

Aditya Birla Lifestyle Brands

BSE SENSEX
82,408

S&P CNX
25,112

TP:INR190

Neutral



Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	78.3	85.7	95.1
EBITDA	11.9	13.5	15.4
Adj. PAT	1.3	3.0	4.2
EBITDA Margin (%)	15.2	15.7	16.2
Adj. EPS (INR)	1.1	2.4	3.5
BV/Sh. (INR)	10.5	12.9	16.4

Ratios

Net D:E	2.2	1.5	0.8
Pre-Ind AS RoE (%)	10.2	20.8	23.8
Pre-Ind AS RoCE (%)	13.4	18.5	23.5

Well-Stitched Brands, Loose Ends in Execution

Aditya Birla Lifestyle Brands (ABLBL) will be listed on 23rd Jun'25. ABLBL was demerged from Aditya Birla Fashion and Retail (ABFRL) in May'25 and comprises four industry-leading lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) and emerging brands such as Van Heusen Innerwear, Reebok and American Eagle. We expect ABLBL to deliver ~10% revenue CAGR over FY25-28E, driven by 1) acceleration in retail store additions in lifestyle brands, 2) improvement in store productivity, and 3) scale-up of emerging brands. Driven by lower discounting, an improved channel mix and operating leverage benefits, we expect gross/EBITDA margin to expand ~80bp/~140bp to 59%/16.6% by FY28E. Further, ABLBL could generate cumulative FCF of INR11b over FY25-28E, which should help ABLBL to become a net-cash company (excl. leases). We ascribe a TP of INR190/share (vs. ~INR171/sh implied price on demerger), premised on 15x FY27E EV/EBITDA for lifestyle brands and ~1x FY27E EV/sales for emerging brands. We assume coverage on ABLBL with a Neutral rating.

ABLBL: Portfolio of India's leading fashion brands and emerging brands

- After the demerger from ABFRL, ABLBL comprises four established lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) and emerging brands such as Van Heusen Innerwear, Reebok and American Eagle.
- ABLBL is the pioneer in the branded apparel industry with over three decades of presence. It has scaled up Madura Fashion from revenue of ~INR2b in 1999 to INR78b+ in FY25.
- ABLBL's four power brands have a strong presence across formals, casuals, sportswear and ethnics and have top-of-mind recall, which has enabled all four brands to cross INR10b in annual revenue.
- ABLBL has a retail presence of 3,250+ stores spanning a retail area of ~4.6m sqft and a wide presence across LFS, MBOs and online channels. The company follows an asset-light model, under which 70% of stores are franchisee-owned.

Targets consistent double-digit growth in revenue and EBITDA

- Management aims to double revenue over FY24-30 (11%+ CAGR), driven by high-single-digit L2L and network expansion (250+ net store additions annually).
- It has set a mission to have at least three brands in the INR25b category and scale up emerging brands profitably in the next 2-3 years.
- Management aims to expand margins by ~300bp, improve pre-INDAS RoCE to ~70% by FY30, and become debt free in the next 2-3 years.
- Further, management expects ABLBL to be a dividend-paying company, given its likely strong cash flow generation.

Valuation and view

- We expect ABLBL to deliver ~10% revenue CAGR over FY25-28E, driven by 1) acceleration in retail store additions in lifestyle brands (~700 net store additions over FY25-28E), 2) improvement in store productivity (~3.5% SPSF CAGR over FY25-28E) and 3) scale-up of emerging brands.
- Driven by lower discounting, an improved channel mix, a scale-up in profitability of emerging brands and operating leverage benefits, we expect gross/EBITDA margin to expand ~80bp/~140bp to 59%/16.6% by FY28E.
- PAT growth is likely to be significant (~51% CAGR over FY25-28E), driven by operational improvements and benefits of deleveraging.
- We expect ABLBL to generate cumulative FCF of ~INR11b (post leases and interest) over FY25-28E, which should lead to net cash position (excl. leases) and dividend payouts by FY28E.
- Based on the share price of demerged ABFRL immediately after the demerger, the market is ascribing ~INR171/sh or ~INR210b market cap to ABLBL.
- We value ABLBL based on the SoTP methodology. We ascribe 15x FY27E EV/EBITDA multiple to ABLBL's lifestyle brands and ~1x FY27E EV/sales multiple to ABLBL's emerging brands to arrive at a **TP of INR190/share** or ~INR230b market cap, which **implies ~16.5x FY27E EV/EBITDA** (or **~28.5x FY27E pre-INDAS EBITDA**).
- **We assume coverage on ABLBL with Neutral rating.**

Key risks and concerns

- Persistent weakness in demand could affect its store addition plan and SSSG for existing stores.
- A slower-than-expected scale-up of emerging brands,
- Higher-than-expected rental and manpower cost escalations,
- Capital misallocation through non-value-additive M&As, and
- Exit by shareholders (who invested for demerger gains or recent investors in ABFRL's fund raise) could also be near-term overhang.

Exhibit 1: SOTP-based valuation on Mar'27E basis

FY27E (INR b)	Value	Multiple	EV
Lifestyle Brands EBITDA	15.7	15	236
Emerging Brands revenue	15.5	1	19
ABLBL	15.4	16.5	254
Net debt (inc. leases)			23
ABLBL equity value			232
Share count (m)			1,220
ABLBL TP			190

Source: MOFSL, Company

Exhibit 2: Apparel retailers' valuation comparison

	EV (INR b)	Mcap (INR b)	P/E			EV/EBITDA (x)			RoE (%)			EBITDA CAGR (%)
			FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25-27E
ABLBL*	255	232	178.5	78.3	54.6	21.9	19.0	16.2	12.4	20.8	23.8	13.7
Trent	2,110	2,096	136.6	104.3	83.3	76.7	59.3	49.1	32.2	31.1	28.8	25.0
Vishal Mega Mart	611	602	92.6	75.9	62.7	39.9	33.5	28.3	10.5	11.5	12.4	18.7
ABFRL	116	102	nm	nm	nm	19.0	18.0	15.5	nm	nm	nm	12.6
Vedant Fashions	192	194	50.1	45.7	41.1	29.9	27.3	24.9	22.9	21.1	20.8	9.6
Raymond Lifestyle	74	63	63.0	21.3	15.1	15.8	9.4	7.6	2.3	6.6	8.7	44.3
V-Mart	78	70	342.3	55.3	38.4	20.7	15.9	12.9	2.6	14.6	17.8	26.7
Shoppers Stop	86	54	nm	nm	nm	12.4	11.2	10.2	nm	nm	nm	14.9
Go Colors	49	46	49.4	42.8	34.1	18.2	14.2	13.4	14.4	13.8	15.2	0.2
Arvind Fashion	78	66	nm	43.2	28.6	12.9	10.8	9.0	nm	16.9	20.0	19.3
KKCL	31	31	21.2	21.1	18.6	16.4	14.8	13.1	19.6	16.4	16.1	12.1
Average			116.7	54.2	41.8	25.8	21.2	18.2	9.8	14.5	15.8	17.9

*- ABLBL valuations based on our TP of INR190/sh

Source: MOSL, Company, Bloomberg

Exhibit 3: ABLBL is by far the largest player in branded apparels in terms of revenue and store presence

(INR b)	Revenue		GM %	EBITDA %	Pre-Ind AS EBITDA %	Stores	Brands
	FY24	FY25	FY25	FY25	FY25	FY25	
ABLBL	77.9	78.3	58.2	15.2	8.3	3,253	❖ Louis Philippe, Allen Solly, Peter England, Van Heusen, American Eagle, Reebok
Arvind Fashions	42.6	46.2	53.5	13.8	-	977	❖ USPA, Flying Machine, Arrow, Calvin Klein, Tommy Hilfiger
Raymond BA	65.4	61.8	43.1	7.6	4.4	1,688	❖ Raymond, Raymond RTW, Park Avenue, Parx, ColorPlus, Ethnix by Raymond
KKCL	8.6	10.0	41.5	19.0	-	609	❖ Killer, Lawman, Kraus, Easies, Integriti
Mufti	5.7	6.2	57.2	29.1	-	441	❖ Mufti
Monte Carlo	10.6	11.0	47.9	17.0	-	471	❖ Monte Carlo, Luxuria, Alpha, Tweens, Cloak & Decker, Rock It
Cantabil	6.2	7.2	59.0	28.4	16.7	599	❖ Cantabil
The House of Rare	6.4		67.0	19.0	-	180+	❖ Rare Rabbit, Rareism, Articale, Rare Ones,

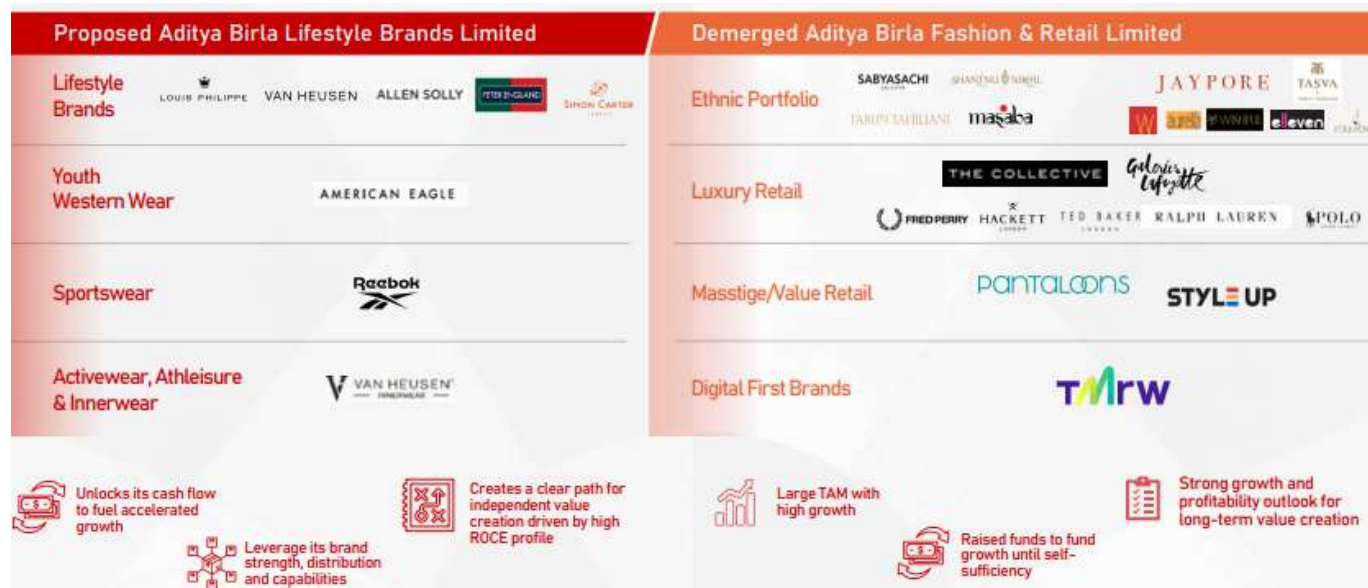
For The House of Rare all data pertains to FY24

