

Aditya Birla Fashion and Retail

Estimate changes

TP change

Rating change



| | |
|-----------------------|-----------|
| Bloomberg | ABFRL IN |
| Equity Shares (m) | 1220 |
| M.Cap.(INRb)/(USDb) | 91.5 / 1 |
| 52-Week Range (INR) | 133 / 71 |
| 1, 6, 12 Rel. Per (%) | 0/-24/-36 |
| 12M Avg Val (INR M) | 1088 |

Financials & Valuations (INR b)

| Y/E March | FY26E | FY27E | FY28E |
|-------------------|-------|-------|-------|
| Sales | 80.7 | 89.8 | 100.5 |
| EBITDA | 6.9 | 7.9 | 9.5 |
| Adj. PAT | (7.4) | (7.1) | (6.6) |
| EBITDA Margin (%) | 8.5 | 8.8 | 9.5 |
| Adj. EPS (INR) | (6.0) | (5.8) | (5.4) |
| BV/Sh. (INR) | 59.9 | 52.9 | 46.4 |

Ratios

| | | | |
|----------|--------|--------|--------|
| Net D:E | 0.3 | 0.3 | 0.4 |
| RoE (%) | (11.4) | (12.3) | (13.2) |
| RoCE (%) | (2.8) | (2.2) | (1.6) |

Valuations

| | | | |
|----------------|--------|--------|--------|
| P/E (x) | (12.4) | (13.0) | (13.8) |
| EV/EBITDA (x) | 16.9 | 14.9 | 12.6 |
| EV/Sales (x) | 1.4 | 1.3 | 1.2 |
| Div. Yield (%) | - | - | - |

Shareholding pattern (%)

| As On | Jun-25 | Mar-25 | Jun-24 |
|----------|--------|--------|--------|
| Promoter | 46.6 | 46.6 | 52.0 |
| DII | 12.1 | 14.6 | 14.5 |
| FII | 18.0 | 22.6 | 20.4 |
| Others | 23.3 | 16.2 | 13.1 |

FII Includes depository receipts

CMP: INR75

TP: INR85 (+13%)

Neutral

Operationally ahead; sustained profitability a key

- Aditya Birla Fashion and Retail (ABFRL) delivered a better-than-expected operational performance in 1QFY26, with revenue growth of 9% YoY (strong performance in Ethnic and TMRW) and EBITDA growth of 25% YoY (~22% beat,) driven by 16-24pp improvement in profitability for Ethnic and Luxury Retail.
- TMRW raised ~INR4.4b from ServiceNow Ventures for ~11% stake, valuing the company at ~INR40b. The funds would be used to accelerate growth through increased branding activities and offline expansion for key brands.
- Management has laid out ambitious long-term growth and profitability targets for demerged ABFRL, targeting a break-even for most of its brands by FY27 (except TMRW). An improved execution towards sustaining profitability and meeting these targets remain key to re-rating.
- We raise our FY26-27E EBITDA by 9-10%, driven by better profitability in Ethnic and Luxury Retail. We build in a CAGR of 11%/12% in revenue/EBITDA over FY25-28E for ABFRL, driven by robust growth and improved profitability in TMRW and Ethnic. However, we still expect ABFRL to report losses over FY25-28E.
- We value ABFRL on the SoTP basis. We assign EV/EBITDA multiple of 11x to Pantaloons and EV/sales of 1x to other businesses of ABFRL (demerged) on Sep'27E. We **reiterate our Neutral rating with an unchanged TP of INR85.**

Good 1Q led by strong recovery in Ethnic and improved profitability in Luxury Retail

- Revenue grew 9% YoY to INR18.3b (~5% beat), driven by strong performance in Ethnic (up 25% YoY) and TMRW (up 38% YoY).
- Pantaloons' revenue declined ~1% YoY owing to the impact of last years' store rationalization and flat LTL due to a shift in the festive period.
- Gross profit grew 18% YoY to INR10.5b as gross margin expanded ~410bp YoY to 57.3%.
- EBITDA at ~INR1.1b (22% beat) grew 25% YoY as EBITDA margin improved ~75bp YoY to 6.1%.
- Pantaloons EBITDA margin declined ~50bp YoY, while Ethnic and Luxury Retail saw significant 16-24pp improvement in margins.
- Reported losses remained stable YoY at ~INR2.3b (vs. ~INR2.4b loss YoY) as higher EBITDA was offset by an increase in depreciation (up 15% YoY).

Key highlights from the management interaction

- **Demand:** ABFRL indicated that overall demand remained muted, with select pockets of growth, mainly driven by an uplift from the wedding season. Premium and occasion-wear saw an uptick in demand, while momentum for value retail sustained in lower-tier markets. The strategic focus remains on driving profitability while selectively pursuing growth opportunities in the new businesses, which have seen their contribution increase significantly to ~44% of revenue (from 37% YoY).
- **Pantaloons:** Adjusting for the shift in Eid to 4QFY25, Pantaloons' LTL growth would have been ~3% (vs. zero reported in 1QFY26). Over the last 12-18 months, the company has closed unprofitable stores and believes the store closures are largely behind. Pantaloons is targeting larger-size ~20-25k sqft stores, with cleaner, bigger, more impactful and contemporary layout in line with the brands' repositioning. Nearly 50% of the stores have been shifted to a new retail identity with improved visual merchandizing and experiential customer engagement. The performance of these stores has improved in line with management's expectations. Pantaloons' profitability has improved to 17-18%, but is diluted by losses from Style Up on reported basis. Management believes there is room for ~300-500bp margin expansion in Pantaloons.
- **Ethnics:** From nearly zero presence in FY20, ABFRL now boasts the most comprehensive ethnic wear portfolio in India with a mix of highly profitable designer-led brands, TCNS (which is in turnaround phase) and Tasva (which is currently in build-out phase). Typically, profitability is higher in 2H, driven by a higher number of wedding days. Tasva is expected to achieve the breakeven by FY27, while TCNS has shown improvement after integration. TCNS' reported EBITDA was positive in 1Q, though it still posted a loss on pre-INDAS 116 basis. Designer brands are performing well, and at the portfolio level, management expects ~20%+ margin, though seasonal variations will persist.
- **TMRW fund raise:** ABFRL has so far invested ~INR7.7b through equity in TMRW, which has raised ~INR4.4b by selling ~11% stake to ServiceNow Ventures, implying a valuation of ~INR40b. TMRW plans to raise ~USD100m in the current funding round. The funds are earmarked for accelerating the growth through more branding activities and offline expansions for key brands (which offers more credibility to the brands and improves gross margin by ~10% vs. online channel). Management indicated that TMRW's revenue (incl. Wrogn) stood at ~INR10b, with plans to accelerate the revenue run rate to INR14-15b in FY26.

