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ADITYA BIRLA LIFESTYLE BRANDS



Aditya Birla Lifestyle Brands

Steady ship; execution in emerging brands key

ABLBL demerged from Aditya Birla Fashion and Retail (ABFRL) in May'25. It inherits predominantly the cash cow businesses (four legacy lifestyle brands - Louis Philippe, Van Heusen, Allen Solly, and Peter England) and emerging brands such as Van Heusen Innerwear, Reebok, and American Eagle. We build in revenue/EBITDA CAGRs of ~10/19% CAGR over FY25-28 (implying ~180bps Pre-IND AS 116 EBITDAM improvement over FY25-28 to 8.9%). Margin improvement is likely to be underpinned by (1) better full-price sales in core portfolio, (2) 5% SSSG in lifestyle brands, (3) rising retail channel skew, and (4) emerging brands scaling into positive unit economics (from -5% in FY25 to 3.7% by FY28). We assume coverage of ABLBL with a BUY recommendation and an SOTP-based TP of INR180/sh (including 25x Sep-27 EV/EBITDA – Pre-IND AS 116 – for lifestyle brands and 1x Sep-27 EV/sales for emerging brands).

- **Management targets:** Management intends to double ABLBL's scale by FY30 and hit 11%+ EBITDAM on the back of (1) better full-price sales in core portfolio, (2) mid-single-digit SSSG, (3) rising retail channel skew, and (4) emerging brands scaling into positive unit economics. It intends to get debt-free in the next 2-3 years and hit dividend distribution mode in the medium term. On store expansion, management intends to add 250 stores (net) annually across formats and hit 4,500 stores and 7.3mn sq. ft by FY30 (vs 4.7 mn sq ft in FY25). Note: 70% of ABLBL's stores are franchisee-owned.
- **Inherits the cash counters (lifestyle brands) in the demerger:** The core lifestyle brands ABLBL inherited from the ABFRL demerger (Louis Philippe, Van Heusen, Allen Solly, and Peter England) remain the cash counters for the company (70% of stores on franchisee model). While management's ambition is to hit 10-15% CAGR for the legacy brands (core) over FY24-30, we build in a more conservative 9.4% over FY25-28, backed by a more balanced approach to growth (evenly aided by expansion and SSSGs – 4-5% each over FY25-28). For FY24, the estimated scale for LP, VH (excluding innerwear), AS, and PE stands at >INR 20bn, INR 15–16bn, INR 14bn, and INR 12.5bn, respectively. The management aims to scale at least three of these four brands to over INR 25bn by FY30. We build in ~190 lifestyle brands stores (including value stores) annually over FY25-28. ABLBL houses (~2,900 stores incl. value stores) and intends to expand its store sizes (from 1,400 sq ft to ~2,000 sq. ft.) to bridge assortment/occasion gaps in portfolio. On margins, lifestyle brands' EBITDAM (pre-IND AS 116) is estimated at ~9.5% in FY25. We build in a gradual 60/90bps expansion to ~10-10.5% over FY25-28/30, respectively. Underpinnings for margin expansion are likely to be (1) higher full-price sales, (2) steady SSSGs (~5%), and (3) rising retail channel skew.
- **Execution will be key on scaling of emerging brands:** ABLBL's emerging (EM) brands include VH innerwear, Reebok, and American Eagle (AE). Innerwear and Athleisure category has been through an unfavorable inventory cycle over the past two years. FY26 is likely to mark the end of the unwinding of the cycle and ABLBL may step up expansion in innerwear FY27 onwards (estimated FY25 scale: INR4.5-5bn). Reebok has doubled its scale since its acquisition in FY22 (estimated scale: INR5bn). Focus here would be on expansion (building in 25-30 stores annually; FY25 store count: 172). From an assortment mix perspective, currently one-third of Reebok's sales mix is apparel, which should improve, going forward. Expansion in AE – ABLBL's premium denim offering (FY25 estimated scale: INR2.5-3bn; store count: 68) – is expected to be more measured. Overall, we expect EM brands to clock ~15% over FY25-28 – at the lower end of management's ambition of 15-25%.

BUY

CMP (as on 01 Sep 2025)	INR 139
Target Price	INR 180
NIFTY	24,625

KEY STOCK DATA

Bloomberg code	ABLBL IN
No. of Shares (mn)	1,220
MCap (INR bn) / (\$ mn)	165/1,868
6m avg traded value (INR mn)	-
52 Week high / low	INR 176/129

SHAREHOLDING PATTERN (%)

	Jun-25
Promoters	46.57
FIs & Local MFs	10.97
FPIs	22.60
Public & Others	19.86
Pledged Shares	-

Source : BSE

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- **Valuation and outlook:** It's all about execution and given the baggage we carry of tracking ABFRL (pre-demerger), we remain conservative in our expectations of ABLBL's delivery across segments. On a consolidated basis, we expect ABLBL to clock ~10/19% revenue/EBITDA CAGR over FY25-28 (building in ~180/250bps margin expansion over FY25-28/30 respectively vs management's targeted 300bps expansion and RoICs inching up ~220bps from 9% to 11.2% over FY25-28). **We assume coverage on ABLBL with a BUY recommendation and an SOTP-based TP of INR180/sh (including 25x Sep-27 EV/EBITDA—Pre-IND AS 116—for lifestyle brands and 1x Sep-27 EV/sales for emerging brands).**

Financial summary (INR mn)

	FY25	FY26E	FY27E	FY28E
Net Sales (INR mn)	78,300	83,838	94,252	1,05,137
Pre-IND AS EBITDA (INR mn)	5,508	6,243	7,919	9,305
APAT (INR mn)	1,579	2,765	4,421	5,747
EPS (INR/sh)	1.3	2.3	3.6	4.7
P/E (x)	110	63	39	30
EV/EBITDA (x)	33	28	21	17
EV/Revenue (x)	2	2	2	2
Pre Ind-AS RoE (ex-goodwill,%)	14.3	16.3	17.3	16.6
Pre Ind-AS RoIC (ex-goodwill,%)	11.1	10.0	12.1	13.3
Pre Ind-AS RoCE (ex-goodwill,%)	11.4	12.6	14.3	14.7

Source: Company, HSIE Research

Sep-27E SOTP

INR mn	Revenue	EBITDA	Methodology	Multiple (x)	EV
Lifestyle Brands	82,036	8,106	EV/EBITDA*	25	2,02,652
Emerging Brands	17,659	506	EV/Revenue	1	19,424
Total EV	99,695	8,612		26	2,22,077
Net Debt					2,596
Equity Value					2,19,481
Equity Value/share					180
No. of shares (#)					1,220
CMP					139
Upside/(Downside; %)					29.4

Source: HSIE Research. *Pre-IND AS EBITDA

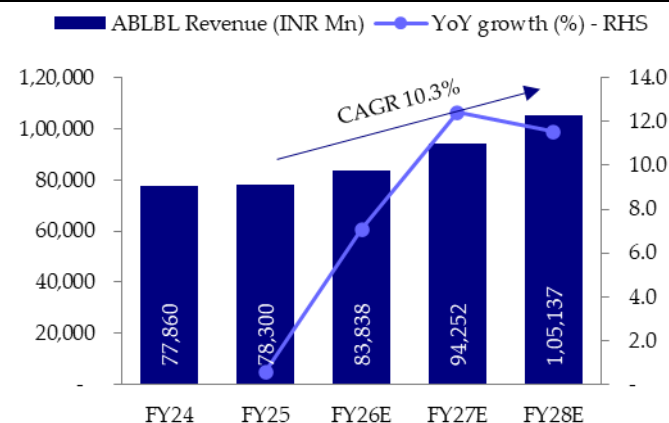
Peer Valuation

Company	CMP	M cap (INR bn)	Reco	TP	Revenue (INR bn)				EBITDA (INR bn)				EBITDAM (%)				PAT (INR bn)				EPS (INR)			
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
F&G																								
Avenue Supermarts	4,748	3,090	Add	4,000	578	679	806	960	43	51	63	77	7.5	7.6	7.8	8.0	29	32	40	49	45.0	49.9	60.9	74.9
Apparel																								
Shoppers Stop	528	58	Reduce	500	44	49	52	57	3	3	3	3	5.7	5.5	5.7	6.0	0	0	1	1	0.6	4.3	6.7	10.1
V-MART	749	59	Add	830	33	38	43	50	1	2	3	3	4.4	5.6	6.1	6.4	0	1	2	2	2.7	12.2	19.4	26.3
Trent	5,445	1,936	Sell	4,300	167	210	245	282	21	28	32	37	12.8	13.3	13.2	13.2	16	19	23	25	44.6	52.6	63.3	71.7
ABLBL	139	170	Buy	180	78	84	94	105	6	6	8	9	7.0	7.4	8.4	8.9	2	3	4	6	1.3	2.3	3.6	4.7
Jewellery																								
Titan Company	3,618	3,220	Reduce	3,200	605	703	830	938	48	66	77	90	7.9	9.4	9.3	9.6	33	46	55	64	37.5	51.3	61.7	72.4
Footwear																								
Bata India	1,115	143	Reduce	1,085	35	38	41	45	4	5	6	6	11.0	12.7	13.5	14.3	3	3	4	5	16.1	23.0	28.9	36.8
Relaxo Footwears	486	121	Add	490	28	29	33	37	3	4	5	5	11.9	12.6	13.6	14.2	2	2	2	3	6.8	7.6	10.0	11.8
Metro Brands	1,170	319	Sell	980	25	28	34	41	5	6	7	9	21.4	21.2	21.3	21.3	4	4	5	7	13.0	14.8	19.4	24.9
New Age																								
FSN E-Commerce (Nykaa)	233	666	Reduce	180	79	100	124	149	3	6	8	10	3.2	5.6	6.3	7.0	1	3	4	6	0.3	1.1	1.6	2.3
Swiggy	427	1,065	Add	400	152	200	246	297	(31)	(29)	(18)	(5)	(20.3)	(14.4)	(7.2)	(1.7)	(31)	(29)	(19)	(5)	(12.5)	(11.7)	(7.7)	(2.1)
Eternal	321	3,098	Reduce	285	202	299	385	475	3	5	16	29	1.4	1.8	4.1	6.1	5	6	11	22	0.5	0.6	1.2	2.3
Paints & Adhesives																								
Asian Paints	2,570	2,465	Add	2,500	339	353	391	430	60	64	70	78	17.7	18.2	18.0	18.2	40	42	49	57	49.6	44.2	50.7	59.0
Berger Paints	545	635	Add	585	115	124	139	155	19	20	23	26	16.1	16.3	16.7	16.9	12	13	15	17	10.1	11.4	12.9	14.6
Kansai Nerolac	241	195	Reduce	250	78	83	92	102	9	10	11	12	12.0	11.8	12.1	12.3	5	7	8	9	5.9	8.4	9.6	10.7

Company	P/E (x)				EV/Sales (x)				EV/EBITDA (x)				RoE(%)				RoCE(%)				RoIC (%)			
	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
F&G																								
Avenue Supermarts	106	95	78	63	5.3	4.5	3.8	3.2	71	60	49	40	14.7	14.2	14.9	16.6	14.8	14.0	14.6	15.5	14.6	13.8	14.5	15.3
Apparel																								
Shoppers Stop	862	122	79	52	1.4	1.2	1.1	1.0	24	22	20	16	0.7	4.8	6.2	7.7	7.0	4.7	18.9	18.5	54.4	7.4	18.0	19.0
V-MART	275	62	39	29	1.9	1.6	1.3	1.1	42	28	21	17	2.3	9.1	12.2	13.5	7.1	9.7	12.5	13.7	10.9	7.3	10.6	13.7
Trent	122	104	86	76	16.2	11.6	9.2	6.7	91	69	59	51	30.5	25.3	23.1	20.6	29.6	24.6	22.6	20.3	31.8	27.4	27.7	31.1
ABLBL	107	61	38	29	2.3	2.0	1.7	1.5	32	27	21	17	9.1	11.9	13.9	14.1	9.3	10.6	12.4	13.0	9.0	8.2	10.1	11.2
Jewellery																								
Titan Company	96	71	59	50	5.7	4.8	4.1	3.6	72	51	44	38	29.2	31.7	30.1	28.7	13.4	15.2	15.5	15.4	12.6	15.6	16.5	17.0
Footwear																								
Bata India	69	48	39	30	3.9	3.6	3.2	2.8	36	28	24	20	25.9	25.9	25.9	25.9	11.5	13.6	15.0	16.0	15.4	19.1	21.9	25.3
Relaxo Footwears	70	63	48	40	4.1	3.9	3.4	3.0	35	31	25	21	9.0	9.4	11.6	12.5	9.1	9.5	11.7	12.6	10.0	11.6	15.5	17.7
Metro Brands	90	79	60	47	12.5	10.9	8.9	7.3	58	51	42	34	18.2	20.0	21.9	21.5	18.6	20.5	22.4	22.0	30.1	33.0	38.8	42.1
New Age																								
FSN E-Commerce (Nykaa)	913	216	148	102	8.4	6.6	5.3	4.4	264	118	85	63	5.5	19.4	20.8	22.1	5.2	14.0	16.7	19.2	4.0	13.6	17.3	21.4
Swiggy	NM	NM	NM	NM	6.7	5.2	4.3	3.6	NM	NM	NM	601	(34.6)	(31.7)	(26.0)	(8.1)	(29.3)	(24.7)	(17.3)	(4.2)	(41.4)	(34.3)	(19.4)	(4.6)
Eternal	588	535	268	140	14.5	9.8	7.6	6.1	1,043	536	186	101	2.1	1.8	3.5	6.4	2.4	2.3	3.9	6.7	5.2	4.6	7.7	13.3
Paints & Adhesives																								
Asian Paints	52	58	51	44	7.3	6.9	6.2	5.6	41	38	34	31	21.1	20.9	22.0	23.4	18.3	18.3	19.5	20.9	19.6	19.9	23.5	28.0
Berger Paints	54	48	42	37	5.5	5.0	4.4	3.9	34	31	27	23	20.5	19.1	20.0	19.6	18.5	17.7	18.8	18.6	18.9	19.7	21.9	23.4
Kansai Nerolac	41	29	25	23	2.5	2.3	2.0	1.8	20	19	17	15	8.0	10.3	10.9	11.4	8.1	10.4	11.1	11.5	9.8	12.5	14.0	15.0

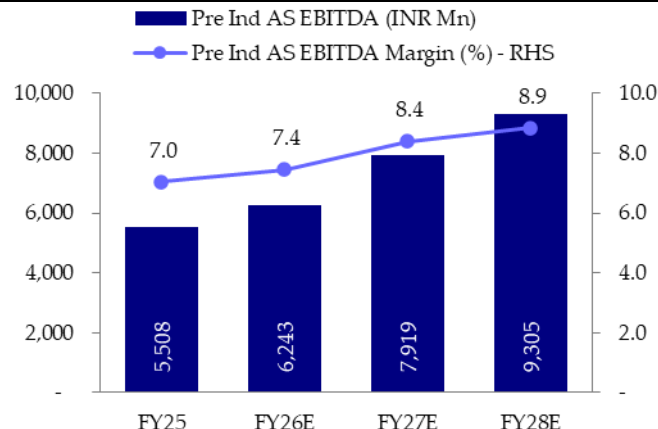
Focus Charts

We build in ~10% revenue CAGR ...