Source: MOFSL, Company

ABLBL: Portfolio of India's leading fashion brands

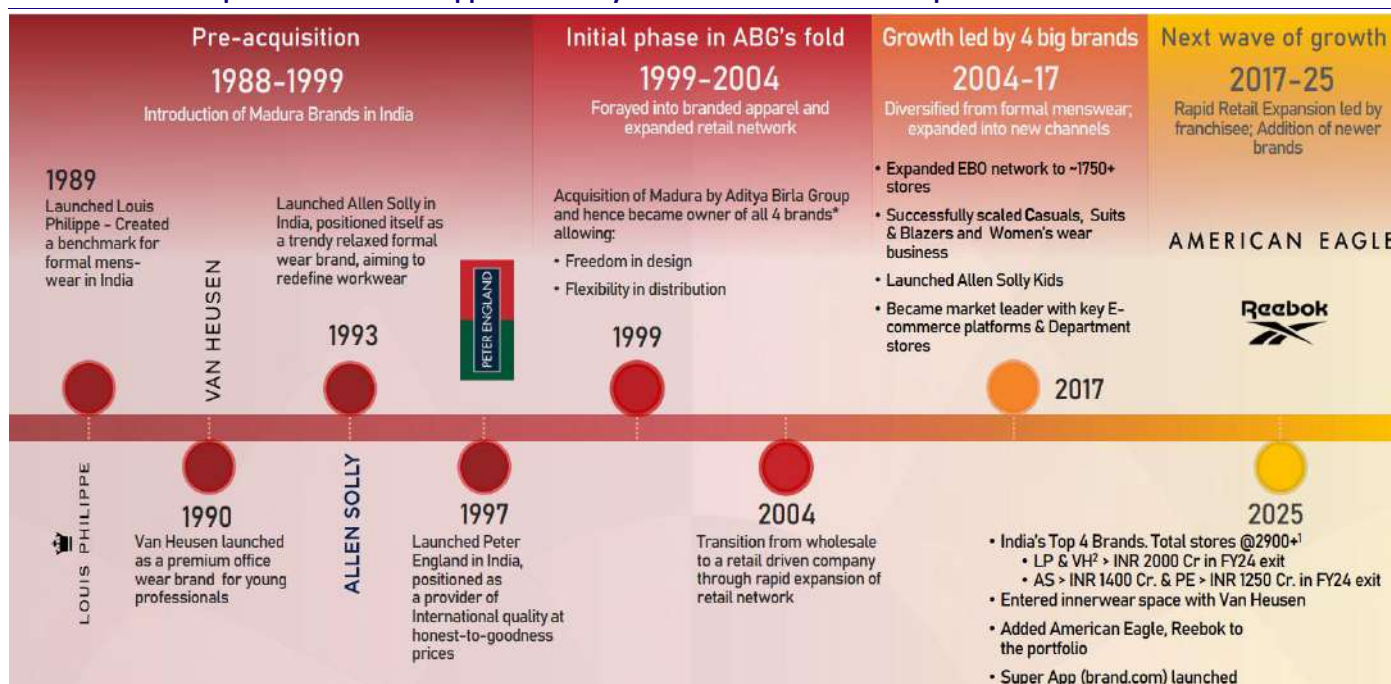
- After the demerger from ABFRL, ABLBL comprises four established lifestyle brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) and emerging brands such as Van Heusen Innerwear, Reebok and American Eagle.
- ABLBL is the pioneer in the branded apparel industry with over three decades of presence. It has scaled up Madura Fashion from revenue of ~INR2b in 1999 to INR75b+ in FY24. ABLBL's four power brands have strong presence across formals, casuals, sportswear and ethnics and have top-of-mind recall, which has enabled all four brands to cross INR10b in annual revenue.
- ABLBL has doubled its store count to 3,250+ and retail area to ~4.6m sqft over FY15-25, following an asset-light model, under which 70% of stores are franchisee-owned. The company has expanded its presence to small towns, with 580+ stores in small towns since its inception in 2017.
- Further, the company has extended its power brands to cater to women and kids with 120+ exclusive stores. Over 50% of ABLBL's business caters to consumers below 35 years, which indicates the brands' appeal among youth.

Exhibit 4: ABFRL has demerged to form two independent listed entities with varying growth and capital allocation profiles



Source: MOFSL, Company

Exhibit 5: ABLBL: A pioneer in branded apparel industry with over three decades of presence



Source: MOFSL, Company

Exhibit 6: ABLBL's portfolio is a mix of India's leading fashion brands and emerging brands such as Reebok and American Eagle



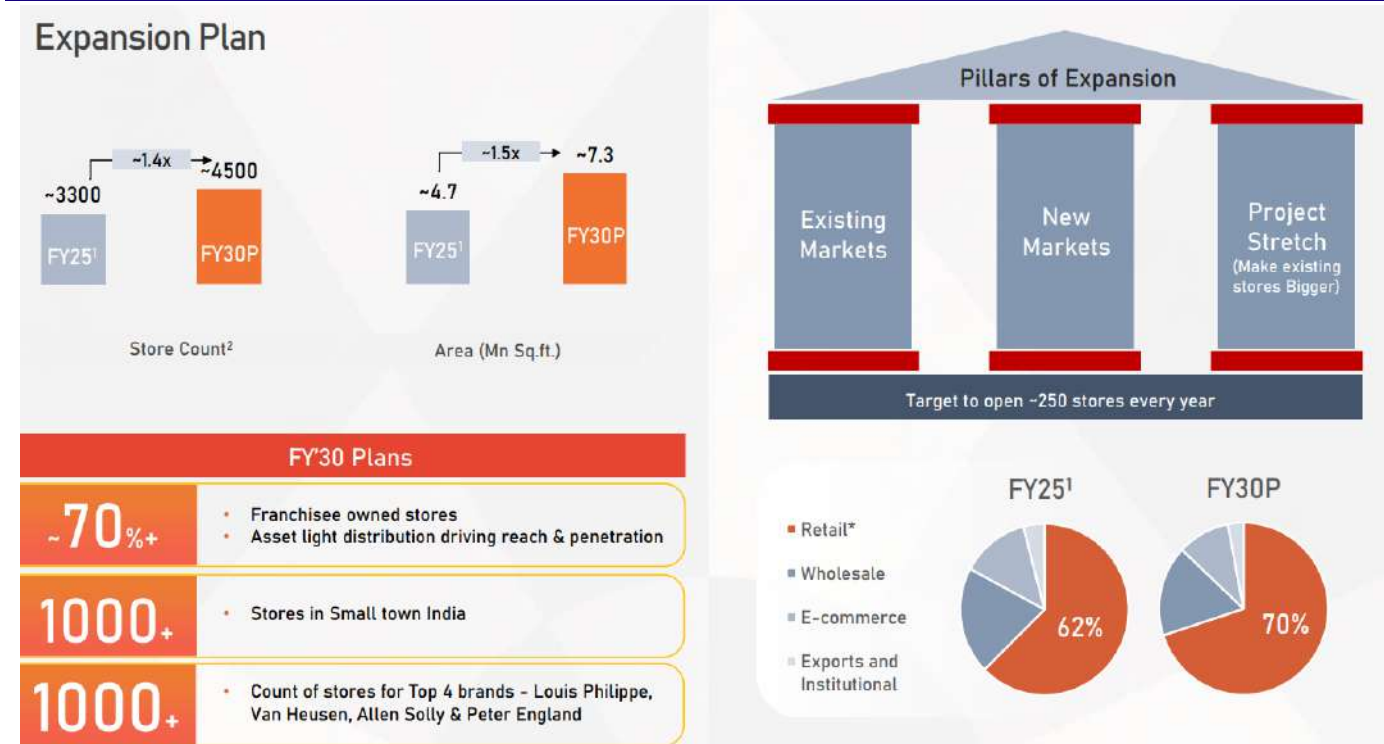
Source: MOFSL, Company

ABLBL: Targeting consistent double-digit growth in revenue and EBITDA

ABLBL aims for consistent double-digit growth in revenue and EBITDA through the following key strategic pillars:

- Increase the brand salience with high-decibel advertisements and continuous product innovations by staying ahead of the fashion curve and providing differentiated brands.
- Aggressive retail network expansion to 4,500 stores by adding +250 net stores annually for the next five years. The company is looking to surpass 1,000 stores for each of its top four lifestyle brands.
- Cover all meaningful wearing occasions of formal, casual, innerwear, athleisure, sportswear, across categories of apparel, footwear and accessories.
- Expand the existing store size from ~1,400 sqft currently to ~2,000 sqft to drive ~50% growth in retail area by FY30.
- The company aims to have at least three brands in the INR25b category.
- With a faster-growing retail network, management expects the share of retail in the overall business mix to reach ~70% by FY30, which should also aid margin expansion. Expansion will be driven by deeper market penetration, entry into new regions, and optimizing existing locations by increasing store sizes.

Exhibit 7: ABLBL targeting an aggressive expansion of its retail presence over FY25-30



Source: MOFSL, Company

Exhibit 8: ABLBL's strategy to drive long-term value creation



Source: MOFSL, Company

Exhibit 9: ABLBL's FY30 sales target for its various brands



Source: MOFSL, Company

For ABLBL, management aims to double revenue over FY24-30 (11%+ CAGR), driven by high-single-digit L2L & network expansion (250+ net store additions annually). Further, management aims to achieve ~300bp margin expansion, improve pre-INDAS RoCE to ~70% by FY30, and become debt free in the next 2-3 years. ABLBL's strong FCF generation should enable it to become a dividend-paying company.

Exhibit 10: ABLBL targeting emerging brands to become future “Core” while strengthening the four lifestyle brands

	Seed and Fund “Emerging”	Nurture the “Growth”	Strengthen the “Core”
2030P			Emerging ABLBL Brands (VH IW, Reebok, AE) Lifestyle Brands (LP, VH, PE, AS)
2024		Emerging ABLBL Brands (VH IW, Reebok, AE)	Lifestyle Brands (LP, VH, PE, AS)
2020	Emerging ABLBL Brands (VH IW, AE)		Lifestyle Brands (LP, VH, PE, AS)
	Significant Investment	Moderate Investment	Self-Sustaining

Source: MOFSL, Company

Exhibit 11: ABLBL targets to double revenue and triple cash profits in the next five years

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

Source: MOFSL, Company

Lifestyle brands: Targets to scale up at least three brands in INR25b range

ABLBL is the pioneer in the branded apparel industry with over three decades of presence. It has scaled up Madura Fashion from revenue of ~INR2b in 1999 to INR75b+ in FY24. ABLBL's four power brands viz. Louis Philippe, Van Heusen, Allen Solly and Peter England have a strong presence across formals, casuals, sportswear and ethnics wear categories. These power brands' top-of-mind recall and deep penetration through ~2,900+ brand stores, LFS and wide online presence have enabled all four brands to cross INR10b in annual revenue. The company plans to have at least three brands in the INR25b category.

