



PREMIUM GLOBAL
CONGLOMERATE

Aditya Birla Fashion & Retail Limited#

India's largest branded apparel player



- Name Applied For

January 2016

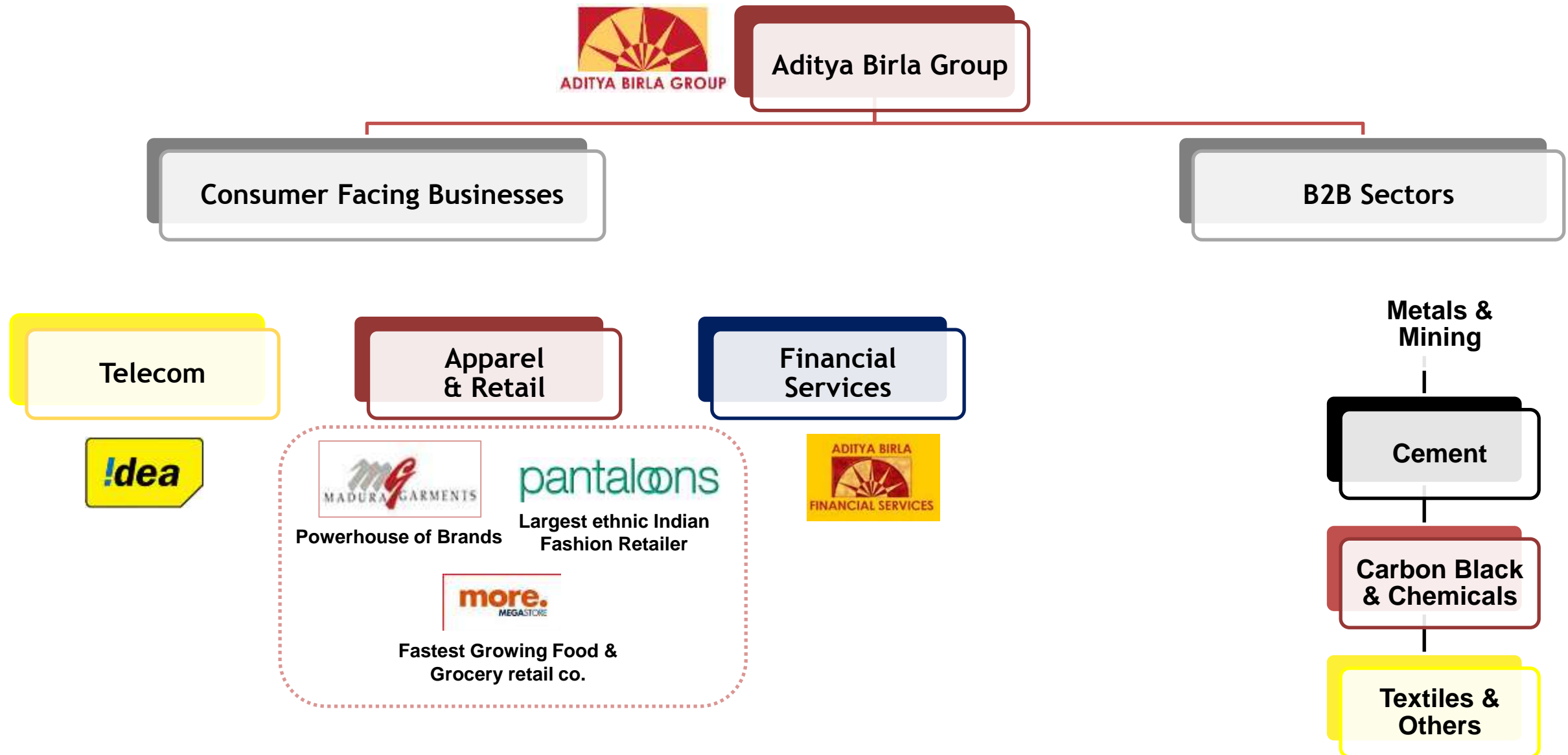
Aditya Birla Group At a Glance | Global presence

