Aditya Birla Fashion and Retail

BSE SENSEX	S&P CNX
59,085	17,065

Stock Info

Bloomberg	ABFRL IN
Equity Shares (m)	938
M.Cap.(INRb)/(USDb)	275.2 / 3.4
52-Week Range (INR)	322 / 190
1, 6, 12 Rel. Per (%)	3/9/43
12M Avg Val (INR M)	916
Free float (%)	43.9

Financials Snapshot (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	81.4	120.4	140.3
EBITDA	11.0	20.0	23.5
Adj. PAT	-1.2	4.3	5.1
EBITDA Margin (%)	13.5	16.6	16.7
Adj. EPS (INR)	-1.3	4.6	5.4
EPS Gr. (%)	-84.0	LP	17.2
BV/Sh. (INR)	29.7	34.3	39.7
Ratios			
Net D:E	0.2	0.0	0.0
RoE (%)	-4.4	14.4	14.6
RoCE (%)	3.3	13.0	13.4
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	-216.4	60.5	51.6
EV/EBITDA (x)	27.4	15.4	13.0
EV/Sales (x)	3.3	2.3	1.9
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	2.4	2.2	6.1

CMP: INR294 TP: INR380 (+29%) Buy

Eyeing growth across all avenues

We pored over ABFRL's FY22 annual report to capture key details of its performance. Below are the key takeaways:

Gradual recovery from the impact of COVID-related restrictions

FY22 saw a partial recovery in the business, with the management focusing on Retail expansion, along with Balance Sheet discipline, a key focal point, given the challenges faced in FY20. Hit by the second COVID wave, consolidated revenue recovered, yet remained 7% below pre-COVID levels (FY20). EBITDA margin remained stable at 13.5% on strong cost control. On a pre-Ind AS 116, EBITDA margin was 2.2% v/s 5.1% in FY20. Revenue from the Lifestyle segment remained resilient, reaching pre-COVID levels (ASP/volumes at 5%/-7%). Revenue from Pantaloons stood 25% below pre-COVID levels (ASP/volume at +9/-32%) as its large format stores and its higher presence in malls was severely affected by the COVID-19 pandemic. EBITDA contribution from Ethnic Wear and Other segments grew to 4% from -5%, led by a recovery in Fast Fashion, Innerwear, and its recent Ethnic Wear foray.

Improved Balance Sheet, but capital allocation unclear

After a large scale fund raise of INR22.5b and a series of acquisitions in Ethnic Wear in FY21, ABFRL invested in smaller acquisitions (Reebok India and House of Masaba) in FY22. A further release in working capital (in continuation to FY21) and resumption of business ensured a healthy Balance Sheet and maintaining of net debt (excluding lease liability) at FY21 levels at a mere INR5b, much below its peak of INR24b in FY20. RoCE (pre-Ind AS 116 excluding goodwill) remained lower at 5.3% as against a healthy 30.5% in FY20. ABFRL announced a large fund raise (INR22b) from GIC (diluting 7.5%), with an eye on the D2C space. Though this can significantly strengthen its Balance Sheet, there is limited clarity on its deployment, especially with a strong OCF/FCF of INR9.5b/INR6.3b, after adjusting for a healthy growth capex of INR3.2b. This can potentially dilute its return profile and raises the risk of capital misallocation.

Straddling multiple growth categories

Contrary to general apprehensions, the Brick and Mortar space is bouncing back after the lifting of COVID-related restrictions. The management highlighted new growth prospects in the industry – Ethnic Wear, Athleisure, D2C, and opportunities in small towns, with online expected to constitute 20% of the total market by CY25. It is creating deep inroads into each of these categories, thus offering multi-year growth prospects, by leveraging: a) a host of in-house prominent brands, b) a deep Retail network, c) the inorganic route, and d) its proven execution capability, as evident from its market leading position across multiple formats. On the flip side, this creates a long tail of a fragmented portfolio mix in multiple categories, with a prolonged phase of investments and losses.

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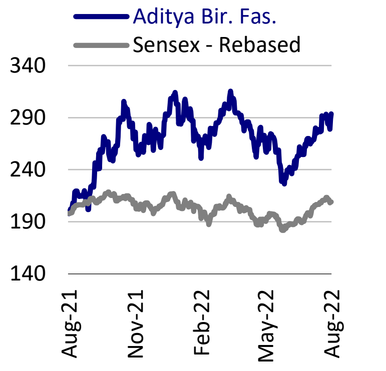
Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	56.1	56.1	56.1
DII	20.0	19.9	17.0
FII	13.7	13.7	14.4
Others	10.2	10.3	12.5

FII Includes depository receipts

Stock's performance (one-year)



Strong growth expectations

The Lifestyle segment, through brand extensions, has delivered well, with ~50% contribution accruing from the Non-Formal Men's Wear segment, growing outside the brand's lineage. We expect revenue/EBITDA CAGR of 26%/31% for the Lifestyle segment over FY22-24 to INR72.9b/INR13.5b, led by a strong annual footprint addition of 270 stores and recovery in the Wholesale segment. The recovery in revenue/sq. ft. after the new Retail identity in Pantaloons will be key to an overall improvement in revenue and EBITDA, it being an around 32% contributor. We expect a recovery and aggressive footprint addition to drive revenue/EBITDA CAGR of 33%/39% over FY22-24. The Ethnic Wear segment witnessed strong revenue growth, besides turning EBITDA positive in FY22. We expect a consolidated revenue/ EBITDA CAGR of 31%/46% over FY22-24 to INR140.3b/INR23.5b, with an EBITDA margin of 16.7% (7.6% on a pre-Ind AS 116 basis).

Valuation and view

ABFRL's strong execution capability is reflected in its ability to scale up a series of strong brands over the last 10 years with healthy growth. The recent fund raise from GIC, followed by improved profitability in the Others segment under Lifestyle and Ethnic Wear, can be viewed as key positives. However, utilization of proceeds from GIC, expansion in the D2C segment, and a tepid response to the new Pantaloons format should remain key monitorables. We value ABFRL on a SoTP basis to arrive at our TP of INR380, assigning an EV/EBITDA ratio of 20x to the Lifestyle brands, given the strong recovery and improved profitability; 17x to Pantaloons; and an EV/sales ratio of 1x to Other businesses on a FY24E basis**.** On a pre-Ind AS 116 EBITDA of INR10.6b for FY24E, this works out to be EV/EBITDA of ~34x. An improved Balance Sheet, healthy cash flows, and a strong overall performance remain key tailwinds for the stock to perform going forward. **We maintain our Buy rating.**

Recovery in annual growth

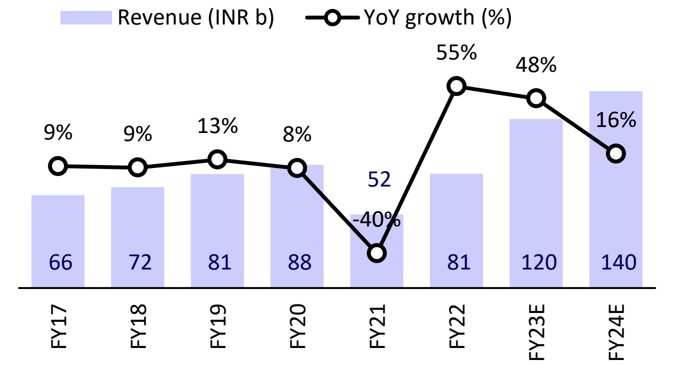
- ABFRL reported a consolidated revenue of INR81.4b, up 55% from the pandemic affected FY21. Revenue remained 7% lower as compared to pre-COVID levels (FY20) as 1HFY22 was impacted by the second COVID wave.
- EBITDA doubled against FY21 levels, but was 9% below FY20 levels at INR11b, with margin at 13.5% (30bp lower v/s FY20 levels). The recovery in EBITDA was mainly supported by improved profitability in the Lifestyle segment, which reached pre-COVID levels, coupled with the other (Fast Fashion and Innerwear) and Ethnic Wear segments, which turning profitable in FY22.
- Net loss narrowed to INR1.2b from a loss of INR7.3b/INR1.7b in FY21/FY20.

Exhibit 1: Segmental performance

Revenue (INR b)	FY19	FY20	FY21	FY22	FY23E	FY24E	Growth FY20-22 (%)
Lifestyle brands	43.0	46.3	27.5	45.2	65.1	72.9	(2.3)
Other brands	3.7	5.2	4.9	7.1	9.4	13.3	35.5
Pantaloons	31.9	35.1	18.6	26.3	40.6	46.7	(25.3)
Ethnic Wear	N.A	0.5	0.7	3.1	5.3	7.4	7x
Consolidated revenue	81.2	87.9	52.5	81.4	120.4	140.3	(7.4)
EBITDA (INR b)							
Lifestyle brands	5.2	8.0	3.4	7.9	11.7	13.5	(1.1)
Margin (%)	12.0	17.2	12.4	17.4	18.0	18.5	
Other brands	(0.3)	(0.5)	(0.2)	(0.1)	0.1	0.2	(85.1)
Margin (%)	(9.0)	(9.8)	(3.1)	(1.1)	0.7	1.3	
Pantaloons	2.3	5.6	2.8	3.7	6.2	7.1	(34.6)
Margin (%)	7.2	16.0	14.8	14.0	15.4	15.2	
Ethnic Wear	N.A	(0.1)	(0.4)	0.3	0.8	1.2	L.P
Margin (%)		(28.9)	(55.9)	9.6	15.1	16.2	
Consolidated EBITDA	5.5	12.1	5.5	11.0	20.0	23.5	(9.2)
Margin (%)	6.8	13.8	10.6	13.5	16.6	16.7	