Source: Company, HSIE Research

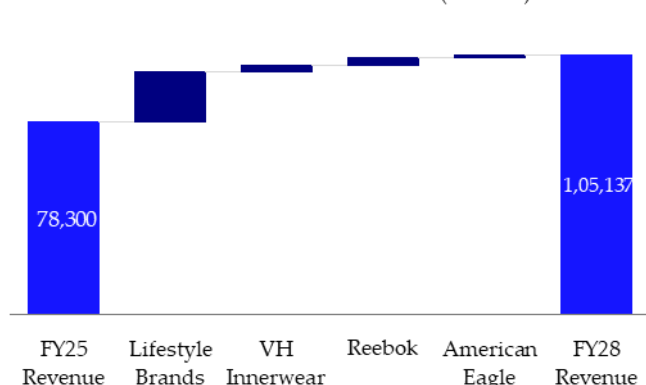
...and ~180bps EBITDA margin expansion over FY25-28



Source: Company, HSIE Research

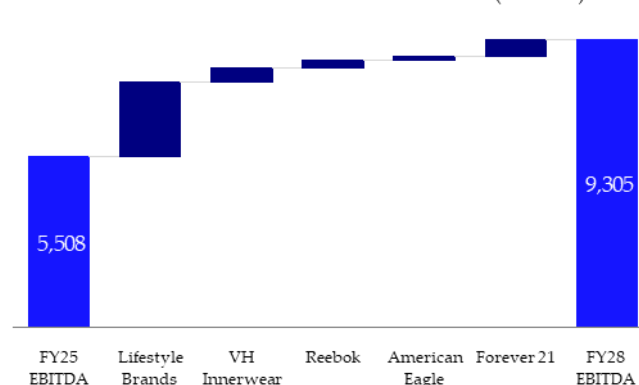
While core (lifestyle brands) will remain the cash counters; emerging brands are expected to contribute to nearly one-fourth/36% of the incremental revenue/EBITDA over FY25-28

Revenue Waterfall over FY25-28 (INR mn)



Source: Company, HSIE Research

Pre Ind AS EBITDA Waterfall over FY25-28 (INR mn)



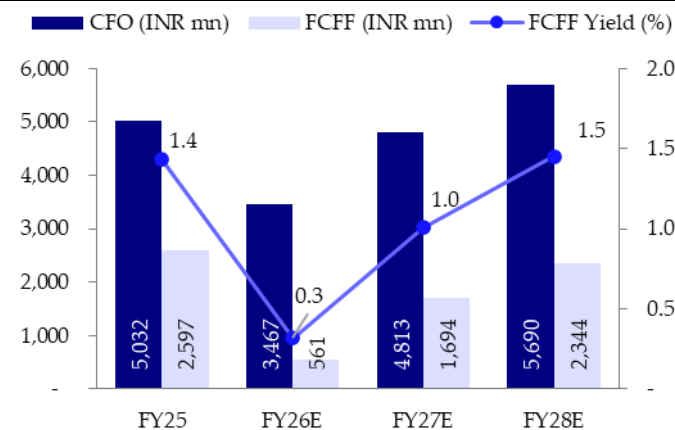
Source: Company, HSIE Research

ABLBL's ambition vs HSIE expectations

Particulars	Company ambition	HSIE expectation
Consolidated Revenue	>11% CAGR over FY24-30	8.5% CAGR over FY24-30
Lifestyle Brands Revenue	10-15% CAGR over FY24-30	~9% CAGR over FY25-30
Emerging Brands Revenue	15-25% CAGR over FY24-30	~15% CAGR over FY25-30
Pre IND AS EBITDA Margin	300bps expansion over FY24-30	250bps expansion over FY25-30
Store Expansion	~4,500 stores by FY30	4,478 stores by FY30
Retail Area (mn. Sq. ft.)	~7.3mn sq ft by FY30	~7.3mn sq ft by FY30

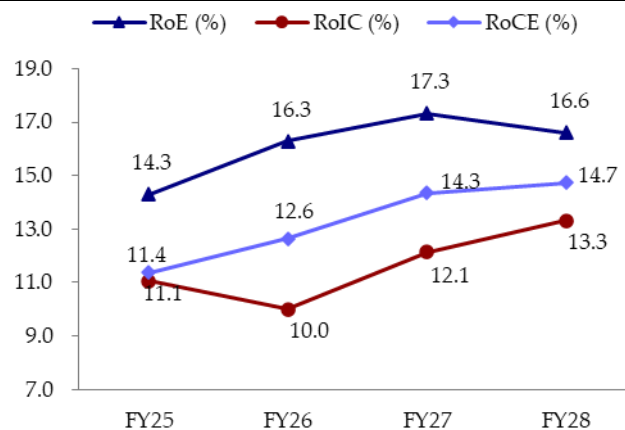
Source: Company, HSIE Research

Free cash flow profile over FY25-28



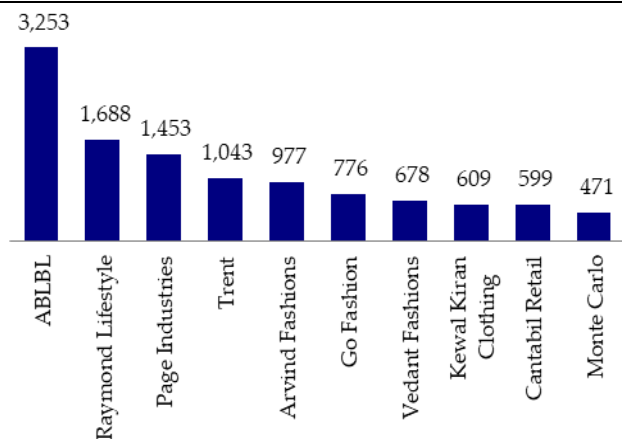
Source: Company, HSIE Research. Pre-IND AS cash flow

We build in RoCE (ex-goodwill) improvement of ~340bps to 14.7% over FY25-28



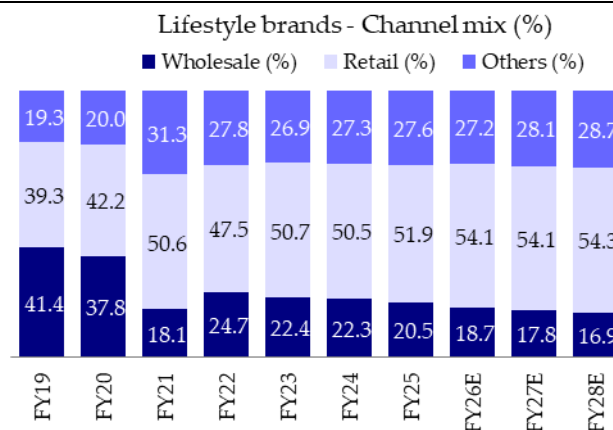
Source: Company, HSIE Research. Return Ratios are pre-Ind AS (ex-goodwill)

ABLBL has among the largest retail networks in its sector (FY25)



Source: Company, HSIE Research

Rising retail channel skew should aid margin expansion



Source: Company, HSIE Research

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ABLBL: Inherits the cash counters in the demerger

- ABLBL inherited (1) the core lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) and (2) certain emerging brands like VH Innerwear (innerwear and athleisure), Reebok (sportswear), and American Eagle (AE; premium denim brand) from the ABFRL demerger. Lifestyle brands remain the cash counters for the business, with 70% of stores operational via the franchisee route and boasts of 40%+ ROCE (ex-goodwill).
- The lifestyle retailer has a significant presence across India, with one of the largest retail networks for apparel in the country. As of March 31, 2025, their wide network spanned over 4.6 million sq. ft. in more than 700 cities and towns. This includes 3,253 EBOS, over 38,000 MBOs, and more than 7,000 shop-in-shops within department stores. A significant portion (over 70%) of this extensive retail footprint is managed by franchisees and >50% of stores are fully omni-enabled as of March 31, 2025.
- The recent demerger provides ABLBL with enhanced operational clarity and a more focused approach to capital allocation. This strategic shift allows for the deployment of free cash flow toward high-growth initiatives, promoting accelerated growth and improved margins; something that was more challenging when it was part of a larger, combined entity.
- The targets:** Management intends to double ABLBL's scale by FY30 and hit 11%+ EBITDAM by FY30 (up 300bps over FY24-30) on the back of (1) better full-price sales in core portfolio, (2) high single-digit SSSG, (3) rising retail channel skew, and (4) emerging brands scaling into positive unit economics. It intends to get debt-free in the next 2-3 years and hit dividend distribution mode in the medium term. On store expansion, management intends to hit 250 net store additions across formats and hit 4,500 stores and 7.3mn sq. ft by FY30 (vs 4.6 mn sq ft in FY25). Note: 70% of ABLBL's stores are franchisee-owned. The management targets to achieve 70% pre-IND-AS 116 RoCE (ex-intangibles) by FY30.

In the next five years, ABLBL aims to double in scale and triple cash profits

Particular		Outlook FY24 – FY30P	Drivers
Revenue (FY24: INR ~7800 Cr)	Vs FY24	~2x	Sustained High single digit L2L & network Expansion driving reach & penetration
	CAGR	>11%	
EBITDA Margin		300+ bps expansion	Profitability expansion with scale, driven by operating leverage
Pre-INDAS		~8% → 11%+	
Post-INDAS		~15% → 18%+	
Pre-INDAS ROCE (w/o intangibles)		~70%+ in FY30P	Improved leverage in new businesses to drive ROCE expansion
Other Financial Metrics		Debt free in next 2-3 years Strong annual FCF generation Dividend distributing Company	Consistent improvement across metrics

Source: Company, HSIE Research

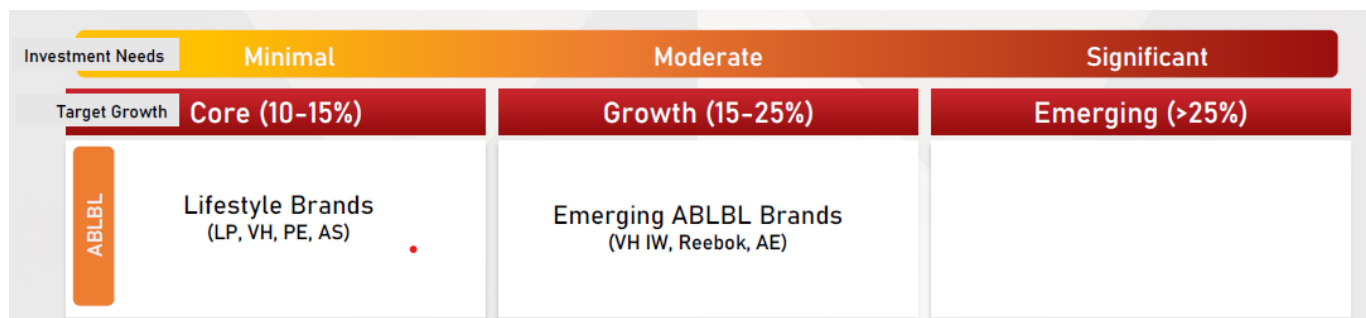
ABLBL's brand portfolio



Source: Company, HSIE Research

- Make-up of expansion:** Post a store rationalization drive over FY23-25 wherein ABLBL weeded out unprofitable stores (lifestyle brands store count went from 2,650 to 2,489 over FY23-25), ABLBL is set to embark upon measured store expansion H2FY26 onwards. The company is targeting ~250 net stores annually for the next five years, aiming for ~4,500 stores by FY30 (3,253 stores currently). This includes "Project Stretch," which will increase average store size from ~1,400 sq. ft. to 2,000 sq. ft., contributing 50% growth in retail area (intends to take retail space to ~7.3mn by FY30 from ~4.6mn currently). The expansion plan includes targeting over 1,000 stores in small-town India (580+ currently) by FY30. Additionally, ABLBL aims to hit 1,000 stores each of its top four lifestyle brands and scale at least three of the four brands to INR25bn. Focus will be on improving the salience of the more profitable retail channel within the channel mix from 62% to 70% over FY25-30.
- Strategic capital allocation:** Capital will be allocated based on each business's stage of development. Core brands (Louis Philippe, Van Heusen, Peter England, and Allen Solly) don't need much by way of investments. In contrast, growth brands (Van Heusen Innerwear, Reebok, and American Eagle) will receive moderate investment to help them achieve critical mass and become cash-positive.

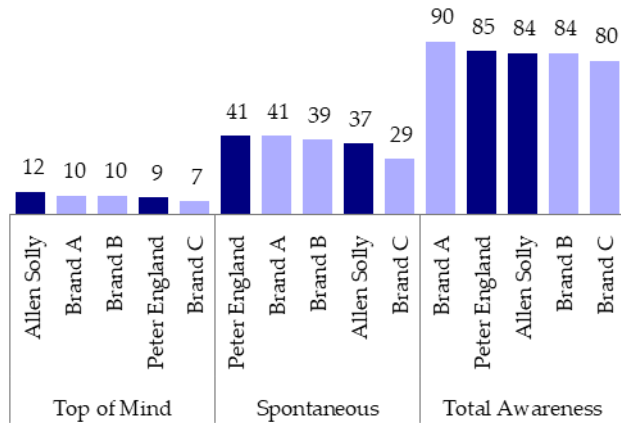
While ABLBL's expected growth is moderate; the investment ask for growth isn't much. Management expects around INR3bn in capital expenditure annually to support growth



Source: Company, HSIE Research

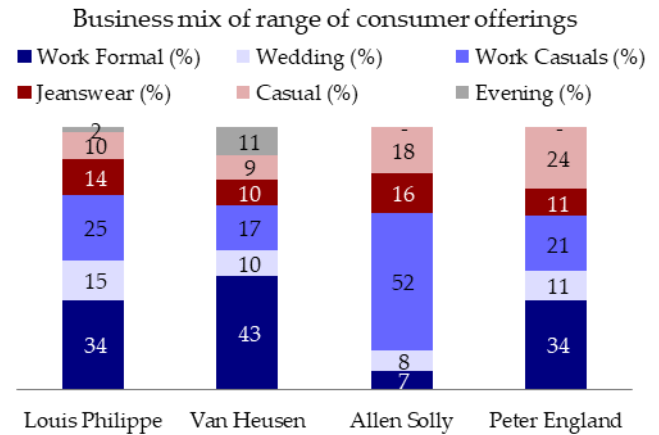
- Expanding product and occasion mix:** The company aims to build scale in women's wear, kids' wear, jeanswear, casuals, sportswear, and footwear. They are also re-imagining merchandise uniquely for each brand, shifting from a "7 product" approach to a "Multiple User Occasion" strategy to cater to a wider range of consumer needs.

All four lifestyle brands are in the top-10 Indian fashion brands on awareness scores



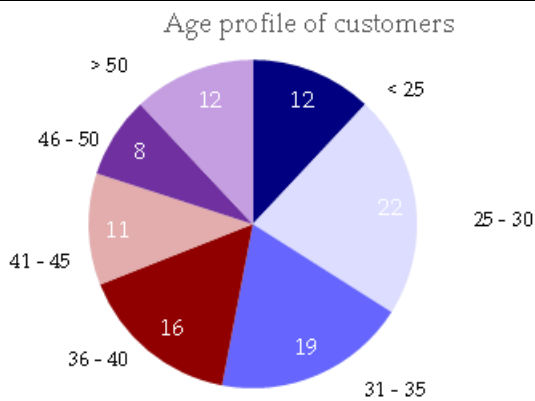
Source: Company, HSIE Research

ABLBL is shifting toward "Multiple User Occasion" strategy to cater to a wider range of consumer needs



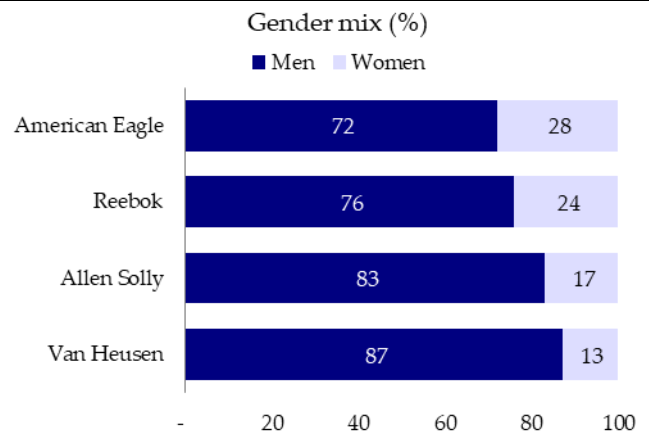
Source: Company, HSIE Research

53% of the revenue comes from customers under the age of 35 years



Source: Company, HSIE Research

ABLBL is growing women's wear mix across brands



Source: Company, HSIE Research

Diversified channel mix and extensive footprint

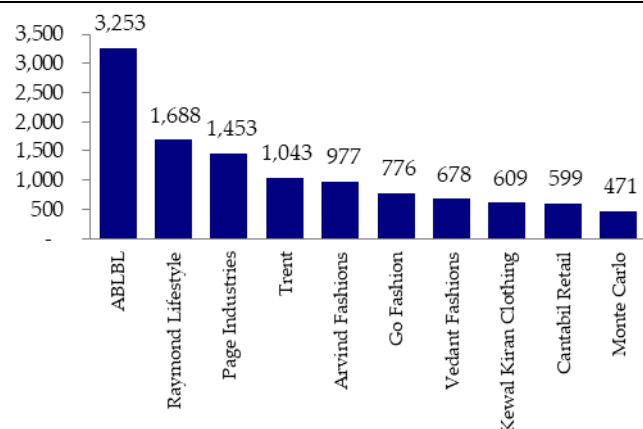
- ABLBL's distribution strategy includes a comprehensive blend of EBOs, MBOs, shop-in-shops within departmental stores, and a strong online presence. As of March 31, 2025, ABLBL boasts a formidable retail footprint spanning over 4.6mn sq. ft. across India, with a network of 3,253 brand stores. This includes 986 company-owned stores and 2,267 franchisee-led stores. Beyond its EBOs, the company extends its reach through over 38,000 MBOs and more than 7,000 shop-in-shops across departmental stores. This widespread presence, covering over 700 cities and towns, helps ABLBL benefit from India's ongoing urbanization trend and the significant shift from the unorganized to the organized retail sector.