- ☐ **A US \$ 41 billion MNC**
- ☐ **Operates in 36 countries**
- ☐ **Over 130 state-of-the-art manufacturing units**
- ☐ **Over 50% revenues from overseas operations**
- ☐ **Anchored by 120,000 employees belonging to 42 different nationalities**



Australia | Austria | Bangladesh | Brazil | Canada | China | Egypt | France | Germany | Hungary | India | Indonesia
Italy | Ivory Coast | Japan | Korea | Laos | Luxembourg | Malaysia | Myanmar | Philippines | Poland | Russia | Singapore
South Africa | Spain | Sri Lanka | Sweden | Switzerland | Tanzania | Thailand | Turkey | UAE | UK | USA | Vietnam

Aditya Birla Group At a Glance | Our Operating Sectors



Aditya Birla Group At a Glance | Global & Indian Highlights

Leading Conglomerate

- Globally

- **Number 1** in Carbon Black
- **Largest** Aluminum rolling company
- **2nd largest** producer of Viscose Staple Fiber
- **4th largest** producer of Insulators
- **5th largest** producer of Acrylic fiber
- **Among the top 10** Cement manufacturers

- In India

- **Number 1 Lifestyle and Apparel** Player
- Among **Top 3** Supermarket Chains
- Among **Top 3** Mobile Telecom Players
- Among **Top 2** Cement Players
- **Leading Player** in Life Insurance, NBFC and Asset Management

Aggressive inorganic growth through large-scale global tie-ups & acquisitions

Our Values



Our Values are non – negotiable. I believe that great and lasting businesses are never built on the quick sands of opportunism. If living by our values means, perhaps growing at a pace slower than we otherwise have liked, so be it.

-Kumar Mangalam Birla

Our value system

At the core of our existence

Our Values are non – negotiable. I believe that great and lasting businesses are never built on the quick sands of opportunism. If living by our values means, perhaps growing at a pace slower than we otherwise have liked, so be it.

-Kumar Mangalam Birla

Integrity

Honesty in every action

- Ethical, transparent, truthful, upright, principled, respectful

Commitment

Deliver on the promise

- Accountability, discipline, responsibility, results orientation Self Confidence, reliability

Passion

Energized action

- Intensity, innovation, transformational, fire in the belly, inspirational, deep sense of purpose

Seamlessness

Boundary less in letter and spirit

- Team work, integration, involvement, openness, global, learning from the best, empowering

Speed

One step ahead always

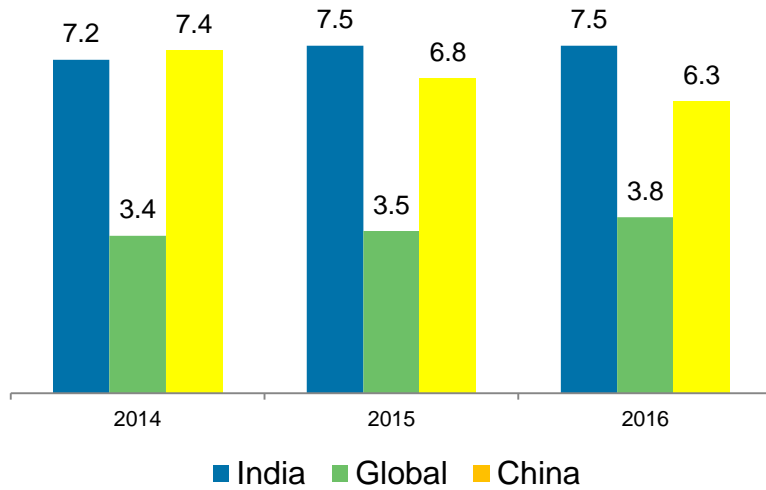
- Response time, agile, accelerated, timelines, nimble, prompt, pro-active, decisive