Valuation and view

- ABFRL (demerged) provides a diversified play across several high-growth segments in apparel retail. However, over the last few years, ABFRL's profitability and valuations have been hurt by investments in several new businesses, which are currently in the build-out phase and are loss-making.
- After the recent fund raise, debt-related concerns have been addressed. However, a profitable scale-up of value fashion, branded ethnic wear and a turnaround in TMRW remain a key medium-term monitorable.
- Management has laid out ambitious long-term growth and profitability targets for demerged ABFRL, targeting a break-even for most brands by FY27 (except

TMRW). An improved execution towards sustaining profitability and meeting these targets remain key to re-rating.

- We raise our FY26-27E EBITDA by 9-10%, driven by better profitability in Ethnic and Luxury Retail. We model a CAGR of 11%/12% in revenue/EBITDA over FY25-28E for ABFRL, driven by robust growth and improved profitability in TMRW and Ethnic. However, we still expect ABFRL to report losses over FY25-28E.
- We value ABFRL on the SOTP basis. We assign EV/EBITDA multiple of 11x to Pantaloons and EV/sales of 1x to other businesses of ABFRL (demerged) on Sep'27E. We **reiterate our Neutral rating with an unchanged TP of INR85**.

Consolidated - Quarterly Earnings summary

| Y/E March | FY25 | | | | FY26E | | | | FY25 | FY26E | FY26 | Est |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 1QE | Var (%) |
| Revenue | 16,742 | 17,605 | 22,005 | 17,195 | 18,315 | 19,576 | 24,072 | 18,741 | 73,547 | 80,704 | 17,533 | -4.3 |
| YoY Change (%) | | | | 9.2 | 9.4 | 11.2 | 9.4 | 9.0 | 14.2 | 9.7 | | |
| Total Expenditure | 15,847 | 16,802 | 18,989 | 15,146 | 17,198 | 18,475 | 21,093 | 17,072 | 66,783 | 73,838 | 16,621 | -3.4 |
| EBITDA | 896 | 803 | 3,017 | 2,049 | 1,117 | 1,102 | 2,979 | 1,669 | 6,764 | 6,866 | 912 | -18.3 |
| Change, YoY (%) | | | | 486.6 | | | -1.3 | -18.5 | 82.8 | 1.5 | -86.7 | |
| Depreciation | 2,736 | 2,905 | 3,007 | 3,016 | 3,156 | 3,188 | 3,219 | 3,378 | 11,664 | 12,941 | 2,289 | |
| Interest | 1,321 | 1,412 | 1,507 | 1,434 | 1,134 | 1,488 | 1,830 | 1,684 | 5,674 | 6,136 | 1,168 | |
| Other Income | 337 | 312 | 349 | 959 | 635 | 575 | 707 | 453 | 1,957 | 2,370 | 491 | |
| PBT before EO expense | -2,824 | -3,203 | -1,148 | -1,442 | -2,538 | -2,999 | -1,364 | -2,939 | -8,616 | -9,840 | -2,054 | -19.1 |
| Extra-Ord expense | 0 | 1,612 | 0 | 0 | 0 | 0 | 0 | 0 | 1,612 | 0 | 0 | |
| Share in JV | -3 | -32 | -89 | -54 | -58 | 0 | 0 | 58 | -179 | | | |
| PBT | -2,827 | -1,623 | -1,238 | -1,496 | -2,595 | -2,999 | -1,364 | -2,882 | -7,184 | -9,840 | -2,054 | -20.9 |
| Tax | -449 | -429 | -178 | 113 | -258 | -756 | -344 | -1,119 | -942 | -2,477 | -518 | |
| Rate (%) | 15.9 | 26.4 | 14.4 | -7.6 | 9.9 | 25.2 | 25.2 | 38.8 | 13.1 | 25.2 | 25.2 | |
| Reported PAT | -2,379 | -1,195 | -1,059 | -1,609 | -2,337 | -2,244 | -1,020 | -1,762 | -6,242 | -7,363 | -1,536 | -34.3 |
| Adj PAT | -2,379 | -2,806 | -1,059 | -1,609 | -2,337 | -2,244 | -1,020 | -1,762 | -7,853 | -7,363 | -1,536 | -34.3 |
| YoY Change (%) | | | | | | | | | -14.6 | -6.2 | | |

E: MOFSL Estimates

Valuation on Sep'27 basis

Sep'27E (INR b)

| | |
|----------------------------------|--------------|
| Pantaloons EBITDA | 8.3 |
| EV/EBITDA (x) | 11.0 |
| Pantaloons EV (a) | 91.7 |
| Ethnic and others revenue | 46.6 |
| EV/sales (x) | 1.0 |
| Ethnics and others EV (b) | 47.5 |
| Overall EV (a+b) | 139.2 |
| Net debt / (cash) | 36.0 |
| Equity Value | 103.3 |
| TP (INR/share) | 85 |
| CMP | 75.1 |
| Upside (%) | 12.7 |

Segment-wise results summary

Pantaloon and Style Up

- Revenue declined ~1% YoY owing to the impact of last years' store rationalization and a shift in the festive period.
- Store count remained unchanged at 405 (vs. 417 YoY), with area of 5.73m sqft (-0.3% YoY).
- LTL growth was flat owing to a shift in Eid. Normalized for the same, LTL growth stood at 3%.
- Style Up revenue grew 36% YoY, led by store additions.
- Store count stood at 49 (added 3 stores in 1Q, up 63% YoY).
- EBITDA at INR1.9b declined 4% YoY and margins contracted ~55bp to 17.1%.