Omni-channel Integration and Digital Advancement

- ABLBL has invested heavily in its omni-channel capabilities to provide seamless and personalized customer experience across all touchpoints. As of March 31, 2025, over 50% of its store network is fully omni-enabled, supporting features like "Buy Online, Ship from Store" (BOSS) and optimizing multi-warehouse fulfillment. This integration allows customers expanded choice and greater accessibility, blending the convenience of online shopping along with the experience of physical retail. Furthermore, the company's Super App, which features eight of its western brands, is evolving into a unified digital ecosystem.

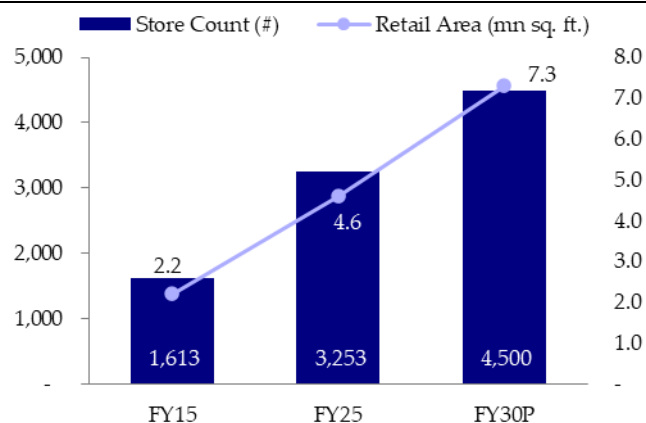
Aditya Birla Lifestyle Brands: Initiating Coverage

ABLBL has among the largest retail networks in its sector (FY25)



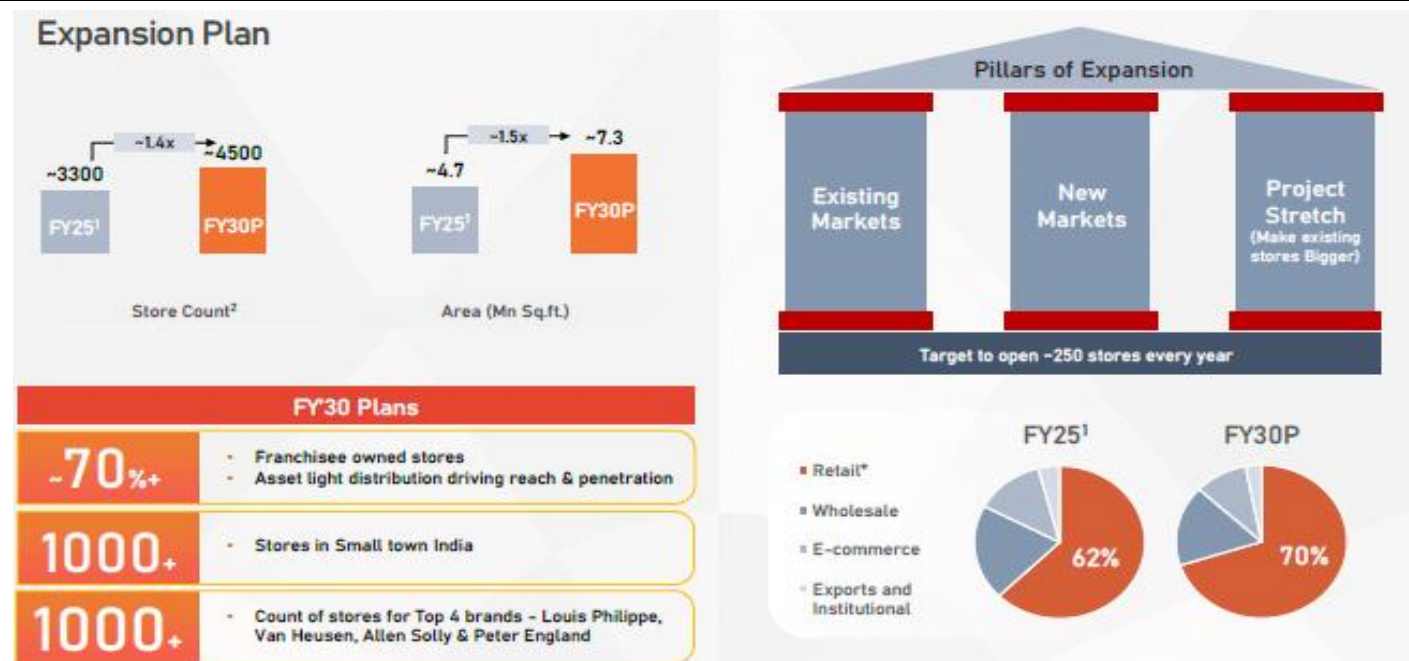
Source: Company, HSIE Research

ABLBL plans to expand its store count to ~4,500 by FY30



Source: Company, HSIE Research

...and increase store sizes. Management expects ABLBL to achieve ~10% retail area CAGR over FY25-30



Source: Company, HSIE Research

Lifestyle brands: The pillars of ABLBL

The lifestyle brands (FY25 revenue: INR65.75bn) are the cash cow of ABLBL's business, featuring its core brands - Louis Philippe (LP), Van Heusen (VH), Allen Solly (AS), and Peter England (PE). These formats operate on predominantly an asset-light franchisee-led model (70% of stores are via the franchisee route). Note: **FY24 scale for LP, VH (ex-innerwear), AS and PE is estimated at >20/15-16bn/14/12.5bn respectively and the management intends to scale at least three of these four brands to INR25bn+ by FY30.**

Louis Philippe

- Established in 1989, Louis Philippe is ABLBL's premium menswear brand. The brand has extended its portfolio with the launch of LP Sport, LP Athplay, LP Jeans, and LP Sneakers, effectively tapping into the growing demand for activewear and casual wear, thereby enhancing its versatility and appeal to a broader consumer base.
- Scale: Louis Philippe is the largest brand in ABLBL's portfolio of brands. It has seen significant growth, expanding from INR 2.9bn in FY10 to INR 10bn by FY15. The brand then crossed INR 20bn in revenue in FY24.**
- Consumer offerings: Louis Philippe caters exclusively to men, offering products for formals, weddings, casuals, sports, denim, and evening wear.

Van Heusen

- Originally launched in 1990 as a premium office wear brand for young professionals, Van Heusen has successfully transformed into a comprehensive lifestyle brand tailored for today's modern professionals. Van Heusen is not only the most preferred workwear brand but also straddles across the entire spectrum of occasions like casuals, ceremonial, party wear, and recently launched activewear.
- As the second-largest brand in ABLBL's portfolio, right after Louis Philippe, Van Heusen has effectively diversified its product offerings beyond apparel into accessories and footwear, catering to a wider range of consumer needs.
- Scale: Van Heusen generated over INR 20bn in revenue (incl innerwear sales) in FY24.**
- Consumer offerings: Van Heusen offers menswear (formals, weddings, casuals, sports, denim, and athleisure) and women's wear (formals, casuals, denim, and evening).

Allen Solly

- Launched in India in 1993, Allen Solly redefined workwear with its "Friday dressing" concept, positioning itself as a trendy, relaxed formal wear brand.
- Strategically, it aims to be a market leader in premium kids' wear and lead the way in sustainable fast-fashion. It specifically aims to grow stronger in the women's and kids' wear segments and sees a significant opportunity to become a leader in the winter wear segment, particularly in the north, east, and central India. Like Van Heusen, Allen Solly has also expanded its product offerings into accessories and footwear. Its "Allen Solly Prime" initiative brings the brand's essence to smaller towns, actively targeting tier II and III markets for growth.
- Scale: Allen Solly reported revenue of over INR 14bn in FY24.**
- Consumer offerings: Allen Solly offers menswear (formals, weddings, casuals, sports, denim, and evening), women's wear (formals, casuals, denim, and evening), and juniors (casuals, denim, and partywear).

Peter England

- Launched in India in 1997, Peter England has built a strong presence in the formal and premium office wear category, known for offering "international quality at honest-to-goodness prices."
- Its strategic goals include becoming the benchmark for value-for-money, leading the sub-premium segment, expanding its retail network and deepening its presence in smaller towns with lines like "Peter England Red." It also focuses on product innovation, with sports-inspired collections seamlessly blending athletic functionality with everyday fashion. Peter England is positioned as a sub-premium, affordable brand, designed to cater to aspirational customers and often leads market entry for the company into new territories.
- Scale: Peter England reported revenue of more than INR 12.5bn in FY24 and is present in over 1,000 stores.**
- Consumer offerings: Peter England primarily caters to men, offering products for formals, weddings, casuals, sports, denim, and leisure wear.

Lifestyle brands KPIs up to FY24

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Footfalls (mn)	8.2	7.9	7.2	3.9	4.3	9.5	9.6
YoY growth (%)	-	(3.7)	(8.9)	(45.8)	10.3	120.9	1.1
Conversion (%)	46	50	55	83	89	90	90
Average Selling Price (INR/piece)	1,747	1,714	1,626	1,680	1,701	1,881	1,870
YoY growth (%)	-	(1.9)	(5.1)	3.3	1.3	10.6	(0.6)
Average Bill value (INR)	4,211	4,256	4,072	3,693	3,844	4,576	3,905
YoY growth (%)	-	1.1	(4.3)	(9.3)	4.1	19.0	(14.7)
Items per bill (#)	2.4	2.5	2.5	2.2	2.3	2.4	2.1
YoY growth (%)	-	3.0	0.9	(12.2)	2.8	7.7	(14.2)
Bill cuts (mn)	3.7	4.0	4.8	3.8	5.6	7.3	8.5
YoY growth (%)	-	6.0	20.8	(21.4)	48.3	30.8	15.9
Bill cuts/store (#)	2,066	2,005	2,129	1,584	2,217	2,760	3,164
YoY growth (%)	-	(2.9)	6.1	(25.6)	39.9	24.5	14.6
LTL volume growth (%)	8	4	3	(9)	25	26	(14)
LTL ASP growth (%)	-	1	1	(11)	16	12	6
LTL value growth (%)	9	5	5	(20)	46	40	(8)
No. of stores (#)	1,813	1,980	2,253	2,379	2,522	2,650	2,679
Total Retail Area (mn sq. ft.)	2.40	2.56	2.83	3.01	3.24	3.55	3.73

Lifestyle brands – FY23-25 operational snapshot:

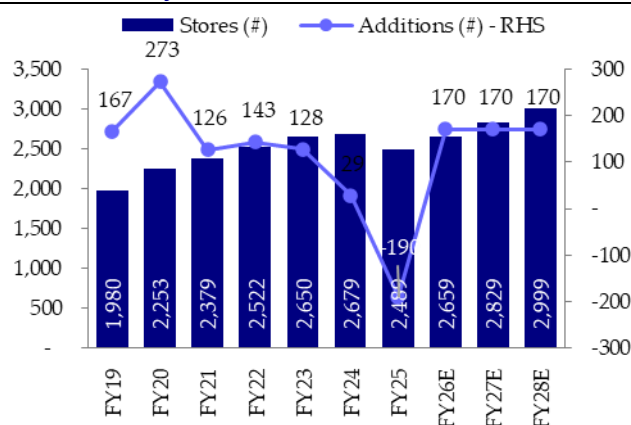
- FY24 was a challenging year for ABLBL's lifestyle brands (LB), potentially indicating normalization of consumer purchasing patterns over FY23. While bill density (bill/sq. ft) by ~8% to 2.3 bills/sq. ft; revenue/sq. ft declined by 8% YoY in FY24 to ~INR9k/sq. ft. LTL volume/value declined 14/8% respectively in FY24. We suspect this was more (1) normalization of demand from a pent-up demand heavy FY23; (2) weaker discretionary demand; and (3) a consequence of adding economically weaker stores. Interestingly, average bill sizes declined by ~15% (broadly mimicking the drop in items per bill from 2.4 in FY23 to 2.1 in FY24). H1FY25 was more of the same (low negative single-digit LTL growth), impacted further by fewer wedding dates.
- As the network rationalization drive picked up steam in FY25 (closed 190 stores in FY25 from 2,679 stores to 2,489 stores), SSSGs returned (12/9/15% in Q3/Q4FY25

and Q1FY26 respectively). Most of the store rationalization seems behind ABLBL and store expansion should commence Q2 onwards. ABLBL intends to add 250 net store additions annually. FY24 scale for LP, VH (ex-innerwear), AS and PE is estimated at >20/15-16bn/14/12.5bn respectively and the management intends to scale at least three of these four brands to INR25bn+ by FY30.

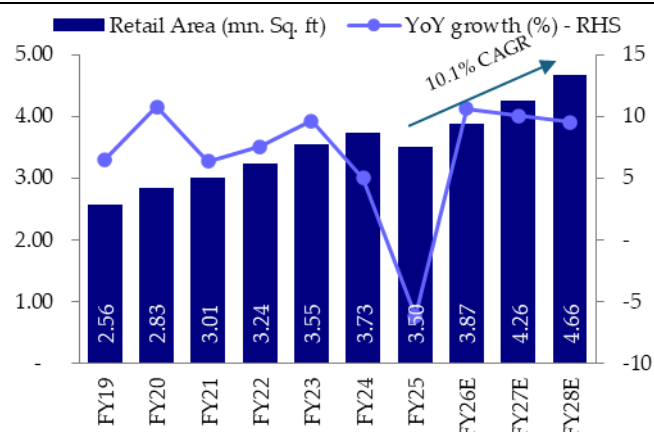
- We build in 170 stores (net) additions for lifestyle brands (ex- value stores) annually with average store size increasing from 1,405 sq. ft. to 1,555 sq. ft and an avg. SSSG of ~5% over FY25-28 and ~60 store additions across its emerging brand portfolio. For the LB portfolio, we build in revenue/EBITDA CAGR of ~9/12% implying margin expansion of ~60bps over FY25-28 to 10%. Underpinnings for margin expansion are likely to be (1) higher full-price sales, (2) steady SSSGs (~5%), and (3) rising retail channel skew.
- We expect the retail channel skew to increase from ~52% in FY25 to 54/55% by FY28/30 respectively at a CAGR of 11%. Note: even over FY19-25; when LB clocked 7.3% CAGR; the retail channel grew at 12.4%.

We expect lifestyle brands (ex-value stores) to add 170 stores annually...