Attractive Indian Industry Fundamentals

Right Ingredients for Growth in Organized Retail

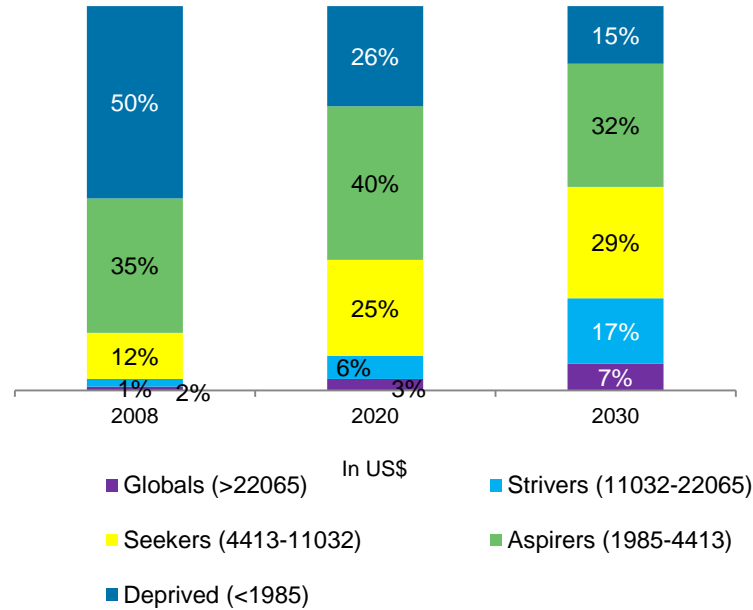
Favorable Macro Economic & Demographic Factors

