

3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive = Neutral - Negative			

What has changed in 3R MATRIX

	Old		New
RS	✓	↔	✓
RQ	✓	↔	✓
RV	✓	↔	✓

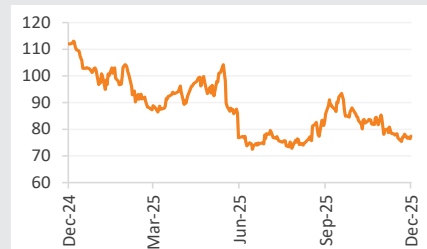
Company details

Market cap:	Rs. 9,448 cr
52-week high/low:	Rs. 105/72
NSE volume: (No of shares)	81.6 lakh
BSE code:	535755
NSE code:	ABFRL
Free float: (No of shares)	65.2 cr

Shareholding (%)

Promoters	46.6
FII	19.1
DII	8.1
Others	26.2

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	-8.0	-9.9	0.7	-30.9
Relative to Sensex	-10.7	-16.1	-4.5	-35.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Aditya Birla Fashion and Retail Ltd

Better execution to drive growth

Consumer Discretionary	Sharekhan code: ABFRL		
Reco/View: Buy	↔	CMP: Rs. 77	Price Target: Rs. 90 ↓

Summary

- Aditya Birla Fashion & Retail Ltd (ABFRL) is focused on clocking sustainable, profitable growth with steady investments in brand building, store experience, luxury expansion and omni-channel capabilities.
- Long-term growth triggers include - recovery in Pantaloons, profitable scale-up of value fashion and branded ethnicwear, and a turnaround in TMRW. Higher marketing spends and investments in TASVA/OWND would drag near-term profitability.
- We expect ABFRL to clock 14% and 21% revenue and EBITDA CAGR, respectively, over FY25-FY28E.
- Stock trades at 20x/15x/12x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 90.

ABFRL's portfolio comprises a diversified play across high-growth segments in apparel retail, such as ethnic wear, D2C online-first brands, and luxury retail. ABFRL continues to focus on investment in brand building, store experience, luxury expansion, and omni-channel capabilities, aiming to deliver sustainable and profitable growth. A structural shift towards organised players in the fashion industry will further drive growth in the medium-long term. The company plans store additions across brands with ~30 store additions each in OWND and TASVA in H2FY26 at a capex of Rs. 100-125 crore. Among businesses 1) Pantaloons to focus on retail identity revamp and margin improvement, 2) OWND! to see aggressive investments towards store additions based on its early success, 3) Ethnics portfolio profitability to improve with the reduction in TCNS losses, 4) Capital infusion of Rs. 450 crore in TMRW to be used for loss funding, working capital for growth, and offline capex and 5) Luxury retail will focus on deepening market penetration and expanding its presence across key metros.

- Structural industry growth to benefit ABFRL:** The Indian apparel industry is undergoing rapid evolution. With per capita GDP expected to grow from \$2,500 to over \$4,000 over the next five years, India is entering a phase of aspirational consumption. This will drive significant shifts from the unorganised to the organised retail sector, accelerate demand across all fashion categories and fuel creation of brands. ABFRL has a comprehensive and well-diversified portfolio, designed to address fashion needs across multiple price points, occasions and consumer segments, with a presence in large fashion consumption themes - Massstige and value retail, ethnic brands, luxury retail and digital-first brands.
- Diversified businesses strategies:** Pantaloons to focus on revamping its retail identity and improve margins by ~300 bps over the next five years through improved SSSG and higher own-brand salience. ABFRL will continue to invest in OWND! - Value/Gen Z Play within Pantaloons, more aggressively and plans a network of ~90 stores by FY26-end. Designer-led ethnic brands are highly profitable with ~20%+ margin. ABFRL's targets further margin improvement to ~25%. TCNS forayed into occasion wear through the launch of "Wishful". ABFRL expects TCNS to become a key profitable growth driver. TASVA likely to be the only loss-making piece in ethnic with plan to exit FY26 with 100+ stores. ABFRL infused Rs. 450 crore in TMRW in Q2 to be used for primarily loss funding, working capital and offline capex.
- Strategic priorities to drive long-term growth:** With market-leading positions across ethnic wear, massstige and value retail, luxury fashion and digital-first brands, ABFRL is well-positioned to capitalize on the evolving dynamics of India's fashion and lifestyle landscape. ABFRL is committed to deliver sustainable and profitable growth with continued focus on investment in brand building, store experience, luxury expansion, and omni-channel capabilities. With the demerger completed and fresh capital in place, ABFRL plans to focus on organic growth and sustainable profitability going ahead.

Our Call

View - Maintain Buy with a revised PT of Rs. 90: The management has laid down ambitious long-term growth and profitability objectives. The company eyes a threefold increase in revenue and a doubling of margins over the next five years. Recovery in Pantaloons, profitable scale-up of value fashion and branded ethnic wear, and a turnaround in TMRW to be key long-term triggers. However, higher marketing spends and investments in TASVA/OWND to drag down near-term profitability. The stock trades at 20x/15x/12x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 90.