...and expand retail area at ~10% CAGR over FY25-28

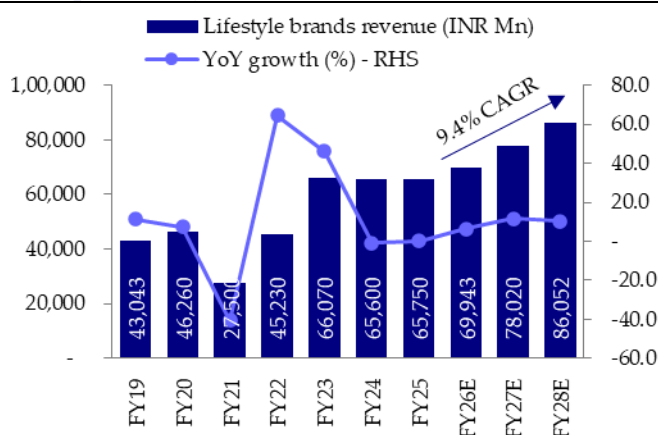


Source: Company, HSIE Research

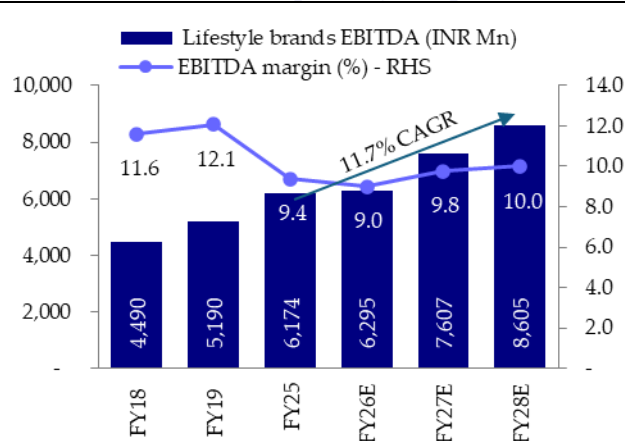


Source: Company, HSIE Research

We expect lifestyle brands to clock ~9/12% revenue/EBITDA CAGR over FY25-28 (~60bps margin expansion)

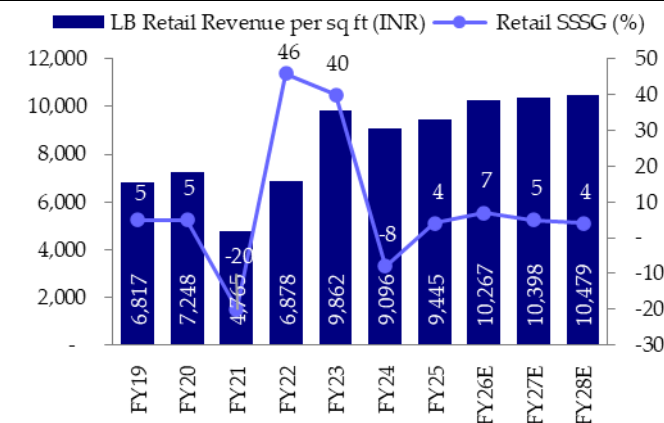


Source: Company, HSIE Research



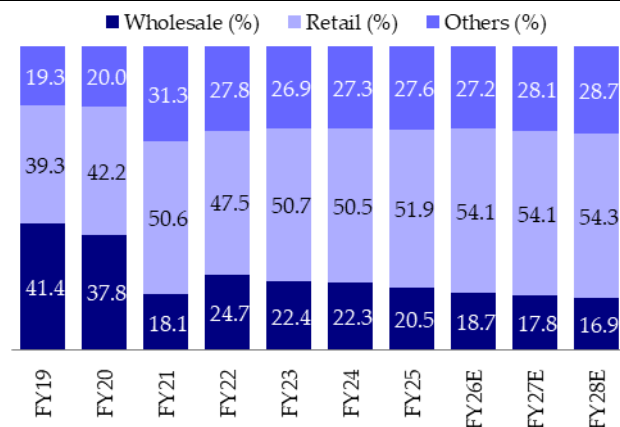
Source: Company, HSIE Research

Growth is likely to be evenly balanced between SSSG (5% baked in) and store expansion



Source: Company, HSIE Research

Rising retail channel skew should aid margin expansion



Source: Company, HSIE Research

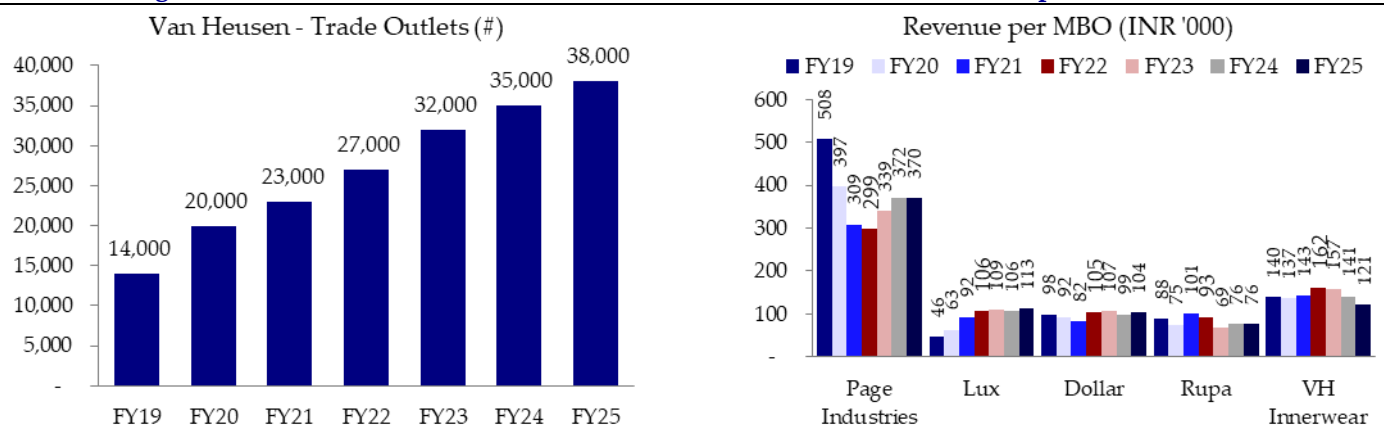
Emerging brands: Execution will be key

Beyond the established lifestyle brands, ABLBL is strategically investing in a portfolio of "Emerging Brands" that are poised to drive accelerated growth and diversify its market presence. This segment includes Van Heusen innerwear, Reebok, and American Eagle, each targeting high-potential, rapidly expanding categories such as intimate wear, sportswear, and youth-centric casuals. While some of these brands remain sub-scale; they are critical to ABLBL's long-term vision of doubling in scale and tripling in cash profits by FY30.

VH innerwear: historically, execution has been weak; we suspect a long grind ahead

- ABLBL entered the innerwear and athleisure market in 2016 with the Van Heusen (VH) innerwear brand. While the initial scaling was largely distributor/MBO expansion-led; VH innerwear did suffer from being on the wrong side of the deep inventory cycle the category faced post the pandemic. A recovery was expected H2FY25 onwards; however, it still remains elusive while peers recovered (network currently 38,000+ MBOs, 100+ EBOs, department stores and e-commerce platforms as on FY25). While MBO additions will continue, we suspect the lacunae is an in-sync product-channel fit. However (per channel checks), VH Innerwear is now solving for that by (1) introducing more products at entry-level (lower) price points to improve product relevance and acceptance, ergo, distributor/MBO-level sales density and inventory turns. This should help rein in the decline in revenue/MBO over the medium-to-long term. Management remains committed to fix and scale the segment and aspires to hit a scale of INR10-20bn and single-digit EBITDAM by FY30 (FY25 sales: ~INR4.7bn). Management has guided for an FY27 EBITDA-breakeven (which potentially needs 1.5x current scale).
- Our two cents is that innerwear is a distribution-heavy business with a dominant player. It is difficult to dislodge the leader in terms of market share as the channel is likely to favor products with inventory turns. However, certain low-hanging fruits like product gaps could help achieve some scale in the business. We build in a more conservative 13% CAGR over FY25-28 to INR6.9bn for VH innerwear (which includes a soft FY26).

While Van Heusen innerwear expanded its reach, growing from 14,000 MBOs in FY19 to 38,000 by FY25, it still has a considerable ground to cover to match the scale of its more established innerwear competitors



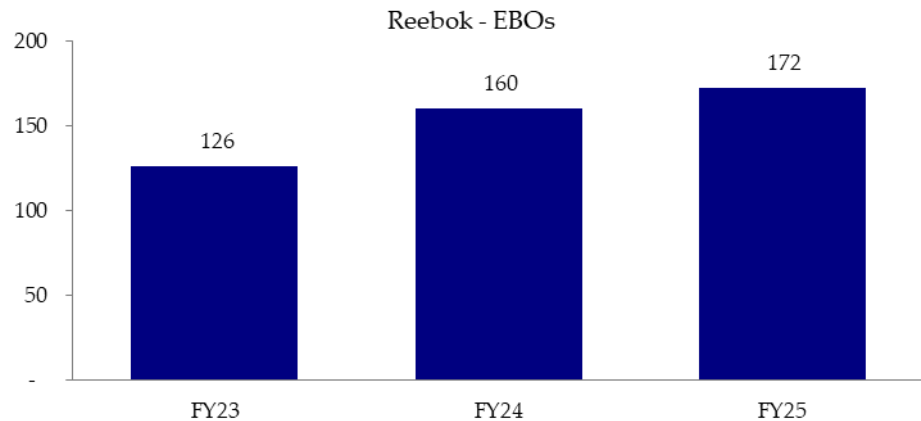
Source: Company, HSIE Research

Source: Company, HSIE Research; Note: For VH Innerwear we use HSIE estimates for revenue

Reebok: Building India's sportswear powerhouse

- ABLBL strategically acquired Reebok's India business in FY22 to significantly strengthen its sportswear portfolio. Under ABLBL's management, Reebok's initial journey has shown promise. The brand has expanded its presence to 172 stores as of FY25 vs ~90 stores at acquisition date (2HFY22). The brand has over 850 points of sale across trade outlets, including prominent departmental stores and has doubled in scale from ~INR2.5bn in FY23 to ~INR5bn in FY25. It has also strengthened its digital presence with the launch of the Reebok India mobile app and relaunched its website and marketplace operations.
- Within ABLBL's emerging brands portfolio; Reebok is likely to be the fastest growing brand, given (1) more aggressive expansion plans (30-40 store additions annually), (2) category tailwind – sports & athleisure (S&A) is the fastest growing segment within footwear, (3) efficiency/sales density gains, and (4) eclectic apparel vs non-apparel mix, which keeps purchase frequencies healthy (non-footwear sales is currently estimated at one-third the sales and its likely to increase in sales mix over the medium term). ABLBL targets to scale Reebok to INR10-20bn by FY30. We remain more conservative here too. We bake in INR8/10.5bn in revenue for Reebok by FY28/30 respectively and margin expansion of ~150bps to 7% by FY28 (pre-Ind-AS 116).

Reebok expanded its EBO network to 172 stores by the close of FY25

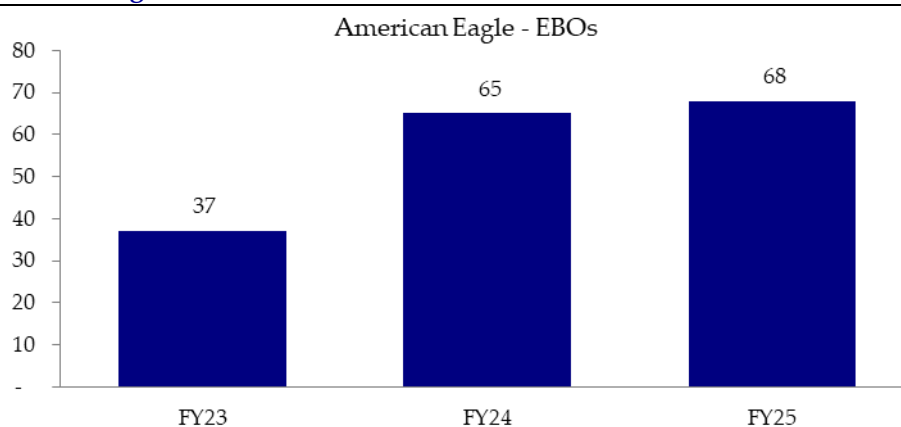


Source: Company, HSIE Research

American Eagle: Ambition to hit the top-3 denim brands in India

- American Eagle is a play on the premium denim segment in India. It is recognized for its superior products and strong brand positioning. And is estimated to be profitable already (at the EBITDA level). The brand has a presence of 68 stores across more than 30 cities. It also has a presence in over 210 departmental stores and multi-brand outlets. The focus for this brand is to (1) expand its distribution through EBOs and LFS; (2) launch new trend-driven collections; (3) enhance local sourcing with support from AE Global; (3) and build strong brand affinity in India through impactful marketing initiatives. Management has a stated **ambition to make American Eagle one of the top three denim brands in India and lead the women's super-premium denim category. It aims to reach INR 5-10bn scale by FY30. We suspect AE expansion is likely to be more measured (relative to Reebok) and pencil in ~10 stores annually and a revenue CAGR of ~14% over FY25-28 respectively.**

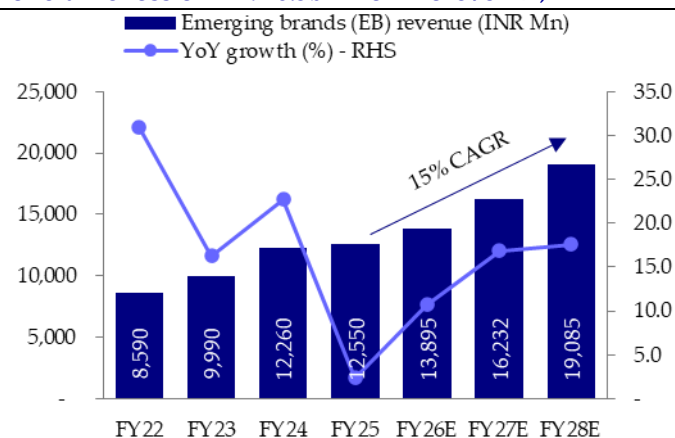
American Eagle concluded FY25 with 68 EBO stores in its network



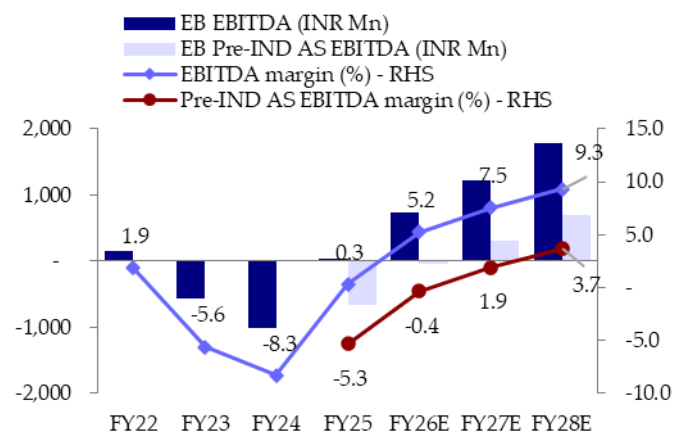
Source: Company, HSIE Research

- The emerging brands reported revenue CAGR of 13.5% over FY22-25. However, revenue growth in FY25 was primarily impacted by rationalization of Forever 21 stores, continued underperformance in Van Heusen innerwear's athleisure segment, and overall weak consumer sentiment. Looking ahead, we expect ~15% revenue CAGR for these brands, driven by expanded distribution, a robust product portfolio, and focused brand-building initiatives. This forecast is a more conservative estimate compared to the management's guidance of 15-25%. The segment's EBITDA margin demonstrated a significant recovery, moving from -8.3% in FY24 to 0.3% in FY25 (post IND AS 116). We expect this upward trend in profitability to continue, with the pre-IND-AS EBITDA margin expected to reach 3.7% by FY28. This improvement is primarily driven by Reebok's growing scale, increased profitability from American Eagle, the anticipated bottoming out of the athleisure sector slowdown, and the strategic streamlining of Forever 21 stores.