Healthy GDP Growth Rate...
%, Poised to eclipse China



India is the fastest growing economy in the world

...And Changing Economic fortune by segment...
%, mn households

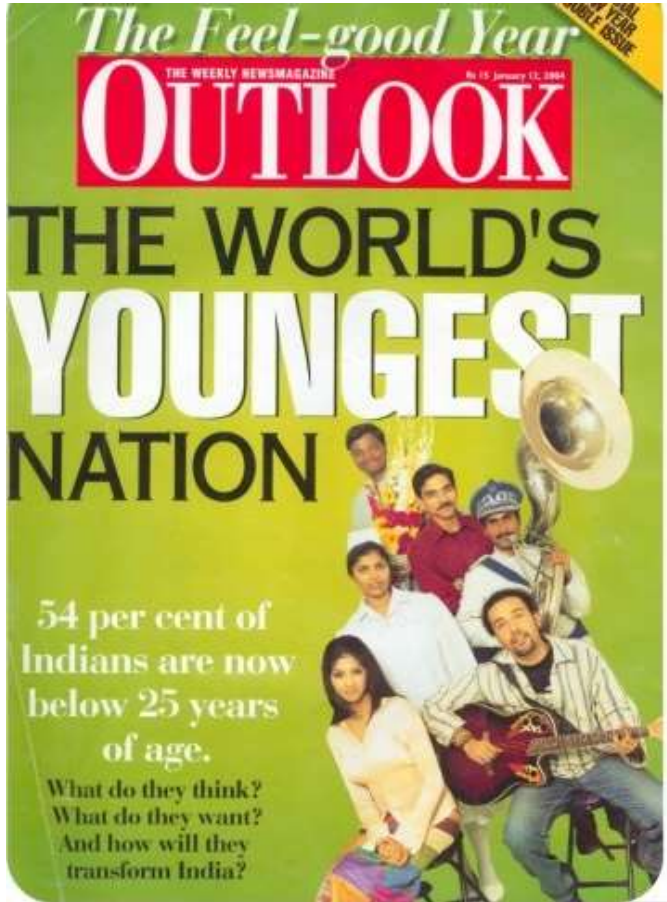


With rapidly growing prosperity across all strata of society



Right Ingredients for Growth in Organized Retail

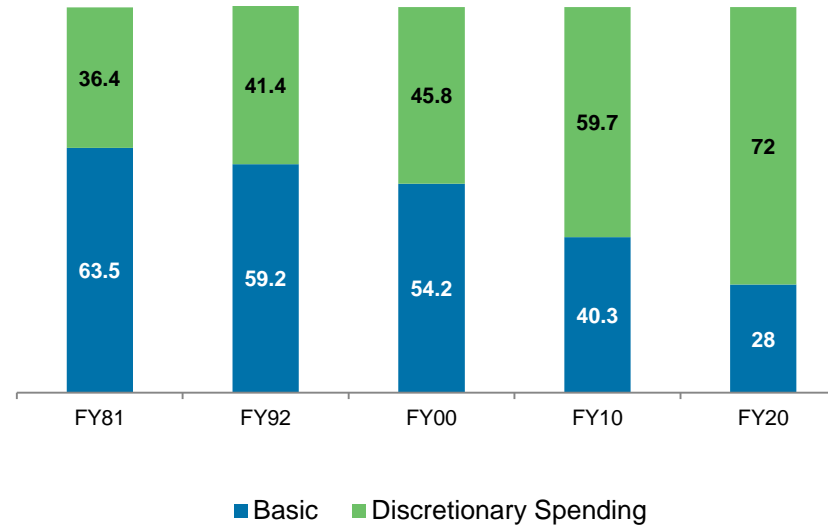
Favorable Macro Economic & Demographic Factors



The world's youngest nation, 54% below the age of 25 years

...And Rising share of Discretionary spending...

% of private final consumption expenditure, 2015 estimates



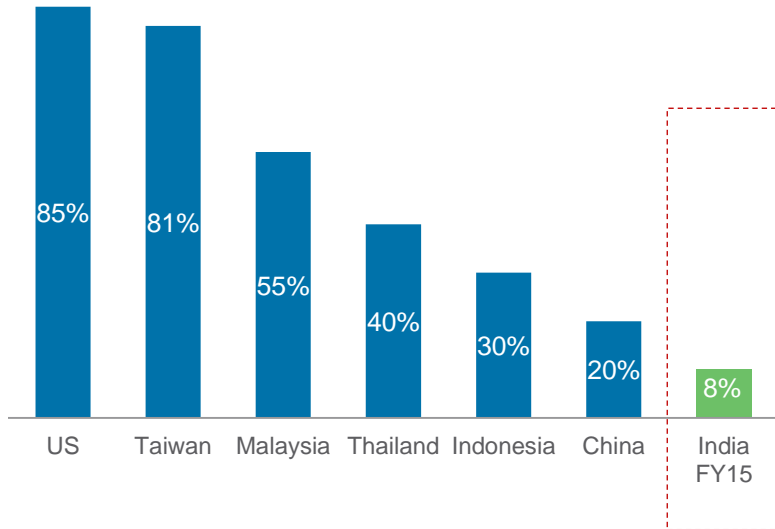
...with increasing disposable income and rising discretionary spending