Louis Philippe: Leadership in men's formal wear

Louis Philippe is ABLBL's premium menswear brand, known for refined formals, occasion wear, and premium casuals. Established in 1989, it has become a benchmark for elegant, high-quality fashion for the modern Indian gentleman. Over the years, it has also expanded into casual and semi-formal wear, catering to evolving work and social wardrobes. The brand continues to lead in the formalwear segment while expanding in the wedding and premium casual categories.

In FY24, Louis Philippe crossed **INR20b in revenue**, demonstrating its leadership in the lifestyle space. The brand is present in over **1,000 stores**. With growing focus on sustainability and newer style expressions, Louis Philippe aims to deepen its relevance among affluent urban men.

Exhibit 12: Louis Philippe crossed INR20b in revenue in FY24 through its leadership in men's formal wear



Source: MOFSL, Company

Van Heusen: Leadership in modern workwear

Van Heusen was launched in 1990 as a premium office wear brand for young professionals. It is positioned as a versatile lifestyle brand for modern professionals, offering smart formals, relaxed casuals, partywear, and fashion-forward women's wear. It is also emerging as a leading player in the eveningwear segment. Van Heusen is one of ABLBL's largest brands, generating **over INR20b in revenue in FY24**, with a strong footprint across metros and Tier I cities. With exclusive rights across India, the Middle East, and SAARC, ABLBL has significantly expanded the brand's

presence. The brand is scaling up aggressively through omni-channel retail and digital commerce while deepening its appeal to working professionals and style-conscious urban consumers.

Exhibit 13: Van Heusen also crossed INR20b in revenue in FY24 through its leadership in modern workwear



Source: MOFSL, Company

Allen Solly: Leadership in casual workwear

Allen Solly, a key lifestyle brand within ABLBL, was introduced in India in 1993 and positioned itself as a trendy, relaxed formal wear brand aiming to redefine workwear. The brand caters to men, women, and children, offering product lines across casuals, denim, and winterwear. In FY24, Allen Solly reported **revenue of over INR14b**. Strategically, it aims to be a market leader in premium kids wear and to lead the way in sustainable fast-fashion. Its brand journey is underpinned by continuous product innovation and digital-led engagement, aligning with ABLBL's broader vision as a tech-driven house of brands.

Exhibit 14: Allen Solly's revenue exceeds INR14b through its leadership in casual work wear



Source: MOFSL, Company

Peter England: Leadership in sub-premium segment

Peter England primarily operates in the western wear segment. Launched in India in 1997 with the positioning of offering "International quality at honest-to-goodness prices", it has built a strong presence in the formal and premium office wear category and is among the largest-selling brands in men's apparel by volume. The brand primarily caters to men, offering a wide range of apparel, including formals, weddings, casuals, sport, denim, and leisure wear. Peter England supports ABLBL's broad retail footprint through its extensive network of exclusive and multi-brand outlets. Its strategic goals include becoming the benchmark for value-for-money, leading the sub-premium segment, expanding its retail network, strengthening ties with cricket, and deepening presence in smaller towns. The brand also focuses on product innovation, with sports-inspired collections and the "Peter England Red" line tailored for small-town consumers. In FY24, **PE reported revenue of more than INR12.5b.**

Exhibit 15: Peter England's revenue exceeds INR12.5b, through its leadership in sub-premium segment



Source: MOFSL, Company

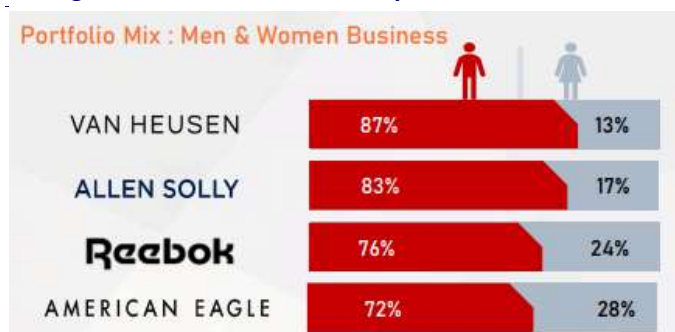
Over the last few years, ABLBL has also moved toward casualization and increased its focus on women wear through Allen Solly and Van Heusen. ABLBL's all four power brands feature among the top 10 apparel brands with top-of-mind-recall. Further, customers aged below 35 years account for 50%+ of ABLBL's revenue, signifying its brand appeal among the youth.

Exhibit 16: ABLBL's lifestyle brands cater to formal, casual and wedding wear



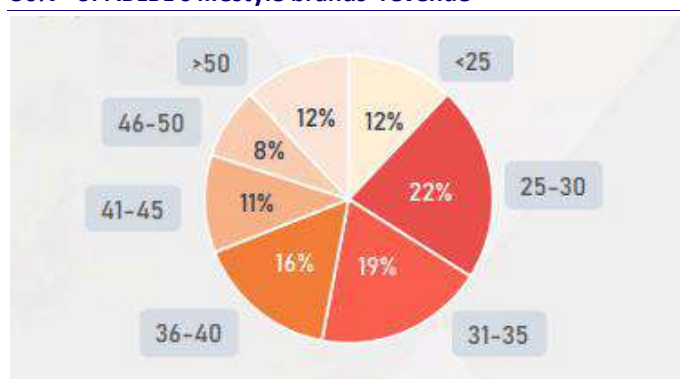
Source: MOFSL, Company

Exhibit 17: ABLBL is increasing its focus on women wear through Van Heusen and Allen Solly



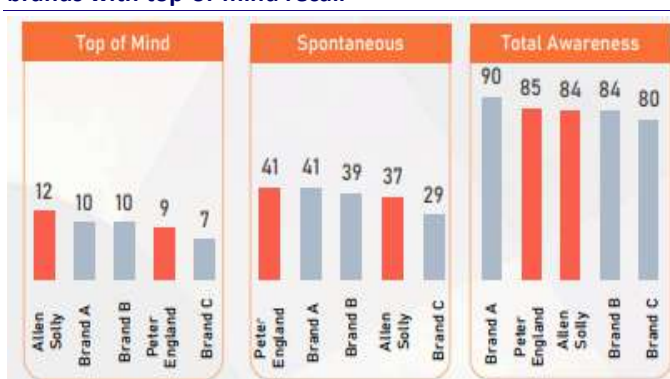
Source: MOFSL, Company

Exhibit 18: Customers aged below 35 years account for 50%+ of ABLBL's lifestyle brands' revenue



Source: MOFSL, Company

Exhibit 19: ABLBL's all four brands feature in top 10 apparel brands with top-of-mind recall



Source: MOFSL, Company

Exhibit 20: ABLBL is by far the largest player in branded apparels in terms of revenue and store presence

(INR b)	Revenue		GM %	EBITDA %	Pre-Ind AS EBITDA %	Stores	Brands
	FY24	FY25	FY25	FY25	FY25	FY25	
ABLBL	77.9	78.3	58.2	15.2	8.3	3,253	❖ Louis Philippe, Allen Solly, Peter England, Van Heusen, American Eagle, Reebok
Arvind Fashions	42.6	46.2	53.5	13.8	-	977	❖ USPA, Flying Machine, Arrow, Calvin Klein, Tommy Hilfiger
Raymond BA	65.4	61.8	43.1	7.6	4.4	1,688	❖ Raymond, Raymond RTW, Park Avenue, Parx, ColorPlus, Ethnix by Raymond
KKCL	8.6	10.0	41.5	19.0	-	609	❖ Killer, Lawman, Kraus, Easies, Integriti
Mufti	5.7	6.2	57.2	29.1	-	441	❖ Mufti
Monte Carlo	10.6	11.0	47.9	17.0	-	471	❖ Monte Carlo, Luxuria, Alpha, Tweens, Cloak & Decker, Rock It
Cantabil	6.2	7.2	59.0	28.4	16.7	599	❖ Cantabil
The House of Rare	6.4		67.0	19.0	-	180+	❖ Rare Rabbit, Rareism, Articale, Rare Ones,

For The House of Rare all data pertains to FY24

Source: MOFSL, Company

Exhibit 21: ABLBL has one of the widest retail footprints in India among apparel retailers

Store count	ABLBL	Reliance Trends	Zudio
Overall	3,253	2,142	758
North	1,021	472	181
West	649	254	225
South	1,138	979	264
East	435	437	86
International	10		2

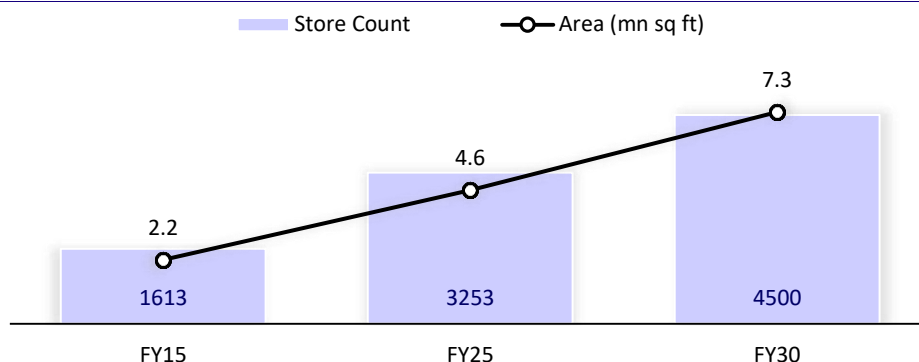
Source: MOFSL, Company

Store expansion to accelerate; ABLBL targeting ~4,500 stores by FY30

- ABLBL doubled its store count to 3,250+ and retail area to ~4.6m sqft over FY15-25, following an asset-light model, under which 70% of stores are franchisee-owned. The company has expanded its presence to small towns with 580+ stores in small towns since its inception in 2017. Further, the company has extended its power brands to cater to women and kids with 120+ exclusive stores.
- However, over the last two years, ABLBL has been rationalizing its store footprint through the closure of unprofitable stores due to the subdued demand environment. The company opened ~29 stores in FY4 and had net 190 closures in lifestyle brand stores in FY25.
- After the demerger, ABLBL will use its cash flow to accelerate store expansions to drive its reach and penetration. It is looking to expand its retail network to ~4,500

stores by adding ~250 net stores annually over the next five years. Management indicated that it is looking to surpass 1,000 stores for each of its top four lifestyle brands by FY30, with a mission to have at least three brands in the INR25b category. Moreover, the company also sees an opportunity to expand the existing store size from ~1,400 sqft currently to ~2,000 sqft to drive ~50% growth in retail area by FY30.