Ethnic

- Revenue grew by 25% YoY, led by a higher number of wedding days (vs. 1QFY25) and strong growth in designer-led portfolio (revenue up 79% YoY).
- Sabyasachi posted its best ever 1Q, as revenue jumped 56% YoY to surpass the INR1b mark in 1Q. Profitability remained strong in double digits.
- Masaba sales grew 26% YoY, with the beauty brand Love Child up 70% YoY.
- Shantanu & Nikhil revenue grew 13% YoY, while Tarun Tahiliani revenue rose ~28% YoY.
- Tasva revenue grew 72% YoY, led by 39% LTL and ~11% YoY store additions to reach 70 stores (added 3 net stores in 1Q).
- TCNS portfolio surpassed 1QFY25 revenue despite sharp network rationalization (80+ closures in last 12 months) and was EBITDA positive in 1QFY26.
- Ethnic segment reported a sharp turnaround with EBITDA of INR20m (vs. loss of 540m in 1Q25).

TMRW

- Revenue grew 38% YoY to ~INR2b.
- Losses too expanded by ~37% YoY to INR630m.
- TMRW secured INR4.4b fund raise from ServiceNow Ventures.

Others (Luxury Retail)

- Despite the weak market, Luxury Retail reported 6% revenue growth.
- EBITDA more than doubled YoY to INR550m.
- EBITDA margin expanded sharply to 45.5% (vs. 22% in 1Q).

Exhibit 1: Consolidated performance

| ABFRL (INR m) | 1QFY25 | 4QFY25 | 1QFY26 | YoY% | QoQ% | 1QFY26E | vs. est |
|-------------------------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|
| Revenue | 16,742 | 17,195 | 18,315 | 9.4 | 6.5 | 17,533 | 4.5 |
| Raw Material cost | 7,830 | 6,330 | 7,812 | -0.2 | 23.4 | 7,627 | 2.4 |
| Gross Profit | 8,912 | 10,865 | 10,502 | 17.8 | -3.3 | 9,906 | 6.0 |
| Gross margin (%) | 53.2 | 63.2 | 57.3 | 411bps | -584bps | 56.5 | 84bps |
| Employee Costs | 2,520 | 2,822 | 3,031 | 20.3 | 7.4 | 2,805 | 8.1 |
| Rent | 565 | 385 | 557 | -1.3 | 44.9 | 526 | 6.0 |
| SGA Expenses | 4,932 | 5,609 | 5,797 | 17.5 | 3.4 | 5,663 | 2.4 |
| Total | 8,017 | 8,816 | 9,386 | 17.1 | 6.5 | 8,994 | 4.4 |
| EBITDA | 896 | 2,049 | 1,117 | 24.7 | -45.5 | 912 | 22.4 |
| EBITDA margin (%) | 5.3 | 11.9 | 6.1 | 75bps | -582bps | 5.2 | 89bps |
| Depreciation and amortization | 2,736 | 3,016 | 3,156 | 15.4 | 4.7 | 2,289 | 37.9 |
| EBIT | -1,841 | -967 | -2,039 | 10.8 | 110.9 | -1,377 | 48.1 |
| EBIT margin (%) | -11.0 | -5.6 | -11.1 | -14bps | -551bps | -7.9 | -328bps |
| Finance Costs | 1,321 | 1,434 | 1,134 | -14.2 | -20.9 | 1,168 | -3.0 |
| Other income | 337 | 959 | 635 | 88.4 | -33.7 | 491 | 29.4 |
| Profit before Tax | -2,824 | -1,442 | -2,538 | -10.1 | 76.0 | -2,054 | 23.6 |
| Tax | -449 | 113 | -258 | -42.6 | | -518 | -50.2 |
| Tax rate (%) | 15.9 | -7.9 | 10.2 | | | 25.2 | |
| Share in JV | -3.1 | -54.0 | -57.5 | | | 0.0 | |
| Profit after Tax | -2,379 | -1,609 | -2,337 | -1.7 | 45.2 | -1,536 | 52.1 |

Exhibit 2: Segment wise performance

| Segments | 1QFY25 | 4QFY25 | 1QFY26 | YoY% | QoQ% | 1QFY26E | vs. est |
|-------------------------------|---------------|--------------|---------------|----------------|----------------|---------------|----------------|
| Pantaloon | | | | | | | |
| Revenue | 11,010 | 8,846 | 10,940 | -0.6 | 23.7 | 10,700 | 2.2 |
| EBITDA | 1,940 | 1,340 | 1,870 | -3.6 | 39.6 | 1,712 | 9.2 |
| % Margin | 17.6 | 15.1 | 17.1 | -53bps | 195bps | 16.0 | 109bps |
| Ethnic | | | | | | | |
| Revenue | 3,500 | 5,640 | 4,360 | 24.6 | -22.7 | 4,130 | 5.6 |
| EBITDA | -540 | 570 | 20 | -103.7 | -96.5 | 41 | -51.6 |
| % Margin | -15.4 | 10.1 | 0.5 | 1589bps | -965bps | 1.0 | -54bps |
| TMRW | | | | | | | |
| Revenue | 1,430 | 1,450 | 1,970 | 37.8 | 35.9 | 1,859 | 6.0 |
| EBITDA | -460 | -380 | -630 | 37.0 | 65.8 | -558 | 13.0 |
| % Margin | -32.2 | -26.2 | -32.0 | 19bps | -577bps | -30.0 | -198bps |
| Others (Luxury Retail) | | | | | | | |
| Revenue | 1,140 | 1,380 | 1,210 | 6.1 | -12.3 | 1,254 | -3.5 |
| EBITDA | 250 | 590 | 550 | 120.0 | -6.8 | 251 | 119.3 |
| % Margin | 21.9 | 42.8 | 45.5 | 2352bps | 270bps | 20.0 | 2545bps |