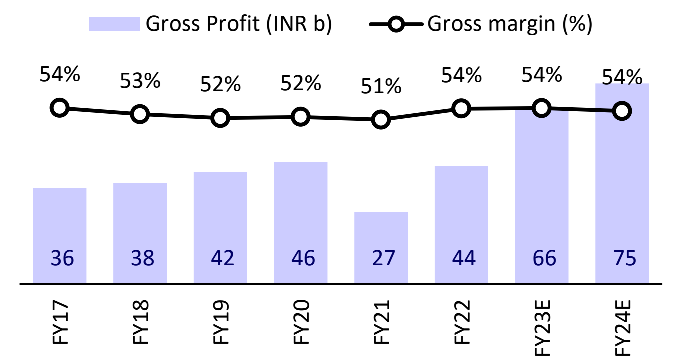
Source: MOFSL, Company

Exhibit 2: Sees a healthy YoY revenue recovery in FY22



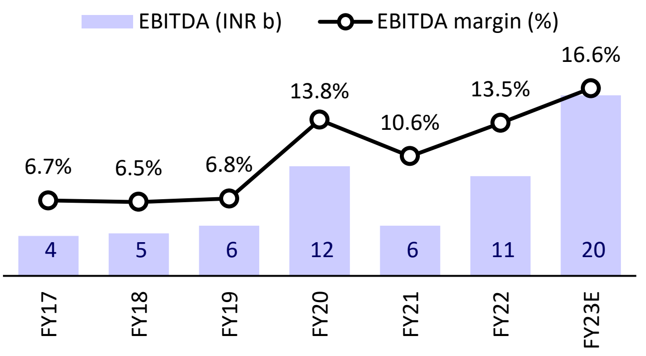
Source: MOFSL, Company

Exhibit 3: Gross margin sees an improvement



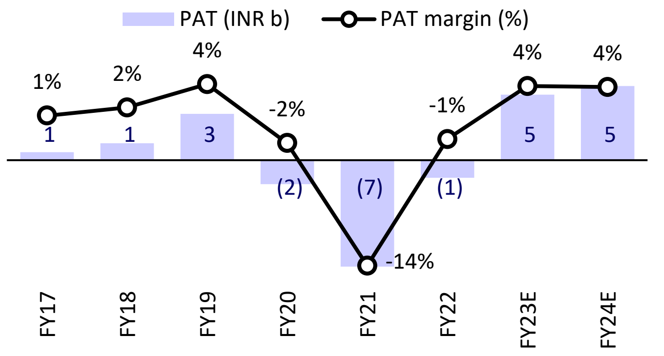
Source: MOFSL, Company

Exhibit 4: EBITDA margin inching closer to FY20 levels



*From FY20 onwards, EBITDA pertains to post Ind AS 116. Source: MOFSL, Company

Exhibit 5: Net loss narrows



Source: MOFSL, Company

Continued cost management supports profitability

- Overall fixed cost remained flat, but saw savings in the form of:
  - Electricity, power, and fuel charges remained 23% below pre-COVID levels as FY22 continued to face the impact of the pandemic on operations.
  - Ad and sales promotion expenditure was 20% lower v/s FY20 levels as the management continued to control costs to protect profitability.
  - Travel and stationary cost were curtailed by 37% to optimize cost.
- Commission to agents saw a significant increase (61% above FY20 levels), which can be attributable to the management's focus to revive sales.

Exhibit 6: Breakup of other expenditure

Particulars (INR m)	FY22	FY21	FY20	YoY (%)	v/s FY20 or pre-COVID levels (%)
Electricity, power and fuel	1,110	846	1,441	31	-23
Advertisement and sales promotion	2,930	1,201	3,643	144	-20
Transportation and handling charges	1,484	866	1,151	71	29
Royalty expenses	186	159	212	17	-13
Travelling and stationery	732	389	1,167	88	-37
Commission to selling agents	1,403	1,084	869	29	61
Outsourcing, housekeeping, and security expenses	2,940	2,587	3,366	14	-13
Other expenditure	6,859	5,420	6,119	27	12
Total	**17,644**	**12,552**	**17,968**	**41**	**-2**

Source: MOFSL, Company

Impact of Ind AS

- EBITDA (on a pre-Ind AS 116 basis) turned positive at INR1.8b v/s a negative INR3.4b in FY21, with a pre-Ind AS EBITDA margin of 2.2% v/s -7% in FY21 (EBITDA margin of 6.8%/5% in FY19/FY20), which included a rent component of INR13.1b, up 5% from pre-COVID levels (FY20).
- PBT loss (pre-Ind AS 116) stood at INR940m v/s a loss of INR7.7b in FY21 and a gain of INR339m in FY20.
- Debt, excluding lease liability, grew INR960m in FY22. This was offset by increased investments. As a result, net debt, excluding lease liability, fell INR267m to INR5b in FY22.

- Operating cash flow (calculated), included the impact of rent, stood at INR316m v/s a negative INR3.9b in FY20, despite the impact of lower EBITDA, but was aided by the release of WC.

Exhibit 7: Ind AS impact on FY22 profitability

(INR m)	Pre	Post	Difference
Ind AS impact			
Rent	13,121	3,932	9,189
EBITDA	**1,810**	**10,999**	**(9,189)**
EBITDA margin (%)	**2.2**	**13.5**	
EBIT	(540)	1,029	(1,569)
EBIT margin (%)	(0.7)	1.3	
PBT	(940)	(1,473)	533
PBT margin (%)	(1.2)	(1.8)	

Source: MOFSL, Company

Exhibit 8: Pre Ind AS 116 performance

(INR m)	FY19	FY20	FY21	FY22	FY23E	FY24E
Rent	11,104	12,514	9,094	13,121	19,463	20,199
Rent as a percentage of revenue	13.7	14.2	17.3	16.1	16.2	14.4
EBITDA	5,541	4,475	-3,440	1,810	8,635	10,597
EBITDA margin (%)	6.8	5.1	-6.6	2.2	7.2	7.6
Depreciation	2,823	2,537	2,310	2,350	2,304	2,853
EBIT	2,717	1,938	-5,750	-540	6,331	7,744
EBIT margin (%)	3.3	2.2	-11.0	-0.7	5.3	5.5
PBT	1,491	339	-7,770	-940	5,691	6,682
PBT margin (%)	1.8	0.4	-14.8	-1.2	4.7	4.8

Source: MOFSL, Company

Exhibit 9: Ind AS impact on cash flow for FY22

(INR m)	FY19	FY20	FY21	FY22	FY23E	FY24E
EBITDA (post Ind AS)	5,541	12,118	5,548	10,999	19,968	23,500
(Inc.)/Dec. in WC	-937	-6,126	8,528	241	-8,215	-983
OCF	5,276	6,440	11,038	9,505	10,314	20,830
Less: Rent		10,369	8,988	9,189	11,333	12,903
OCF (pre-Ind AS 116)	5,276	-3,928	2,051	316	-1,020	7,927
Capex	-2,792	-4,485	-2,101	-3,185	-4,500	-4,650
FCF (pre-Ind AS 116)	2,484	-8,414	-51	-2,869	-5,520	3,277

Source: MOFSL, Company

Ind AS impact on leverage and return ratios (INR m)

Leverage and return ratios:	FY19	FY20	FY21	FY22	FY23E	FY24E
Net debt	11,408	20,948	5,303	5,037	5,821	4,059
Net debt/equity ratio (x)	0.8	1.9	0.2	0.2	0.2	0.1
Net debt/EBITDA ratio (x)	2.1	4.7	(1.5)	2.8	0.7	0.4
RoE	25.5	(7.8)	(35.9)	(2.5)	14.4	14.6
RoCE	12.8	8.8	(14.9)	1.1	17.7	18.6
RoCE (excluding goodwill)	20.2	30.5	(51.4)	5.3	66.3	51.4

RoCE calculated on a pre-tax basis. Source: MOFSL, Company

Key trends in the Indian Apparel industry

- **Bounce back in the Brick and Mortar segment**
  - The Apparel market touched USD65b in CY20, led by the Brick and Mortar segment, which is now returning to normalcy with a reduction in the number of COVID-19 cases. The market is expected to grow at a CAGR greater than 10% over CY22-26.
  - This recovery has encouraged retailers to roll out store expansion plans, which had been put on hold due to the COVID-19 pandemic.
- **Role of digitalization spurred by the COVID-19 pandemic**
  - The Online Fashion industry in India saw a 51% surge in order volume over CY20-21, led by the Fashion and Apparel segment. By CY25, this segment should constitute 20% of the total Apparel market, with an estimated market size of USD16b.
  - As a result, legacy and emerging fashion brands are looking at increasing their online presence and using data analytics to offer more data-driven personalized solutions to capture a bigger slice of the market.
  - Revenue contribution from the online business rose to ~12% in FY22.
- **Disruption in the D2C space transforms the industry**
  - Several brands are now seeing revenue and new customer flow accruing from the direct-to-consumer (D2C) online channels.
  - India is home to over 600 D2C brands, and growth momentum in this segment is expected to cross USD100b by CY25. As a result, many new as well as established brands are now switching to D2C from traditional business models.
- **Evolvement of Indian Ethnic Wear**

  The USD20b Indian Ethnic Wear market is evolving into a fashion trend, driven by: 1) the shift from tailored wear to ready-to-wear, and 2) growing trend among the youth to rediscover their culture and heritage. This will compel firms to craft strategies to scale operations, rather than operate in niches.
  - While 93% of the Ethnic Wear market pertains to Women's Wear, a change in the behavior of men towards Ethnic Wear will propel growth ahead.
- **Continued growth in Athleisure**
  - The Indian Athleisure market, which stood at USD6.8b in FY22, is expected to grow by more than 10% CAGR over the next five years, led by tailwinds from the COVID-19 pandemic and its growing popularity within the Fitness and Wellness segment.

Business strategy going forward

- Launching new brands and re-energizing existing ones
  - In line with the evolving demand within the Apparel segment, the company has extended its brands into categories such as Innerwear, Athleisure and Active Wear, and Ethnic Wear.
  - This is evident from brand additions across categories, which include Van Heusen for Innerwear, Jaypore, Tasva, and others within Ethnic Wear, and acquisition of the India business for Sportswear brand Reebok.