Exhibit 22: ABLBL aims to set up ~250 stores annually over the next five years

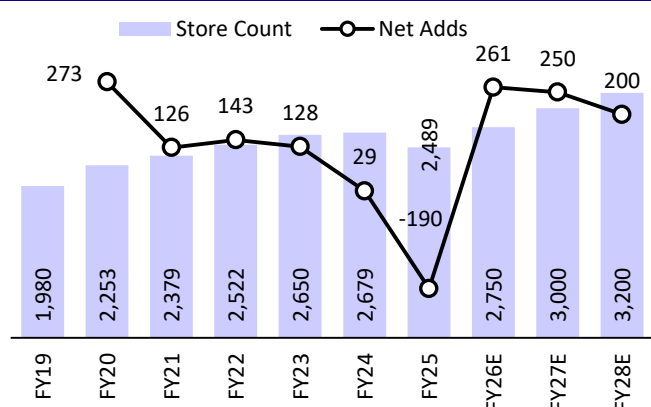


Source: MOFSL, Company

Expect 10%/11% revenue/EBITDA CAGR over FY25-28E for Lifestyle brands

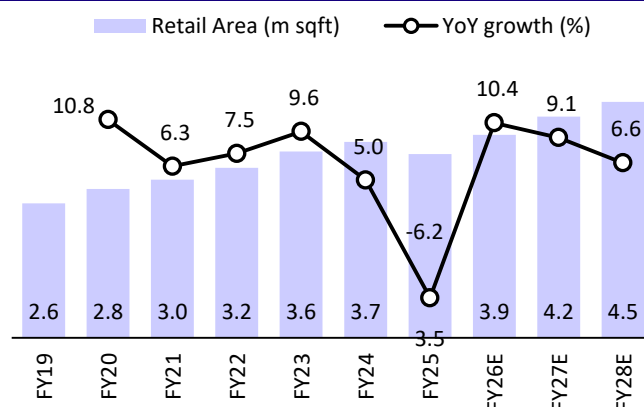
In the near term, we build in ~700 net store additions over FY25-28 for ABLBL's lifestyle brands. We expect ~10% revenue CAGR over FY25-28, primarily driven by ~9% CAGR in retail area additions and ~3.5% CAGR in store productivity improvements. With the rising share of typically more profitable retail channel in the mix, we build in ~70bp EBITDA margin expansion to ~20% by FY28E, which should drive ~11% EBITDA CAGR over FY25-28E.

Exhibit 23: Expect ~700 net store additions over FY25-28E



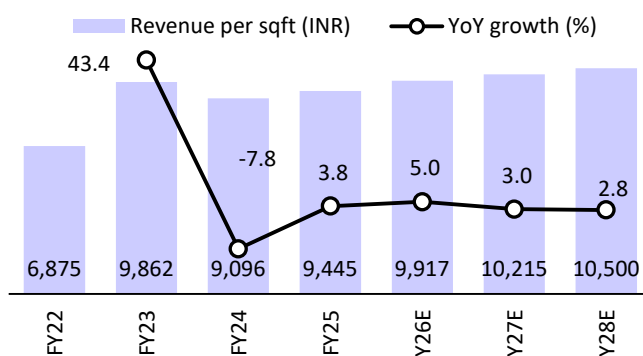
Source: MOFSL, Company

Exhibit 24: Expect ~9% CAGR in retail area addition over FY25-28E



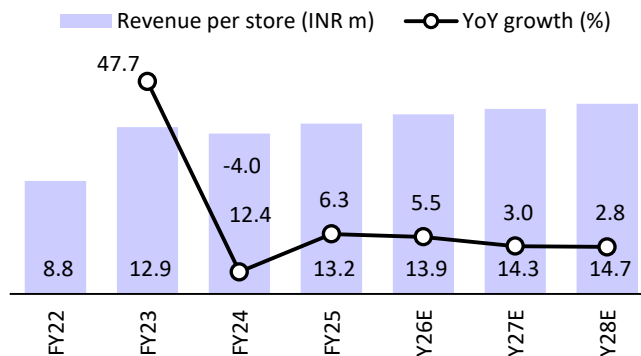
Source: MOFSL, Company

Exhibit 25: Build in ~3.5% CAGR in SPSF over FY25-28E to reach INR10.5k/sqft by FY28E



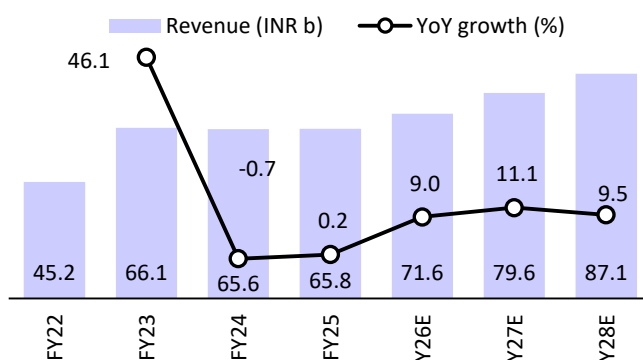
Source: MOFSL, Company

Exhibit 26: Revenue per store to grow in line with the productivity improvement



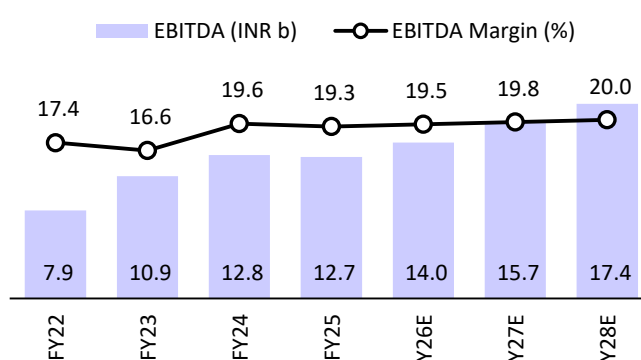
Source: MOFSL, Company

Exhibit 27: Expect ~10% CAGR in lifestyle brands' revenue over FY25-28E



Source: MOFSL, Company

Exhibit 28: Expect 11% EBITDA CAGR over FY25-28E; margins to improve by ~70bp



Source: MOFSL, Company

Exhibit 29: Retail segment contributes ~52% of the lifestyle brands revenue

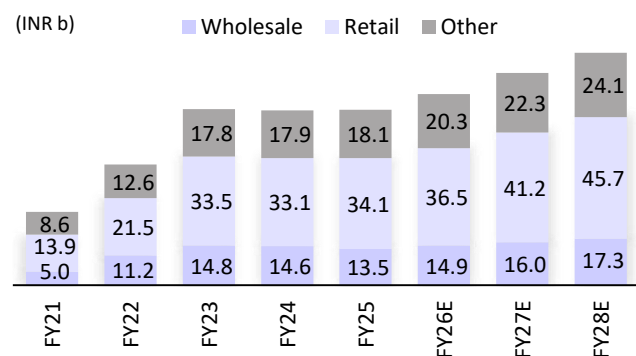
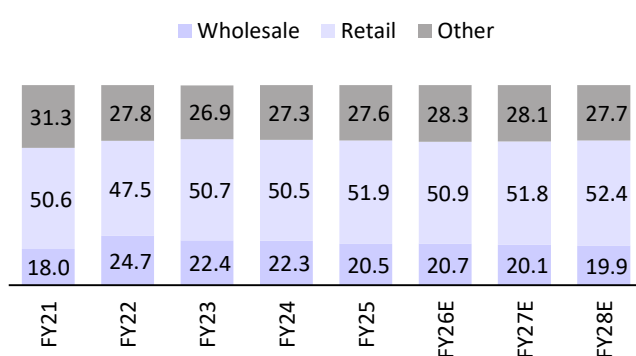


Exhibit 30: Share of retail channel to increase gradually to ~52%



Other emerging brands under ABLBL to drive faster growth

Reebok: Established global brand in the sporting goods industry

- Reebok has been repositioned in India as both a performance and lifestyle brand under ABLBL. ABLBL has a commercial agreement with Authentic Brands Group LLC for exclusive rights to distribute Reebok footwear and apparel in India, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, starting in Oct'22. As part of the commercial agreement, ABLBL is required to pay royalty for sales of Reebok footwear and apparel, including a minimum contractual royalty payable over the 20-year life of the agreement. As of FY25, Reebok is available in 172 stores and over 850 points of sales across trade outlets, and management is aiming to further accelerate Reebok store openings.
- Reebok posted a **revenue of ~INR4.5b in FY24**, a sluggish performance compared to ~INR4.3b revenue in FY20. However, ABLBL management is looking to expand Reebok's presence and improve its throughput in existing stores, with a target to double revenue over the next 3-4 years.
- Given the rising focus on fitness in India, the Sports and Athleisure (S&A) vertical has emerged as the fastest-growing footwear category. However, execution has to improve for Reebok to reach its aim of doubling revenue in the next 3-4 years, in our view.

Exhibit 31: Reebok has a presence of 172 stores and posted ~INR4.5b revenue in FY24



Source: MOFSL, Company

Exhibit 32: Puma, Adidas, Nike, and Skechers are among the leading S&A brands in India

Brands	Stores	Store count as on	Revenue (INR b) - FY24
Adidas	450	May'24	~30
Asics	103	Mar'24	~3.5*
Nike	115	Jul'24	~12
Puma	447	Sep'24	~33
Reebok	172	Mar'25	~4.5
Skechers	427	Dec'24	~17.5

*FY23 revenue

Source: MOFSL, Company

Van Heusen Inner wear: Scaled up to ~INR5b in revenue over the last decade

ABLBL forayed into the innerwear and athleisure market through brand extension of Van Heusen in 2016. Since 2016, the brand has built up its distribution network and now has a reach of 38k+ MBOs and 100+ EBOs as of FY25-end. The brand caters to men, women and kids, with **revenue of ~INR5b (vs. INR50b for the leader – Page Industry and ~INR10b+ for Trent)**. However, management indicated that the brand has to reach ~INR7-8b in revenue to be able to generate single-digit profitability.

