

# Aditya Birla Fashion and Retail

Estimate changes	
TP change	
Rating change	

Bloomberg	ABFRL IN
Equity Shares (m)	1220
M.Cap.(INRb)/(USDb)	84.7 / 0.9
52-Week Range (INR)	108 / 60
1, 6, 12 Rel. Per (%)	-9/-15/-41
12M Avg Val (INR M)	828

## Financials & Valuations (INR b)

INRb	FY26E	FY27E	FY28E
Sales	80.7	94.0	105.5
EBITDA	6.6	8.5	11.2
Adj. PAT	(8.5)	(8.0)	(7.5)
EBITDA Margin (%)	8.2	9.0	10.6
Adj. EPS (INR)	(6.9)	(6.5)	(6.1)
BV/Sh. (INR)	58.6	50.7	43.4
<b>Ratios</b>			
Net D:E	0.3	0.3	0.3
RoE (%)	(13.3)	(14.3)	(15.6)
RoCE (%)	(3.5)	(3.8)	(3.3)
<b>Valuations</b>			
P/E (x)	(9.9)	(10.6)	(11.3)
EV/EBITDA (x)	16.5	13.3	10.0
EV/Sales (x)	1.4	1.2	1.1

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	52.0	51.9	55.5
DII	14.5	14.8	16.9
FII	20.4	20.0	14.7
Others	13.1	13.4	13.0

FII includes depository receipts

**CMP: INR69**

**TP: INR75 (+9%)**

**Neutral**

## Strong performance of Ethnics offset by weak Pantaloons

- Aditya Birla Fashion and Retail (ABFRL)'s 3QFY26 performance was a mixed bag. Ethnic & luxury retail delivered strong results, which were offset by the adverse impact of festive calendar shifts in Pantaloons.
- Pantaloons' revenue dipped ~2% YoY, and margin contracted ~105bp YoY to 18.3% due to operating deleverage from the festive shift and OWND losses.
- Ethnic portfolio revenue grew 20% YoY, despite a muted category environment, with margins expanding ~355bp YoY. This was led by a strong showing from designer brands and a sharp reduction in TCNS losses (profitability up ~500bp YoY, breakeven targeted in FY27).
- TMRW revenue grew 27% YoY, with losses peaking at ~INR570m. Ex-TMRW, ABFRL achieved EBITDA breakeven on a pre-Ind AS basis.
- Luxury Retail revenue grew 27% YoY, driven by the strong performance of The Collective & Mono Brands. ABFRL opened its first flagship store for Galeries Lafayette in Mumbai.
- Revenue growth recovery and steady margin expansion in Pantaloons with the refreshed brand identity, along with loss reduction in TCNS and scale-up of TASVA/OWND, remain key long-term triggers for ABFRL. However, higher investments in scaling up TASVA/OWND/TMRW could drag the near-term profitability.
- We raise our FY26-27E EBITDA by 5-7%, driven by higher margins in Ethnics (strong designer brand profitability and TCNS nearing breakeven) and peaking losses in TMRW.
- We build in a CAGR of 13%/18% in revenue/EBITDA over FY25-28E; however, we expect ABFRL to remain in losses over FY25-28E.
- We value ABFRL on an SOTP basis. We assign an EV/EBITDA multiple of 8x to Pantaloons (inc. OWND!) and 13x to the designer-led ethnic portfolio. We ascribe EV/sales multiples of 1x/0.9x/1.5x to ABFRL's attributable stake in the premium ethnic/TMRW/Luxury Retail portfolio to arrive at our **revised TP of INR75**. Reiterate **Neutral**.

## 3QFY26 – a mixed bag

- Revenue **grew 8% YoY** to INR23.8b (**in line**), driven by strong growth in Ethnic (up 11% YoY), Luxury retail (+13% YoY), and TMRW (up 27% YoY).
- Pantaloons' revenue declined 2% YoY, owing to a shift in festive and EoSS, while OWND revenue rose 54% YoY (43% in 2Q).
- Ethnic revenue grew 20% YoY with strong performance across brands; TMRW grew 29%, and Luxury/others grew 27% YoY.
- Gross profit grew 12% YoY to INR14b (4% ahead) as **gross margin expanded ~200bp YoY** to 58.8% (~180bp beat) on account of a voluntary shift in EOSS to 4Q and higher contribution from Ethnics and Luxury Retail.

- Rentals (up 15% YoY) and other expenses (up 19% YoY) continue to grow ahead of revenues (up 8% YoY).
- EBITDA at ~INR3.1b (**22% ahead**) inched up **2% YoY**. EBITDA margin contracted ~70bp YoY to 13% (though better than our est. of 10.7%).
- Pantaloons' EBITDA margin declined ~105bp YoY to ~18.3%, due to operating deleverage from the festive shift and OWND losses.
- Ethnics' profitability improved ~355bp YoY to 22.8%, driven by improvement in TCNS profitability and strong performance from the designer-led brands.
- TMRW's operating losses declined 8% YoY to INR570m with ~960bp improvement in margins. Management indicated that TMRW losses have now peaked.
- Other segments (including Luxury retail) saw a sharp improvement in profitability, despite the launch of the Galeries Lafayette store.
- Adjusted losses after tax rose ~14% YoY to ~INR1.16b (vs. our est. INR1.06b) as higher EBITDA and other income (+95% YoY) were offset by an increase in depreciation (up 18% YoY).

### Key highlights from the earnings call

- **Pantaloons** delivered ~3% LFL growth after adjusting for a festive shift and deferral of EOSS to 4Q. Sell-through rates improved materially following merchandising resets, with women's western wear and non-apparel outperforming. Management believes the store rationalization is now complete and plans to add larger-sized ~20 stores annually and is targeting mid-to-high single-digit LTL with double-digit revenue growth.
- **Profitability:** Ex TMRW, the core business is EBITDA breakeven to marginally positive for 9M on a pre-Ind AS basis. TCNS losses have reduced sharply and were close to break-even in 3Q. With TCNS likely breaking even in FY27 and newer businesses maturing, profitability is expected to inflect, with pre-Ind AS profits targeted from FY27E.
- **Liquidity:** Standalone gross cash was ~INR16b (vs. ~INR21b in FY25), with most of the cash burn occurring in 1H and no cash burn in 3Q. Standalone long-term debt is ~INR8b, largely via debentures. After adjusting for subsidiary-level cash and borrowings, net cash is ~INR6b, providing adequate liquidity and balance-sheet flexibility.