Right Ingredients for Growth in Organized Retail

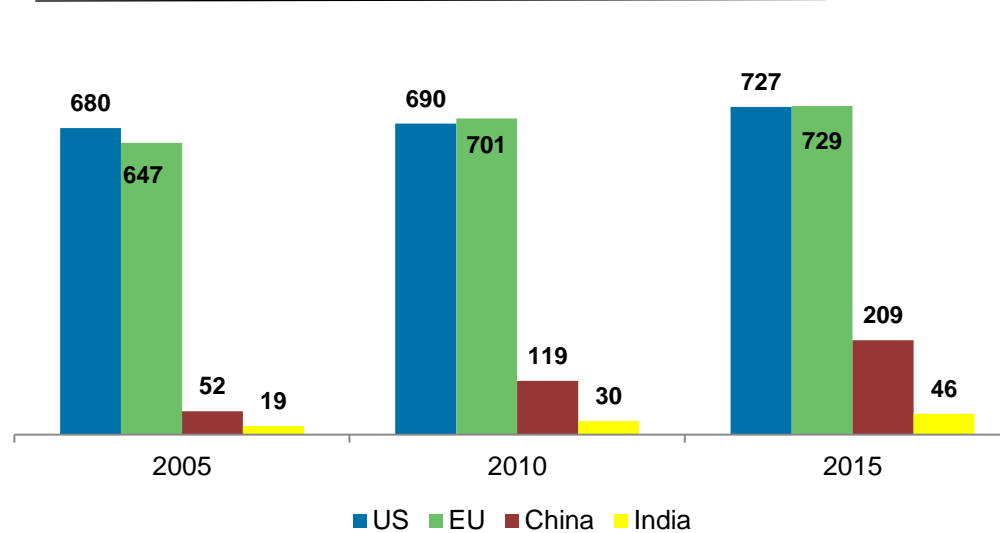
Low Modern Trade Penetration & Large distance to cover

Penetration of Organized Retail⁽¹⁾
%, 2011



A largely unexplored retail opportunity with a long future

Potential high growth in Per Capita Apparel Consumption
USD per capita

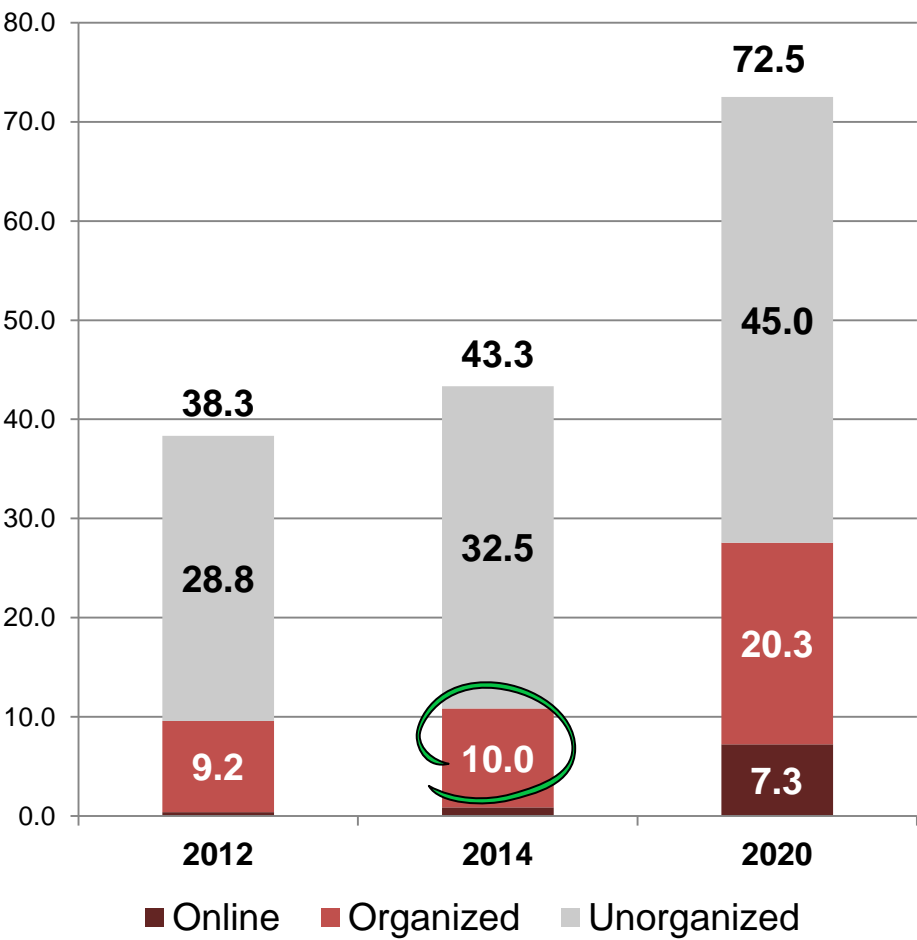


...resulting in highly attractive prospects for apparel which has a long distance to cover