Key Risks

Any sustained slowdown in recovery due to weak demand in the branded apparel space in the coming quarters would act as a risk to our estimates in the near term.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	6,441	7,355	8,226	9,507	10,905
EBITDA Margin (%)	5.7	9.2	8.5	9.8	10.9
Adjusted PAT	-920	-735	-647	-591	-496
Adjusted EPS (Rs.)	-7.4	-6.2	-5.3	-4.8	-4.1
P/B (x)	1.7	1.4	1.5	1.7	1.9
EV/EBITDA (x)	47.0	20.3	20.2	15.1	11.7
RoNW (%)	-22.8	-12.8	-10.0	-10.1	-9.3
RoCE (%)	-4.1	-2.2	-3.1	-2.7	-1.7

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook – Near-term outlook bleak; long-term growth prospects intact

In the near term, revenue growth for the branded retail and apparel companies is likely to be largely driven by store expansion, steady demand for premium products, and better consumer sentiments in urban markets/metros. In the medium to long term, market share gains, higher traction on the e-commerce platform, a strong retail space expansion strategy, and sustained expansion of the product portfolio will help branded apparel and retail companies post consistent growth. Better operating leverage, improved efficiencies, and an enhanced mix would help branded apparel and retail companies post higher margins in the coming years.

■ Company Outlook – Near-term environment weak; demerger to simplify structure

Medium-long term growth prospects are intact, aided by its focus on leveraging its strong brand portfolio, evolving product profile in line with changing consumer preferences, and expanding its reach along with continued investments in brand building, store experience, luxury expansion, and omni-channel capabilities. However, higher marketing spends and investments in TASVA/OWND to drag down near-term profitability. We expect the demerged ABFRL entity to clock 14% and 21% revenue and EBITDA CAGR, respectively, over FY25-FY28E led by robust growth and improved profitability in TMRW and ethnic.

■ Valuation – Maintain Buy with a revised PT of Rs. 90

The management has laid down ambitious long-term growth and profitability objectives. The company eyes a threefold increase in revenue and a doubling of margins over the next five years. Recovery in Pantaloons, profitable scale-up of value fashion and branded ethnic wear, and a turnaround in TMRW to be key long-term triggers. However, higher marketing spends and investments in TASVA/OWND to drag down near-term profitability. The stock trades at 20x/15x/12x its FY26E/FY27E/FY28E EV/EBITDA, respectively. We maintain a Buy with a revised SOTP-based PT of Rs. 90.

Peer Comparison

Companies	EV/EBITDA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Trent	48.9	37.8	30.7	30.1	28.6	28.8
ABFRL	20.3	20.2	15.1	-2.2	-3.1	-2.7

Source: Company; Mirae Asset Sharekhan Research

About company

ABFRL is India's leading fashion powerhouse, offering a distinguished portfolio of renowned brands and retail formats, catering to multiple high-growth segments. As of September 30, 2025, it has presence across 1,190 stores spanning 7.5 million sq. ft. retail space. ABFRL's portfolio includes Pantaloons, one of India's most loved fashion destinations, and OWND a growing retail format for GenZ and the youth. The company also operates The Collective, with exclusive long-term tie-ups with global fashion brands including Ralph Lauren, Hackett London, Ted Baker and Fred Perry. ABFRL has also partnered with Paris based Galeries Lafayette to introduce a high-end luxury destination in India. ABFRL is a market leader in branded ethnic wear, its portfolio includes Jaypore, TASVA and TCNS brands and it has forged strategic partnerships with India's top designers such as Shantnu & Nikhil, Tarun Tahiliani, Sabyasachi, and House of Masaba. In addition, to cater to the needs of digitally native consumers, ABFRL is also building a portfolio of digital-first brands under its technology-led 'House of D2C Brands' venture, TMRW.

Investment theme

ABFRL is one of the largest players in the branded apparel and retail space. The company has built an agile supply chain model to deliver continuous fresh fashion throughout the year with its 12-season model, which will aid in reducing working capital in the coming years. The company has entered into strategic partnerships with designers, such as Shantanu & Nikhil, Tarun Tahiliani, Sabyasachi, and House of Masaba, to tap the ethnic and wedding segments, which has a large unorganised presence.

Key Risks

- ♦ Any slowdown in the discretionary demand environment would impact SSSG, thus affecting revenue growth.
- ♦ Heightened competition, especially in the form of private labels by other branded players, would act as a threat to revenue growth.

Additional Data

Key management personnel

Name	Designation
Kumar Mangalam Birla	Chairman
Ashish Dikshit	Managing Director
Jagdish Bajaj	Chief Financial Officer
Rajeev Agrawal	Company Secretary and Compliance Officer

Source: BSE; Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Caladium Investments Pte. Ltd.	4.91
2	FMR LLC.	3.24
3	Theleme India Master Fund Ltd.	2.43
4	Quant Money Managers Ltd.	1.98
5	Vanguard Group Inc	1.83
6	Amansa Holdings Pvt Ltd.	1.79
7	Bandhan Mutual Fund	1.64
8	SBI Life Insurance Co. Ltd.	1.52
9	Peanence Commercial Pvt Ltd.	1.11
10	Nippon Life India AMC	1.06

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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