### 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.
- Revenue growth recovery and steady margin expansion in Pantaloons with the refreshed brand identity, along with loss reduction in TCNS and scale-up of TASVA/OWND, remain key long-term triggers for ABFRL. However, higher investments in scaling up TASVA/OWND/TMRW could drag the near-term profitability.
- We raise our FY26-27E EBITDA by 5-7%, driven by higher margins in Ethnics (strong designer brand profitability and TCNS nearing break-even) and peaking losses in TMRW.
- We build in a CAGR of 13%/18% in revenue/EBITDA over FY25-28E; however, we expect ABFRL to remain in losses over FY25-28E.

■ We value ABFRL on an SOTP basis. We assign an EV/EBITDA multiple of 8x to Pantaloons (inc. OWND!) and 13x to the designer-led ethnic portfolio. We ascribe EV/sales multiples of 1x/0.9x/1.5x to ABFRL's attributable stake in the premium ethnic/TMRW/Luxury Retail portfolio to arrive at our **revised TP of INR75 (earlier INR80). Reiterate Neutral.**

## Consolidated - Quarterly Earnings Summary

Y/E March	(INR m)											
	FY25		FY26E				FY25	FY26E	FY26	Est		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE	Var (%)		
<b>Revenue</b>	<b>16,742</b>	<b>17,605</b>	<b>22,005</b>	<b>17,195</b>	<b>18,315</b>	<b>19,817</b>	<b>23,737</b>	<b>18,828</b>	<b>73,547</b>	<b>80,696</b>	<b>23,486</b>	<b>1.1</b>
YoY Change (%)				9.2	9.4	12.6	7.9	9.5	14.2	9.7		
Total Expenditure	15,847	16,802	18,989	15,146	17,198	19,129	20,649	17,099	66,783	74,074	20,964	-1.5
<b>EBITDA</b>	<b>896</b>	<b>803</b>	<b>3,017</b>	<b>2,049</b>	<b>1,117</b>	<b>688</b>	<b>3,087</b>	<b>1,730</b>	<b>6,764</b>	<b>6,622</b>	<b>2,522</b>	<b>22.4</b>
Change, YoY (%)				486.6	24.7	-14.3	2.3	-15.6	82.8	-2.1		
Depreciation	2,736	2,862	2,964	3,016	3,156	3,252	3,495	3,661	11,664	13,564	3,284	
Interest	1,321	1,412	1,507	1,434	1,134	1,242	1,325	1,215	5,674	4,915	1,235	
Other Income	337	312	349	959	635	545	680	507	1,957	2,367	657	
<b>PBT before EO expense</b>	<b>-2,824</b>	<b>-3,159</b>	<b>-1,105</b>	<b>-1,442</b>	<b>-2,538</b>	<b>-3,260</b>	<b>-1,053</b>	<b>-2,639</b>	<b>-8,616</b>	<b>-9,490</b>	<b>-1,340</b>	<b>21.5</b>
Extra-Ord expense	0	1,612	0	0	0	0	-285	0	1,612	-285	0	
Share in JV	-3	-32	-89	-54	-58	-70	-71	-51	-179	-250	-60	
<b>PBT</b>	<b>-2,827</b>	<b>-1,580</b>	<b>-1,194</b>	<b>-1,496</b>	<b>-2,595</b>	<b>-3,331</b>	<b>-1,409</b>	<b>-2,691</b>	<b>-7,184</b>	<b>-10,025</b>	<b>-1,400</b>	<b>-0.6</b>
Tax	-449	-418	-167	113	-258	-380	-36	-665	-942	-1,338	-338	
Rate (%)	15.9	26.4	14.0	-7.6	9.9	11.4	2.5	24.7	13.1	13.3	24.1	
<b>Reported PAT</b>	<b>-2,379</b>	<b>-1,162</b>	<b>-1,027</b>	<b>-1,609</b>	<b>-2,337</b>	<b>-2,951</b>	<b>-1,373</b>	<b>-2,025</b>	<b>-6,242</b>	<b>-8,687</b>	<b>-1,063</b>	<b>-29.2</b>
<b>Adj PAT</b>	<b>-2,379</b>	<b>-2,774</b>	<b>-1,027</b>	<b>-1,609</b>	<b>-2,337</b>	<b>-2,951</b>	<b>-1,160</b>	<b>-2,025</b>	<b>-7,853</b>	<b>-8,473</b>	<b>-1,063</b>	<b>-9.2</b>
YoY Change (%)					-1.7	6.4	13.0	25.9	-14.6	7.9		

E: MOFSL Estimates

## Exhibit 1: Valuation – We ascribe a TP of INR75/share to ABFRL

Dec'27	Revenue (INR b)	EBITDA (INR b)	EV/sales (x)	EV/EBITDA (x)	Valuation (INR b)	INR/share
<b>Pantaloons and OWND!</b>		<b>8.2</b>	-	<b>8.0</b>	<b>66</b>	<b>54</b>
<b>Ethnics</b>		<b>5.0</b>		<b>8.3</b>	<b>41</b>	<b>34</b>
Designer (attributable)		4.2	-	13.0	28	23
Premium (attributable)	14.7	-	1.0	-	14	11
<b>TMRW (attributable)</b>	<b>16.5</b>	-	<b>0.9</b>	-	<b>14</b>	<b>12</b>
<b>Luxury</b>	<b>9.3</b>	-	<b>1.5</b>	-	<b>14</b>	<b>11</b>
<b>EV (INR b)</b>					<b>135</b>	<b>111</b>
Net debt / (cash)					44	36
<b>Equity Value</b>					<b>91</b>	<b>75</b>
No. of shares (in m)					1,220	
<b>Target Price (INR)</b>					<b>75</b>	

## Segment-wise results summary

### Pantaloons and OWND!

- Revenue declined 2% YoY (2% higher than est.) due to a shift in Pujo and a voluntary shift in EOSS to 4Q. Adjusted for the festive shift, LFL stood at 3%.
- Pantaloons store count increased to 406 (though lower vs. 417 YoY; six opened and three closed QoQ), with area rising ~2% YoY.
- OWND! revenue grew 54% YoY (vs. 43% YoY in 2Q), led by store additions (eight net stores added during 3Q), bringing the total count to 67 stores (up 72% YoY).
- EBITDA at INR2.3b (7% above) declined ~8% YoY with margins contracting ~105bp YoY to 18.3%, due to OWND losses and operating deleverage.

