixed Assets	1220.2	1373.1	1529.3	1691.3	1853.3
Accumulated Depreciation	471.0	513.2	803.8	1125.1	1477.3
Net Block	749.3	859.9	725.5	566.1	376.0
Capital WIP	1.5	1.1	10.0	10.0	10.0
Fixed Assets	750.7	861.0	735.5	576.1	386.0
Goodwill & Other intangible assets	149.2	150.1	150.1	150.1	150.1
Other non-Current Assets	519.9	368.8	387.3	406.6	427.0
Inventory	909.4	1080.1	1149.0	1298.9	1461.2
Debtors	646.8	729.4	811.0	916.9	1031.4
Other Current Assets	461.9	453.2	466.8	480.8	495.2
Loans & Advances	1.2	1.6	1.7	1.9	2.1
Cash	152.6	150.8	78.8	82.1	87.4
Bank balance	15.4	13.9	100.0	200.0	350.0
Total Current Assets	2187.2	2428.9	2607.4	2980.6	3427.3
Creditors	936.3	1172.0	1284.2	1451.7	1633.1
Provisions	7.5	7.8	8.0	8.0	8.0
Other Current Liabilities	123.6	88.0	96.8	106.4	117.1
Total Current Liabilities	1067.4	1267.7	1388.9	1566.2	1758.1
Net Current Assets	1119.8	1161.2	1218.4	1414.4	1669.2
Application of Funds	**2539.6**	**2541.1**	**2491.2**	**2547.2**	**2632.2**

Source: Company, ICICI Direct Research

Exhibit 30: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Per share data (₹)					
Adjusted EPS	8.5	2.6	18.8	24.6	32.1
Cash EPS	25.8	21.7	40.6	48.7	58.5
BV per share	75.4	71.8	81.5	94.2	111.0
Dividend per share	1.25	1.6	1.6	2	2.5
Operating Ratios (%)					
Operating EBIDTA margins	12.0	13.0	13.7	14.4	14.9
PAT Margins	1.9	-0.8	2.9	3.3	3.9
Return Ratios (%)					
RoE	8.4	-3.6	14.7	16.8	18.8
RoCE	19.1	22.4	26.7	30.2	33.4
RoIC	12.6	15.5	19.6	24.1	30.0
Valuation Ratios (x)					
P/E	63.9	210.9	28.8	22.0	16.9
EV / EBITDA	16.0	13.6	11.4	9.4	7.8
EV / Sales	1.9	1.8	1.6	1.4	1.2
Market Cap / Sales	1.7	1.6	1.4	1.2	1.1
Price to Book Value	7.2	7.5	6.6	5.7	4.9
Solvency Ratios (x)					
Net Debt / EBITDA	1.9	1.6	1.4	0.9	0.5
Debt / Equity	1.0	1.0	0.9	0.7	0.5

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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