Source: MOFSL, Company

Detailed takeaways from earnings call

- **Demand:** ABFRL indicated that overall demand remained muted, with select pockets of growth, mainly driven by uplift from the wedding season. Premium and occasion-wear saw an uptick in demand, while momentum for value retail sustained in lower-tier markets. The strategic focus remains on driving profitability while selectively pursuing growth opportunities in new businesses, which have seen their contribution increase significantly to ~44% of revenue (from 37% YoY).
- **Pantaloons:** Adjusting for the shift in Eid to 4QFY25, Pantaloons' LTL growth would have been ~3% (vs. zero reported in 1QFY26). Over the last 12-18 months, the company has closed unprofitable stores and believes the store closures are largely behind. Pantaloons is targeting larger-size ~20-25k sqft stores, with cleaner, bigger, more impactful and contemporary layout in line with the brands' repositioning. Nearly 50% of the stores have been shifted to a new retail identity with improved visual merchandizing and experiential customer engagement. The performance of these stores has improved in line with management's expectations. Pantaloons' profitability has improved to 17-18%, but is diluted by losses from Style Up on reported basis. Management believes there is room for ~300-500bp margin expansion in Pantaloons.
- **Ethnics:** From nearly zero presence in FY20, ABFRL now boasts the most comprehensive ethnic wear portfolio in India with a mix of highly profitable designer-led brands, TCNS (which is in turnaround phase) and Tasva (which is currently in build-out phase). Typically, profitability is higher in 2H, driven by a higher number of weddings. Tasva is expected to achieve a breakeven by FY27, while TCNS has shown improvement after integration. TCNS' reported EBITDA was positive in 1Q, though it was still loss-making on pre-INDAS 116 basis. Designer brands are performing well, and at the portfolio level, management expects ~20%+ margin, though seasonal variations will persist.
- **TMRW Fund Raise:** ABFRL has so far invested ~INR7.7b through equity in TMRW, which has now raised ~INR4.4b by selling ~11% stake to ServiceNow Ventures, implying a valuation of ~INR40b. TMRW plans to raise ~USD100m in the current funding round. The funds are earmarked for accelerating the growth through more branding activities and offline expansions for key brands (which offers more credibility to the brand and improves gross margin by 10% vs. online channel). Management indicated that TMRW's revenue (incl. Wrogn) stood at ~INR10b, with plans to accelerate the revenue run rate to INR14-15b in FY26.
- **Cash and funding:** Gross cash stands at INR20.7b, with ~INR19b at standalone level, partly offset by ~INR7.5b long-term borrowings. There is also some debt on TMRW and ethnic wear subsidiaries (~INR2b). TMRW should become net debt free after the closure of the current equity raise. Management believes liquidity is more than adequate to fund the planned expansions and ongoing cash burn.
- **Style Up:** The Style Up format expanded to 49 stores, delivering robust ~36% YoY growth. SPSF has been in the range of INR20-25 per day in low-performing stores and ~INR35-40 in high-performing stores. The company plans to add ~40 Style Up stores in FY26, with further scale up to 75-100 in FY27. Style Up is profitable at the store level, while there is still some cash burn due to corporate

overheads, which could continue for the next 2-3 years as the company ramps up its team to accelerate the pace of store expansion.

- **TCNS:** After Covid, TCNS struggled to grow organically due to a shift in customer preferences. However, driven by changes in merchandizing, the closure of unprofitable stores/distribution and improved retail execution, TCNS is now delivering strong double-digit LTL growth. April was slightly impacted by the Eid shift, but subsequent months delivered high growth. The focus remains on accelerating this growth trajectory. For TCNS, ~50% of the sales come from retail channel, 15-18% from online and the remaining from departmental formats (incl. Pantaloons). MBOs form a small part of revenue for TCNS. Management expects to commence store expansions for TCNS from 2HFY26, which should deliver growth and pre-INDAS profitability from FY27 onward.
- **Tasva:** Tasva has evolved past the stage of viability of concept and has been delivering healthy LTL growth. Tasva is likely to expand its presence to 90 stores by FY26-end, with focus on reaching ~200 stores in next three years. The focus is on getting the right store location in the key wedding markets, with the aim of achieving the break-even by FY27.
- **Sabyasachi:** Jewelry has been an expanding category for the Sabyasachi brand, contributing to revenue growth and strengthening its luxury positioning. This segment is benefiting from high demand in premium ethnic and bridal wear markets, aligning well with the brand's heritage and aspirational appeal.
- **Ad Spends:** Typically, Pantaloons spends ~1-2.5% of revenue as marketing spends, which could be at a higher end in the near term, driven by significant investments in the new retail identity, improved design, display and aesthetics. However, there is no change in the long-term trajectory.
- **Capex:** The company has budgeted INR3b for regular capex this year, with an additional one-time spend of around INR2b for flagship Galleries Lafayette store, taking the overall capex to INR5b. Investments are directed towards new store rollouts, refurbishments, and capability building.

Exhibit 3: Key Assumptions

| | FY24 | FY25 | FY26E | FY27E | FY28E |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Pantaloons | | | | | |
| Stores | 417 | 405 | 410 | 420 | 435 |
| Net Additions | -14 | -12 | 5 | 10 | 15 |
| Area ('000 sq.ft) | 5,722 | 5,713 | 5,813 | 6,013 | 6,313 |
| Revenue/sq.ft | 7,566 | 7,648 | 7,763 | 7,918 | 8,155 |
| Revenue (INR m) | 43,283 | 43,727 | 44,736 | 46,818 | 50,261 |
| EBITDA (INR m) | 5,610 | 7,410 | 7,514 | 7,981 | 8,693 |
| EBITDA margin (%) | 13.0 | 16.9 | 16.8 | 17.0 | 17.3 |
| Ethnics | | | | | |
| Revenue (INR m) | 13,110 | 19,560 | 23,081 | 26,543 | 29,861 |
| EBITDA (INR m) | 130 | 1,020 | 2,081 | 2,658 | 3,289 |
| EBITDA margin (%) | 1.0 | 5.2 | 9.0 | 10.0 | 11.0 |
| TMRW | | | | | |
| Revenue (INR m) | 4,210 | 6,510 | 8,951 | 12,084 | 15,709 |
| EBITDA (INR m) | -1,720 | -1,840 | -2,261 | -2,690 | -3,026 |
| EBITDA margin (%) | (40.9) | (28.3) | (25.3) | (22.3) | (19.3) |
| Luxury Retail | | | | | |
| Revenue (INR m) | 4,580 | 5,170 | 5,584 | 6,142 | 6,756 |
| EBITDA (INR m) | 1,510 | 1,420 | 2,092 | 2,317 | 2,565 |
| EBITDA margin (%) | 33.0 | 27.5 | 37.5 | 37.7 | 38.0 |