Exhibit 33: Van Heusen innerwear has a reach of 38k+ MBOs, 100+ EBOs for ~INR5b revenue



Source: MOFSL, Company

American Eagle (AE): Aiming to be in the top 3 Denim brands in India

American Eagle is currently among the top premium denim brands in India, owing to its superior products, brand positioning and shopping experience for consumers across stores and online channels. AE's retail footprint includes 68 stores across 30+ cities and presence in 210+ departmental and other multi brand counters as of FY25-end. As per management, AE is a steady, profitable business model, contributing stability and consistent margins to ABLBL portfolio. ABLBL management is aiming for AE to become one of the top 3 denim brands in India over the next few years.

Exhibit 34: AE has footprint of 68 stores across 30+ cities and 210+ departmental and MBO counters

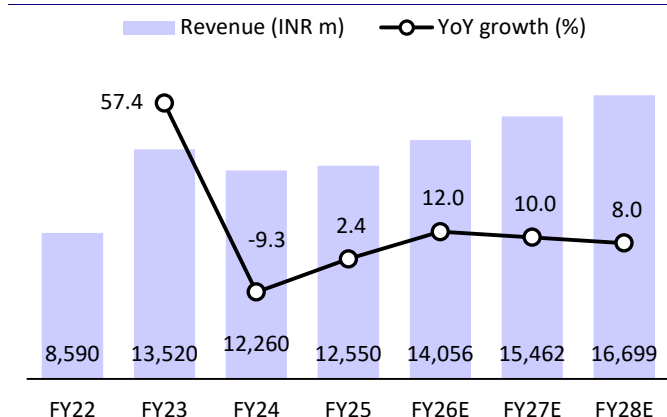


Source: MOFSL, Company

Expect ~10% revenue CAGR and significant improvement in EBITDA margins

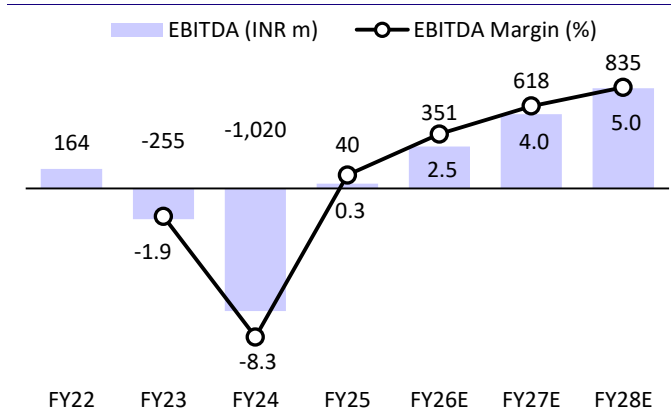
- The growth track record for ABLBL's emerging brands has been patchy due to weak consumer demand sentiment, slowdown in athleisure after Covid and the rationalization of Forever21. ABLBL management aspires to deliver 15-25% growth in emerging brands, with a target to scale up Reebok and VH Innerwear to INR10-20b brands and AE to INR5-10b brand by FY30E. We are more conservative in our estimates and build in ~10% revenue CAGR over FY25-28E.
- Further, the profitability of ABLBL's emerging brands portfolio has also been a challenge, with losses in Innerwear and Forever21. However, despite an impact of ~INR500m on EBITDA due to the restructuring of Forever21 operations, ABLBL's emerging brands segment turned profitable in FY25. With a further scale-up of Reebok, VH innerwear and American Eagle, we expect profitability to improve going ahead. We build in margin expansion to ~5% by FY28E for ABLBL's emerging brands portfolio.

Exhibit 35: Expect Emerging Brands to clock 10% revenue CAGR over FY25-28E



Source: Company, MOSL

Exhibit 36: Emerging Brands EBITDA to see significant improvement over FY25-28E



Source: Company, MOSL

Build in 10%/13% revenue/EBITDA CAGR over FY25-28E

- We build in ~10% CAGR in ABLBL's revenue over FY25-28E, driven by 1) acceleration in retail store additions in Lifestyle brands, 2) improvement in store productivity, and 3) scale-up of emerging brands.
- We expect gross/EBITDA margin to expand ~80bp/~140bp to 59%/16.6% by FY28E, driven by 1) lower discounting, 2) better channel mix, and 3) operating leverage benefits.
- PAT growth is likely to be significant, driven by operational improvements and benefits of deleveraging.
- We expect ABLBL to generate cumulative FCF of ~INR11b (post leases and interest) over FY25-28E, which should lead to net cash position (excl. leases) and start of dividend payouts by FY28.

Exhibit 37: Revenue to clock 10% CAGR over FY25-28E

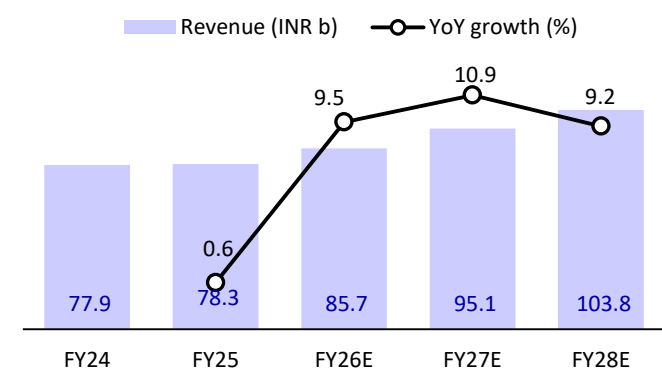


Exhibit 38: Gross margin to expand ~80bp to 59% by FY28E

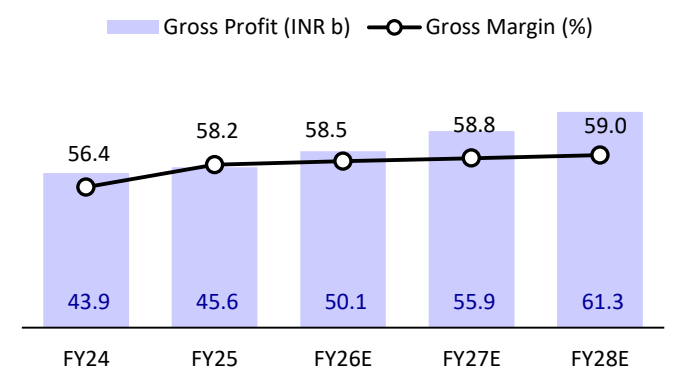


Exhibit 39: Rent to remain steady at ~9.6% over FY25-28E

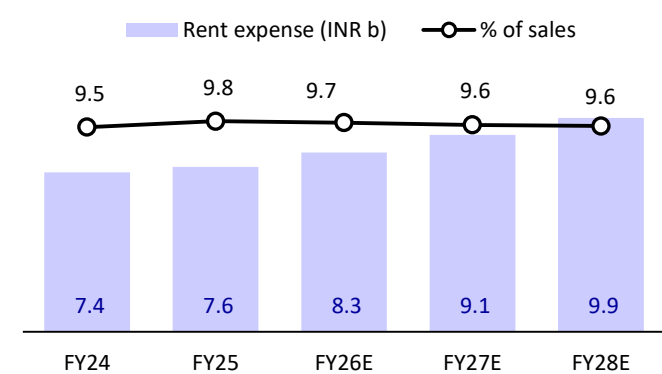


Exhibit 40: Employee expenses as % of revenue inched up in FY25; to remain steady at ~11.7% over FY25-28E

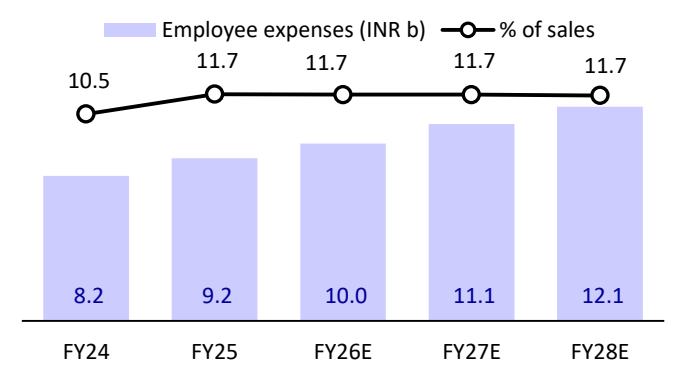


Exhibit 41: Other expenses to decline 30bp over FY25-28E leading to operating leverage

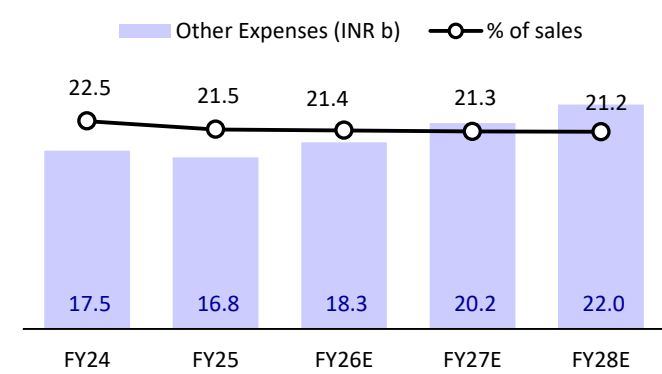


Exhibit 42: EBITDA margin set to improve ~140bp over FY25-28E

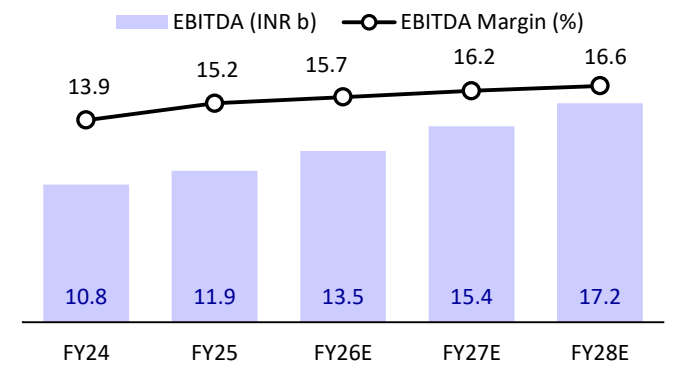


Exhibit 43: Pre Ind-AS margin to see sharp improvements of ~320bp over FY25-28E

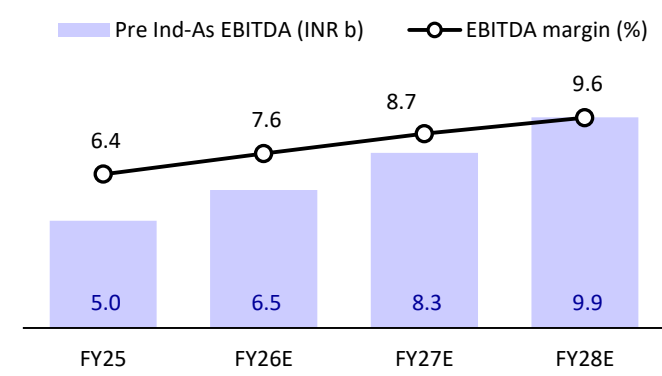


Exhibit 44: PAT margins to improve sharply led by better operating performance and deleveraging