### Ethnic

- Revenue grew 20% YoY (in line), led by strong wedding demand.
- Sabyasachi posted its first-ever quarter of INR2b+ revenue, with 44% YoY growth.
- Masaba's sales grew 19% YoY, with the beauty brand Love Child reaching ~100 touch points and 22 exclusive stores.
- Tarun Tahiliani's revenue grew ~14% YoY with strong double-digit profitability.
- Shantnu Nikhil's revenue grew 18% YoY, strengthening womenswear across occasions.
- Tasva revenue grew 26% YoY, led mostly by store additions (up 26% YoY to 85) as YTD LTL stood at 20% (vs. 38% LTL in 1H). LTL for 3Q stood at ~8%.
- The TCNS portfolio continued to post a strong LFL growth of 8%/10% in 3Q/9M, with margins improving ~500bp. However, revenue remained flat YoY due to store network rationalization over the last few quarters.
- Jaypore posted 35%, led by store additions & LTL.
- The segment's profitability improved, driven by improved profitability in TCNS and designer-led brands. EBITDA stood at INR1.6b (up 42% YoY) and came in 15% ahead of our estimates.

### TMRW

- Revenue grew 29% YoY to ~INR2.4b (inline), with ARR including Wrogn at INR11b (vs. 10.5b in 2Q).
- Operating losses also narrowed to INR570m (vs. INR620 in 2Q26/3Q25), better than our est. of ~INR640m loss.
- As per management, losses have now peaked in TMRW.
- TMRW added 15 new stores in 3Q and is now available at 90+ EBOs (incl. Wrogn).

### Others (Luxury Retail)

- Luxury Retail (TCMB) reported 16% YoY revenue growth, driven by strong LTL and continued network expansion.
- Added 3/8 stores in 3Q/9MFY26, taking the total count to 49 stores.
- ABFRL also opened the flagship Galeries Lafayette store in Mumbai.
- Profitability improved in 3Q, led by improved walk-ins and higher basket value. EBITDA at INR490m grew by 2.7x YoY, with margin expanding to 28% in 3QFY26 (vs. 13% in 3QFY25, our est. of 10%).

**Exhibit 2: Consolidated performance**

ABFRL (INR m)	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	vs. est
<b>Revenue</b>	<b>22,005</b>	<b>19,817</b>	<b>23,737</b>	<b>7.9</b>	<b>19.8</b>	<b>23,486</b>	<b>1.1</b>
Raw Material cost	9,502	8,347	9,778	2.9	17.1	10,099	-3.2
<b>Gross Profit</b>	<b>12,504</b>	<b>11,470</b>	<b>13,959</b>	<b>11.6</b>	<b>21.7</b>	<b>13,387</b>	<b>4.3</b>
<b>Gross margin (%)</b>	<b>56.8</b>	<b>57.9</b>	<b>58.8</b>	<b>199bp</b>	<b>93bp</b>	<b>57.0</b>	<b>181bp</b>
Employee Costs	3,179	3,305	3,417	7.5	3.4	3,382	1.0
Rent	604	620	692	14.5	11.5	646	7.1
SGA Expenses	5,704	6,857	6,763	18.6	-1.4	6,837	-1.1
<b>Total</b>	<b>9,487</b>	<b>10,782</b>	<b>10,872</b>	<b>14.6</b>	<b>0.8</b>	<b>10,865</b>	<b>0.1</b>
<b>EBITDA</b>	<b>3,017</b>	<b>688</b>	<b>3,087</b>	<b>2.3</b>	<b>348.7</b>	<b>2,522</b>	<b>22.4</b>
<b>EBITDA margin (%)</b>	<b>13.7</b>	<b>3.5</b>	<b>13.0</b>	<b>-70bp</b>	<b>953bp</b>	<b>10.7</b>	<b>227bp</b>
Depreciation and amortization	2,964	3,252	3,495	17.9	7.5	3,284	6.4
EBIT	53	-2,564	-408	-872.5	-84.1	-762	-46.5
<b>EBIT margin (%)</b>	<b>0.2</b>	<b>-12.9</b>	<b>-1.7</b>	<b>-196bp</b>	<b>1122bp</b>	<b>-3.2</b>	<b>153bp</b>
Finance Costs	1,507	1,242	1,325	-12.1	6.6	1,235	7.3
Other income	349	545	680	94.6	24.6	657	3.5
Exceptional item	0	-	(285)			-	
<b>Profit before Tax</b>	<b>-1,105</b>	<b>-3,260</b>	<b>-1,338</b>	<b>21.1</b>	<b>-59.0</b>	<b>-1,340</b>	<b>-0.2</b>
Tax	-178	-380	-36	-80.1		-338	-89.5
<b>Tax rate (%)</b>	<b>16.1</b>	<b>11.6</b>	<b>2.7</b>			<b>25.2</b>	
Share in JV	-89.4	-70.3	-71.0			-60.0	
<b>Profit after Tax</b>	<b>-1,016</b>	<b>-2,951</b>	<b>-1,373</b>	<b>35.2</b>	<b>-53.5</b>	<b>-1,063</b>	<b>29.2</b>
<b>Adj Profit after Tax</b>	<b>-1,027</b>	<b>-2,951</b>	<b>-1,160</b>	<b>13.0</b>	<b>-60.7</b>	<b>-1,063</b>	<b>9.2</b>