- **Building a robust and an agile supply chain**
  - The company has shifted to a monthly collection schedule, instead of the two-trade show model, to manage inventory better and for meeting the fast-changing consumer demand.
  - It is focusing on digitizing its pre-production supply chain processes, building a digital 3D modeling, greater collaboration with designers, and reduced the market lead time by 15-30 days.
  - It is planning to diversify its manufacturing footprint by setting up a plant for suits and trousers at Pulivendula, Andhra Pradesh.
- **Focus on the omnichannel**
  - It has revamped its online websites and invested in building a distinctive omnichannel presence across India, along with tie-ups with major online players to provide an integrated shopping experience.
  - It has developed a mobile app with a single customer view for store managers and customer service associates, thus enabling better customer service and cross-selling options.
- **Opportunities in smaller towns**
  - The management looks to tap opportunities across smaller towns in India, through merchandise offerings customized to local needs, quality product offerings at value prices, and its asset-light growth model.
  - It is focusing on its specialized small-town store formats for its Peter England, Allen Solly, Pantaloons, and Style Up brands.
  - Retail formats like Style Up brands have been present since the last four-to-five years, but have seen limited scale, despite the large-scale growth seen in the Value segment.
- **New brand acquisitions in FY22**
  - In the last four years, ABFRL has acquired a series of brands and ventured into new categories through the inorganic route to leverage opportunities in the Lifestyle and Apparel space. However, it has also raised capital allocation concerns as it invests in many smaller segments, which may not contribute meaningfully to overall revenue and profitability, but still dilute earnings.

Exhibit 10: Recent acquisitions undertaken by the company (INR m)

Date	Acquisition	Segment	Stake Purchased (%)	Consideration (INR m)	FY20*		EV	EV/ sales (x)
					Revenue	PBT		
Jul'19	Jaypore	Premium – Ethnic	100	1,048	267	(163)	1,048	3.9
Jul'19	Shantanu & Nikhil	Luxury – Ethnic	51	579	218	(44)	1,134	5.2
Jul'19	TG Apparel & Decor Pvt.	Premium – Ethnic	100	3	232	(5)	3	0.0
Jan'21	Sabyasachi	Luxury – Ethnic	51	3,898	854	(6)	7,644	9.0
Feb'21	Mr. Tarun Tahiliani (Goodview Fashion Pvt.)	Luxury – Ethnic	34	672	670	NA	2,005	3.0
Dec'21	Reebok India – exclusive license	Athleisure	100	875	4,287	685	875	0.2
Jan'22	House of Masaba	Lifestyle, Apparel, Beauty, and Accessories	51	900	189	(33)	1,765	9.3

*Valuation undertaken on a FY20 basis, considering a stable state business. Source: Company, MOFSL

In FY22, ABFRL acquired Reebok India's current business and exclusive licensing rights. It also acquired majority stake (51%) in the brand 'House of Masaba'.

Exhibit 11: Acquisitions and investments in FY22

INR m	Reebok	House of Masaba
Revenue	4,287	189.43
EBITDA	721	-26.84
PAT	698	-32.53
Stake acquired	100%	51%
Amount paid	875	900
Implied Enterprise Value	875	1,765
EV/sales ratio (x)	0.2	9.3
EV/EBITDA ratio (x)	1.2	NM

Source: MOFSL, Company

Strategic partnership with 'Reebok' (detailed report on ABFRL)

- ABFRL acquired Reebok India's current business and exclusive long-term licensing rights for a mere INR750m-INR1b. Revenue/EBITDA for Reebok India stood at INR4.3b/721m in FY22, with EBITDA margin at 17%. Nearly 60% of its revenue is derived from Footwear, with the balance from Athleisure.
- This is a highly value accretive deal (FY20 EV/EBITDA ratio of 1x), where ABFRL has a very low upfront payment for a strong and established brand in India, with a high visibility.
- Sportswear is the fastest growing category in the Footwear market, with peers growing 2-3x that of Reebok India in the last few years, underscoring the high growth opportunity.
- EBITDA for this segment (Reebok India) stood at INR721m in FY20, and constitutes a small portion of ABFRL's consolidated EBITDA. It has the ability to grow 3-4x over the next few years, given the strong traction seen in the Sportswear and Active wear market. It can add incremental EBITDA of 8-10%, even after adjusting for the estimated single-digit royalty.

Exhibit 12: Store economics for Footwear companies

India store economics (INR m)	Reebok	Adidas	Puma
Area (sq. ft.)	1,150	1,250	1,250
Revenue/sq. ft. (INR)	9,319.2	13,572	13,924
Annual store revenue	10.7	17.0	17.4
Gross margin (%)	44%	47%	45%
EBITDA	3.6	4.8	6.1
EBITDA margin (%)	34%	28%	35%
Initial investment	7.2	7.8	7.8
RoCE (%)	50%	61%	78%
Payback period (years)	2.0	1.6	1.3

Source: Company, MOFSL

Exhibit 13: Reebok India: Competitive landscape

Companies (FY20)	Annual revenue (INR m)	CAGR (FY16-20)	Gross margin (%)	EBITDA (INR m)	EBITDA margin (%)	PAT (INR m)	PAT margin (%)
Adidas India	11,977.0	7.9%	46.7	2,548.0	21.3	1,603.0	13.4
Nike India	7,600.3	0.5%	43.8	582.6	7.7	321.0	4.2
Puma Sports India^	14,117.4	15.9%	44.6	370.7	2.6	-187.4	-1.3
Reebok India	4,286.8	4.8%	43.8	721.3	16.8	697.7	16.3
Skechers Retail (combined)	7,982.0	53.6%	40.6	1,190.9	14.9	647.9	8.1

Source: Company, MOFSL, ^CY19 data

Acquisition of stake in brand 'Masaba'

- ABFRL entered into a 'binding term sheet' agreement to acquire 51% stake in the 'House of Masaba Lifestyle Pvt.' (HOMLPL) to strengthen its play in fashion for young and digitally native consumers.
- The proposed acquisition was to be done at INR900m, which translates in an EV of INR1.8b. With sales of INR196.5m in FY20, the valuation stood ~9x EV/sales.
- As of May'22, it notified the completion of the transaction, with the company holding a 52.4% stake in HOMLPL, thus making it a subsidiary.
- Through this acquisition, ABFRL plans to cater to the fashion needs of young and digitally native consumers, and marks its foray into the Branded Beauty and Personal Care segment.

Setting up of the D2C subsidiary

- In Feb'22, ABFRL approved the setting up of a new subsidiary – **'TMRW'** – to foray into the direct-to-consumer (D2C) business, with a view of building a portfolio of distinct, new-age, digital brands across Fashion, Beauty, and other allied Lifestyle segments.
- The management plans to build a portfolio of online first and digital brands through organic and inorganic means.
- **The D2C platform** will create a **<u>portfolio of 20-30 online focused brands, at a capex of INR4b, and has the ability to generate INR5-8b in near term revenue</u>**. The initial focus will be to create in-house online focused brands and later look to acquire good performing specialized product brands, which have the capability to be majorly scaled up.
- **Why the need for a separate subsidiary for the new online foray?**
  - L2L growth of online brands is far better than that of the industry. ABFRL wants to leverage the opportunity, given the changing market trends.
- **Why a separate subsidiary?**
  - Most of these nascent businesses need a different mindset. It will be collaborating with designers and promoters, and will provide them capital, supply chain support, and technology and back-end support, among others.

Fundraise from GIC

- On 24th May'22, the company announced a fund raise of INR21.95b via a preferential issue to GIC (Caladium Investment Pte., an affiliate of GIC, Singapore's sovereign wealth fund).
- This fund raise will be in addition to the INR25b raised in FY21, which resulted in an equity dilution of ~18%. Of this, INR10b was raised through a rights issue and INR15b via a preferential issue to Flipkart.
- Of the total fund raise of INR21.95b, INR2.95b would be raised through the issue of equity shares, and the balance via the issue of convertible warrants, at INR288.8 (a 6% premium to its CMP).
- The collective fund raise is expected to lead to an equity dilution of 7.5%, while the AB group will hold ~51.9% stake.
- This fund raise is expected to further strengthen its Balance Sheet and fuel its future growth plans.

Exhibit 14: Details of the GIC fund raise

Particulars	Shares	Warrants	Aggregate
Issue size (INR m)	**2,950**	**19,000**	**21,950**
Issue price (INR)	288.8	288.8	
Current market price (INR)	272	272	
Premium to its CMP (%)	6%	6%	
Number of shares/warrants issued (m)	**10.2**	**65.8**	**76.0**
Current shares outstanding (m)	938	938	
Shares outstanding post issue (m)	949	1,004	
Equity dilution (%)	**1.1%**	**6.5%**	**7.5%**

Source: MOFSL, Company

Utilization of proceeds from the rights issue and NCD

- The utilization of funds as of 31st Mar'22 is highlighted in the following table:

Exhibit 15: Utilization of funds raised (INR m)

Mode	Objectives	Amount allocated	Amount utilized
Rights issue	❖ Repayment of certain borrowings of the company	7,450.0	7,450.0
	❖ General corporate purposes	2,442.6	2,422.5
Non-convertible debentures	❖ Refinancing of existing debt and general corporate purposes	4,000.0	4,000.0