We remain conservative in our expectations from the emerging brands business...baking in 15% revenue CAGR over FY25-28 and ~900 bps margin expansion in the emerging business (note the swing seems significant but includes the one-time loss of ~INR0.5bn from Forever 21)



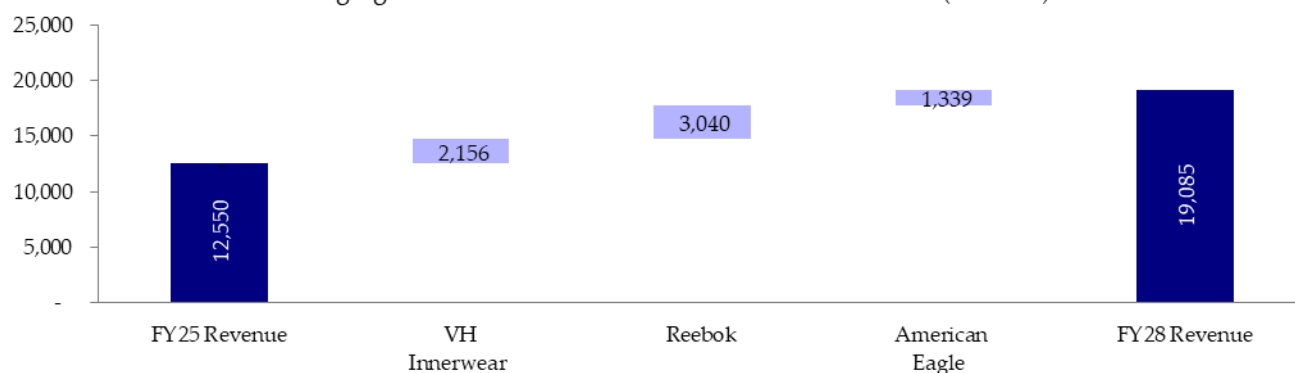
Source: Company, HSIE Research



Source: Company, HSIE Research

We expect VH innerwear and Reebok to account for ~80% of the incremental sales over FY25-28

Emerging brands' FY25-28 estimated revenue contributors (INR mn)



Source: Company, HSIE Research

Q1FY26 earnings print

- Revenue grew by modest 3.1% YoY to INR18.41bn due to sluggish demand. Growth was predominantly driven by wedding-related demand. EBITDA margin contracted by 77bps YoY to 14.3%, primarily due to a 280bps increase in marketing spends during IPL. Adjusted for these spends, EBITDA margin would have expanded to 17.1%. 23 net stores closed in the quarter and management highlighted that network consolidation is almost complete. Debt stood at INR7bn in FY25. Debt increased by INR2bn in Q1FY26 due to festive related inventory build-up. Management maintained its guidance of reducing debt by INR2-3bn every year and expects to turn debt free in 2.5 to 3 years.
- **Lifestyle brands:** Lifestyle brands grew 6% YoY to INR15.7bn, with all brands reporting double-digit LTL growth (SSSG stood at 15%). The lower revenue growth was primarily on account of closure of unprofitable stores in the last 12 months and recalibration in e-commerce channel. EBITDA margin contracted 110bps due to elevated marketing investments. On the channel mix, retail remains the primary growth driver, delivering 12% YoY growth, while wholesale grew 6%, and e-commerce declined 19% as the company recalibrated its online strategy and tightened discounting to improve profitability.
- **Emerging Brands:** Emerging brands revenue declined by 2% YoY to INR3.1bn, impacted by closure of Forever21 business and slower innerwear category traction. SSSG stood at 10%, primarily led by Reebok. EBITDA margin expanded to 2.8% vs 1.1% in Q1FY25. Innerwear growth was softer than expected due to category sluggishness, but management expects recovery ahead. Losses were halved compared to the previous year, with break-even anticipated by FY27. Reebok reported marginal growth in Q1FY26, with performance largely impacted by primary business. LTL growth stood at 9% in the quarter. Since acquisition, its store network has doubled, rising from 90 stores to over 175 stores, and revenue has increased from ~INR2bn to ~INR5bn. The early years involved significant network and operational clean-up, which slowed expansion, but the business now stands on a stable footing. Management expects robust growth as network expansion and brand initiatives bear fruit.

Quarterly snapshot

INR Mn	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Net Revenue	17,845	19,422	18,406	3.1	-5.2
Total COGS	7,342	8,030	6,883	-6.2	-14.3
Gross Profit	10,503	11,391	11,523	9.7	1.2
Gross Profit Margin (%)	58.9	58.7	62.6	374 bps	395 bps
Total Operating expenses	7,815	8,304	8,891	13.8	7.1
Reported EBITDA	2,688	3,087	2,631	-2.1	-14.8
EBITDA Margin (%)	15.1	15.9	14.3	-77 bps	-160 bps
Depreciation	1,623	2,014	1,725	6.3	-14.3
EBIT	1,065	1,073	906	-14.9	-15.6
EBIT Margin (%)	6.0	5.5	4.9	-104 bps	-60 bps
Finance cost	874	894	850	-2.8	-5.0
Other income	141	211	225	59.9	6.6
PBT	332	390	282	-15.0	-27.8
PBT margin (%)	1.9	2.0	1.5	-33 bps	-48 bps
Exceptional Item	-	-	-	-	-
Tax Expenses	102	104	41	-59.8	-60.4
Effective Tax Rate (%)	30.8	26.6	14.6	-1624 bps	-1203 bps
Share of associate earnings	-	-	-	-	-
EO items	-	-	-	-	-
PAT	229	286	241	5	-16
APAT margin (%)	1.3	1.5	1.3	2 bps	-17 bps

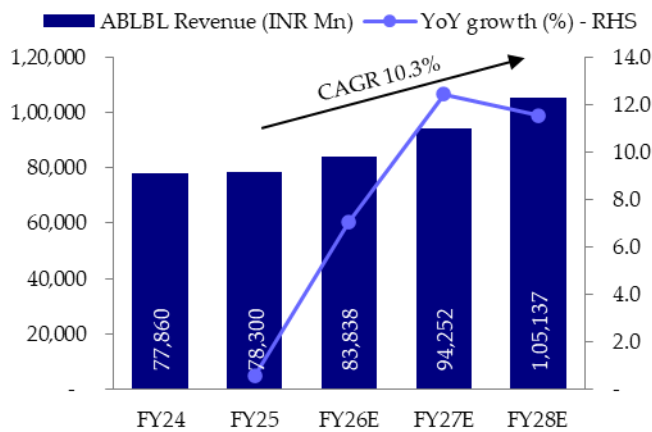
Segmental performance (INR mn)

INR mn	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Revenue	17,850	18,770	18,410	3.1	-1.9
Lifestyle Brands	14,880	16,390	15,700	5.5	-4.2
Emerging Brands	3,170	3,030	3,100	-2.2	2.3
Elimination	-200	-650	-390	95.0	-40.0
EBITDA	2,840	3,300	2,860	0.7	-13.3
Lifestyle brands	2,830	3,280	2,810	-0.7	-14.3
Emerging Brands	40	20	90	125.0	350.0
Elimination	-30	-	-40	33.3	NA
EBITDA margin (%)	15.9	17.6	15.5	-38 bps	-205 bps
Lifestyle brands	19.0	20.0	17.9	-112 bps	-211 bps
Emerging Brands	1.3	0.7	2.9	164 bps	224 bps

Financial analysis

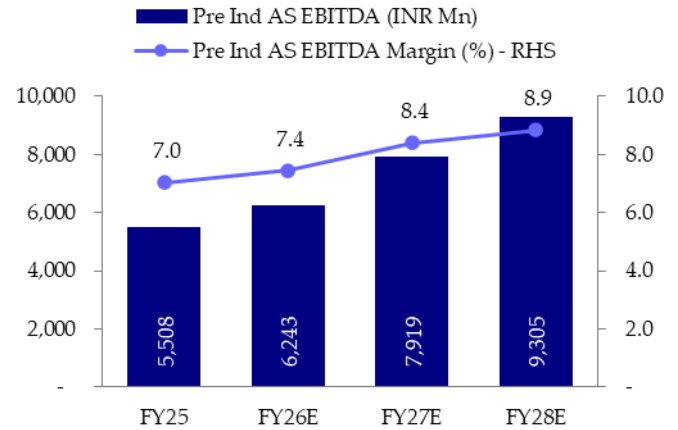
- We expect ABLBL to deliver ~10% revenue CAGR over FY25-28, driven by ~9% revenue CAGR from lifestyle brands, given a balanced dose of SSSG and retail expansion. We expect emerging brands to deliver ~15% revenue CAGR over FY25-28, led by expanded distribution, a robust product portfolio, and focused brand-building initiatives post the demerger.
- We expect EBITDA margin to improve by ~180bps to 8.9% by FY28, driven by rising retail-channel skew, better full priced sales in core portfolio, and emerging brands scaling into positive unit economics.

We expect ABLBL to clock revenue CAGR of ~10% over FY25-28



Source: Company, HSIE Research

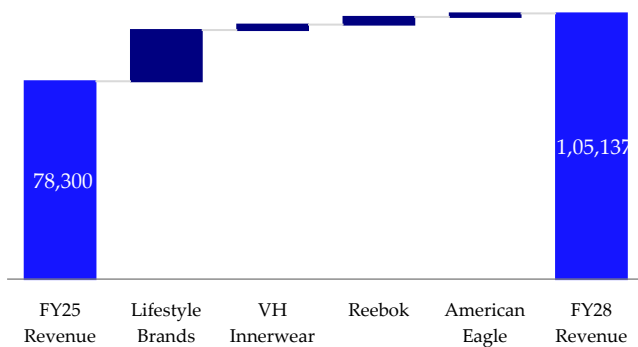
EBITDA margin to expand by ~180bps over FY25-28 to 8.9%



Source: Company, HSIE Research

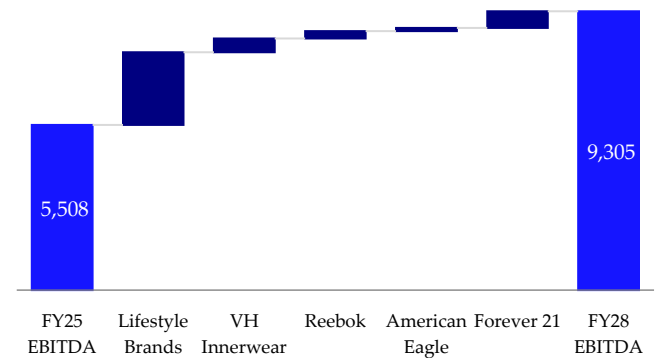
While core (lifestyle brands) will remain the cash counters; emerging brands are expected to contribute to nearly one-fourth/36% of the incremental revenue/EBITDA over FY25-28

Revenue Waterfall over FY25-28 (INR mn)



Source: Company, HSIE Research

Pre Ind AS EBITDA Waterfall over FY25-28 (INR mn)



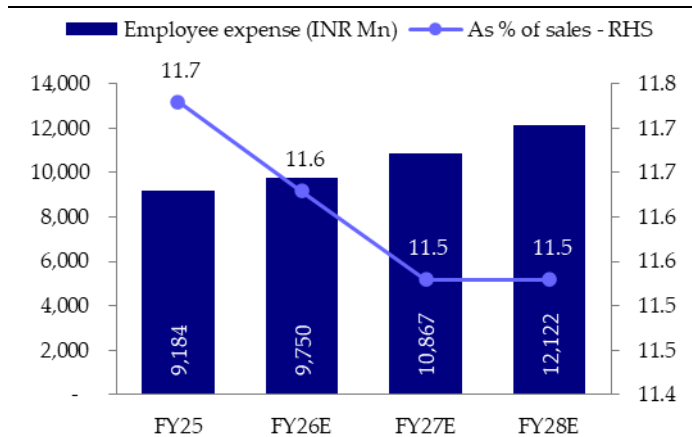
Source: Company, HSIE Research

For the LB portfolio, we build in revenue/EBITDA CAGR of 9/12%, implying margin expansion of ~60bps over FY25-28 to 10%. For EB portfolio, we build in revenue CAGR of 15% and EBITDA margin expansion of ~900bps over FY25-28 to 3.7% (includes a one-time loss of ~INR0.5bn from Forever 21 in FY25).

	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)					
- Lifestyle Brands	65,600	65,750	69,943	78,020	86,052
- Emerging Brands	12,260	12,550	13,895	16,232	19,085
Total Revenue (INR mn)	77,860	78,300	83,838	94,252	1,05,137
EBITDA (INR mn)					
- Lifestyle Brands	12,840	12,660	13,289	15,409	17,210
- Emerging Brands	-1,020	40	729	1,225	1,774
Total EBITDA (INR mn)	11,820	12,700	14,019	16,634	18,984
EBITDA Margin (%)					
- Lifestyle Brands	19.6	19.3	19.0	19.8	20.0
- Emerging Brands	-8.3	0.3	5.2	7.5	9.3
EBITDA Margin (%)	15.2	16.2	16.7	17.6	18.1
Pre Ind AS EBITDA (INR mn)					
- Lifestyle Brands		6,174	6,295	7,607	8,605
- Emerging Brands		-666	-52	312	700
Total Pre Ind AS EBITDA (INR mn)		5,508	6,243	7,919	9,305
Pre Ind AS EBITDA Margin (%)					
- Lifestyle Brands		9.4	9.0	9.8	10.0
- Emerging Brands		-5.3	-0.4	1.9	3.7
Pre Ind AS EBITDA Margin (%)		7.0	7.4	8.4	8.9

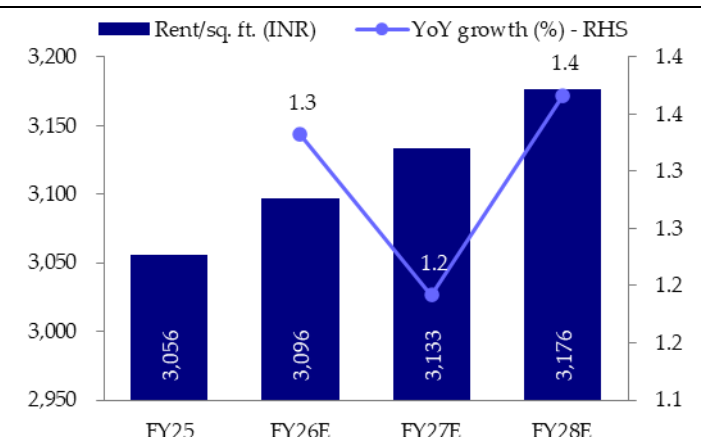
Source: Company, HSIE Research

Employee expense as % of sales to remain steady at ~11.5%



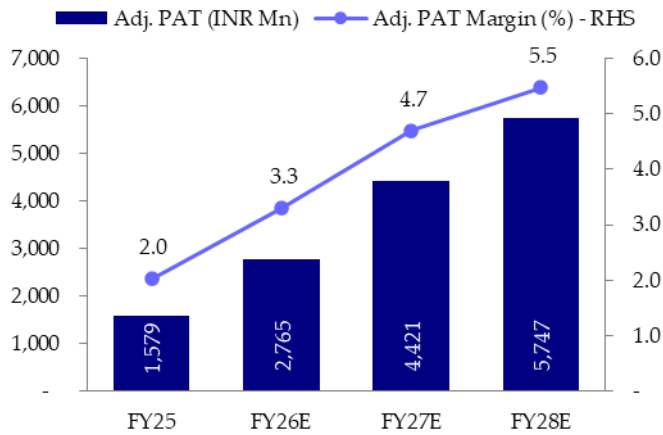
Source: Company, HSIE Research

We expect rent/sq. ft. to grow at modest ~1% over FY25-28



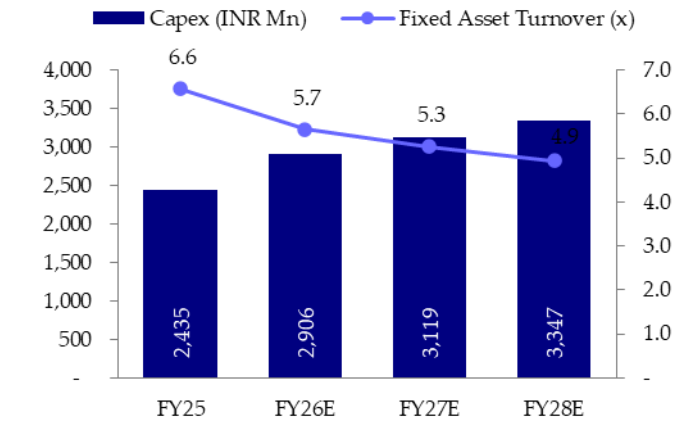
Source: Company, HSIE Research

Adj. PAT expected to improve sharply due to better operating performance and lower interest outgo