**Exhibit 3: Segment-wise performance**

Segments	3QFY25	2QFY26	3QFY26	YoY%	QoQ%	3QFY26E	vs. est
<b>Pantaloons</b>							
Revenue	<b>13,045</b>	<b>11,417</b>	<b>12,764</b>	<b>-2.2</b>	<b>11.8</b>	<b>12,528</b>	<b>1.9</b>
EBITDA	2,520	1,570	2,330	-7.5	48.4	2,169	7.4
% Margin	19.3	13.8	18.3	-106bp	450bp	17.3	94bp
<b>Ethnic</b>							
Revenue	<b>5,880</b>	<b>5,050</b>	<b>7,030</b>	<b>19.6</b>	<b>39.2</b>	<b>7,115</b>	<b>-1.2</b>
EBITDA	1,130	-10	1,600	41.6	-16100.0	1,387	15.3
% Margin	19.2	-0.2	22.8	354bp	2296bp	19.5	326bp
<b>TMRW</b>							
Revenue	<b>1,870</b>	<b>2,220</b>	<b>2,420</b>	<b>29.4</b>	<b>9.0</b>	<b>2,338</b>	<b>3.5</b>
EBITDA	-620	-620	-570	-8.1	-8.1	-643	-11.3
% Margin	-33.2	-27.9	-23.6	960bp	437bp	-27.5	395bp
<b>Others (Luxury Retail)</b>							
Revenue	<b>1,380</b>	<b>1,430</b>	<b>1,750</b>	<b>26.8</b>	<b>22.4</b>	<b>1,656</b>	<b>5.7</b>
EBITDA	180	350	490	172.2	40.0	166	195.9
% Margin	13.0	24.5	28.0	1496bp	352bp	10.0	1800bp

Source: MOFSL, Company



## Detailed takeaways from the earnings call

- **Pantaloons** delivered ~3% LFL growth after adjusting for a festive shift and deferral of EOSS to 4Q. Sell-through rates improved materially following merchandising resets, with women's western wear and non-apparel outperforming. Performance of stores with refreshed identity is tracking ahead of legacy stores, while initial marketing traction indicates a younger customer mix and improving conversions. Delayed EoSS reflects management's confidence in the quality of merchandize and expects to make up for the weaker 3Q in the coming quarter.
- **Guidance:** Store rationalization is largely complete, with closures focused on underperforming and small-format stores misaligned with the refreshed proposition. Management expects to add ~20 Pantaloons stores annually, prioritizing larger formats of 18,000–30,000+ sq. ft. in high-potential markets. Management is targeting high to mid-single-digit LTL and double-digit revenue growth in Pantaloons.
- **Premiumization:** ASP increased ~2-3%, driven by improved assortment and mix, without broad-based price hikes. Basket size uplift remains modest but is expected to improve as non-apparel penetration deepens.
- **Loyalty** continues to anchor demand stability. Green-card members contribute over 70% of revenues, underpinning repeat purchases and predictable traffic. The top-tier Insignia cohort, though small in absolute numbers, delivers disproportionate revenue contribution.
- **OWND** has been structurally refined over the past 2-3 years, with sharper fashion aesthetics and youth-centric positioning. Recent discounting aligned with normal EOSS and was not inventory-led. Inventory remains healthy, with most new merchandise correctly tagged. Management targets to open 40-50 stores in FY27, with profitability targeted by FY29.
- **Competition:** Pantaloons' repositioning has shifted it away from intense price-led competition into a relatively less crowded premium mid-market, lowering direct price war exposure. In contrast, OWND operates in a highly competitive value-fashion segment with multiple scaled incumbents and new entrants, requiring tight execution on differentiation, inventory control, and cost discipline to defend margins.
- **Liquidity:** Standalone gross cash stands at ~INR16b (vs. ~INR21b in FY25), with most cash burn in 1HFY26 and no cash burn in 3Q. Standalone long-term debt is ~INR8b, largely via debentures. After adjusting for subsidiary-level cash and borrowings, net cash is ~INR6b, providing adequate liquidity and balance-sheet flexibility.
- **Profitability:** Ex TMRW, the core business is EBITDA breakeven to marginally positive for 9M on a pre-Ind AS basis. Management expects TCNS to start delivering profits in FY27 and as newer businesses mature, profitability is expected to inflect, with pre-Ind AS profits targeted from FY27E.
- **TCNS** reported flat revenue due to ~50 store closures, with the network streamlined from ~650 to ~480 stores. On this leaner base, LTL growth was 8% for 3Q and ~10% YTD. Pre-Ind AS margins expanded ~500 bp, and losses declined over 50%, supporting expansion resumption from 4Q with 50-60 stores planned next year.

- **Designer-led brands:** These brands grew in healthy double digits YoY, with strong profitability. The strong performance was despite a subdued wedding calendar and a shift in the festive period.
- **Tasva:** Tasva continues in a high-growth phase, delivering ~20% LTL growth over nine months (though lower ~8% LTL in 3Q).
- **Galeries Lafayette (GL)** The launch incurred ~INR200–250m in P&L investments for ~90k sqft store. The capex in fixed assets stood at ~INR1.3b, with inventory of ~INR0.7b, taking total capital employed to ~INR2b. The store operates a mixed model across categories, with ~70% of ~250 brands new to India. Management expects GL to reach ~INR1-2.5b revenue over the next two years with steady-state store-level margins of ~15–20% as the proposition matures with the introduction of unique brands and F&B offerings.
- **TMRW:** ~30% growth was entirely organic, with brands such as Bewakoof and Nobero delivering strong growth. The online channel currently accounts for ~95% of the revenue for TMRW. With scaling of offline presence, the online salience is likely to reduce to ~85%, but TMRW brands will remain digital first.