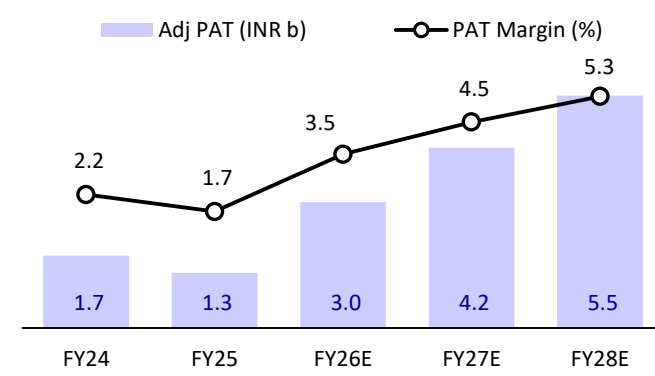


Exhibit 45: NWC days to decline to 57 days in FY28E

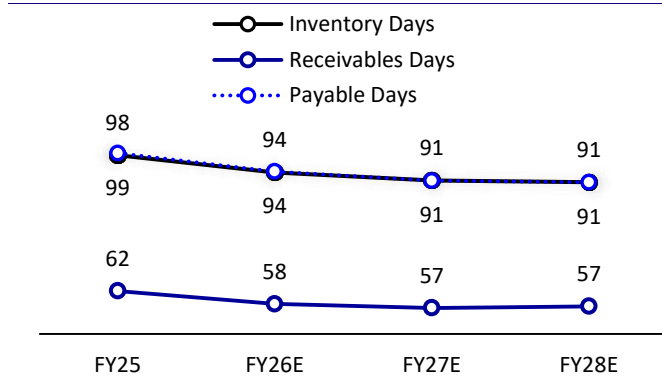


Exhibit 46: Deleveraging to play out over FY25-28E led by improved operating performance

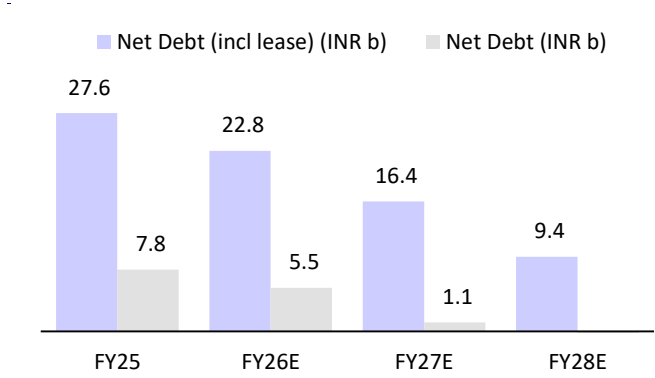


Exhibit 47: ABLBL to generate cumulative FCF/OCF of INR11b/INR18b (post interest and leases) over FY25-28E

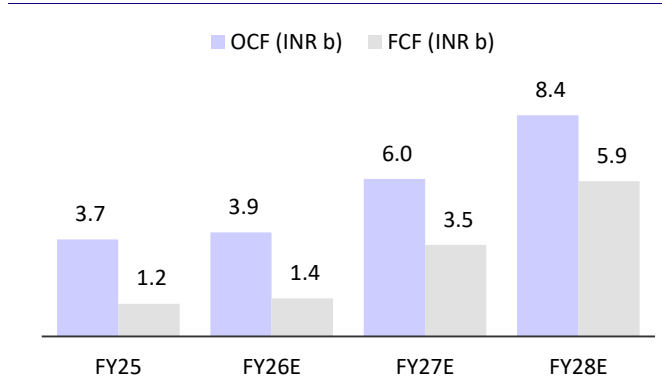
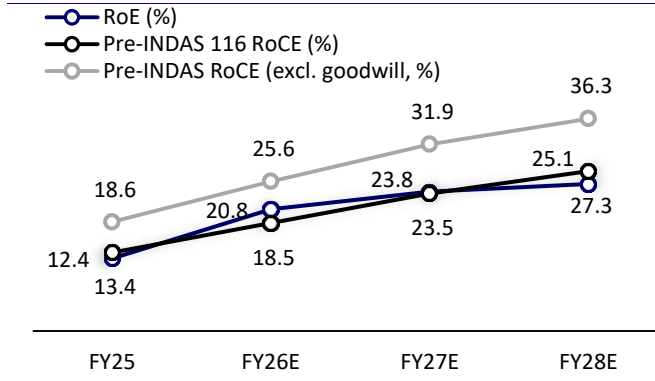


Exhibit 48: Healthy return ratios (Pre Ind-AS)



Valuation: Ascribe a TP of INR190/share to ABLBL

- Based on the share price of demerged ABFRL, immediately after the demerger, the market is ascribing ~INR171/sh or ~INR210b market cap to ABLBL.
- We value ABLBL based on the SoTP methodology. We ascribe 15x FY27E EV/EBITDA multiple to ABLBL's Lifestyle Brands and ~1x FY27E EV/sales multiple to ABLBL's Emerging Brands to arrive at a **TP of INR190/share** or ~INR230b market cap, which **implies ~16.5x FY27E EV/EBITDA (or ~28.5x FY27E pre-INDAS EBITDA)**.

Exhibit 49: SOTP-based valuation on Mar'27E basis

FY27E (INR b)	Value	Multiple	EV
Lifestyle Brands EBITDA	15.7	15	236
Emerging Brands revenue	15.5	1	19
ABLBL EV	15.4	16.5	254
Net debt (inc. leases)			23
ABLBL equity value			232
Share count (m)			1,220
ABLBL TP			190

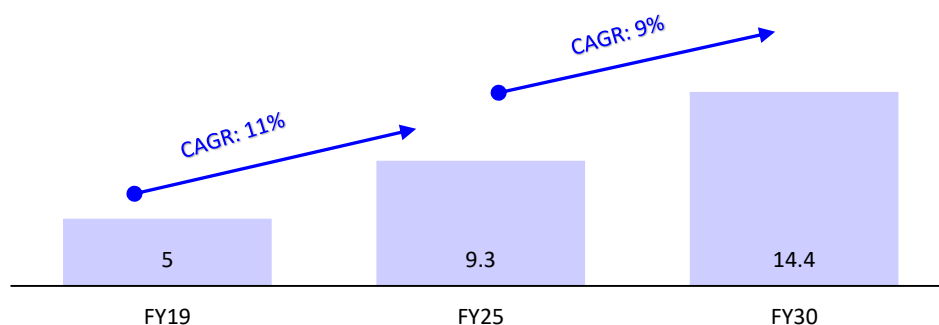
Source: MOFSL, Company

Industry growth expected to remain robust

Indian apparel market to reach INR14.4t by FY30 at ~9% CAGR over FY25-30

The apparel market in India posted an 11% CAGR over FY19-25 to reach an estimated INR9.3t and is projected to clock a CAGR of ~9% over FY25-30 to reach INR14.4t by FY30. This growth is expected to be driven by factors such as increasing disposable income, rising working population, rapid urbanization, greater brand consciousness, increasing digitization, and the expansion of organized retail and e-commerce, particularly in Tier-II and Tier-III cities.

Exhibit 50: Indian apparel market to see robust growth to reach INR14.4t by FY30 (INR t)



Source: MOFSL, Company

Branded apparel to clock higher ~12% CAGR over FY25-30

The branded apparel market in India is estimated at INR4.9t in FY25, accounting for 53% of the overall apparel market. This segment is projected to record a higher CAGR of 12% to reach INR8.8t by FY30. The growth is likely to be driven by the entry of international brands, the expanding footprint of organized retail in Tier II and smaller cities, and the rapid rise of e-commerce, all of which are accelerating the shift towards branded offerings. The mix is likely to shift in favor of branded players, with their contribution projected to rise to 61% by FY30 (from 53% in FY25).

Exhibit 51: Mix to shift in favor of branded players

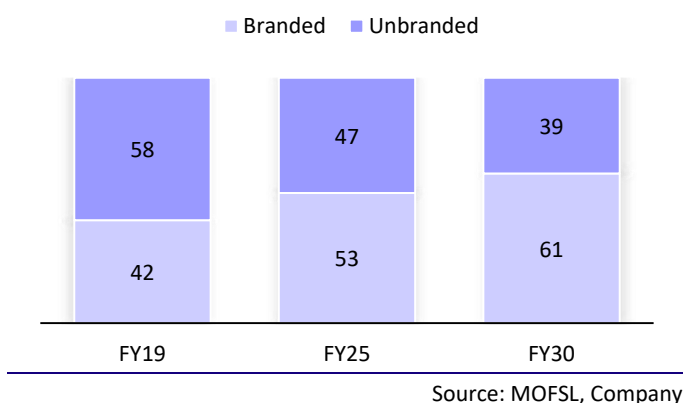
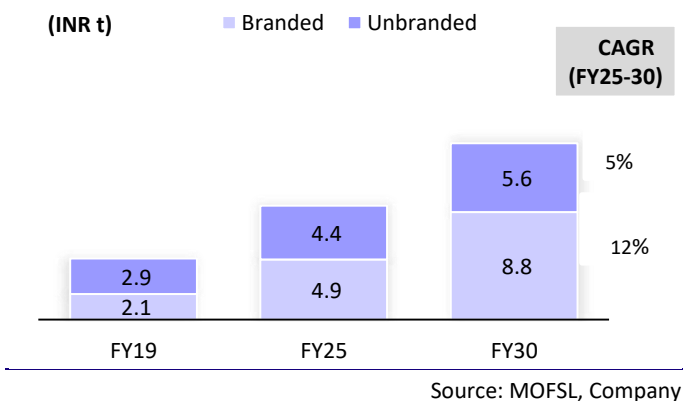


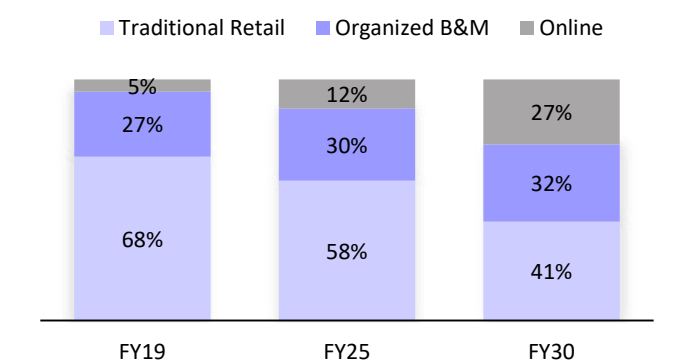
Exhibit 52: Branded players to grow ahead of industry