Exhibit 4: Est Changes

| Est Changes | FY26E | FY27E | FY28E |
|---------------------------|--------|--------|---------|
| ABFRL | | | |
| Revenue (INR m) | | | |
| Old | 80,409 | 89,227 | |
| Actual/New | 80,704 | 89,755 | 100,536 |
| Change (%) | 0.4 | 0.6 | |
| EBITDA (INR m) | | | |
| Old | 6,227 | 7,186 | |
| Actual/New | 6,866 | 7,859 | 9,517 |
| Change (%) | 10.3 | 9.4 | |
| EBITDA margin* (%) | | | |
| Old | 7.7 | 8.1 | |
| Actual/New | 8.5 | 8.8 | 9.5 |
| Change (bp) | 76 | 70 | |
| Pantaloon | | | |
| Revenue (INR m) | | | |
| Old | 44,977 | 47,385 | |
| Actual/New | 44,736 | 46,818 | 50,261 |
| Change (%) | -0.5 | -1.2 | |
| EBITDA (INR m) | | | |
| Old | 7,419 | 7,935 | |
| Actual/New | 7,514 | 7,981 | 8,693 |
| Change (%) | 1.3 | 0.6 | |
| EBITDA margin (%) | | | |
| Old | 16.5 | 16.7 | |
| Actual/New | 16.8 | 17.0 | 17.3 |
| Change (bp) | 30 | 30 | |
| Ethnic | | | |
| Revenue (INR m) | | | |
| Old | 22,494 | 25,868 | |
| Actual/New | 23,081 | 26,543 | 29,861 |
| Change (%) | 2.6 | 2.6 | |
| EBITDA (INR m) | | | |
| Old | 1,848 | 2,384 | |
| Actual/New | 2,081 | 2,658 | 3,289 |
| Change (%) | 12.6 | 11.5 | |
| EBITDA margin (%) | | | |
| Old | 8.2 | 9.2 | |
| Actual/New | 9.0 | 10.0 | 11.0 |
| Change (bp) | 80 | 80 | |