**Exhibit 4: Key assumptions for ABFRL**

Key Assumptions	FY24	FY25	FY26E	FY27E	FY28E
<b>Pantaloons and OWND!</b>					
Pantaloons stores	<b>417</b>	<b>405</b>	<b>410</b>	<b>417</b>	<b>425</b>
Net Additions	-14	-12	5	7	8
Area ('000 sq.ft)	5,722	5,713	5,838	5,961	6,101
<b>Revenue/sq.ft</b>	<b>7,566</b>	<b>7,648</b>	<b>7,660</b>	<b>7,949</b>	<b>8,271</b>
<b>Revenue (INR m)</b>	<b>43,283</b>	<b>43,727</b>	<b>44,240</b>	<b>46,893</b>	<b>49,881</b>
EBITDA (INR m)	5,610	7,410	7,196	7,686	8,232
<b>EBITDA margin (%)</b>	<b>13.0</b>	<b>16.9</b>	<b>16.3</b>	<b>16.4</b>	<b>16.5</b>
<b>Ethnics</b>					
<b>Revenue (INR m)</b>	<b>13,110</b>	<b>19,560</b>	<b>22,672</b>	<b>26,587</b>	<b>30,610</b>
EBITDA (INR m)	130	1,020	2,289	3,864	4,989
<b>EBITDA margin (%)</b>	<b>1.0</b>	<b>5.2</b>	<b>10.1</b>	<b>14.5</b>	<b>16.3</b>
<b>TMRW</b>					
<b>Revenue (INR m)</b>	<b>4,210</b>	<b>6,510</b>	<b>8,380</b>	<b>13,572</b>	<b>16,535</b>
EBITDA (INR m)	-1,720	-1,840	-2,263	-3,597	-3,753
<b>EBITDA margin (%)</b>	<b>(40.9)</b>	<b>(28.3)</b>	<b>(27.0)</b>	<b>(26.5)</b>	<b>(22.7)</b>
<b>Luxury Retail</b>					
<b>Revenue (INR m)</b>	<b>4,580</b>	<b>5,170</b>	<b>6,204</b>	<b>7,755</b>	<b>9,306</b>
EBITDA (INR m)	1,510	1,420	2,016	2,171	2,699
<b>EBITDA margin (%)</b>	<b>33.0</b>	<b>27.5</b>	<b>32.5</b>	<b>28.0</b>	<b>29.0</b>

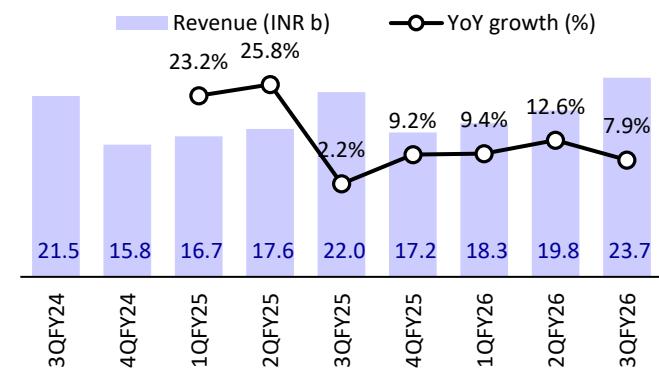
Source: MOFSL, Company

**Exhibit 5: Key assumptions for ABFRL**

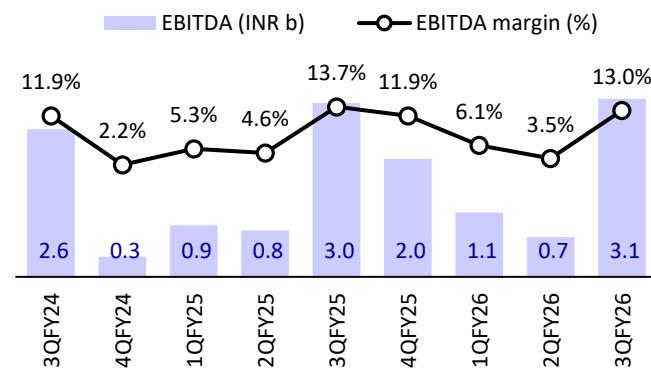
<b>Est Changes</b>			
<b>ABFRL</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Revenue (INR m)</b>			
Old	80,402	94,155	106,235
Actual/New	80,696	94,006	105,532
<i>Change (%)</i>	0.4	-0.2	-0.7
<b>EBITDA (INR m)</b>			
Old	6,333	7,864	11,026
Actual/New	6,622	8,464	11,206
<i>Change (%)</i>	4.6	7.6	1.6
<b>EBITDA margin (%)</b>			
Old	7.9	8.4	10.4
Actual/New	8.2	9.0	10.6
<i>Change (bp)</i>	33	65	24
<b>Pantaloons and OWND!</b>			
<b>Revenue (INR m)</b>			
Old	44,135	47,605	51,925
Actual/New	44,240	46,893	49,881
<i>Change (%)</i>	0.2	-1.5	-3.9
<b>EBITDA (INR m)</b>			
Old	6,985	7,506	8,349
Actual/New	7,196	7,686	8,232
<i>Change (%)</i>	3.0	2.4	-1.4
<b>EBITDA margin (%)</b>			
Old	15.8	15.8	16.1
Actual/New	16.3	16.4	16.5
<i>Change (bp)</i>	44	62	42
<b>Ethnics</b>			
<b>Revenue (INR m)</b>			
Old	22,856	26,826	30,613
Actual/New	22,672	26,587	30,610
<i>Change (%)</i>	-0.8	-0.9	0.0
<b>EBITDA (INR m)</b>			
Old	2,053	3,008	4,047
Actual/New	2,289	3,864	4,989
<i>Change (%)</i>	11.5	28.5	23.3
<b>EBITDA margin (%)</b>			
Old	9.0	11.2	13.2
Actual/New	10.1	14.5	16.3
<i>Change (bp)</i>	111	332	308