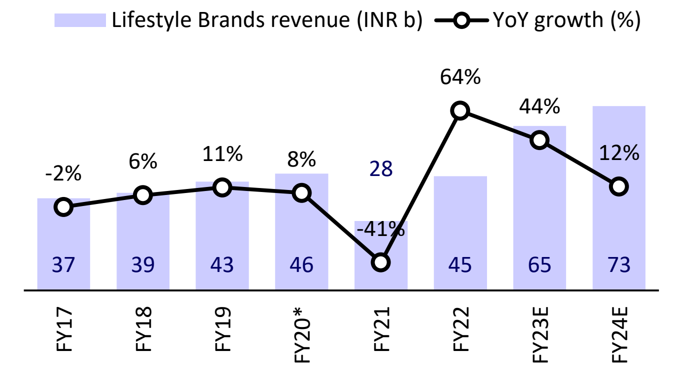
Source: MOFSL, Company

Segmental performance

Lifestyle brands: Strong recovery led by the Retail segment

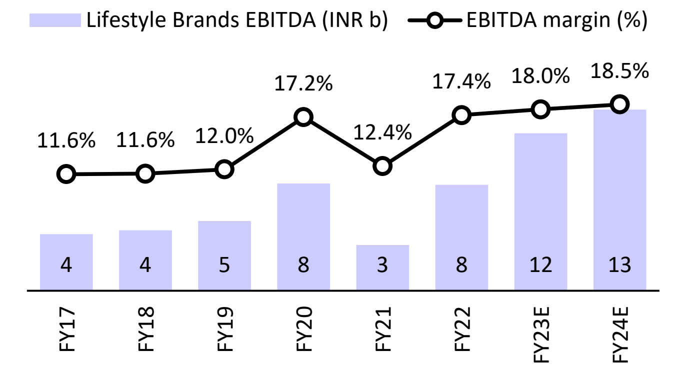
- Lifestyle brands clocked a YoY revenue growth of 64% to INR45.2b, reaching 98% of pre-COVID levels.
- Growth in the Lifestyle segment was driven by the Retail segment, which stood at INR21.5b (10% above FY20 levels), while the Wholesale segment came in 36% below pre-COVID levels at INR11.2b.
- **Improved profitability:** EBITDA margin improved to 17.4% (20bp above FY20 levels) in FY22, which can mainly be attributable to strong revenue growth and an improved mix.
- **Store additions:** In Lifestyle, it added ~143 new stores, a 6% addition on a YoY basis, taking its total count to 2,522.
- **ASP up 5%, partly compensates for the 7% volume decline from pre-COVID levels:** In the last two years, ASP grew 5%. This is much lower than 10-15% ASP increase taken by most brands. This saw a relatively low impact on volumes, recovering 62% over FY21 levels, but 7% below pre-COVID levels.
- **Conversions partly compensate for the lower footfalls in FY20:** Footfalls grew 10% from FY21 levels to 4.3m, but is still below the 7-8m range seen during the pre-COVID period. This was partly offset by an improved conversion rate of 89%, which improved from 83% in FY21 and much above the 55% level in FY20.
- **Number of bills way cross pre-COVID levels:** Total bills, which saw a sharp fall in FY21, saw an equally sharp recovery, reaching 12m, 4% above pre-COVID levels. But the average bill value stood at INR3,844, 6% below pre-COVID levels. Items per bill stood at 2.3 v/s 2.5 in FY20.
- **Loyal customers:** The brand continued to expand its loyal customer base to 23.8m as against 22.4m in FY21.
- **Extending its reach in smaller towns:** After crossing more than 400 stores in Peter England (in the small-town format) and over 50 stores in Allen Solly Prime, it has now piloted similar small-town formats for Van Heusen and Louis Philippe in newer Indian towns and cities, further augmenting its distribution network.

Exhibit 16: Strong recovery in revenue from Lifestyle brands



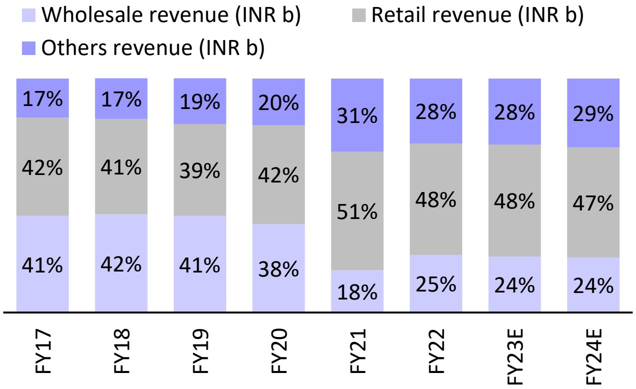
Source: MOFSL, Company

Exhibit 17: Expect EBITDA margin to improve going forward



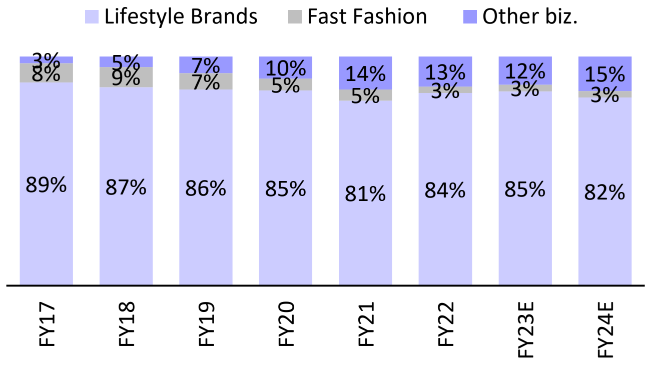
*EBITDA from FY20 pertains to post Ind AS 116. Source: MOFSL, Company

Exhibit 18: Revenue contribution from Lifestyle brands



Source: MOFSL, Company

Exhibit 19: Contribution to Madhura's revenue



Source: MOFSL, Company

Exhibit 20: Key performance indicators

Lifestyle brands	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (INR m)	36,510	38,660	43,040	46,270	27,500	45,220
Growth	-2%	6%	11%	8%	-41%	64%
Walk-ins (m)	7.9	8.2	7.9	7.2	3.9	4.3
Conversion	44%	46%	50%	55%	83%	89%
Volume (m)	22.28	22.13	25.11	28.46	16.37	26.58
Growth		-1%	13%	13%	-42%	62%
Average selling price (ASP)	1,639	1,747	1,714	1,626	1,680	1,701
No. of bills (m)	10	9	10	11	7	12
Average bill value (ABV)	3,701	4,211	4,256	4,072	3,693	3,844
Items per bill	2.3	2.4	2.5	2.5	2.2	2.3
Like-to-like (LTL) volume growth	-7.0%	8.0%	4.0%	3.0%	-9.0%	25.0%
LTL ASP growth	2.0%	0.0%	1.0%	1.0%	-11.0%	16.0%
LTL value growth	-5.7%	8.6%	5.3%	4.5%	-19.6%	46.0%

Source: MOFSL, Company

Recovery in Pantaloons languishes on lower footfalls

- Revenue from Pantaloons grew 41% over FY21 levels, but remained 25% below FY20 levels. EBITDA margin too saw a 200bp contraction from FY20 levels. This is way below the performance of the Lifestyle segment and even peer retailers on account of Pantaloons' large format stores and a higher presence in malls, which was severely hit by the COVID-19 pandemic.
- **ASP up, but volumes severely impacted:** Pantaloons saw a 9% increase in ASP, which is higher than the 5% increase in the Lifestyle segment. Volumes rose 26% over FY21 levels, but remain 32% below FY20 levels. This can be attributed to the more severe impact seen in large format stores, which have a higher share of stores in malls and remained closed for a longer duration during the second COVID wave.
- **ABV higher, but total bills much below pre-COVID levels:** Average bill value saw a 16% increase to INR2,325, which saw a change in consumer behavior after the lifting of COVID-related restrictions as customers reduced their store visit frequency. Total bill size though recovered 26% from FY21 levels, but remained 36% below FY20 levels.
- **Unlike the Lifestyle segment, conversions didn't offset the lower walk-ins:** Walk-ins were 37% below pre-COVID (FY20) levels. Unlike the Lifestyle segment, conversions for Pantaloons, at 26.2%, was flat over pre-COVID levels.

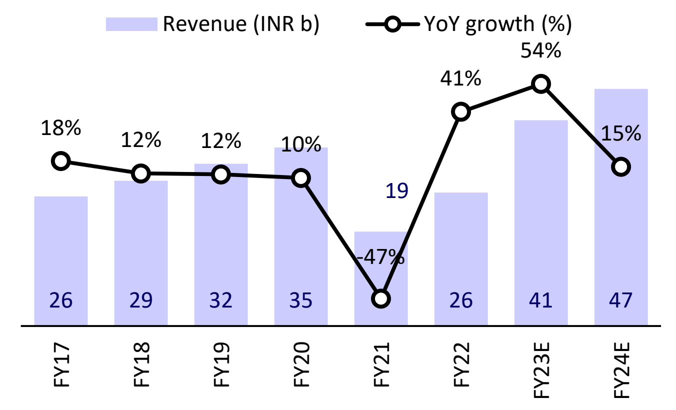
- **Healthy store additions:** Pantaloons added 49/31 stores in FY22 at the gross/net level, taking its total count to 377 stores. It plans to expand its network by 70-80 stores in FY23 with its new retail identity.
- **Growth in e-commerce:** Pantaloons' online channel grew significantly YoY.
- Revenue/sq. ft. at INR5,602 was lower v/s FY20 levels on account of the impact of the second and third COVID wave.
- **Improved store productivity:** A gradual reduction in the store size to ~13,000 sq. ft. in FY22 (from the peak of 18,700 sq. ft. in FY14) aided the improvement in store throughput.

Exhibit 21: Pantaloons – store economics

Store matrix – Pantaloons	FY20	FY21	FY22	FY23E	FY24E
Average store size (sq. ft.)	12,754	12,890	13,040	12,801	12,274
Revenue/sq. ft. (INR m)	8,389	4,214	5,602	7,812	8,212
Revenue/store	108	54	73	101	103