Source: MOFSL, Company

Story in charts

Exhibit 5: Revenue grew 9% YoY

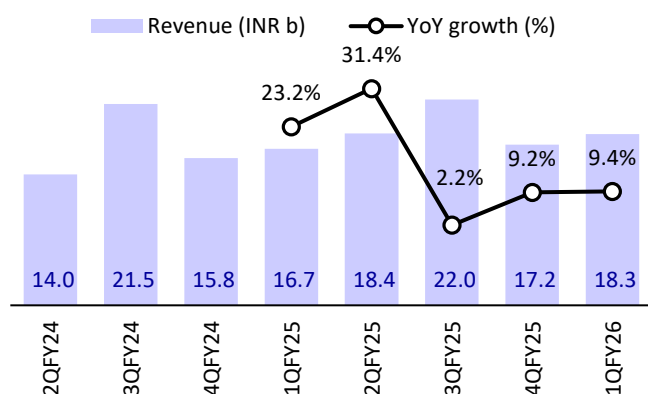


Exhibit 6: EBITDA margins expanded ~75 bp YoY

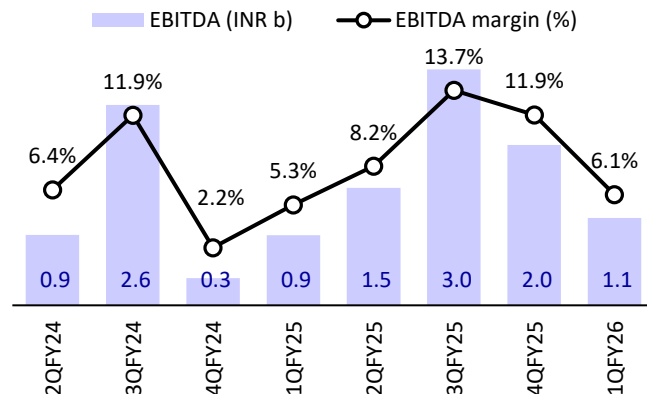


Exhibit 7: Pantaloon's witnessed flattish growth YoY

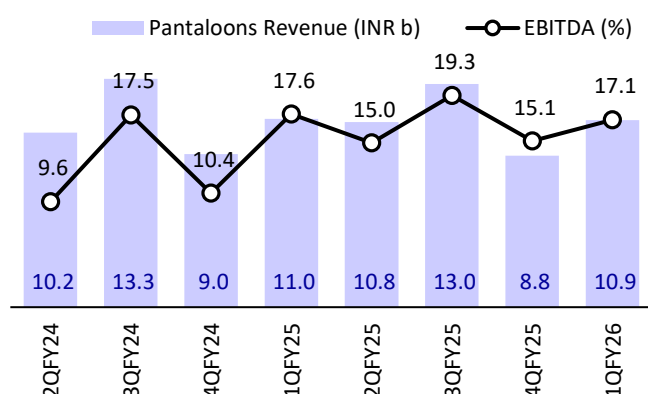


Exhibit 8: Ethnics delivered robust performance

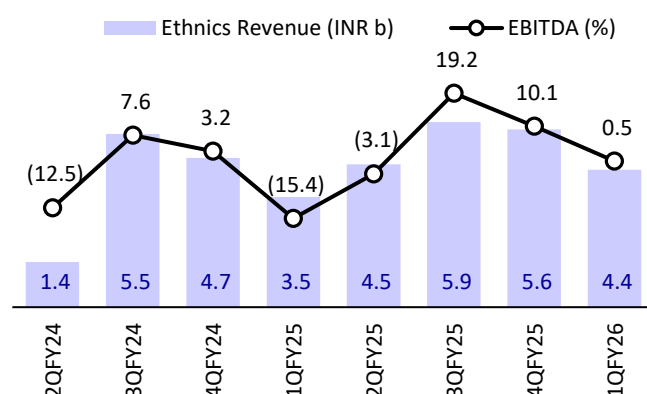
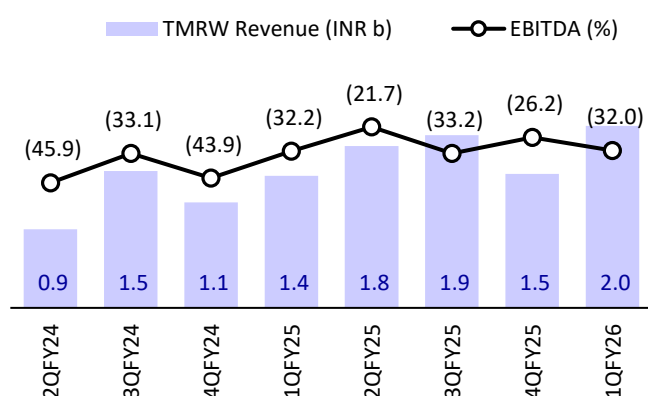
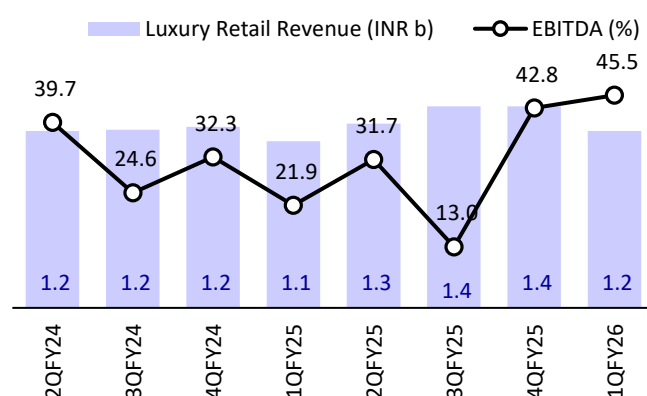


Exhibit 9: TMRW losses further widened YoY



Source: Company, MOFSL

Exhibit 10: Luxury Retail delivered robust EBITDA growth



Source: Company, MOFSL

Exhibit 11: Expect 11% revenue CAGR over FY25-28

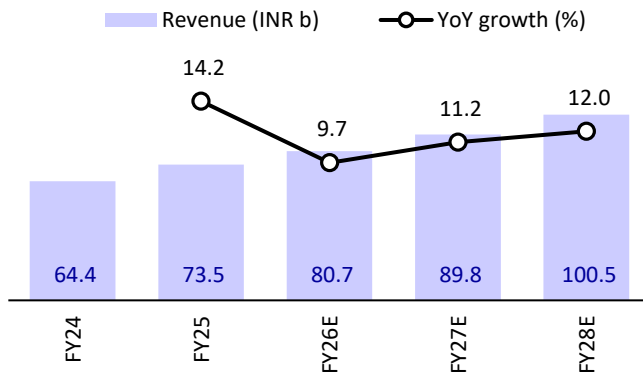


Exhibit 12: Expect ~12% Gross profit CAGR over FY25-28

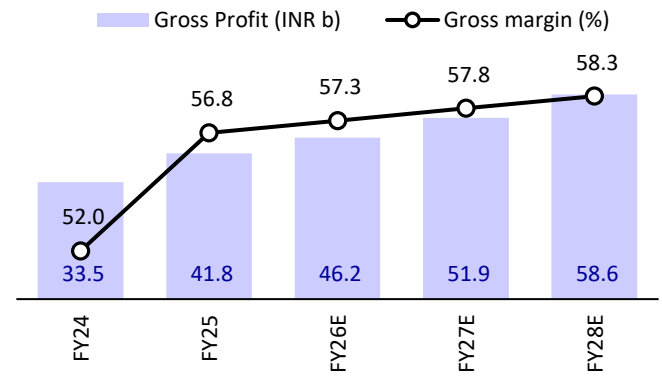


Exhibit 13: Expect ~12% EBITDA CAGR over FY25-28

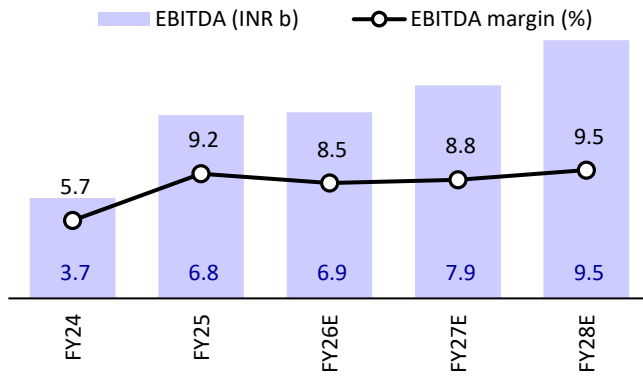
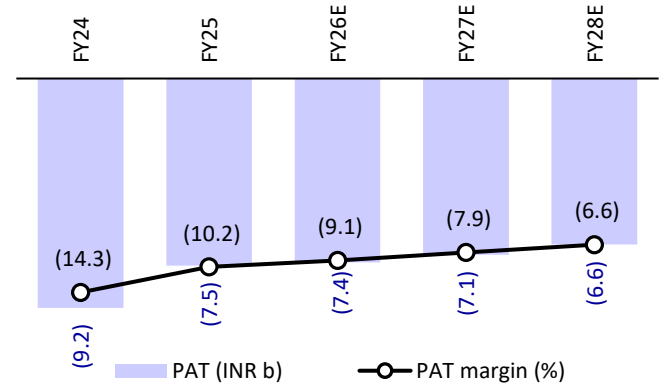