## Story in charts

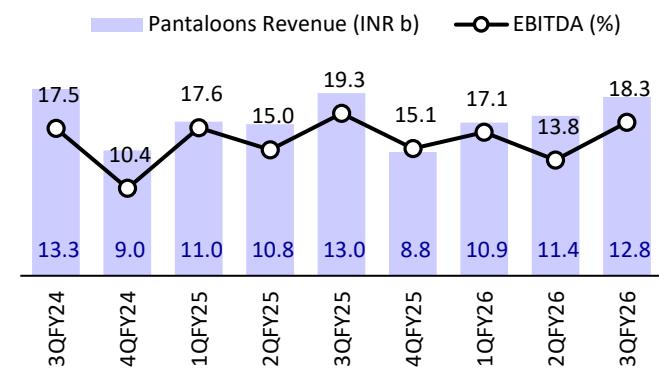
**Exhibit 6: Revenue grew 8% YoY**



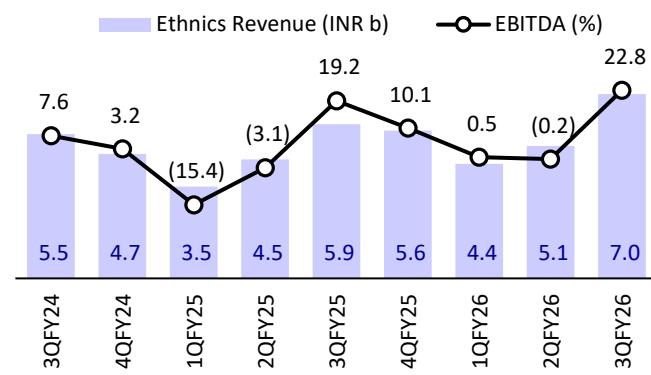
**Exhibit 7: EBITDA margin contracted ~70bp YoY**



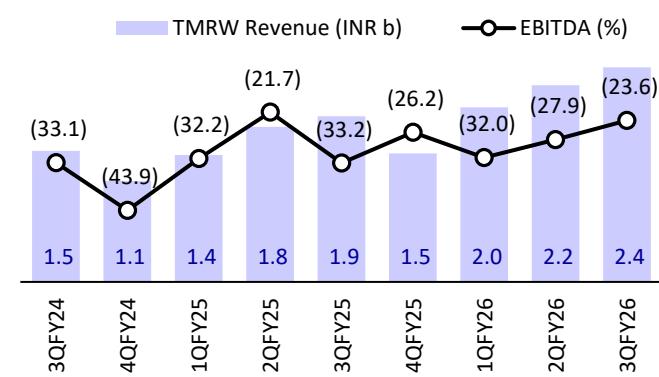
**Exhibit 8: Pantaloons' revenue was muted due to a shift in festive and EoS; operating deleverage dents margins**



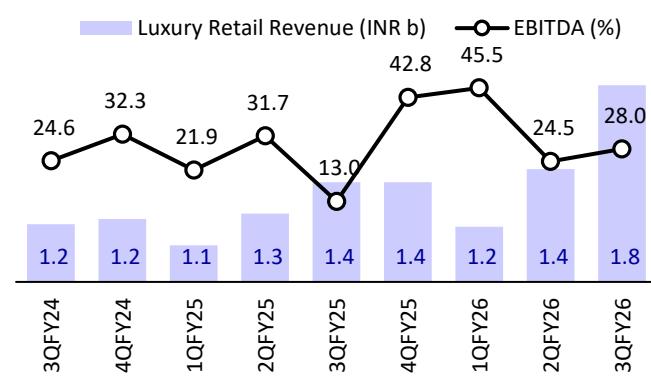
**Exhibit 9: Ethnics delivered 20% YoY revenue growth with strong profitability**



**Exhibit 10: TMRW losses likely peaked**

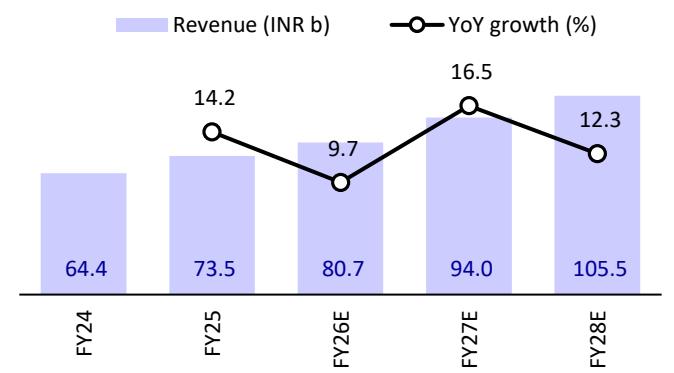


**Exhibit 11: Luxury Retail delivered ~27% growth YoY, with margins stabilizing**

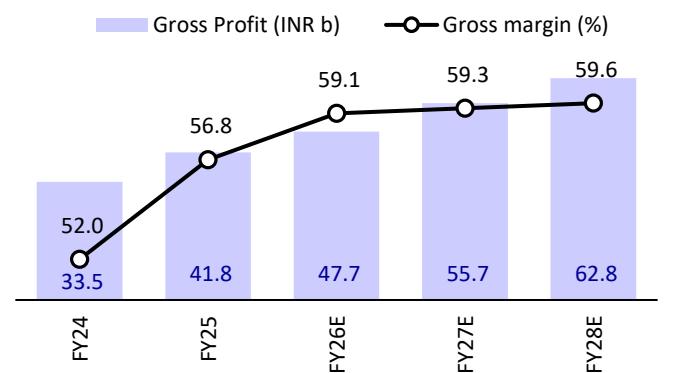


Source: Company, MOFSL

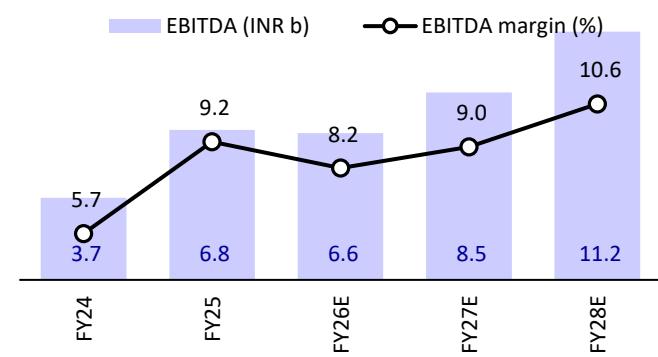
**Exhibit 12: Expect 13% revenue CAGR over FY25-28**



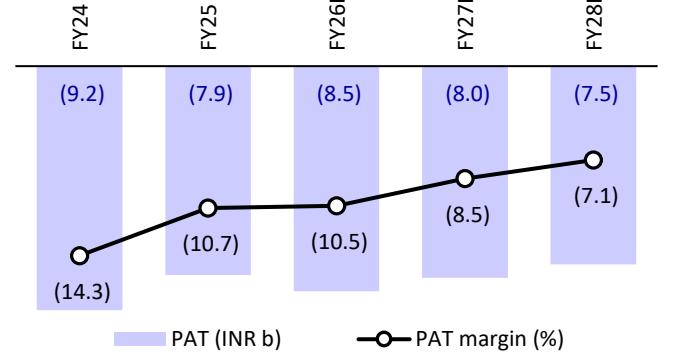
**Exhibit 13: Expect ~15% gross profit CAGR over FY25-28**