Organized apparel retailers to overtake traditional unorganized retail by FY30

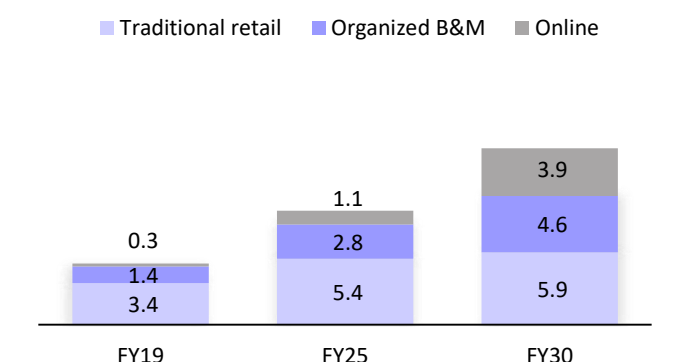
- Over the past two decades, India's apparel market has evolved significantly, marked by the rise of fashion brands, retailers, private labels, and emergence of organized retail with formats such as EBOs, LFS and MBOs. Further, India's fashion landscape evolved with the segmentation of fashion into categories such as formal, casual, ethnic wear, and footwear. Organized retail, including both offline and online channels, is steadily overtaking traditional trade formats like mom-and-pop stores, especially in Tier II+ cities, and is expected to overtake traditional retail by FY30, driven by development of capabilities in product design, sourcing, merchandising and retail.
- Traditional retail, currently valued at INR5.4t (58% share), is expected to record a modest ~2% CAGR to INR5.9t by FY30. In contrast, the online apparel segment, currently valued at INR1.1t (~12% share), is projected to clock a robust 28% CAGR to reach INR3.9t by FY30, driven by vertical e-commerce players, D2C brands, and emerging formats like quick commerce. The organized brick-and-mortar (B&M) channel is expected to deliver 10% CAGR over FY25-30 to reach ~INR4.6t by FY30, accounting for ~32% share.

Exhibit 53: Shift from unorganized to organized retail to accelerate over FY25-30



Source: MOFSL, Company

Exhibit 54: Organized apparel retail to account for ~INR8.5t by FY30

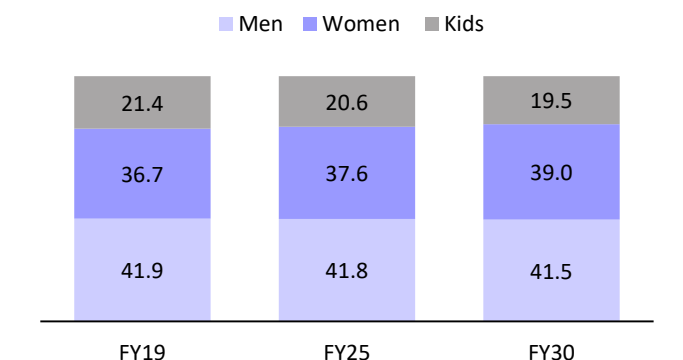


Source: MOFSL, Company

Menswear largest category, but womenswear growing at faster pace

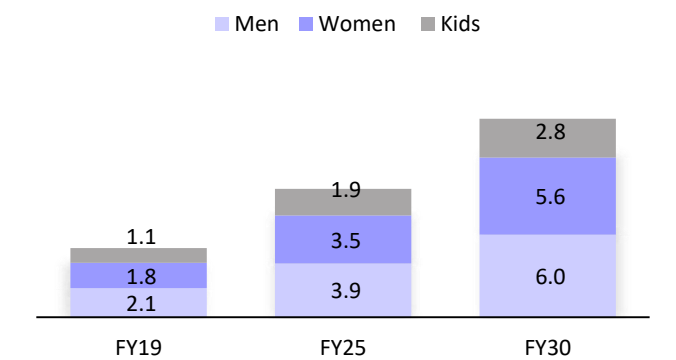
- In FY25, the menswear market in India is estimated at INR3.9t, contributing ~42% to the overall apparel market. It is projected to clock a CAGR of 9%, reaching INR6t by FY30. Unlike global trends where women's apparel dominates, India's higher share of menswear is driven by strong demand for professional clothing and the growing cultural acceptance of grooming and styling among men.
- However, the womenswear segment is gaining momentum and is expected to post a higher ~10% CAGR over FY25-30 to reach ~INR5.6t by FY30, supported by rising female workforce participation, higher disposable incomes, and shifting fashion preferences. Kids wear accounted for ~21% of the overall apparel market share and is expected to remain in the similar ballpark, with an ~8% CAGR over FY25-30.

Exhibit 55: Unlike global trends, men's apparel is the larger category in India...



Source: MOFSL, Company

Exhibit 56: ... however, womenswear segment is likely to grow faster (INR t)



Source: MOFSL, Company

Key growth drivers for Indian apparel industry

- **Demographic advantage:** A significant portion of India's population is under 35 years old. This young demographic is more fashion-conscious, experimental, and inclined towards global trends and branded clothing, propelling demand for premium and stylish apparel.
- **Rising disposable incomes and middle-class expansion:** The growing middle class with increasing disposable income is boosting the demand for fashionable, premium clothing, as consumers aspire for a more sophisticated lifestyle.
- **Shift from need-based to lifestyle-driven consumption:** Indian consumers are transitioning from buying clothing out of necessity to making aspirational, lifestyle-oriented purchases that reflect personality, style, and occasion.
- **Digital and global fashion exposure:** Increased access to international fashion through social media, influencers, streaming platforms, and e-commerce has created demand for western styles and branded apparel.
- **Rapid urbanization and Tier II/III penetration:** Urban growth, especially in Tier II and Tier III cities, is expanding organized retail, encouraging branded apparel consumption even in non-metro markets.
- **Rise in women's workforce participation:** More women are entering the workforce, which has led to increased demand for versatile and stylish workwear and casualwear, further expanding the market for western and formal apparel.

Western wear market dominates the Indian apparel market

The western wear market in India is estimated at INR6.8t in FY25 and is expected to record a CAGR of 10% to reach INR10.9t by FY30, accounting for 75%+ of the overall apparel market in India. This growth is likely to be fueled by increasing exposure to global fashion trends via social media, rapid urbanization, a growing middle class, and rising disposable incomes. Within this, the branded western wear market accounts for INR3.8t (~56%) in FY25 and is projected to post a CAGR of ~13%, reaching INR6.9t by FY30 (for ~63% share). Segment-wise, formal western wear is estimated at INR1.9t (28% share) in FY25 and is expected to clock a CAGR of 7% to INR2.6t by FY30, with its share declining to ~24%. In contrast, casual western wear, including categories like t-shirts, denim, and athleisure, was significantly larger at INR4.9t (72% share) in FY25 and is set to post a CAGR of 11% to reach INR8.3t by FY30. The casualization of fashion is not unique to India and is driven by global phenomenon.

Exhibit 57: Western wear market to grow at 10% CAGR over FY25-30E

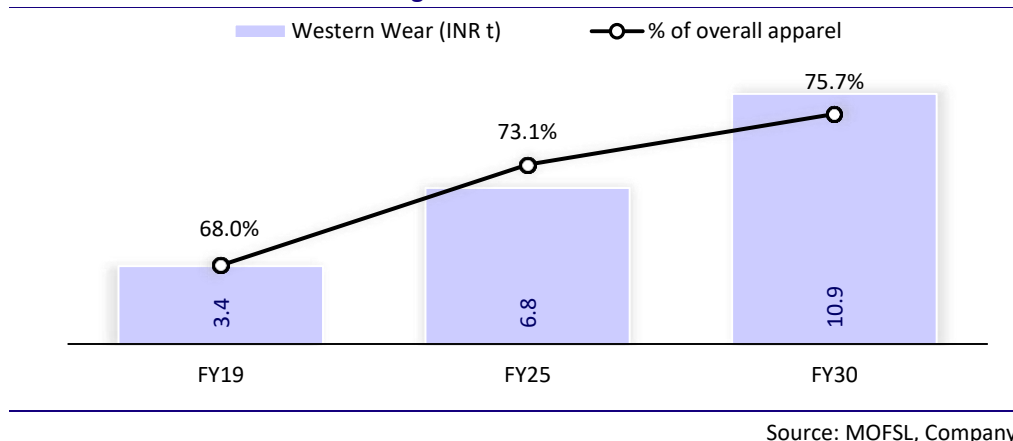


Exhibit 58: Branded vs. unbranded mix in western wear

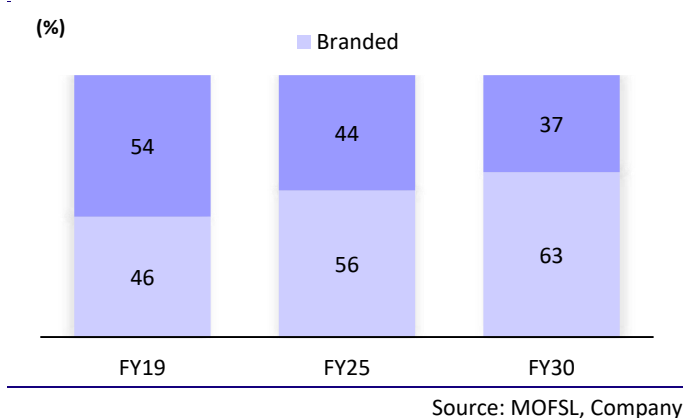
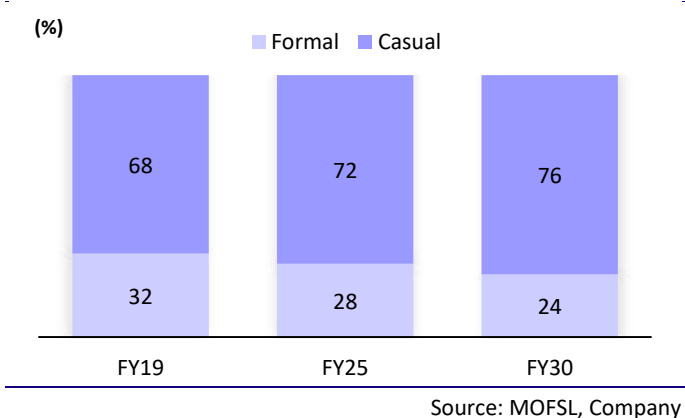


Exhibit 59: Formal vs. Casual mix in in western wear market



Innerwear market projected to record 14% CAGR

The overall activewear and innerwear market in India is valued at INR1t in FY25 and is projected to record a 14% CAGR, almost doubling to INR2t by FY30. The strong growth is expected to be driven by rising fitness awareness, demand for advanced fabric innovations, increased preference for shapewear, and heightened focus on hygiene and wellness.