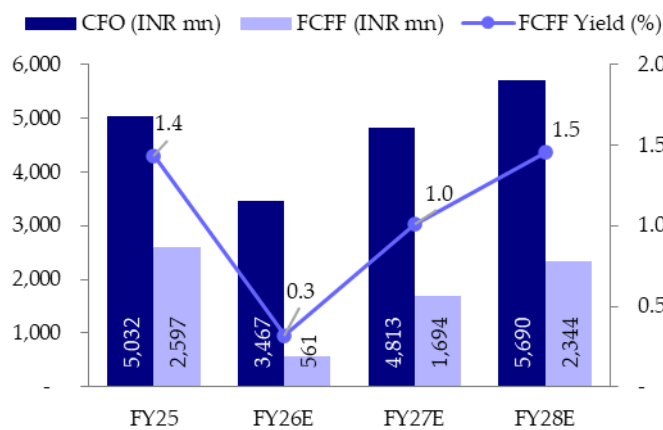
Source: Company, HSIE Research

Fixed asset turnover declining due to company's focus on retail expansion



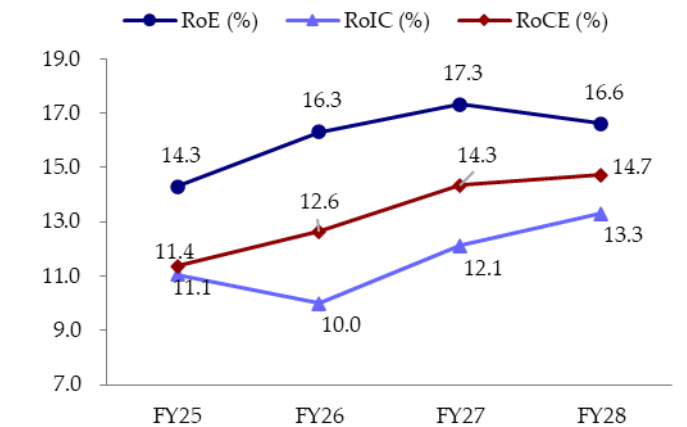
Source: Company, HSIE Research

Higher operating margins and rising profitable scale of emerging brands are expected to increase the FCFF yield to 1.5%



Source: Company, HSIE Research. Pre-Ind AS Cash flow

We expect RoCE (ex-goodwill) to improve ~330bps to 14.7% over FY25-28



Source: Company, HSIE Research. Return Ratios are pre-Ind AS (ex-goodwill)

Valuation

We value ABLBL on an SOTP basis (TP: INR180/sh) and assign (1) 25x Sep-27 EV/EBITDA (Pre-IND AS 116) to lifestyle brands (core business) and (2) 1x Sep-27 EV/sales to the faster-growing emerging brands. This translates to ~2x Sep-27 EV/sales and 26x Sep-27 EV/EBITDA (pre-IND AS 116).

We build in sales/pre-IND AS 116 EBITDA CAGR of ~10/19% over FY25-28; which bakes in a ~180 margin expansion (management guidance: 300bps) over FY25-28 with nearly a quarter of incremental sales and >35% of incremental EBITDA coming from emerging brands. Note: The meaningful EBITDA swing for emerging business is courtesy Forever 21 closure-led one-time loss of ~INR0.5b in the base (FY25). We bake in a modest 60bps expansion in the core lifestyle brands business.

While execution remains key and is yet to be tested, especially in emerging brands, our revenue estimates for both lifestyle brands (9.4% vs Mgt's 10-15%) and emerging brands (15% vs Mgt's 15-25%) remain conservative at the lower-end of management guidance. Hence, the ask remains low.

Initiate coverage on ABLBL with a BUY rating as margin of safety remains high.

Sep-27E SOTP

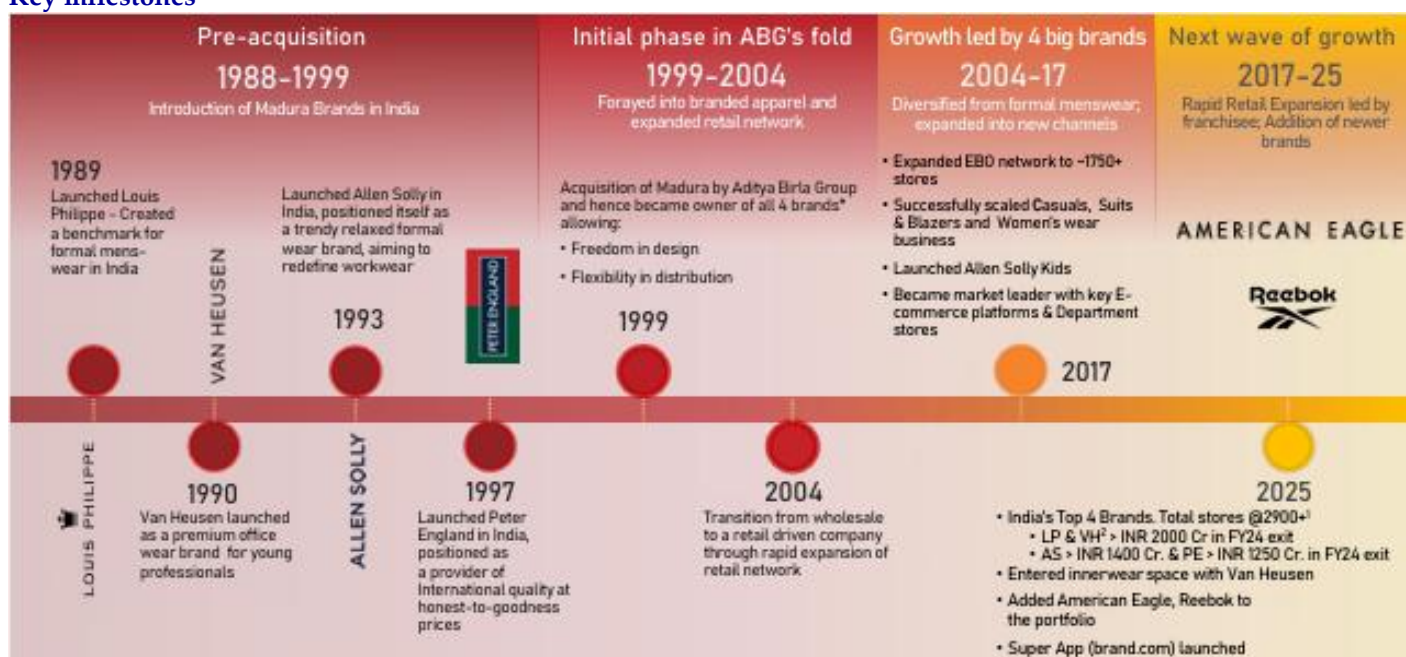
INR mn	Revenue	EBITDA	Methodology	Multiple (x)	EV
Lifestyle Brands	82,036	8,106	EV/EBITDA*	25	2,02,652
Emerging Brands	17,659	506	EV/Revenue	1	19,424
Total EV	99,695	8,612		26	2,22,077
Net Debt					2,596
Equity Value					2,19,481
Equity Value/share					180
No. of shares (#)					1,220
CMP					139
Upside/(Downside; %)					29.4

Source: HSIE Research. *Pre-IND AS EBITDA

Company profile

- Aditya Birla Lifestyle Brands (ABLBL) was strategically demerged from Aditya Birla Fashion & Retail (ABFRL) on 1 May 2025. This move aims to unlock shareholder value by creating two distinct, focused entities, with ABLBL specifically concentrating on core lifestyle brands, robust business model, stable growth segment, and the high-growth western wear segment.
- ABLBL is home to a formidable collection of well-established brands, including Louis Philippe, Van Heusen, Allen Solly, Peter England, the sportswear powerhouse Reebok, Van Heusen innerwear, and the youth-focused American Eagle.
- ABLBL's brands boast an impressive pan-India reach, operating across 3,253 brand stores, 38,000+ multi-brand outlets, and 7,000+ shop in shop within department stores. As of March 31, 2025, ABLBL's retail network spans over 4.6mn sq. ft. across more than 700 cities and towns, making it one of the largest apparel retail footprints in India. This physical presence is seamlessly integrated with a strong digital footprint, enhanced by "Buy Online Ship from Store" capabilities. As of March 31, 2025, over 50% of the stores are fully omni-enabled.
- Over 70% of this extensive retail footprint is managed by franchisees, leveraging local entrepreneurial capabilities and enhancing market penetration
- The demerger provides ABLBL with enhanced operational clarity and a more focused approach to capital allocation. This enables the strategic deployment of free cash flow toward high-growth initiatives, fostering accelerated growth and improved margins, a capability previously constrained within the larger, merged entity.
- With an extensive pan-India footprint, strong brand equity, and a consistent track record of profitability and robust cash generation, ABLBL stands as a leading apparel retail platform in the country.

Key milestones



Source: Company, HSIE Research

Key personnel

Name	Designation	Holding position from	Education	Experience
Mr. Ashish Dikshit	Managing Director	April 9, 2024	Holds a bachelor's degree in electrical engineering from IIT Madras and an MBA from IIM Bangalore.	Mr. Dikshit brings over 30 years of diverse experience across various industries and functions. He held significant roles at Asian Paints and Madura Fashion and Lifestyle (MFL), including CEO of MFL, before becoming Managing Director of Aditya Birla Fashion and Retail Limited.
Mr. Vishak Kumar	Deputy Managing Director and Chief Executive Officer	May 1, 2025	Holds a bachelor's degree in computer engineering from BIT Ranchi and an MBA from IIM Bangalore	With 30 years of experience, Mr. Kumar joined the Madura business as a Management Trainee in 1995, progressing through sales, marketing, and retail roles. He previously served as CEO of Aditya Birla Retail Limited, where he successfully transformed the "More" Supermarket and Hypermarket business.
Mr. Dharmendra Lodha	Chief Financial Officer	May 15, 2025	A Chartered Accountant from the 2006 batch.	Mr. Lodha has over 18 years of diverse experience in Consumer and Retail sectors, managing the entire finance function. His expertise includes financial governance, cash flow, capital infusion, and stakeholder management. Previously, he was Senior Vice President - Finance at Pidilite, leading corporate finance, manufacturing finance, controllership, and FP&A.
Mr. Rajeev Agrawal	Company Secretary and Compliance Officer	May 15, 2025	A member of the Institute of Company Secretaries of India and a law graduate	Mr. Agrawal brings over 20 years of experience, including 14 years with the Aditya Birla Group. He was previously Vice President at Aditya Birla Fashion and Retail Limited. His expertise spans M&A, Corporate Governance, Corporate Restructuring, Fund Raising, Compliance, and due diligence.

Senior management personnel

Name	Designation	Holding position from	Education	Experience
Mr. Jacob John	President, Premium Brands, Madura Fashion and Lifestyle	May 15, 2025	Holds a Bachelor in Technology – Textiles & Masters in Business Administration.	Mr. John began his career as a Management Trainee at Madura Garments in 1995, progressing through manufacturing, sourcing, product development, and brand management roles. He was instrumental in growing Louis Philippe to a Rs 1000 Cr business as Brand COO. He later served as Deputy CEO at Lifestyle International (Landmark Group) and CEO & MD for Dixcy Textiles (Advent Equity).
Mr. Narahari N	Sr. Vice President, Central Sourcing	May 15, 2025		Mr. Narahari is a distinguished global sourcing and supply chain expert with over three decades of experience in enhancing domestic and international business operations. Prior to his current role, he was Director of Central Sourcing at Aditya Birla Fashion and Retail Limited, overseeing strategic procurement and sourcing for diverse brands.
Mr. Puneet Kumar Malik	CEO - Innerwear Business	May 15, 2025	An alumnus of IIM Bangalore, NIFT Delhi and TIT Bhiwani.	Mr. Malik is an industry veteran with three decades of experience at Aditya Birla Group, leading diverse functions including Manufacturing, Supply Chain, Brand Management, Retail, Trade Sales, and P&L.

Board of directors

In addition to Mr. Ashish Dikshit, Managing Director and Mr. Vishak Kumar, Deputy Managing Director and CEO, the following are the other board of directors:

Name	Designation	Holding position from	Education	Experience
Ms. Ananyashree Birla	Non-Executive Director	May 20, 2025	A graduate with a bachelor's degree from the University of Oxford	A distinguished businesswoman and platinum-selling artist, Ms. Ananyashree Birla is the founder of Svatantra Microfin and Birla Cosmetics Private Limited. She is also a global ambassador for NAMI and founder of the Ananya Birla Foundation, focusing on mental wellness and social impact.
Mr. Aryaman Vikram Birla	Non-Executive Director	May 20, 2025	Holds an MSc. in Global Finance from Bayes Business School, London.	Mr. Aryaman Birla possesses diverse experiences in entrepreneurship, VC investing, and professional sport. He founded and spearheads Aditya Birla New Age Hospitality and Aditya Birla Ventures, a venture capital fund investing in high-growth start-ups within the Aditya Birla Group.
Mr. Pankaj Sood	Non-Executive Director	May 23, 2025	Post-graduate from IIM Calcutta (1999) and holds a Bachelor's degree in Chemical Engineering from IIT Kharagpur (1996).	Mr. Sood heads GIC Singapore's Private Equity (Direct Investments) in India and Africa, with over 26 years of experience in private equity and M&A. Prior to GIC, he was an investment banker at Kotak Investment Bank, Ernst & Young and SBI Capital Markets.
Mr. Arun Adhikari Kumar	Independent Director	May 20, 2025	Holds a bachelor's degree in chemical engineering from IIT Kanpur and an MBA from IIM Calcutta	Mr. Adhikari spent his entire career at Unilever, retiring as Senior Vice-President for Unilever Laundry Category across Asia and Africa in 2014. He also served as a Senior Advisor at McKinsey & Company in India for four years.
Mr. Sunirmal Talukdar	Independent Director	May 20, 2025	A chartered accountant from the Institute of Chartered Accountants of India and also holds a bachelor's degree in science from St. Xavier's College, Calcutta University.	Mr. Talukdar possesses over three decades of comprehensive experience in strategic planning, M&A, risk management, and corporate governance. He retired as Group Executive President and CFO of Hindalco Industries Limited and later served as Head-F&A, EVP, and CFO at Haldia Petrochemicals Limited.
Mr. Nish Bhutani	Independent Director	May 20, 2025	Holds a bachelor's and master's of science degrees in engineering from Stanford University and an MBA from Harvard University.	Mr. Bhutani has over 33 years of experience with digital and technology companies in Silicon Valley, the UK, and India. He is the founder and CEO of Indiginus Learning Pvt. Ltd. and also founded Indiginus Inc.
Ms. Preeti Vyas	Independent Director	May 20, 2025	A graduate from National Institute of Design.	Ms. Vyas is an independent entrepreneur and has steered Vyas Giannetti Creative to a leading position in India as an independent Design and Communication Consultancy. She is recognized among India's most influential women and creative minds, and is a member of the Indian Design Council.
Mr. Yogesh Chaudhary	Independent Director	May 20, 2025	A Management student from Boston College, USA.	Mr. Chaudhary demonstrates immense entrepreneurial abilities and deep knowledge in manufacturing, expanding Jaipur Rugs' global presence to over 65 nations. He is actively involved with prestigious associations like the Rajasthan Angel Investors Network and Entrepreneurs Organization.