**Exhibit 14: Expect ~18% EBITDA CAGR over FY25-28**



**Exhibit 15: 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	
<b>Total Income from Operations</b>	<b>52,489</b>	<b>81,362</b>	<b>124,179</b>	<b>64,415</b>	<b>73,547</b>	<b>80,696</b>	<b>94,006</b>	<b>105,532</b>	
Change (%)	-40.3	55.0	52.6	-48.1	14.2	9.7	16.5	12.3	
Raw Materials	25,630	37,202	55,520	30,936	31,771	33,043	38,258	42,685	
Employees Cost	8,654	11,585	15,634	10,061	11,422	12,831	14,571	16,252	
Rent	107	3,932	8,970	2,312	2,052	2,316	2,538	2,797	
Other Expenses	12,552	17,644	29,120	17,406	21,539	25,885	30,175	32,592	
<b>Total Expenditure</b>	<b>46,942</b>	<b>70,363</b>	<b>109,243</b>	<b>60,715</b>	<b>66,783</b>	<b>74,074</b>	<b>85,543</b>	<b>94,326</b>	
% of Sales	89.4	86.5	88.0	94.3	90.8	91.8	91.0	89.4	
<b>EBITDA</b>	<b>5,547</b>	<b>10,999</b>	<b>14,936</b>	<b>3,700</b>	<b>6,764</b>	<b>6,622</b>	<b>8,464</b>	<b>11,206</b>	
Margin (%)	10.6	13.5	12.0	5.7	9.2	8.2	9.0	10.6	
Depreciation	9,628	9,970	12,270	10,169	11,664	13,564	14,932	16,140	
<b>EBIT</b>	<b>-4,080</b>	<b>1,029</b>	<b>2,666</b>	<b>-6,469</b>	<b>-4,900</b>	<b>-6,942</b>	<b>-6,468</b>	<b>-4,934</b>	
Int. and Finance Charges	5,026	3,507	4,724	5,517	5,674	4,915	5,494	5,655	
Other Income	734	1,006	1,165	1,377	1,957	2,367	1,661	960	
<b>PBT bef. EO Exp.</b>	<b>-8,372</b>	<b>-1,473</b>	<b>-893</b>	<b>-10,608</b>	<b>-8,616</b>	<b>-9,490</b>	<b>-10,300</b>	<b>-9,629</b>	
EO Items/Share of Associates	0	0	0	128	1,433	-535	-250	-250	
<b>PBT after EO Exp.</b>	<b>-8,372</b>	<b>-1,473</b>	<b>-893</b>	<b>-10,481</b>	<b>-7,184</b>	<b>-10,025</b>	<b>-10,550</b>	<b>-9,879</b>	
Total Tax	-1,015	-266	-230	-1,411	-942	-1,338	-2,593	-2,424	
Tax Rate (%)	12.1	18.0	25.7	13.5	13.1	13.3	24.6	24.5	
<b>Reported PAT</b>	<b>-7,357</b>	<b>-1,207</b>	<b>-663</b>	<b>-9,070</b>	<b>-6,242</b>	<b>-8,687</b>	<b>-7,958</b>	<b>-7,455</b>	
<b>Adjusted PAT</b>	<b>-7,357</b>	<b>-1,207</b>	<b>-663</b>	<b>-9,181</b>	<b>-7,853</b>	<b>-8,473</b>	<b>-7,958</b>	<b>-7,455</b>	
Change (%)	2,136.8	-83.6	-45.1	1,284.5	-14.5	7.9	-6.1	-6.3	
Margin (%)	-14.0	-1.5	-0.5	-14.3	-10.7	-10.5	-8.5	-7.1	

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	17,887	55,919	47,232	39,275	31,819	
<b>Net Worth</b>	<b>26,763</b>	<b>27,885</b>	<b>33,460</b>	<b>34,909</b>	<b>68,133</b>	<b>59,446</b>	<b>51,488</b>	<b>44,033</b>	
Total Loans	18,384	22,080	40,594	38,278	29,747	30,279	30,403	30,725	
Lease Liability	24,634	28,681	42,678	33,419	35,782	38,261	40,780	42,909	
Deferred Tax Liabilities	-3,339	-3,805	-4,085	1,565	1,543	1,543	1,543	1,543	
<b>Capital Employed</b>	<b>66,441</b>	<b>74,841</b>	<b>112,647</b>	<b>108,171</b>	<b>135,206</b>	<b>129,529</b>	<b>124,215</b>	<b>119,211</b>	
<b>Net Fixed Assets</b>	<b>5,747</b>	<b>6,312</b>	<b>10,091</b>	<b>8,334</b>	<b>8,360</b>	<b>8,637</b>	<b>6,580</b>	<b>4,249</b>	
Capital WIP	376	1,026	1,457	1,143	1,810	1,810	1,810	1,810	
<b>Total Investments</b>	<b>4,843</b>	<b>5,317</b>	<b>9,613</b>	<b>5,944</b>	<b>7,382</b>	<b>10,382</b>	<b>12,382</b>	<b>13,882</b>	
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>39,026</b>	<b>53,345</b>	<b>71,701</b>	<b>42,501</b>	<b>60,610</b>	<b>56,885</b>	<b>56,608</b>	<b>56,942</b>	
Inventory	18,470	29,296	42,144	23,040	24,544	26,530	30,262	33,250	
Account Receivables	7,305	7,564	8,864	3,348	3,734	3,980	4,507	4,915	
Cash and Bank Balance	2,618	1,205	7,011	3,299	7,731	4,734	1,797	2,478	
Loans and Advances	10,634	15,280	13,682	12,814	24,601	21,641	20,041	16,299	
<b>Curr. Liability &amp; Prov.</b>	<b>31,934</b>	<b>45,420</b>	<b>53,685</b>	<b>27,721</b>	<b>28,735</b>	<b>35,123</b>	<b>40,228</b>	<b>43,926</b>	
Account Payables	23,734	34,106	38,461	21,750	22,423	24,319	28,331	31,081	
Other Current Liabilities	8,200	11,314	15,224	5,971	6,312	10,803	11,897	12,845	
<b>Net Current Assets</b>	<b>7,092</b>	<b>7,925</b>	<b>18,016</b>	<b>14,780</b>	<b>31,875</b>	<b>21,762</b>	<b>16,380</b>	<b>13,016</b>	
<b>Appl. of Funds</b>	<b>66,441</b>	<b>74,841</b>	<b>112,643</b>	<b>108,171</b>	<b>135,205</b>	<b>129,529</b>	<b>124,215</b>	<b>119,211</b>	