Exhibit 14: Net Loss to narrow over FY25-28E



Financials and valuations

Consolidated - Income Statement

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Total Income from Operations | 52,489 | 81,362 | 124,179 | 64,415 | 73,547 | 80,704 | 89,755 | 100,536 |
| Change (%) | -40.3 | 55.0 | 52.6 | -48.1 | 14.2 | 9.7 | 11.2 | 12.0 |
| Raw Materials | 25,630 | 37,202 | 55,520 | 30,936 | 31,771 | 34,459 | 37,875 | 41,921 |
| Employees Cost | 8,654 | 11,585 | 15,634 | 10,061 | 11,422 | 12,509 | 13,688 | 14,980 |
| Rent | 107 | 3,932 | 8,970 | 2,312 | 2,052 | 2,260 | 2,468 | 2,689 |
| Other Expenses | 12,552 | 17,644 | 29,120 | 17,406 | 21,539 | 24,610 | 27,866 | 31,428 |
| Total Expenditure | 46,942 | 70,363 | 109,243 | 60,715 | 66,783 | 73,838 | 81,896 | 91,019 |
| % of Sales | 89.4 | 86.5 | 88.0 | 94.3 | 90.8 | 91.5 | 91.2 | 90.5 |
| EBITDA | 5,547 | 10,999 | 14,936 | 3,700 | 6,764 | 6,866 | 7,859 | 9,517 |
| Margin (%) | 10.6 | 13.5 | 12.0 | 5.7 | 9.2 | 8.5 | 8.8 | 9.5 |
| Depreciation | 9,628 | 9,970 | 12,270 | 10,169 | 11,664 | 12,941 | 12,960 | 13,311 |
| EBIT | -4,080 | 1,029 | 2,666 | -6,469 | -4,900 | -6,075 | -5,101 | -3,794 |
| Int. and Finance Charges | 5,026 | 3,507 | 4,724 | 5,517 | 5,674 | 6,136 | 6,530 | 6,865 |
| Other Income | 734 | 1,006 | 1,165 | 1,377 | 1,957 | 2,370 | 2,201 | 1,773 |
| PBT bef. EO Exp. | -8,372 | -1,473 | -893 | -10,608 | -8,616 | -9,840 | -9,430 | -8,885 |
| EO Items/Share of Associates | 0 | 0 | 0 | 128 | 1,433 | 0 | 0 | 0 |
| PBT after EO Exp. | -8,372 | -1,473 | -893 | -10,481 | -7,184 | -9,840 | -9,430 | -8,885 |
| Total Tax | -1,015 | -266 | -230 | -1,411 | -942 | -2,477 | -2,374 | -2,236 |
| Tax Rate (%) | 12.1 | 18.0 | 25.7 | 13.5 | 13.1 | 25.2 | 25.2 | 25.2 |
| Reported PAT | -7,357 | -1,207 | -663 | -9,070 | -6,242 | -7,363 | -7,057 | -6,649 |
| Adjusted PAT | -7,357 | -1,207 | -663 | -9,181 | -7,487 | -7,363 | -7,057 | -6,649 |
| Change (%) | 2,136.8 | -83.6 | -45.1 | 1,284.5 | -18.5 | -1.6 | -4.2 | -5.8 |
| Margin (%) | -14.0 | -1.5 | -0.5 | -14.3 | -10.2 | -9.1 | -7.9 | -6.6 |

Consolidated - Balance Sheet

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Equity Share Capital | 9,151 | 9,383 | 9,488 | 10,150 | 12,203 | 12,203 | 12,203 | 12,203 |
| Total Reserves | 17,287 | 18,350 | 23,945 | 30,074 | 55,919 | 48,556 | 41,499 | 34,850 |
| Net Worth | 26,763 | 27,885 | 33,460 | 47,096 | 68,133 | 60,769 | 53,713 | 47,064 |
| Total Loans | 18,384 | 22,080 | 40,594 | 60,336 | 29,747 | 30,367 | 30,577 | 30,654 |
| Lease Liability | 24,634 | 28,681 | 42,678 | 52,462 | 35,782 | 39,144 | 42,018 | 44,475 |
| Deferred Tax Liabilities | -3,339 | -3,805 | -4,085 | 38 | 1,543 | 1,543 | 1,543 | 1,543 |
| Capital Employed | 66,441 | 74,841 | 112,647 | 159,933 | 135,206 | 131,824 | 127,851 | 123,736 |
| Net Fixed Assets | 5,747 | 6,312 | 10,091 | 13,375 | 8,360 | 6,407 | 3,817 | 1,402 |
| Capital WIP | 376 | 1,026 | 1,457 | 1,711 | 1,810 | 1,810 | 1,810 | 1,810 |
| Total Investments | 4,843 | 5,317 | 9,613 | 10,277 | 7,382 | 7,382 | 7,382 | 7,382 |
| Curr. Assets, Loans&Adv. | 39,026 | 53,345 | 71,701 | 87,166 | 60,610 | 61,586 | 60,168 | 59,648 |
| Inventory | 18,470 | 29,296 | 42,144 | 45,053 | 24,544 | 26,533 | 29,509 | 32,502 |
| Account Receivables | 7,305 | 7,564 | 8,864 | 12,828 | 3,734 | 4,201 | 4,426 | 4,958 |
| Cash and Bank Balance | 2,618 | 1,205 | 7,011 | 4,624 | 7,731 | 6,021 | 4,883 | 2,698 |
| Loans and Advances | 10,634 | 15,280 | 13,682 | 24,661 | 24,601 | 24,831 | 21,350 | 19,489 |
| Curr. Liability & Prov. | 31,934 | 45,420 | 53,685 | 57,971 | 28,735 | 35,151 | 38,747 | 43,030 |
| Account Payables | 23,734 | 34,106 | 38,461 | 41,313 | 23,233 | 25,427 | 28,279 | 31,676 |
| Other Current Liabilities | 8,200 | 11,314 | 15,224 | 16,658 | 5,502 | 9,724 | 10,468 | 11,354 |
| Provisions | | | | | | | | |
| Net Current Assets | 7,092 | 7,925 | 18,016 | 29,195 | 31,875 | 26,434 | 21,421 | 16,618 |
| Appl. of Funds | 66,441 | 74,841 | 112,643 | 159,933 | 135,205 | 131,824 | 127,850 | 123,736 |