Exhibit 60: Overall activewear and innerwear market

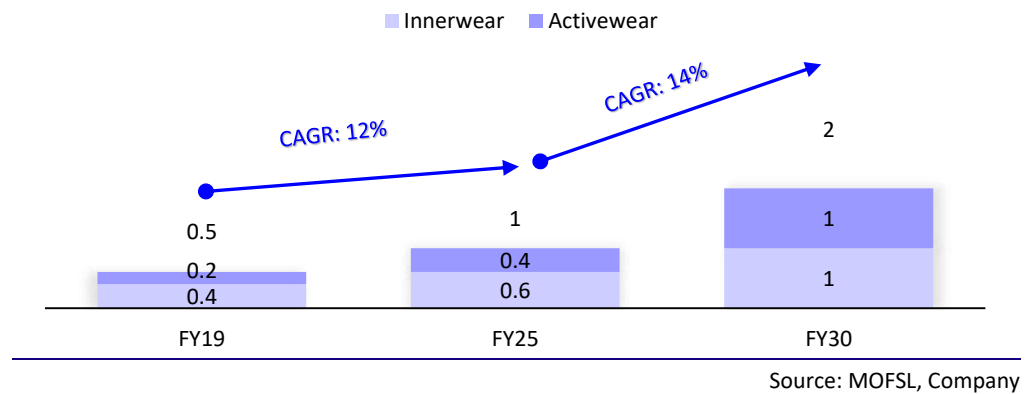


Exhibit 61: Comparison of apparel wear retail formats in India

	Luxury Intl	Luxury National	Mid Premium Intl	Mid Premium National	Distribution Focused National	Private Label Format LFS	Multi Brand LFS	Online First	Value Retail
Key brands	GUCCI BOSS HACKETT DIESEL ck A/X ORIAN EXCHANGE	TARUN TAHILANI ANITA DONGRE SABYASACHI SHANTINI NIRMAL PERNIA'S magaab	ZARA UNIQLO H&M M&S FOREVER 21 Reebok	LOUIS PHILIPPE VAN HEUSEN Allen Solly ARROW USA/IRSI fabindia ethnix BIBA aurelia PULI BLOOM	KKCO MUFTI JOCKEY	WESTSIDE max	pantaloon's lifestyle SHOPPERS STOP TRENDZ	HRX WROGN SNITCH The Footlocker Life Co.	STYLE UP zudio VISHAL MAAT V2
Break-up of sales channels	95% EBO 5% Online	95% EBO 5% Online	90%-95% EBO 5%-10% Online	40%-50% EBO 30%-40% LFS 5%-10% MBO 5%-10% Online	40%-50% EBO 10%-20% LFS 30%-40% MBO 8%-10% Online	100% EBO	100% EBO	95% Online 5% Offline	5% EBO 95% Online
Retail presence	Presence across Metro cities	Presence across Metro cities	Presence in Metro and Tier-I towns	Pan-India presence with significant penetration across Tier-II and below towns	Pan-India presence with significant penetration across Tier-II and below towns	Pan India presence	Pan India presence	Launched offline stores	Pan India presence
Price positioning	Premium to Luxury	Premium to Luxury	Mid Premium	Mid Premium	Mid Premium	Economy to Mid	Mid Premium	Economy to Mid	Value
	<div> EBO LFS MBO Online Offline </div>								

Source: MOFSL, Company

Board of Directors, Management and KMPs

Exhibit 62: Board of Directors

Name	Designation
Ms. Ananyashree Birla	Non-Executive Director
Mr. Aryaman Vikram Birla	Non-Executive Director
Mr. Pankaj Sood	Non-Executive Director
Mr. Ashish Dikshit	Managing Director
Mr. Vishak Kumar	Deputy Managing Director and Chief Executive Officer
Mr. Arun Kumar Adhikari	Independent Director
Mr. Sunirmal Talukdar	Independent Director
Mr. Nish Bhutani	Independent Director
Ms. Preeti Vyas	Independent Director
Mr. Yogesh Chaudhary	Independent Director
Mr. Venkatesh Satyaraj Mysore	Independent Director

Source: MOFSL, Company

Exhibit 63: Management and KMPs

Name	Designation
Key Managerial Personnel (KMP):	
Mr. Ashish Dikshit	Managing Director
Mr. Vishak Kumar	Deputy Managing Director and Chief Executive Officer
Mr. Dharmendra Lodha	Chief Financial Officer
Mr. Rajeev Agrawal	Company Secretary and Compliance Officer
Senior Management Personnel (SMP):	
Mr. Jacob John	President, Premium Brands, Madura Fashion and Lifestyle
Mr. Narahari N	Senior Vice President, Central Sourcing
Mr. Puneet Kumar Malik	CEO - Innerwear Business

Source: MOFSL, Company

Financials and valuations

Aditya Birla Lifestyle Brands

Income Statement

(INR m)

Y/E March	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	77,860	78,300	85,704	95,077	1,03,842
Change (%)		0.6	9.5	10.9	9.2
Raw Materials	33,947	32,720	35,567	39,219	42,575
Employees Cost	8,201	9,184	10,027	11,124	12,098
Rent	7,393	7,647	8,313	9,127	9,917
Other Expenses	17,498	16,831	18,328	20,204	22,023
Total Expenditure	67,038	66,382	72,236	79,675	86,612
% of Sales	86.1	84.8	84.3	83.8	83.4
EBITDA	10,822	11,918	13,468	15,402	17,229
Margin (%)	13.9	15.2	15.7	16.2	16.6
Depreciation	6,383	7,057	7,544	8,276	8,961
EBIT	4,439	4,860	5,924	7,126	8,269
Int. and Finance Charges	3,249	3,820	2,822	2,393	1,990
Other Income	999	777	855	940	1,034
PBT bef. EO Exp.	2,188	1,817	3,957	5,674	7,313
EO Items/Share of Associates	-	-983	-	-	-
PBT after EO Exp.	2,188	834	3,957	5,674	7,313
Total Tax	481	238	996	1,428	1,841
Tax Rate (%)	22.0	28.5	25.2	25.2	25.2
Reported PAT	1,707	596	2,961	4,246	5,472
Adjusted PAT	1,707	1,579	2,961	4,246	5,472
Change (%)	NA	-7.5	128.0	43.4	28.9
Margin (%)	2.2	2.0	3.5	4.5	5.3

Balance Sheet

(INR m)

Y/E March	FY25	FY26E	FY27E	FY28E
Equity Share Capital	12,203	12,203	12,203	12,203
Total Reserves	562	3,523	7,769	11,411
Net Worth	12,765	15,727	19,972	23,614
Total Loans	9,522	7,122	4,722	2,322
Lease Liability	19,803	17,317	15,313	13,376
Deferred Tax Liabilities	-1,447	-1,447	-1,447	-1,447
Other Long Term Liability	8,411	8,411	8,411	8,411
Capital Employed	49,054	47,130	46,972	46,277
Gross Block	24,761	27,261	29,761	32,261
Less: Accum. Deprn.	7,203	9,539	12,212	15,223
Net Fixed Assets	6,385	7,108	7,493	7,541
Right to use Assets	15,244	12,338	8,940	4,754
Intangible	11,173	10,614	10,056	9,498
Capital WIP	130	130	130	130
Total Investments	1,172	1,172	1,172	1,172
Other Long Term Assets	4,359	4,359	4,359	4,359
Curr. Assets, Loans&Adv.	42,881	46,272	52,436	59,560
Inventory	21,088	22,894	24,746	27,027
Account Receivables	13,221	14,088	15,629	17,070
Cash and Bank Balance	537	426	2,426	5,108
Loans and Advances	8,035	8,865	9,635	10,355
Curr. Liability & Prov.	32,289	34,864	37,615	40,737
Account Payables	21,213	22,894	24,746	27,027
Other Current Liabilities	9,660	10,436	11,142	11,803
Provisions	1,416	1,534	1,727	1,907
Net Current Assets	10,591	11,408	14,821	18,823
Appl. of Funds	49,054	47,130	46,972	46,277

Financials and valuations

Ratios

Y/E March	FY25	FY26E	FY27E	FY28E
Basic (INR)				
EPS	1.3	2.4	3.5	4.5
Cash EPS	7.1	8.6	10.3	11.8
BV/Share	10.5	12.9	16.4	19.4
DPS	0.0	0.0	0.0	1.5
Payout (%)	0.0	0.0	0.0	33.4
Valuation (x)				
Dividend Yield (%)	0.0	0.0	0.0	0.8
FCF per share	1.0	1.2	2.8	4.8
Return Ratios (%)				
RoE	12.4	20.8	23.8	25.1
RoCE	11.5	14.4	17.8	20.8
RoIC	12.1	15.1	19.1	23.9
Working Capital Ratios				
Fixed Asset Turnover (x)	3.2	3.1	3.2	3.2
Asset Turnover (x)	1.6	1.8	2.0	2.2
Inventory (Days)	98	94	91	91
Debtor (Days)	62	58	57	57
Creditor (Days)	99	94	91	91
Leverage Ratio (x)				
Current Ratio	1.3	1.3	1.4	1.5
Interest Cover Ratio	1.3	2.1	3.0	4.2
Net Debt/Equity	2.2	1.5	0.8	0.4

Cash Flow Statement

(INR m)

Y/E March	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	834	3,957	5,674	7,313
Depreciation	7,886	7,544	8,276	8,961
Interest & Finance Charges	3,820	2,822	2,393	1,990
Direct Taxes Paid	-36	-996	-1,428	-1,841
(Inc)/Dec in WC	-828	-928	-1,412	-1,321
CF from Operations	11,676	12,399	13,502	15,102
Others	-234	(854.81)	(940.29)	(1,034.32)
CF from Operating incl EO	11,442	11,544	12,562	14,068
(Inc)/Dec in FA	-2,435	-2,500	-2,500	-2,500
Lease Payments incl. interest	-7,771	-7,609	-6,601	-5,690
Free Cash Flow	1,235	1,434	3,460	5,877
(Pur)/Sale of Investments	2,446	0	0	0
Others	58	855	940	1,034
CF from Investments	-7,702	-9,255	-8,161	-7,156
Issue of Shares	1	0	0	0
Inc/(Dec) in Debt	-4,533	-2,400	-2,400	-2,400
Dividend Paid	0	0	0	-1,830
CF from Fin. Activity	-4,533	-2,400	-2,400	-4,230
Inc/Dec of Cash	-793	-111	2,001	2,681
Opening Balance	1,324	531	420	2,420
Closing Balance	531	420	2,420	5,102
less: Other Bank Balance	6	6	6	6
Net Closing Balance	536	426	2,426	5,108

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NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
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