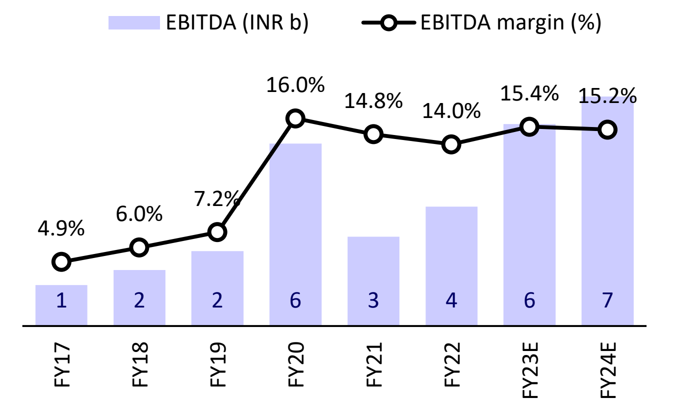
Source: MOFSL, Company

Exhibit 22: Revenue for Pantaloons stays below pre-COVID levels



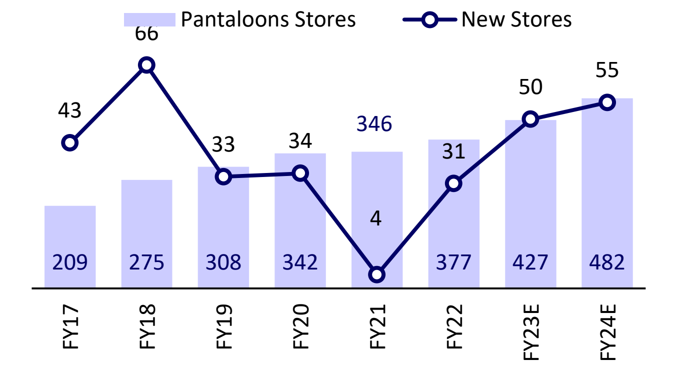
Source: MOFSL, Company

Exhibit 23: EBITDA margin should improve



*EBITDA from FY20 pertains to post Ind AS 116. Source: MOFSL, Company

Exhibit 24: Total store count of Pantaloons to increase



Source: MOFSL, Company

Exhibit 25: Revenue throughput to recover

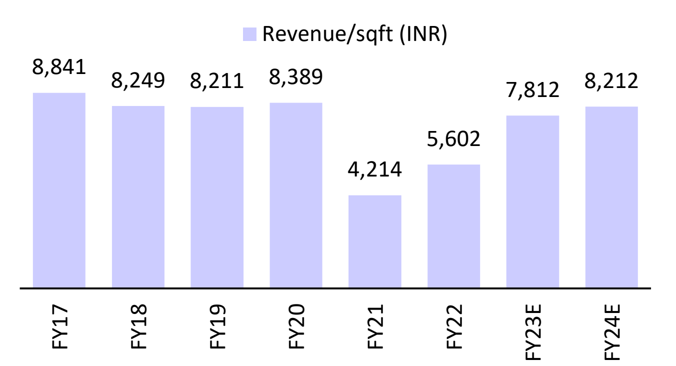


Exhibit 26: Key performance indicators

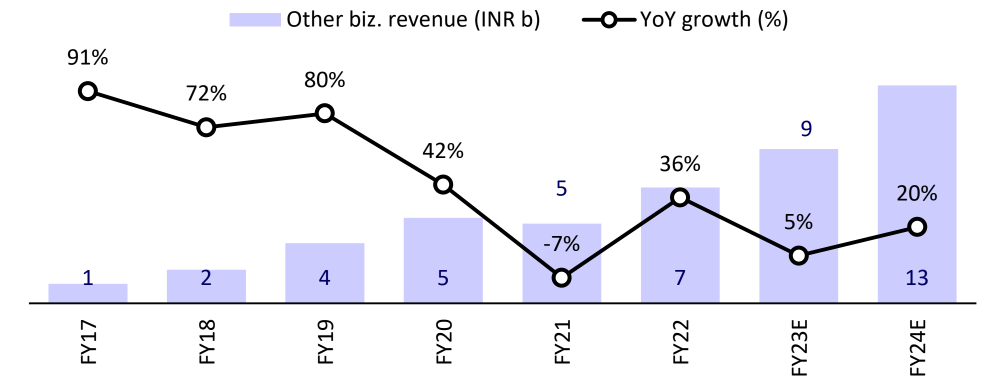
Pantaloons	FY17	FY18	FY19	FY20	FY21	FY22
Revenue (INR m)	25,520	28,610	31,940	35,140	18,590	26,260
Growth	17.9%	12.1%	11.6%	10.0%	-47.1%	41.3%
Walk-ins (m)	47.0	46.0	54.0	57.0	23.0	36.0
Conversion	22.6%	22.4%	24.3%	26.1%	31.5%	26.20%
Volume (m)	38.20	43.02	49.67	52.84	28.64	36.12
Growth		13%	15%	6%	-46%	26%
Average selling price (ASP)	668	665	643	665	649	727
No. of bills (m)	15	16	17	18	9	11
Average bill value (ABV)	1,725	1,842	1,880	2,001	2,075	2,325
Items per bill	2.6	2.8	2.9	3	3.2	3.2
LTL volume growth	6.4%	-3.3%	3.1%	-2.1%	-50.5%	18.0%
LTL ASP growth	-2.9%	0.8%	-1.7%	4.9%	-1.7%	12.7%
LTL value growth	3.3%	-2.6%	1.4%	2.7%	-51.3%	33.0%

Source: MOFSL, Company

Other businesses: Athleisure and Innerwear support growth

- Other businesses grew a robust 45% YoY and 36% v/s pre-COVID levels to INR7.1b.
- The growth in this segment was on the back of strong continued performance in Innerwear and the Athleisure segment.
- It is expanding its EBO as well as MBO footprint rapidly across India, with over 27,000 outlets, in key departmental stores, on and large e-commerce platforms. The online channel grew 44% YoY.

Exhibit 27: Revenue from other businesses to grow substantially



Source: MOFSL, Company

Ethnic Wear

- The Ethnic Wear market, which constitutes ~28% of the overall Retail market, presents a huge opportunity for branded players, with a shift seen in consumer preference to organized from the unorganized segment.
- In order to tap this growth opportunity, the company ventured into the Ethnic Wear business in FY20, with the acquisition of the Jaypore brand, partnership with Shantanu & Nikhil, and deepened its investments in FY21 with the acquisition of a stake in Sabyasachi and Mr. Tarun Tahiliani's brand.
- In FY22, it widened its portfolio through organic means by launching Marigold Lane, a Premium Women's Ethnic Wear brand, and Tasva, a Premium Men's Ethnic Wear brand.

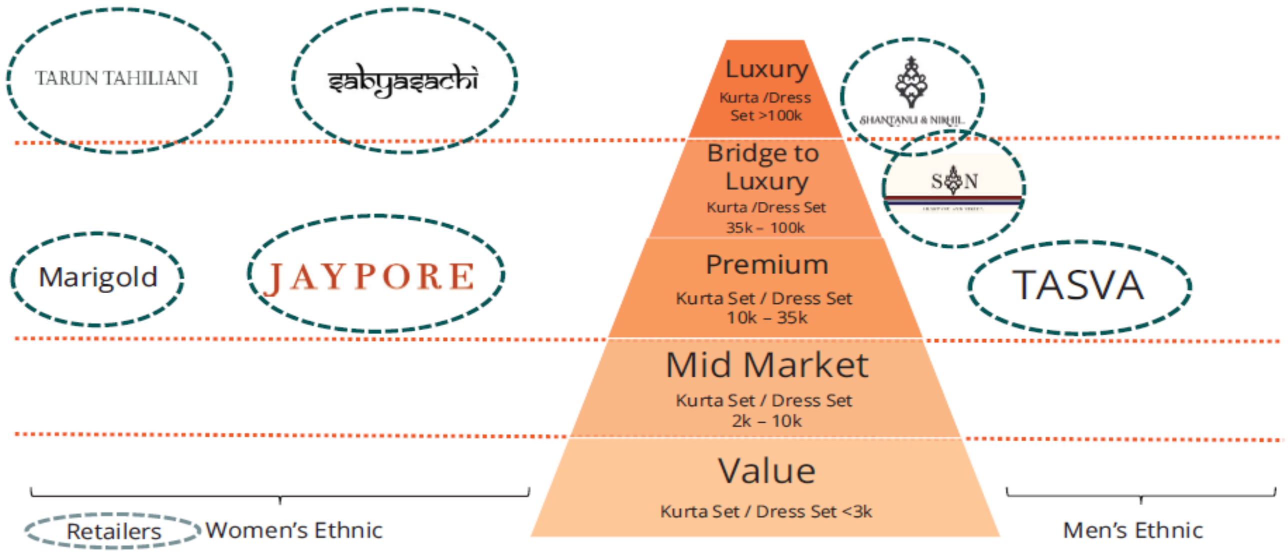
- Tasva started with seven stores and plans to add 70 stores in FY23, increasing its footprint multi-fold. Marigold currently services its customers through more than 50 Pantaloons stores and three EBOs.
- As a result of its focus on Ethnic Wear, ABFRL witnessed strong revenue growth (~4.6x) in FY22 to INR3.1b. The segment turned profitable in FY22 and reported an EBITDA of INR300m.

Exhibit 28: Scaling up of the Ethnic Wear portfolio through inorganic acquisitions

Date	Acquisition	Segment	Stake (%)	Consideration (INR m)	EV (INR m)	EV/ sales (x)
Jul'19	Jaypore	Premium – Ethnic	100	1,048	1,048	3.9
Jul'19	Shantanu & Nikhil	Luxury – Ethnic	51	579	1,134	5.2
Jul'19	TG Apparel & Decor Pvt.	Premium – Ethnic	100	3	3	0.0
Jan'21	Sabyasachi	Luxury – Ethnic	51	3,898	7,644	9.0
Feb'21	Mr. Tarun Tahiliani (Goodview Fashion Pvt.)	Luxury – Ethnic	34	672	2,005	3.0

Source: Company, MOFSL

Exhibit 29: Comprehensive Ethnic Wear portfolio across various price points



Source: Company

Working capital release aids in FCF generation

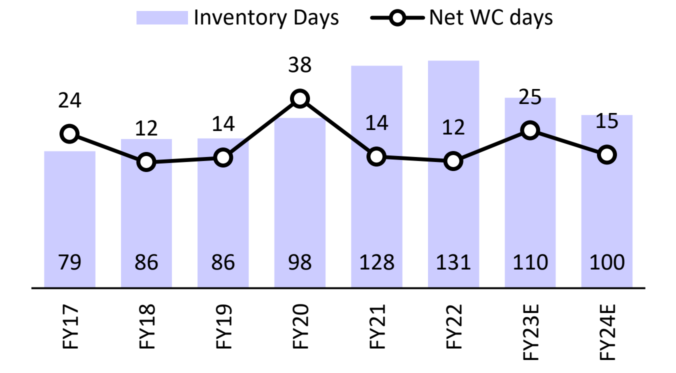
- The swing in working capital in the last three years, which was affected by the COVID-19 pandemic, also impacted operating cash flows. Despite a negative operating profit (before tax), OCF was higher than FY20 levels, but lower than FY21 levels, which benefited from a higher change in WC.
- The lockdown in Mar'20 (FY20), during the beginning of the fresh season (Autumn Winter Season), blocked working capital. This was released in FY21, along with some benefits from higher payables, which increased the cash flow from working capital.
- Free cash flow (FCF) stood at INR6.3b in FY22 (v/s INR2b in FY20), aided by a release in working capital and lower capex.
- Capex inched up to INR3.2b in FY22 v/s INR2.1b in FY21 due to a resumption in store additions. This, however, is expected to rise to INR4.5b for FY23/FY24, given the strong commentary around store expansion.