Financials and valuations

Ratios

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | -6.0 | -1.0 | -0.5 | -7.5 | -6.1 | -6.0 | -5.8 | -5.4 |
| Cash EPS | 2.5 | 9.3 | 12.2 | 1.0 | 4.1 | 5.5 | 5.8 | 6.6 |
| BV/Share | 29.2 | 29.7 | 35.3 | 46.4 | 67.1 | 59.9 | 52.9 | 46.4 |
| Valuation (x) | | | | | | | | |
| P/E | -12.4 | -75.8 | -138.0 | -10.0 | -12.2 | -12.4 | -13.0 | -13.8 |
| Cash P/E | 30.2 | 8.0 | 6.1 | 77.0 | 18.2 | 13.7 | 12.9 | 11.4 |
| P/BV | 2.6 | 2.5 | 2.1 | 1.6 | 1.1 | 1.3 | 1.4 | 1.6 |
| EV/Sales | 1.6 | 1.1 | 0.8 | 2.0 | 1.5 | 1.4 | 1.3 | 1.2 |
| EV/EBITDA | 15.2 | 8.3 | 7.0 | 35.6 | 16.8 | 16.9 | 14.9 | 12.6 |
| FCF per share | 9.8 | 6.7 | -2.2 | -10.0 | 6.4 | 6.9 | 8.3 | 8.5 |
| Return Ratios (%) | | | | | | | | |
| RoE | -39.1 | -4.4 | -2.2 | -22.8 | -13.0 | -11.4 | -12.3 | -13.2 |
| RoCE | -5.3 | 2.9 | 4.1 | -3.7 | -2.0 | -2.8 | -2.2 | -1.6 |
| RoIC | -7.3 | 1.6 | 3.3 | -5.4 | -3.7 | -5.2 | -4.4 | -3.4 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 2.4 | 3.5 | 6.1 | 2.3 | 2.5 | 2.3 | 2.3 | 2.4 |
| Asset Turnover (x) | 0.8 | 1.1 | 1.1 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 |
| Inventory (Days) | 128 | 131 | 124 | 255 | 122 | 120 | 120 | 118 |
| Debtor (Days) | 51 | 34 | 26 | 73 | 19 | 19 | 18 | 18 |
| Creditor (Days) | 165 | 153 | 113 | 234 | 115 | 115 | 115 | 115 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.2 | 1.2 | 1.3 | 1.5 | 2.1 | 1.8 | 1.6 | 1.4 |
| Interest Cover Ratio | -0.8 | 0.3 | 0.6 | -1.2 | -0.9 | -1.0 | -0.8 | -0.6 |
| Net Debt/Equity | 0.4 | 0.6 | 0.7 | 1.0 | 0.2 | 0.3 | 0.3 | 0.4 |

Consolidated - Cash Flow

(INR m)

| Y/E March | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| OP/(Loss) before Tax | -8,375 | -1,449 | -842 | -8,289 | -4,874 | -9,840 | -9,430 | -8,885 |
| Depreciation | 9,628 | 9,970 | 12,270 | 16,552 | 18,074 | 12,941 | 12,960 | 13,311 |
| Interest & Finance Charges | 4,980 | 3,390 | 4,622 | 8,504 | 9,325 | 3,766 | 4,329 | 5,092 |
| Direct Taxes Paid | -28 | -164 | 25 | -431 | -359 | 2,477 | 2,374 | 2,236 |
| (Inc)/Dec in WC | 8,528 | 241 | -9,118 | -1,673 | -2,781 | 4,065 | -110 | -371 |
| CF from Operations | 14,731 | 11,988 | 6,956 | 14,664 | 19,385 | 13,408 | 10,122 | 11,383 |
| Others | -3,693 | -2,483 | -594 | -1,250 | -2,947 | - | - | - |
| CF from Operating incl EO | 11,038 | 9,505 | 6,362 | 13,414 | 16,439 | 13,408 | 10,122 | 11,383 |
| (Inc)/Dec in FA | -2,101 | -3,185 | -8,465 | -23,565 | -8,682 | -5,000 | -14 | -1,011 |
| Lease Payments | 0 | 0 | -8,910 | -14,289 | -16,151 | -11,903 | -12,777 | -13,525 |
| Free Cash Flow | 8,937 | 6,321 | -2,103 | -10,151 | 7,757 | 8,408 | 10,108 | 10,372 |
| (Pur)/Sale of Investments | -6,475 | -2,422 | 4,490 | -6,615 | -7,590 | 0 | 0 | 0 |
| Others | 24 | 92 | 102 | 263 | 155 | 2,370 | 2,201 | 1,773 |
| CF from Investments | -8,552 | -5,515 | -12,782 | -44,206 | -32,268 | -14,533 | -10,591 | -12,762 |
| Issue of Shares | 22,388 | 2,476 | 7,728 | 14,360 | 41,900 | 0 | 0 | 0 |
| Inc/(Dec) in Debt | -16,547 | 960 | 9,763 | 17,873 | -18,158 | 287 | 210 | 77 |
| Interest Paid | -4,759 | -3,097 | -5,327 | -3,828 | -4,254 | -871 | -879 | -883 |
| Dividend Paid | | | | | | | | |
| Others | -3,774 | -5,609 | 0 | 0 | | 0 | 0 | 0 |
| CF from Fin. Activity | -2,692 | -5,270 | 12,165 | 28,405 | 19,488 | -584 | -669 | -806 |
| Inc/Dec of Cash | -206 | -1,279 | 5,745 | -2,387 | 3,659 | -1,710 | -1,138 | -2,185 |
| Opening Balance | 2,217 | 2,011 | 732 | 7,011 | 4,072 | 7,731 | 6,021 | 4,883 |
| Closing Balance | 2,011 | 732 | 6,477 | 4,624 | 7,730 | 6,021 | 4,883 | 2,698 |

*- FY25-27E financials are for ABFRL (demerged) and not strictly comparable with FY20-24 financials

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|----------------------------------|--|
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| 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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