Name	Designation	Holding position from	Education	Experience
Mr. Venkatesh Satyaraj Mysore	Independent Director	May 20, 2025	Holds a bachelor's degree in marketing and finance and an MBA from the University of Madras.	Mr. Mysore brings extensive experience in sports management, entertainment, and financial services. Since 2010, he has been CEO of The Knight Riders Group & Red Chillies Entertainment, spearheading the global expansion of the Knight Riders franchise. He also played a crucial role in establishing MetLife India as its first CEO/MD.

Source: Company, HSIE Research

Key risks

Post-Demerger Integration Challenges	Uncertainties in seamlessly integrating the demerged business into the newly formed entity could lead to operational inefficiencies and negatively affect profitability.
Dependence on International Brand Licensing Agreements	The business's dependence on long-term agreements for distributing international brands means their termination or non-renewal could severely impact operations and revenue.
Underperformance of emerging brands	A slower-than-expected expansion and market penetration of key growth brands (such as Reebok, Van Heusen Innerwear, and American Eagle) could hinder projected revenue growth and delay profitability improvement.
Brand Reputation Deterioration	A decline in public perception or damage to the reputation of the brands sold could affect customer footfall, sales, and overall business performance.
Impact of Aggressive Discounting	Persistent market trends of deep discounting and aggressive pricing strategies could erode brand value, diminish perceived product worth, and pressure sales margins.
Escalating Operational Costs	Higher-than-anticipated increases in rental expenses, manpower costs, and supply chain logistics could significantly compress profit margins.
Supply Chain Vulnerabilities	Disruptions, delays, or inefficiencies across the supply chain, from raw material sourcing to warehousing and distribution, could hamper operations and impact product availability.
Real Estate Acquisition and Retention Risks	Challenges in securing or renewing quality retail spaces on commercially favorable terms could impede expansion plans and increase operational costs.
Fashion Trend Misalignment	Failure to rapidly identify and adapt to evolving fashion trends and consumer preferences could result in inventory obsolescence and diminished sales.
Intensified Market Competition	The highly competitive fashion and retail landscape, including the rise of online players, could lead to pricing pressures, reduced market share, and increased marketing expenditures.
Vulnerable Consumer Spending	A slowdown in economic conditions or a reduction in consumer discretionary spending could directly impact sales volumes and overall profitability.

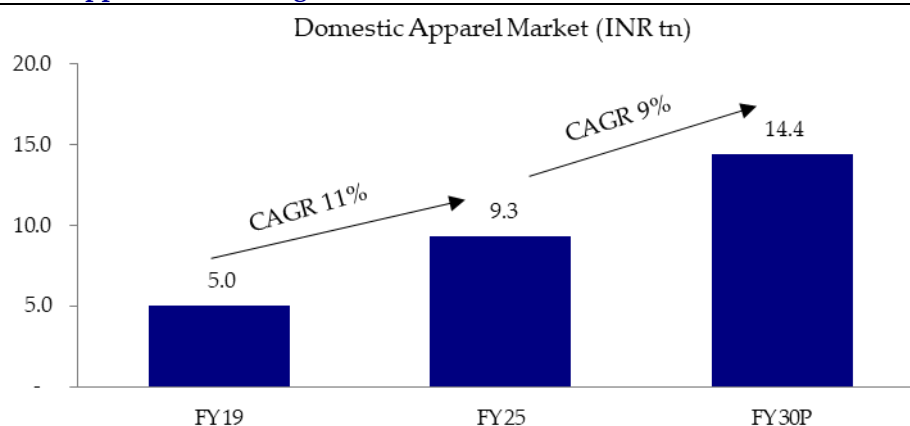
Source: Company, HSIE Research

Annexure:

Industry outlook

- India's domestic apparel market has expanded from INR 5trn in FY19 to an estimated INR 9.3trn in FY25, at a CAGR of 11%. This performance is set to continue, with projections indicating a 9% CAGR, which will drive the market to reach INR 14.4trn by FY30. This growth is driven by various factors: an increasing disposable income empowering consumers with greater purchasing power, a rising working population contributing to a larger consumer base, and rapid urbanization that often leads to evolving fashion trends and demands. Additionally, a growing brand consciousness among consumers, coupled with increasing digitization and the strategic expansion of organized retail and e-commerce — particularly in India's Tier-II and Tier-III cities — is collectively broadening market access and fueling this sustained expansion.

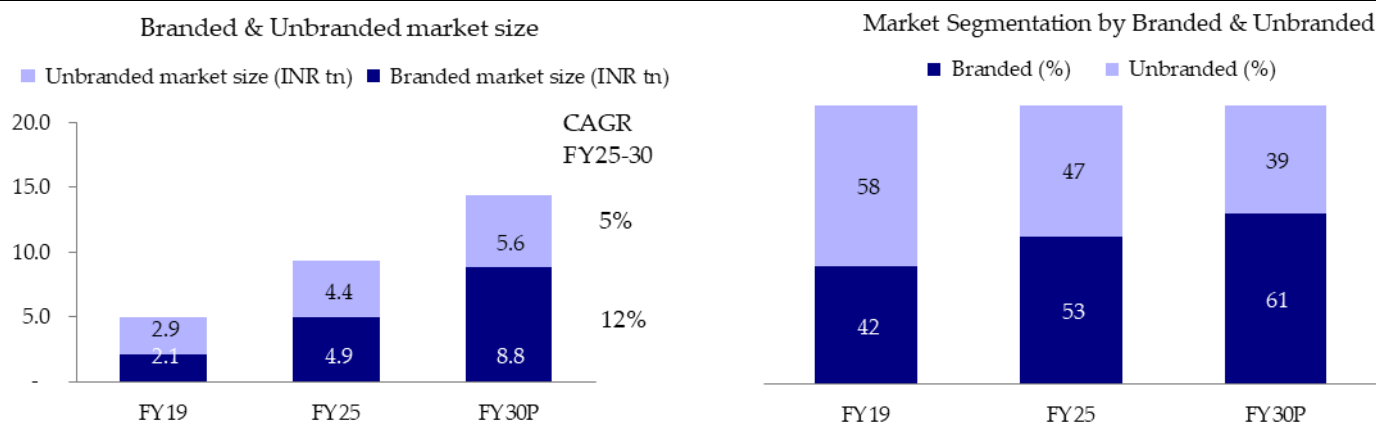
India's apparel market to grow at a 9% CAGR over FY25-30 to reach INR14.4trn



Source: Company, HSIE Research

- India's branded apparel market is set for significant expansion, with an estimated value of INR 4.9trn in FY25. This segment is projected to grow at a CAGR of 12%, reaching INR 8.8trn by FY30. Consequently, the share of branded apparel within the broader Indian apparel market is expected to increase substantially, climbing from 53% in FY25 to 61% by FY30. This growth is primarily driven by the entry of international brands into India, the increasing presence of organized retail in tier-II and higher-tier cities, and the continued rise of e-commerce.

Within the overall apparel market, India's branded share is set for significant expansion

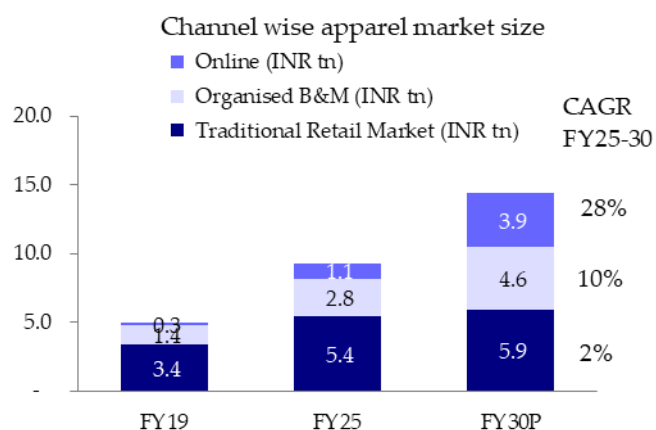


Source: Company, HSIE Research

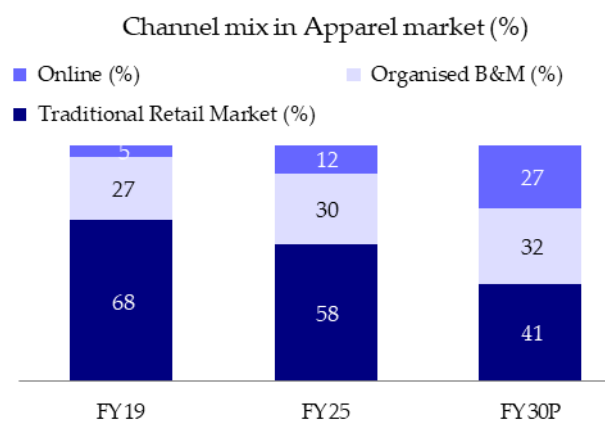
Source: Companies, HSIE Research

- The traditional apparel retail channel, which includes general trade stores and local "mom-and-pop" shops, is currently valued at an estimated INR 5.4trn in FY25, representing 58% of the total apparel market. However, this segment is projected to experience the slowest growth, with a mere 2% CAGR, reaching INR 5.9trn by FY30.
- In contrast, the organized brick-and-mortar channel is set for more robust expansion, forecast to grow from INR 2.8trn in FY25 to INR 4.6trn by FY30, at a 10% CAGR. Meanwhile, online retail is poised for the most rapid growth, currently estimated at INR 1.1trn and projected to surge to INR 3.9trn by FY30, boasting an impressive 28% CAGR. This significant growth in the online channel is being fueled by the expansion of existing e-commerce players, the rise of large digital-first brands, and the emergence of new channels like quick commerce.

The traditional apparel market is witnessing a decline because of increasing penetration of organized retail in tier II+ cities growth of ecommerce



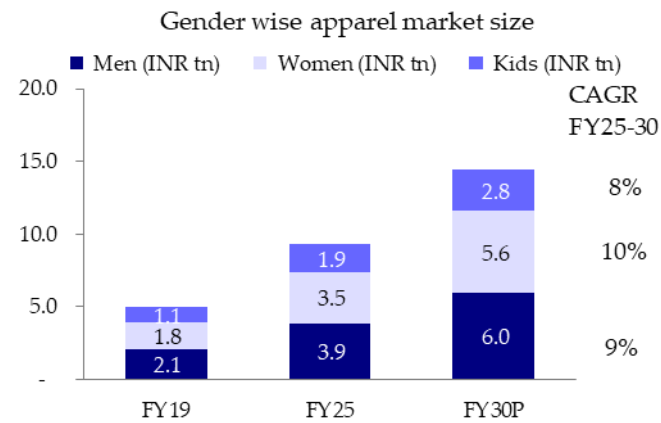
Source: Company, HSIE Research



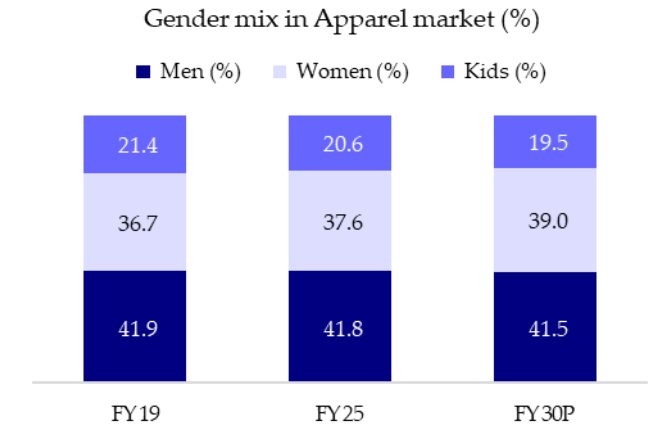
Source: Companies, HSIE Research

- In India, the menswear market is a significant segment, estimated at INR 3.9trn in FY25, accounting for 41.8% of the total apparel market. It is projected to grow at a 9% CAGR, reaching INR 6trn by FY30. This higher share in India is attributed to strong demand for professional attire and a growing acceptance of grooming and styling among men.
- Despite menswear's current lead in India, globally, women's apparel holds a more dominant market share. A similar trend is anticipated in India, as the women's wear market is expanding at a faster pace (10% CAGR over FY25-30), driven by increasing female workforce participation, rising disposable incomes, and evolving fashion preferences. Consequently, women's share in the overall apparel market is projected to increase from 37.6% in FY25 to 39% by FY30. Meanwhile, the kid's wear market is expected to grow at an 8% CAGR, maintaining its roughly 20% share in the overall apparel mix.

Despite menswear's current lead in India, women's wear market is expanding at a faster pace



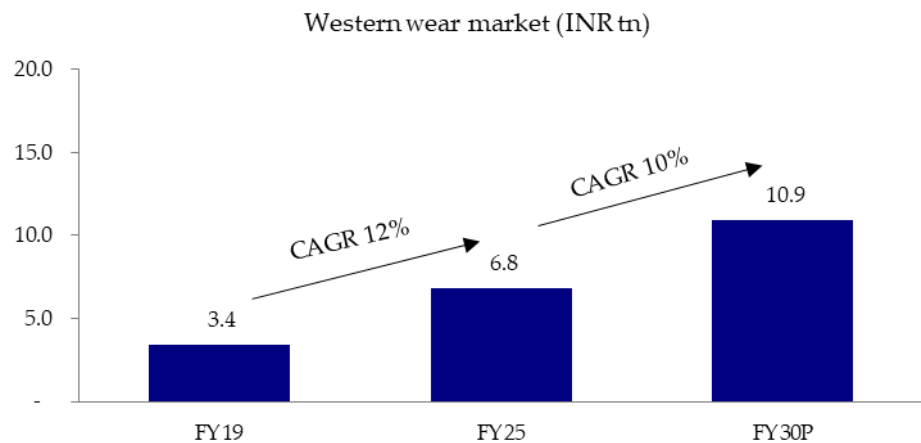
Source: Company, HSIE Research



Source: Companies, HSIE Research

- India's western wear market currently dominates the domestic apparel landscape, accounting for ~73% of the total market. It has experienced significant growth, expanding from INR 3.4trn in FY19 to INR 6.8trn in FY25, reflecting a 12% CAGR. This robust growth is projected to continue at a 10% CAGR, reaching INR 10.9trn by FY30, at which point it will constitute 76% of the overall domestic apparel market. This expansion is primarily fueled by increased exposure to global fashion trends through social media, rapid urbanization, the expansion of the middle class, and rising disposable incomes.

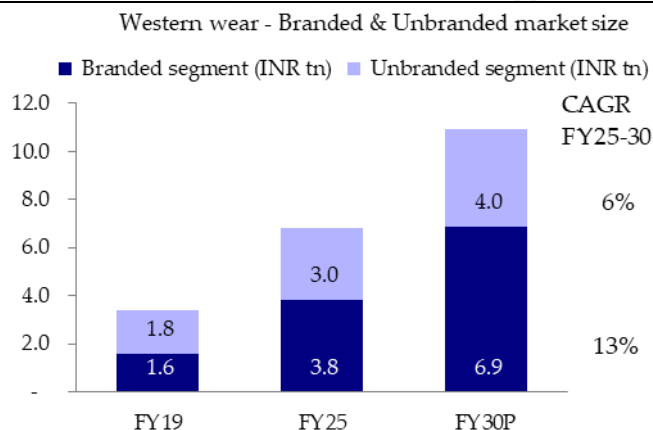
Western wear market to grow at a CAGR of 10% over FY25-30 to reach INR10.9trn



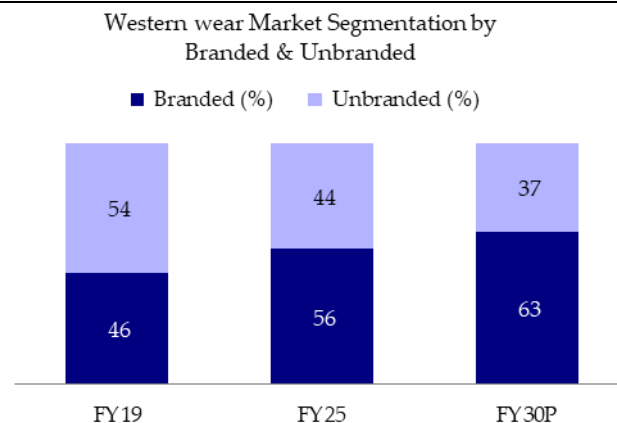
Source: Company, HSIE Research

- Within India's burgeoning western wear apparel market, the branded segment is a major growth driver. Estimated at INR 3.8trn in FY25, this sector is projected to expand at a robust 13% CAGR, reaching INR 6.9trn by FY30. This strong performance is expected to significantly increase the branded market's share within the overall western wear category, rising from 56% in FY25 to 63% by FY30.