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
EPS	<b>-6.0</b>	<b>-1.0</b>	<b>-0.5</b>	<b>-7.5</b>	<b>-6.4</b>	<b>-6.9</b>	<b>-6.5</b>	<b>-6.1</b>
Cash EPS	2.5	9.3	12.2	1.0	3.8	5.0	6.9	8.6
BV/Share	29.2	29.7	35.3	34.4	67.1	58.6	50.7	43.4
<b>Valuation (x)</b>								
P/E	-12.4	-75.8	-138.0	-11.2	-10.7	-9.9	-10.6	-11.3
Cash P/E	30.2	8.0	6.1	86.4	18.3	13.7	10.0	8.0
P/BV	2.6	2.5	2.1	2.4	1.0	1.2	1.4	1.6
EV/Sales	1.6	1.1	0.8	1.9	1.4	1.4	1.2	1.1
EV/EBITDA	15.2	8.3	7.0	32.5	15.7	16.5	13.3	10.0
FCF per share	9.8	6.7	-2.2	-24.1	-6.9	-6.0	-4.8	-2.7
<b>Return Ratios (%)</b>								
RoE	-39.1	-4.4	-2.2	-26.9	-15.2	-13.3	-14.3	-15.6
RoCE	-5.3	2.9	4.1	-4.6	-2.4	-3.5	-3.8	-3.3
RoIC	-7.3	1.6	3.3	-6.7	-4.5	-6.0	-5.9	-4.7
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	3.5	6.1	4.3	4.0	3.4	3.5	3.6
Asset Turnover (x)	0.8	1.1	1.1	0.6	0.5	0.6	0.8	0.9
Inventory (Days)	128	131	124	131	122	120	118	115
Debtor (Days)	51	34	26	19	19	18	18	17
Creditor (Days)	165	153	113	123	111	110	110	108
<b>Leverage Ratio (x)</b>								
Current Ratio	1.2	1.2	1.3	1.5	2.1	1.6	1.4	1.3
Interest Cover Ratio	-0.8	0.3	0.6	-1.2	-0.9	-1.4	-1.2	-0.9
Net Debt/Equity	0.4	0.6	0.7	0.8	0.2	0.3	0.3	0.3

### 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	-9,490	-10,300	-9,629
Depreciation	9,628	9,970	12,270	16,552	18,074	13,564	14,932	16,140
Interest & Finance Charges	4,980	3,390	4,622	8,504	9,325	2,548	3,832	4,695
Direct Taxes Paid	-28	-164	25	-431	-359	1,338	2,593	2,424
(Inc)/Dec in WC	8,528	241	-9,118	-1,673	-2,781	4,261	-105	-36
<b>CF from Operations</b>	<b>14,731</b>	<b>11,988</b>	<b>6,956</b>	<b>14,664</b>	<b>19,385</b>	<b>12,221</b>	<b>10,951</b>	<b>13,593</b>
Others	-3,693	-2,483	-594	-1,250	-2,947	(535.00)	(250.00)	(250.00)
<b>CF from Operating incl EO</b>	<b>11,038</b>	<b>9,505</b>	<b>6,362</b>	<b>13,414</b>	<b>16,439</b>	<b>11,686</b>	<b>10,701</b>	<b>13,343</b>
(Inc)/Dec in FA	-2,101	-3,185	-8,465	-23,565	-8,682	-8,000	-5,000	-4,500
Lease Payments	0	0	-8,910	-14,289	-16,151	-10,988	-11,583	-12,187
<b>Free Cash Flow</b>	<b>8,937</b>	<b>6,321</b>	<b>-2,103</b>	<b>-24,440</b>	<b>-8,394</b>	<b>-7,302</b>	<b>-5,882</b>	<b>-3,344</b>
(Pur)/Sale of Investments	-6,475	-2,422	4,490	-6,615	-7,590	3,188	2,551	4,081
Others	24	92	102	263	155	2,367	1,661	960
<b>CF from Investments</b>	<b>-8,552</b>	<b>-5,515</b>	<b>-12,782</b>	<b>-44,206</b>	<b>-32,268</b>	<b>-13,432</b>	<b>-12,371</b>	<b>-11,646</b>
Issue of Shares	22,388	2,476	7,728	14,360	41,900	-	-	-
Inc/(Dec) in Debt	-16,547	960	9,763	17,873	-18,158	198	124	322
Interest Paid	-4,759	-3,097	-5,327	-3,828	-4,254	-1,448	-1,391	-1,338
<b>CF from Fin. Activity</b>	<b>-2,692</b>	<b>-5,270</b>	<b>12,165</b>	<b>28,405</b>	<b>19,488</b>	<b>-1,250</b>	<b>-1,267</b>	<b>-1,016</b>
<b>Inc/Dec of Cash</b>	<b>-206</b>	<b>-1,279</b>	<b>5,745</b>	<b>-2,387</b>	<b>3,659</b>	<b>-2,997</b>	<b>-2,937</b>	<b>681</b>
Opening Balance	2,217	2,011	732	7,011	4,072	7,731	4,734	1,797
<b>Closing Balance</b>	<b>2,011</b>	<b>732</b>	<b>6,477</b>	<b>4,624</b>	<b>7,730</b>	<b>4,734</b>	<b>1,797</b>	<b>2,478</b>

\* - FY25-27E financials are for ABFRL (demerged) and not strictly comparable with FY21-24 financials

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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