Exhibit 30: Consolidated cash flow for ABFRL (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22
OP/(Loss) before Tax	535	490	1,491	-329	-8,375	-1,449
Depreciation	2,425	2,805	2,823	8,853	9,628	9,970
Interest and Finance Charges	1,761	1,669	1,846	4,220	5,004	3,484
Direct Taxes Paid	-30	-10	-196	-65	-28	-164
(Inc.)/Dec. in WC	-573	760	-937	-6,126	8,528	241
CF from Operations incl. EO	**4,252**	**5,951**	**5,276**	**6,440**	**11,038**	**9,505**
(Inc.)/Dec. in FA	-4,499	-3,271	-2,792	-4,485	-2,101	-3,185
Free Cash Flow	**-247**	**2,680**	**2,484**	**1,955**	**8,937**	**6,321**

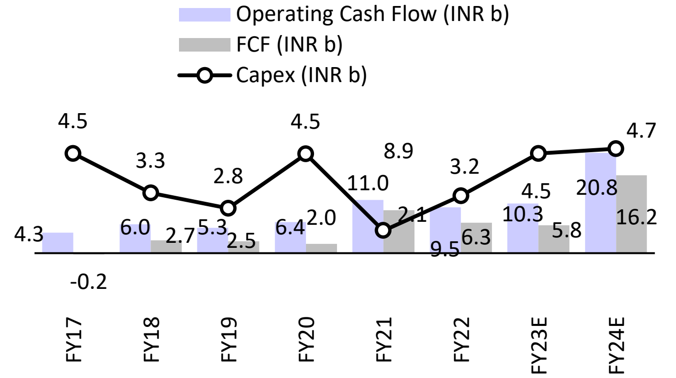
Source: Company, MOFSL

Exhibit 31: Net working capital days sees an improvement



Source: Company, MOFSL

Exhibit 32: Capex resumes on the back of store additions



Source: Company, MOFSL

Return ratio analysis

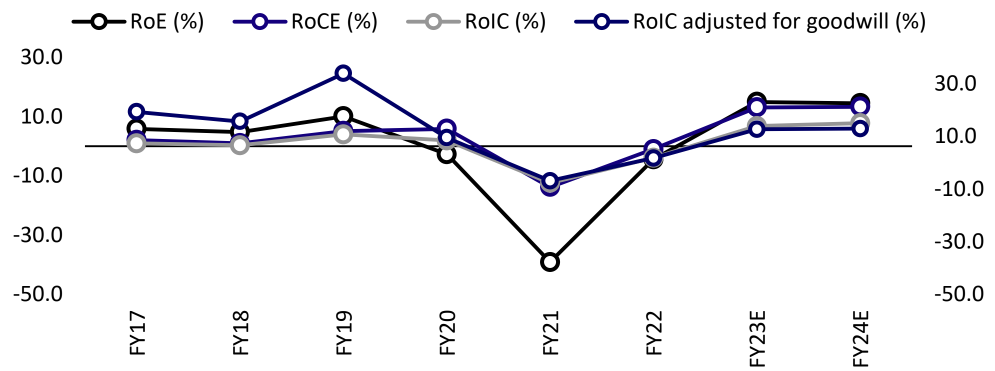
- RoE improved to -4.4% in FY22 from -39.1%/10.1% in FY21/FY20, primarily driven by a narrowing down of losses, improved asset turn as a result of revenue recovery, and improved financial leverage.
- This is expected to improve to 14%/15% in FY23/FY24 on the back of higher margin, interest savings, and an improvement in asset turns.
- Net margin improved to -1.5% in FY22 on a reported basis, largely aided by a business recovery and strong cost control measures adopted by the company.
- The asset turnover ratio improved to 1.3x from 0.9x in FY21, led by a revenue recovery.

Exhibit 33: Return analysis and DuPont analysis for RoE

Du Pont Analysis	FY19	FY20	FY21	FY22	FY23E	FY24E
Profit Margin	1.6	(0.4)	(14.0)	(1.5)	3.6	3.6
Asset turnover	3.1	2.2	0.9	1.3	1.7	1.7
Financial Leverage	2.1	3.2	3.1	2.3	2.4	2.4
RoE (%)	10.1	(2.7)	(39.1)	(4.4)	14.4	14.6
RoCE (%)	12.8	9.6	(5.7)	3.3	13.0	13.4
RoIC (%)	13.3	10.2	(6.3)	3.8	15.0	16.2
RoIC adjusted for goodwill (%)	21.0	19.4	(10.1)	6.6	24.5	22.6
RoCE adjusted for goodwill (%)	20.2	19.0	(9.7)	5.9	21.9	20.5
RoCE (Pre Ind AS116) (%)	12.8	8.8	(14.9)	1.1	17.5	18.5

Source: Company, MOFSL

Exhibit 34: Return ratios to recover



Source: MOFSL, Company

Leverage ratios

- Net debt, excluding lease, stood at INR5b in FY22 v/s INR20.9b in FY20. The decline was mainly attributable to the de-leveraging undertaken by the company to strengthen its Balance Sheet.
- The net debt/equity ratio (pre Ind AS 116) remained stable at 0.2x in FY22 v/s FY21 as incremental borrowings was offset by a net loss. This is significantly lower from 1.9x in FY20.
- Net debt/EBITDA ratio (pre Ind AS 116) stood at 2.8x in FY22 v/s 2.1x in FY20. The decline in debt was offset by lower profitability as FY22 saw the continued impact of the COVID-19 pandemic on EBITDA margin.

Exhibit 35: Leverage ratio

	FY17	FY18	FY19	FY20	FY21	FY22
Current ratio	1.2	1.1	0.9	1.2	1.0	0.9
Interest coverage ratio	1.1	1.1	1.4	0.8	-0.8	0.3
Net debt/equity ratio (pre Ind AS 116)	2.1	1.6	0.8	1.9	0.2	0.2
Net debt/EBITDA (pre Ind AS 116)	4.5	3.8	2.1	4.7	-1.5	2.8

Source: Company, MOFSL

Exhibit 36: Debt repayment schedule

(INR m)	Effective interest rate	Maturity	FY22	FY21
Redeemable non-convertible debentures				
Redeemable non-convertible debentures — Series 6 zero coupon (unsecured)*	8.71%	11th Nov'22		4,341.8
Redeemable non-convertible debentures — Series 7 zero coupon (unsecured)*	8.75%	22nd May'23	3,246.1	3,250.0
Redeemable non-convertible debentures — Series 8 zero coupon (unsecured)*	5.89%	9th Sep'24	3,994.6	
Term loans from banks				
Term loan from HDFC Bank (TUF) (secured) 1	One-year MCLR + 0.25%	15th Mar'25	66.7	100.0
Term loan from Standard Chartered Bank (secured) 3	Repo rate + 4%	31st Mar'34	7.9	13.5
Term loan from Axis Bank (secured) 4	One-year MCLR + 1.25%	30th Sep'24	55.7	83.6
Term loan from Yes Bank (secured) 5	EBLR + 0.95%	9th Aug'24	-	22.0
Term loan-FCTL (secured) 6	Reference Rate+1.9%	31st Mar'23	142.1	-
Vehicle loans from Banks				
Vehicle loan from Yes Bank (secured)	8.14%	2nd Apr'25	-	3.7
Term loans from others				
Other borrowings (unsecured)	8% - 14.37%	14th Mar'25 - 15th Feb'27	261.5	324.0
Preference shares				
Cumulative redeemable preference shares	8%	29th Mar'24	5.0	5.0
Cumulative redeemable preference shares	6%	12th Oct'24	0.1	0.1
Total			**8,143.7**	**8,569.30**

Source: Company

Exhibit 37: Current maturities of long-term debt (part of current financial liabilities)

(INR m)	Effective interest rate	Maturity	FY22	FY21
Current Maturities of Long-term borrowings				
Redeemable non-convertible debentures - Series 5 zero coupon (unsecured)	8.96%	14th Aug'21	-	3,000
Redeemable non-convertible debentures - Series 6 zero coupon (unsecured)	8.71%	11th Nov'22	4,347	-
Term loan from HDFC Bank (TUF) (secured)	One-year MCLR + 0.25%	15th Mar'25	33	33
Term loan from HDFC bank (TUF) (unsecured)	Base Rate + 0.20%	23rd Mar'22	-	43
Term loan from Standard Chartered Bank (secured)	Repo rate + 4.00%	31st Mar'34	6	6
Term loan from Axis Bank (secured) 4	One-year MCLR + 1.25%	30th Sep'24	28	6
Term loan from Yes Bank (secured) 5	EBLR + 0.95%	9th Aug'24	-	9
Term loan-FCTL (secured) 6	Reference rate + 1.9%	31st Mar'23	10	-
Vehicle loan from HDFC Bank (secured)	10.25%	7th Nov'21	-	0
Vehicle loan from Yes Bank (secured) 8	8.14%	2nd Apr'25	-	1
Other borrowings (unsecured) 9	8% - 14.37%	14th Mar'25 - 15th Feb'27	101	81
Total			**4,525**	**3,180**

Source: Company

Exhibit 38: Debt reconciliation

Debt reconciliation (INR b)	FY21	FY22
Gross debt (opening)	23.7	11.4
Less		
Operating cash flow	14.8	9.5
Fund raise	22.4	2.5
Dec. in WC	8.5	0.2
Borrowings		1.0
Add		
Capex	2.1	3.2
Pur. of Inv./repayment of debt	16.5	2.4
Int. paid	4.8	3.1
Other cash outflow	9.9	5.4
Gross debt (closing)	11.4	12.3
Cash and cash equivalent	2.6	1.2
Current investment	3.4	6.1
Net debt	**5.3**	**5.0**

Source: MOFSL, Company

Change in equity share capital

- ABFRL's paid-up equity share capital has changed to INR9.4b from INR9.2b on account of payment received for the final call on partly paid-up right issue shares and exercising of ESOPs.

Exhibit 39: Change in share capital

Changes in capital	INR (m)
Share capital (opening)	9,151
Right issue	228
Preferential issue	0
Exercise of option	5
Share capital (closing)	9,383

Source: MOFSL, Company

Dividend distribution

- The management reiterated its policy of distributing 15-25% of PAT as dividend after a payout to preference shareholders.
- The board will consider various internal and external factors – including stability of earnings, operating cash flow, future capex, inorganic growth plans, and reinvestment opportunities – before making any dividend recommendation.
- The company has not declared any dividend for the period ended Mar'22.