Within India's burgeoning western wear apparel market, the branded segment is a major growth driver



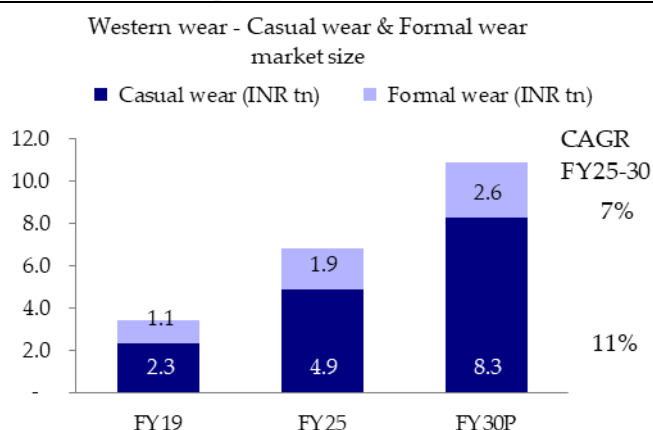
Source: Company, HSIE Research



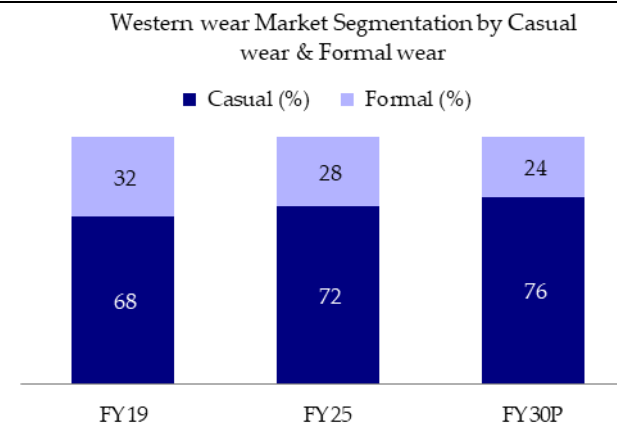
Source: Companies, HSIE Research

- Within India's overall western wear market, two distinct segments stand out: formal and casual. Formal western wear, estimated at INR 1.9trn in FY25, currently contributes 28% to the total western wear market. This segment is projected to grow at a CAGR of 7%, reaching INR 2.6trn by FY30.
- In contrast, casual western wear, which includes categories like t-shirts, denim, and athleisure, is significantly larger. It is estimated at INR 4.9trn in FY25, making up 72% of the overall western wear market. This segment is expected to grow at a faster pace, at an 11% CAGR, reaching a value of INR 8.3trn by FY30.

Within the western wear segment, casual western wear holds a significantly larger market share than formal wear; furthermore, it is projected to grow at a faster rate than formal wear over FY25-30



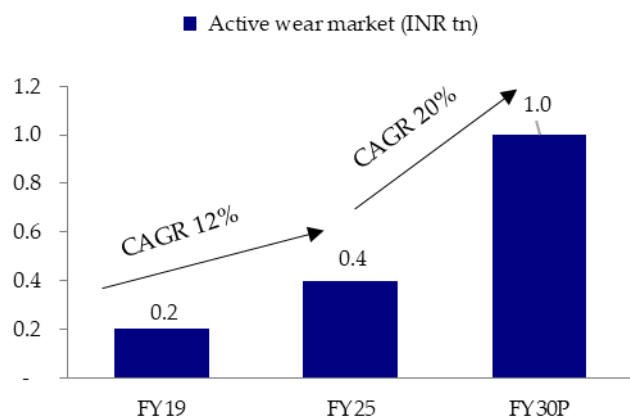
Source: Company, HSIE Research



Source: Companies, HSIE Research

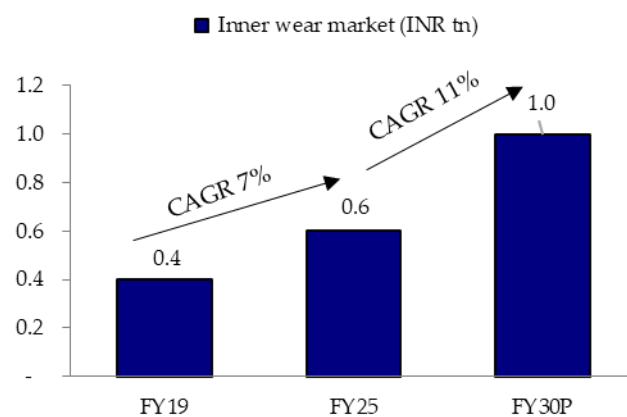
- India's active wear market has shown significant growth, expanding from INR 0.2trn in FY19 to INR 0.4trn in FY25, representing a CAGR of 12%. This robust growth is projected to accelerate, with projections indicating a 20% CAGR to reach INR 1trn by FY30. Similarly, India's inner wear market has also experienced robust expansion, growing from INR 0.4trn in FY19 to INR 0.6trn in FY25, reflecting a 7% CAGR. This growth is projected to continue at an 11% CAGR, reaching INR 1trn by FY30. The growth drivers of active and inner wear market are increased fitness awareness among Indians, embracing advanced fabric innovations to enhance functionality, rising demand of shapewear among Indian women, and growing awareness of hygiene and wellness.

Active wear market to grow at a CAGR of 20% over FY25-30 to reach INR 1trn



Source: Company, HSIE Research

Inner wear market to grow at a CAGR of 11% over FY25-30 to reach INR 1trn



Source: Companies, HSIE Research

Comparison of apparel wear retail formats in India

	Luxury Intl	Luxury National	Mid Premium Intl	Mid Premium National	Distribution Focused National	Private Label Format LFS	Multi Brand LFS	Online First	Value Retail
Key brands	GUCCI LV BOSS HACKETT DIESEL ck A/X	TAKI TAKI AGNETA SARIN SARIN PERNIA'S PARNIA'S	ZARA UNIQLO H&M M&S FOREVER 21 HUGO BOSS	LANE BRYANT YVES ROCHER Allen Solly ARROW fabindia adipix SIRHAN aurelia VINO	KKCC MUFTI JOCKEY	WESTSIDE max	pantaloons lifestyle SUDARSHAN TRENDS	MRX WROGN #SNITCH The Body Shop	STYLE UP zudio VISHAL V NACE V2
Break-up of sales channels	90% 10%	85% 15%	90%-95% 5%-10%	40%-50% 30%-40% 5%-10% 5%-10%	40%-50% 10%-20% 30%-40% 5%-10%	100%	100%	95% 5%	5% 95%
Retail presence	Presence across Metro cities	Presence across Metro cities	Presence in Metro and Tier-I towns	Pan-India presence with significant penetration across Tier-II and below towns	Pan-India presence with significant penetration across Tier-II and below towns	Pan India presence	Pan India presence	Launched offline stores	Pan India presence
Price positioning	Premium to Luxury	Premium to Luxury	Mid Premium	Mid Premium	Mid Premium	Economy to Mid	Mid Premium	Economy to Mid	Value

Source: Company, HSIE Research

Income Statement

Year End (March)	FY25	FY26E	FY27E	FY28E
Net Revenues	78,300	83,838	94,252	1,05,137
Growth (%)	0.6	7.1	12.4	11.5
Material Expenses	32,720	34,280	38,256	42,358
Employee Expense	9,184	9,750	10,867	12,122
Rent Expense	7,647	8,048	8,954	9,967
Advertisement Expense	2,584	3,018	3,393	3,733
Other Expenses	14,247	14,722	16,149	17,973
EBITDA	11,918	14,019	16,634	18,984
EBITDA Growth (%)	10.1	17.6	18.7	14.1
EBITDA Margin (%)	15.2	16.7	17.6	18.1
Pre IND AS EBITDA	5,508	6,243	7,919	9,305
Pre IND AS EBITDA Growth (%)		13.3	26.9	17.5
Pre Ind AS EBITDA Margin (%)	7.0	7.4	8.4	8.9
Depreciation	7,057	7,354	7,976	8,808
EBIT	4,860	6,665	8,658	10,176
EBIT - Pre IND AS	3,441	3,924	5,110	5,943
Other Income (Including EO Items)	(206)	923	1,170	1,445
Interest	3,820	3,892	3,919	3,941
Interest - Pre IND AS	1,943	1,865	1,700	1,522
PBT	834	3,695	5,908	7,680
Total Tax	238	930	1,487	1,933
RPAT	596	2,765	4,421	5,747
Exceptional Gain/(loss)	(983)	-	-	-
Adjusted PAT	1,579	2,765	4,421	5,747
APAT Growth (%)	(7.7)	75.1	59.9	30.0
Adjusted EPS (Rs)	1.3	2.3	3.6	4.7
EPS Growth (%)	(23.2)	75.1	59.9	30.0

Balance Sheet

Year End (March)	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS				
Share Capital - Equity	12,203	12,203	12,203	12,203
Reserves	562	4,020	9,163	13,222
Total Shareholders Funds	12,765	16,223	21,367	25,425
Preference Share Capital	-	-	-	-
Long Term Debt	774	774	774	774
Short Term Debt	8,748	7,248	5,248	3,248
Total Debt	9,522	8,022	6,022	4,022
Net Deferred Taxes	(1,299)	(1,299)	(1,299)	(1,299)
Other Non-current Liabilities & Provns	27,987	30,004	32,071	34,224
TOTAL SOURCES OF FUNDS	48,975	52,950	58,161	62,371
APPLICATION OF FUNDS				
Net Block	11,281	11,869	12,179	12,163
CWIP	130	130	130	130
Other Non-current Assets	24,255	22,080	19,894	17,553
Total Non-current Assets	35,667	34,078	32,203	29,846
Inventories	21,088	22,969	25,771	28,689
Debtors	13,221	13,782	15,442	17,168
Other Current Assets	9,808	10,611	11,929	13,307
Cash & Equivalents	1,708	5,426	10,894	15,780
Total Current Assets	45,825	52,788	64,036	74,943
Creditors	21,213	22,280	24,996	27,825
Other Current Liabilities & Provns	11,303	11,637	13,082	14,593
Total Current Liabilities	32,517	33,917	38,078	42,418
Net Current Assets	13,308	18,872	25,958	32,526
Others				
TOTAL APPLICATION OF FUNDS	48,975	52,950	58,161	62,371

Source: Company, HSIE Research

Cash Flow Statement

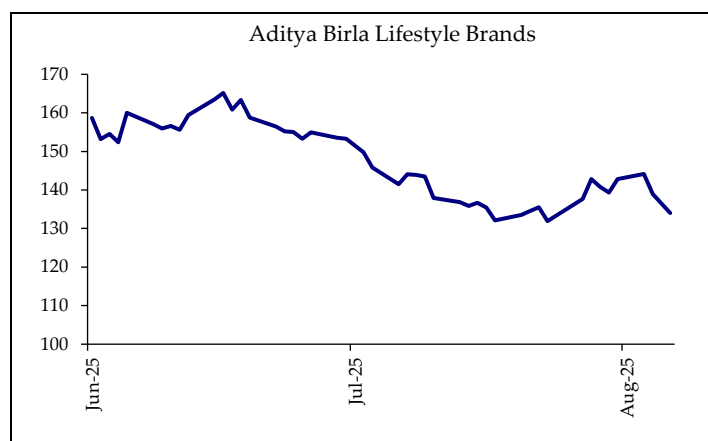
Year ending March	FY25	FY26E	FY27E	FY28E
Reported PBT	834	3,695	5,908	7,680
Non-operating & EO Items	(234)	(923)	(1,170)	(1,445)
Interest Expenses	3,820	3,892	3,919	3,941
Depreciation	7,886	7,354	7,976	8,808
Working Capital Change	(828)	(1,845)	(1,619)	(1,682)
Tax Paid	(36)	(930)	(1,487)	(1,933)
OPERATING CASH FLOW (a)	11,442	11,243	13,528	15,369
Capex	(2,435)	(2,906)	(3,119)	(3,347)
Free Cash Flow (FCF)	9,006	8,337	10,409	12,023
Investments	2,446	-	-	-
Non-operating Income	58	923	1,170	1,445
INVESTING CASH FLOW (b)	69	(1,983)	(1,949)	(1,902)
Debt Issuance/(Repaid)	(7,772)	(5,392)	(5,919)	(5,941)
FCFE	1,234	2,945	4,490	6,081
Share Capital Issuance	1	-	-	-
Dividend	-	-	-	(2,441)
Others	(4,532)	(150)	(192)	(200)
FINANCING CASH FLOW (c)	(12,304)	(5,541)	(6,112)	(8,582)
NET CASH FLOW (a+b+c)	(793)	3,718	5,468	4,886
EO Items, Others	1,324	-	-	-
Closing Cash & Equivalents	531	4,249	9,716	14,602

Key Ratios

	FY25	FY26E	FY27E	FY28E
PROFITABILITY (%)				
GPM	58.2	59.1	59.4	59.7
EBITDA Margin	15.2	16.7	17.6	18.1
EBIT Margin	6.2	7.9	9.2	9.7
APAT Margin	0.8	3.3	4.7	5.5
RoE	12.4	19.1	23.5	24.6
RoIC (or Core RoCE)	8.7	10.2	13.3	15.8
RoCE	9.7	10.9	12.9	14.1
RoE*	9.1	11.9	13.9	14.1
RoIC*	9.0	8.2	10.1	11.2
RoCE*	9.3	10.6	12.4	13.0
EFFICIENCY				
Tax Rate (%)	13.1	25.2	25.2	25.2
Fixed Asset Turnover (x)	6.6	5.7	5.3	4.9
Inventory (days)	98	100	100	100
Debtors (days)	62	60	60	60
Other Current Assets (days)	46	46	46	46
Payables (days)	99	97	97	97
Other Current Liab & Provns (days)	53	51	51	51
Cash Conversion Cycle (days)	54	59	58	58
Net Debt (Rs mn)	7,814	2,595	(4,872)	(11,758)
Net D/E (x)	0.6	0.2	(0.2)	(0.5)
Interest Coverage (x)	1.3	1.7	2.2	2.6
PER SHARE DATA (Rs)				
EPS	1.3	2.3	3.6	4.7
CEPS	7.1	8.3	10.2	11.9
Dividend	-	-	-	2.0
Book Value	10.5	13.3	17.5	20.8
VALUATION				
P/E (x)	106.6	60.9	38.1	29.3
P/BV (x)	13.2	10.4	7.9	6.6
EV/EBITDA (x)	32.0	27.4	20.6	16.8
EV/Revenues (x)	2.3	2.0	1.7	1.5
OCF/EV (%)	6.5	6.6	8.3	9.8
FCF/EV (%)	5.1	4.9	6.4	7.7
FCFE/Mkt Cap (%)	0.7	1.7	2.7	3.6

Source: Company, HSIE Research

1 Yr Price Movement



Rating Criteria

BUY: >+15% return potential
ADD: +5% to +15% return potential
REDUCE: -10% to +5% return potential
SELL: >10% Downside return potential

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