Commitments and contingencies

- The bank guarantee in FY22 pertains to the guarantee offered by Sabyasachi Calcutta LLP (a subsidiary of the company) to a foreign bank in respect of a standby letter of credit (SBLC) facility of USD5m (USD0.3m in FY21) to be availed by M/s Sabyasachi Inc.

Exhibit 40: Contingent liabilities (INR m)

Claims against the company not acknowledged as debt	FY22	FY21
Commercial taxes	451.7	270.4
Excise duty	5.0	5.0
Customs duty	0.3	25.4
Bank guarantees	374.3	24.1
Textile committee cess	7.5	7.5
Others*	171.5	162.9
Total	**1,010.3**	**495.3**

*Pertains to claims made by third parties, pending settlement, which are considered not tenable

Source: Company

Related-party transactions

- Key related-party transactions for FY22 are listed as follows:

Exhibit 41: List of subsidiaries along with their financial details for FY22 (INR m)

Particulars (INR m)	Jaypore E-Commerce Pvt.	TG Apparel & Decor Pvt.	Finesse International Design Pvt.	Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture]	Indivinity Clothing Retail Pvt.
Date on which the subsidiary was acquired	2nd Jul'19	2nd Jul'19	26th Jul'19	24th Feb'21	26th Mar'21
Shareholder's Fund	731.6	-4.5	180.9	7,961.5	386.2
Total assets	1,446.4	16.9	892.7	9,995.0	1,369.6
Total liabilities	714.8	21.4	711.8	2,033.5	983.4
Investments	382.1	-	130.2	71.5	123.4
Revenue	398.5	-	462.2	2,294.2	15.7
PBT	-344.3	-2.1	107.3	446.7	-305.9
Tax	-87.1	-	-31.9	169.5	-
Tax Rate (%)	25.3	NA	-29.7	37.9	NA
PAT	-257.2	-2.1	-75.4	277.2	-305.9
As a percentage of shareholding	100%	100%	59%	51%	80%

Source: Company, MOFSL

Exhibit 42: Key related-party transactions (INR m)

INR (m)	FY22			FY21		
	Subsidiary and JV	KMP and relative	Other related party	Subsidiary and JV	KMP and relative	Other related party
Sale of goods	28.2	-	-	10.6	-	-
Interest income	14.8	-	-	17.9	-	-
Reimbursement of expenses recovered	126.4	-	-	32.0	-	-
Purchase of goods	5.6	-	28.4	2.0	-	79.2
Reimbursement of expenses paid	-	-	192.4	-	-	253.6
Consultancy Services	-	-	-	-	-	1.0
Production Services	16.3	-	-			
Contribution to trusts	-	-	43.7	-	-	101.8
Purchase of property, plant, and equipment	137.0	-	-	-	-	-
Deposits given	500.4	-	-	268.6	-	34.8
Repayment of deposits	3.9	-	-	6.0	-	55.4
Investment in share capital	1,449.3	-	-	630.0	-	-
Investment made in the limited liability partnership firm	-	-	-	3,898.4	-	-
Investment made in the joint venture	-	-	-	124.5	-	-
Remuneration paid to KMP*	-	337.7	-	-	98.5	-
Remuneration paid to the relative of KMP	-	-	-	-	0.1	-

Source: Company

Exhibit 43: Remuneration of Directors and KMP (INR m)

Person	Designation	Salary/other compensation	Sitting fees	Increase/decrease YoY (%)
Mr. Kumar Mangalam Birla	Chairman and NED	-	0.3	NA
Mr. Himanshu Kapania	Vice-Chairman and NED	-	0.6	-43.9
Mr. Ashish Dikshit	MD	70.7	-	130.3
Mr. Nish Bhutani	ID	-	0.9	NA
Ms. Preeti Vyas	ID	-	0.5	NA
Mr. Arun Adhikari	ID	-	0.9	NA
Ms. Sangeeta Pendurkar	WTD	93.6	-	NA
Ms. Sukanya Kripalu	ID	-	1.0	-29.6
Mr. Sunirmal Talukdar	ID	-	1.0	-23.5
Mr. Vishak Kumar	WTD	59.1	-	NA
Mr. Vikram Rao	NED	-	0.7	NA
Mr. Yogesh Chaudhary	ID	-	0.6	NA
Mr. Jagdish Bajaj	CFO	25.7	-	65.3
Ms. Geetika Anand	CS	12.4	-	156.5

NED: Non Exec Dir, .Source: Company

Exhibit 44: Promoter holding

Promoter name	No. of shares (m)	As a percentage of total holding
Birla Group Holdings Pvt.	171.55	18.3
IGH Holdings Pvt.	136.47	14.5
Grasim Industries	97.59	10.4
Umang Commercial Company Pvt.	65.07	6.9
Hindalco Industries	50.24	5.4
Pilani Investment and Industries Corporation	3.99	0.4
Mrs. Rajashree Birla	0.86	0.1
Birla Industrial Finance (India)	0.17	0.0
Birla Consultants	0.17	0.0
ABNL Investment	0.08	0.0
Birla Industrial Investments (India)	0.03	0.0
Mr. Kumar Mangalam Birla	0.03	0.0
Mrs. Neerja Birla	0.02	0.0
Mrs. Vasavadatta Bajaj	0.02	0.0
Aditya Vikram Kumar Mangalam Birla HUF	0.00	0.0
Total Promoter holding	**526.3**	**56.1**

Source: Company, MOFSL

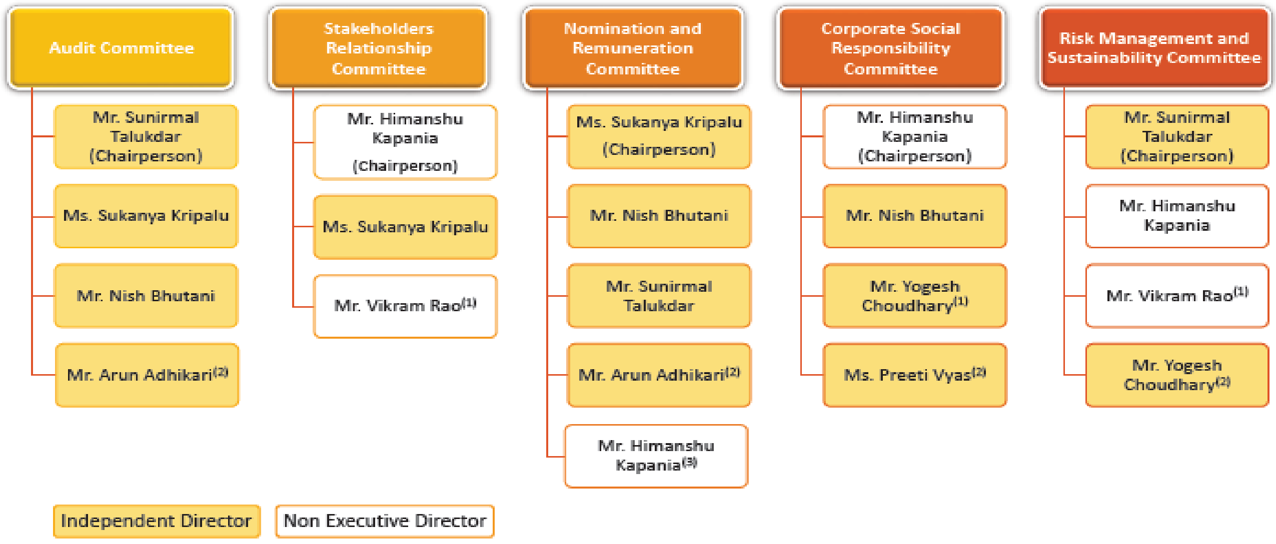
Exhibit 45: Shareholding pattern (no. of shares in m)

Category	No. of shareholders	No. of shares (fully paid-up)	No. of shares (partly paid-up)	Total no. of shares (fully and partly paid-up)	Holding (%)
Promoter and Promoter Group	15	526.3	-	526.3	56.1
Public	2,25,368	407.3	0.1	407.3	43.4
Institutions	245	306.8	-	306.8	32.7
Mutual Funds	42	127.4	-	127.4	13.6
Foreign Portfolio Investors	105	123.6	-	123.6	13.2
Insurance Companies	18	55.0	-	55.0	5.9
Alternate Investment Funds	6	0.5	-	0.5	0.0
Financial Institutions/Banks	40	0.1	-	0.1	0.0
Others	34	0.1	-	0.1	0.0
Central/State Government(s)	6	3.7	-	3.7	0.4
Non-Institutions	2,25,117	96.8	0.1	96.8	10.3
Individuals	2,15,299	76.5	0.1	76.5	8.2
Body Corporates	1,032	11.9	0.0	11.9	1.3
Others	8,786	8.4	0.0	8.4	0.9
Non-Promoter – Non-Public	1	4.7	-	4.7	0.5
Total	2,25,384	938.2	0.1	938.3	100.0

Source: Company, MOFSL

Board composition and performance:

Exhibit 46: Committee's composition



(1) w.e.f. April 1, 2021
(2) w.e.f. May 28, 2021
(3) w.e.f. November 3, 2021

Source: Company

Exhibit 47: Attendance of directors at board meetings (%)

Director	Board meeting	Audit	CSRC	NRC	RMSC	SRC	AGM
Ms. Preeti Vyas	85.7	NA	100.0	NA	NA	NA	Yes
Ms. Sukanya Kripalu	100.0	100.0	NA	100.0	NA	100.0	Yes
Ms. Sangeeta Pendurkar	85.7	NA	NA	NA	NA	NA	Yes
Mr. Arun Adhikari	100.0	83.3	NA	66.7	NA	NA	Yes
Mr. Nish Bhutani	85.7	100.0	-	100.0	NA	NA	Yes
Mr. Sunirmal Talukdar	100.0	100.0	NA	100.0	100.0	NA	Yes
Mr. Yogesh Chaudhary	100.0	NA	100.0	NA	100.0	NA	Yes
Mr. Himanshu Kapania (Vice Chairman)	71.4	NA	100.0	NA	100.0	100.0	Yes
Mr. Kumar Mangalam Birla (Chairman)	57.1	NA	NA	NA	NA	NA	Yes
Mr. Vikram Rao	100.0	NA	NA	NA	100.0	100.0	Yes
Mr. Ashish Dikshit	100.0	NA	NA	NA	NA	NA	Yes
Mr. Vishak Kumar	85.7	NA	NA	NA	NA	NA	Yes

Source: Company

Exhibit 48: Valuation based on SoTP

FY24E	EBITDA/ sales (INR m)	Multiple (x)	EV (INR)
Lifestyle Brands	13,492	20	2,63,098
Pantaloons	7,085	17	1,18,323
Others	15,809	1	15,809
Total EV			3,97,230
Less: Net debt			40,773
Equity Value			3,56,457
No. of Shares			938
TP			380
CMP			278
Upside			36%

Source: MOFSL, Company

Consolidated financials and valuations

Consolidated Income Statement (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Total Income from Operations	**66,029**	**71,721**	**81,177**	**87,879**	**52,489**	**81,362**	**1,20,443**	**1,40,304**
Change (%)	9.4	8.6	13.2	8.3	-40.3	55.0	48.0	16.5
Raw Materials	30,070	33,901	39,250	42,242	25,630	37,202	54,890	65,095
Employees Cost	7,058	7,723	9,130	10,805	8,654	11,585	14,694	18,240
Rent	10,871	10,429	11,104	4,870	107	3,932	8,130	7,296
Other Expenses	13,638	14,985	16,153	17,843	12,552	17,644	22,761	26,175
Total Expenditure	**61,637**	**67,038**	**75,637**	**75,760**	**46,942**	**70,363**	**1,00,475**	**1,16,805**
As a percentage of Sales	93.3	93.5	93.2	86.2	89.4	86.5	83.4	83.3
EBITDA	**4,392**	**4,683**	**5,541**	**12,118**	**5,548**	**10,999**	**19,968**	**23,500**
Margin (%)	6.7	6.5	6.8	13.8	10.6	13.5	16.6	16.7
Depreciation	2,425	2,805	2,823	8,853	9,628	9,970	11,342	12,959
EBIT	**1,967**	**1,878**	**2,717**	**3,265**	**-4,080**	**1,029**	**8,625**	**10,540**
Int. and Finance Charges	1,797	1,716	1,874	4,247	5,026	3,507	3,522	4,446
Other Income	382	328	648	653	734	1,006	653	653
PBT bef. EO Exp.	**552**	**490**	**1,491**	**-329**	**-8,372**	**-1,473**	**5,756**	**6,748**
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	**552**	**490**	**1,491**	**-329**	**-8,372**	**-1,473**	**5,756**	**6,748**
Total Tax	0	-688	-1,721	1,321	-1,015	-266	1,439	1,687
Tax Rate (%)	0.0	-140.5	-115.4	-401.7	12.1	18.0	25.0	25.0
Reported PAT	**552**	**1,178**	**3,212**	**-1,650**	**-7,357**	**-1,207**	**4,317**	**5,061**
Adjusted PAT	**552**	**494**	**1,273**	**-340**	**-7,357**	**-1,207**	**4,317**	**5,061**
Change (%)	-150.3	-10.5	157.7	-126.7	2,061.2	-83.6	-457.7	17.2
Margin (%)	0.8	0.7	1.6	-0.4	-14.0	-1.5	3.6	3.6

Consolidated Balance Sheet (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	7,705	7,717	7,735	7,740	9,151	9,383	9,383	9,383
Total Reserves	1,876	3,214	6,554	3,138	17,612	18,502	22,820	27,880
Net Worth	**9,582**	**10,931**	**14,289**	**10,878**	**26,763**	**27,885**	**32,202**	**37,263**
Total Loans	20,446	18,615	11,982	23,688	11,364	12,323	14,123	14,123
Lease Liability				25,018	24,634	28,681	34,952	41,409
Deferred Tax Liabilities	0	-688	-2,634	-1,950	-3,339	-3,805	-3,805	-3,805
Capital Employed	**30,028**	**28,857**	**23,637**	**57,634**	**59,421**	**65,085**	**77,474**	**88,990**
Gross Block	27,575	30,667	32,410	63,457	75,981	92,395	1,04,870	1,20,520
Less: Accum. Deprn.	2,704	4,844	6,855	14,022	21,851	31,821	41,133	54,092
Net Fixed Assets	**24,871**	**25,823**	**25,555**	**49,435**	**54,130**	**60,573**	**63,737**	**66,428**
Right to use Assets				**22,069**	**21,414**	**25,229**	**26,190**	**27,084**
Capital WIP	250	459	224	441	376	1,032	1,026	1,026
Total Investments	**0**	**42**	**42**	**142**	**4,198**	**6,860**	**6,860**	**6,860**
Curr. Assets, Loans, and Adv.	**25,238**	**30,326**	**37,756**	**45,688**	**39,671**	**51,796**	**62,938**	**77,334**
Inventory	14,313	16,912	19,213	23,668	18,470	29,296	36,298	38,440
Account Receivables	4,522	5,518	7,808	8,405	7,305	7,564	11,549	13,454
Cash and Bank Balance	497	728	574	2,669	2,618	1,205	2,221	10,064
Loans and Advances	5,907	7,168	10,161	10,946	11,279	13,731	12,869	15,376
Curr. Liability and Prov.	**20,331**	**27,793**	**39,940**	**38,072**	**38,954**	**55,176**	**57,086**	**62,656**
Account Payables	14,578	20,093	23,974	22,899	23,734	34,106	42,897	46,127
Other Current Liabilities	3,823	5,780	13,943	13,284	13,342	19,041	11,549	13,454
Provisions	1,929	1,920	2,023	1,888	1,878	2,030	2,640	3,075
Net Current Assets	**4,907**	**2,533**	**-2,184**	**7,616**	**717**	**-3,380**	**5,851**	**14,677**
Appl. of Funds	**30,028**	**28,858**	**23,637**	**57,634**	**59,421**	**65,085**	**77,474**	**88,990**

Consolidated financials and valuations

Ratios								
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Basic (INR)								
EPS	**0.7**	**0.6**	**1.6**	**-0.4**	**-8.0**	**-1.3**	**4.6**	**5.4**
Cash EPS	3.9	4.3	5.3	11.0	2.5	9.3	16.7	19.2
BV/Share	12.4	14.2	18.5	14.1	29.2	29.7	34.3	39.7
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	388.5	434.1	169.1	-632.9	-34.6	-216.4	60.5	51.6
Cash P/E	72.1	65.0	52.4	25.3	112.2	29.8	16.7	14.5
P/BV	22.4	19.6	15.0	19.8	9.5	9.4	8.1	7.0
EV/Sales	3.6	3.2	2.8	2.7	5.0	3.3	2.3	1.9
EV/EBITDA	53.4	49.7	40.9	21.6	51.9	27.4	15.4	13.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF per share	-0.3	3.5	3.2	2.5	9.8	6.7	6.2	17.2
Return Ratios (%)								
RoE	5.9	4.8	10.1	-2.7	-39.1	-4.4	14.4	14.6
RoCE	8.6	7.5	12.8	9.6	-5.7	3.3	13.0	13.4
RoIC	8.8	7.8	13.3	10.2	-6.3	3.8	15.0	16.2
Working Capital Ratios								
Fixed Asset Turnover (x)	2.4	2.3	2.5	1.4	0.7	0.9	1.1	1.2
Asset Turnover (x)	2.2	2.5	3.4	1.5	0.9	1.3	1.6	1.6
Inventory (Days)	79	86	86	98	128	131	110	100
Debtor (Days)	25	28	35	35	51	34	35	35
Creditor (Days)	81	102	108	95	165	153	130	120
Leverage Ratio (x)								
Current Ratio	1.2	1.1	0.9	1.2	1.0	0.9	1.1	1.2
Interest Cover Ratio	1.1	1.1	1.4	0.8	-0.8	0.3	2.4	2.4
Net Debt/Equity	2.1	1.6	0.8	1.9	0.2	0.2	0.2	-0.1

Consolidated - Cash Flow Statement								(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
OP/(Loss) before Tax	535	490	1,491	-329	-8,375	-1,449	5,756	6,748
Depreciation	2,425	2,805	2,823	8,853	9,628	9,970	11,342	12,959
Interest & Finance Charges	1,761	1,669	1,846	4,220	5,004	3,484	3,522	4,446
Direct Taxes Paid	-30	-10	-196	-65	-28	-164	-1,439	-1,687
(Inc)/Dec in WC	-573	760	-937	-6,126	8,528	241	-8,215	-983
CF from Operations	**4,118**	**5,714**	**5,028**	**6,552**	**14,756**	**12,082**	**10,967**	**21,483**
Others	134	237	249	-112	-3,718	-2,577	-653	-653
CF from Operating incl EO	**4,252**	**5,951**	**5,276**	**6,440**	**11,038**	**9,505**	**10,314**	**20,830**
(Inc)/Dec in FA	-4,499	-3,271	-2,792	-4,485	-2,101	-3,185	-4,500	-4,650
Lease Payments						0	-6,023	-7,340
Free Cash Flow	**-247**	**2,680**	**2,484**	**1,955**	**8,937**	**6,321**	**5,814**	**16,180**
(Pur)/Sale of Investments	4	-36	22	-1,027	-6,475	-2,422	0	0
Others	40	58	6	5	181	116	676	676
CF from Investments	**-4,455**	**-3,250**	**-2,763**	**-5,508**	**-8,396**	**-5,491**	**-9,847**	**-11,314**
Issue of Shares	11	12	9	72	22,388	2,476	0	0
Inc/(Dec) in Debt	1,948	-1,832	-1,576	10,742	-16,547	960	1,800	0
Interest Paid	-1,450	-649	-1,098	-4,243	-4,759	-3,097	-1,228	-1,650
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	0	-5,407	-3,774	-5,609	0	0
CF from Fin. Activity	**509**	**-2,469**	**-2,664**	**1,165**	**-2,692**	**-5,270**	**572**	**-1,650**
Inc/Dec of Cash	**306**	**233**	**-152**	**2,098**	**-50**	**-1,256**	**1,039**	**7,866**
Opening Balance	190	495	725	571	2,668	2,461	1,182	2,198
Closing Balance	**496**	**727**	**574**	**2,669**	**2,618**	**1,205**	**2,221**	**10,064**
less: Other Bank Balance	1	2	2	1	156	23	23	23
Net Closing Balance	**495**	**725**	**571**	**2,668**	**2,461**	**1,182**	**2,198**	**10,041**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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