Large Apparel Market

India - Apparel Market Size and Growth
USD bn



Source: Company Estimates

Organised Apparel Market Segments (Total Market = ~10,300 USD Mn)
(FY 2014, Market Size in USD mn)

Segment	Total Market Size	Men		Women		Kids	Accessories
		Casual	Formal	Western	Ethnic		
Luxury & Super Premium	518	82	215	41	43	125	12
Premium & Sub-premium	4545	704	1581	334	455	1360	111
Value & Mass	5200	643	1769	370	1159	1181	78
Total	10263	1429	3565	745	1657	2666	201

A fast growing apparel market with a large opportunity

New Opportunities Opening Up..

1



Value fashion – increasing middle class, shift away from unorganized, greater awareness of the shopping experience leading to a creation of large value fashion market (growing at 20%+)

2



Increasing share of women wear– with changing cultural norms, more women working and large number of younger women in cities, organised market is shifting away from being a predominant menswear market

3



Increasing brand proliferation - growth of branded apparel market is led by increasing supply including entry of many International players across multiple segments – H&M, Zara, Gap, Tommy Hilfiger, U.S. Polo Assn.

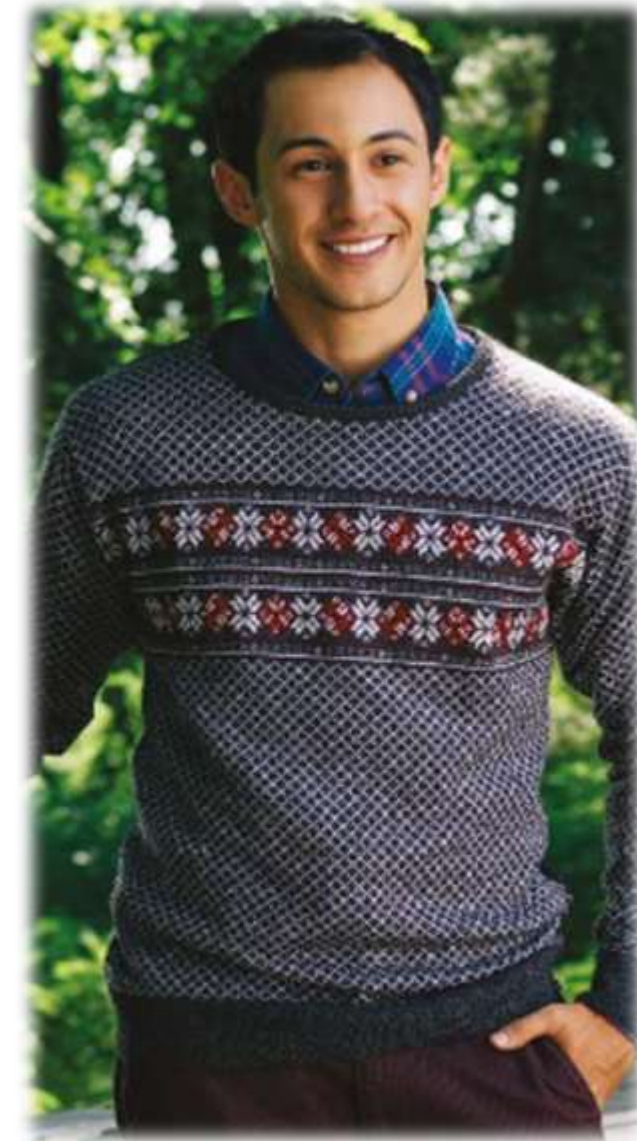
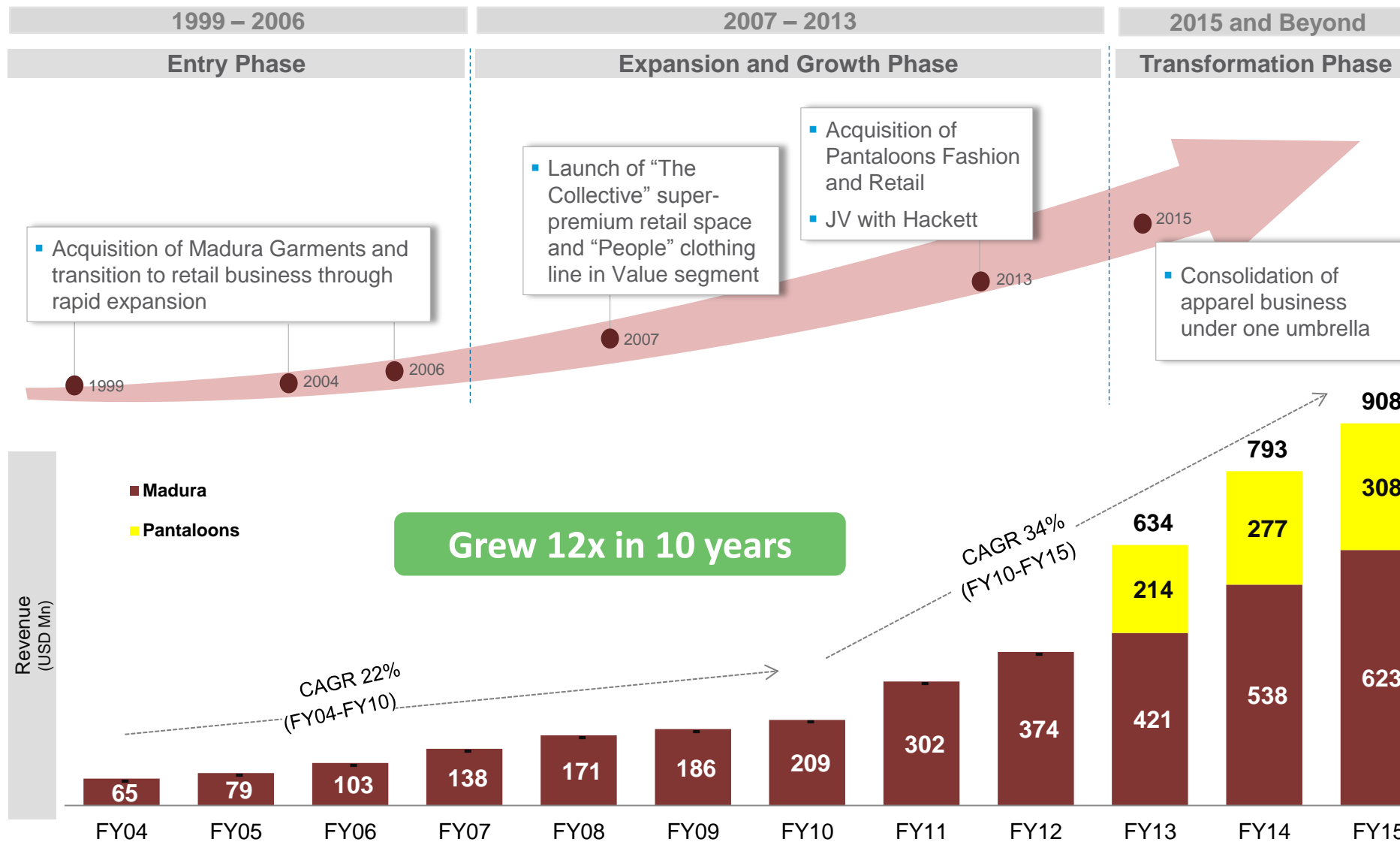
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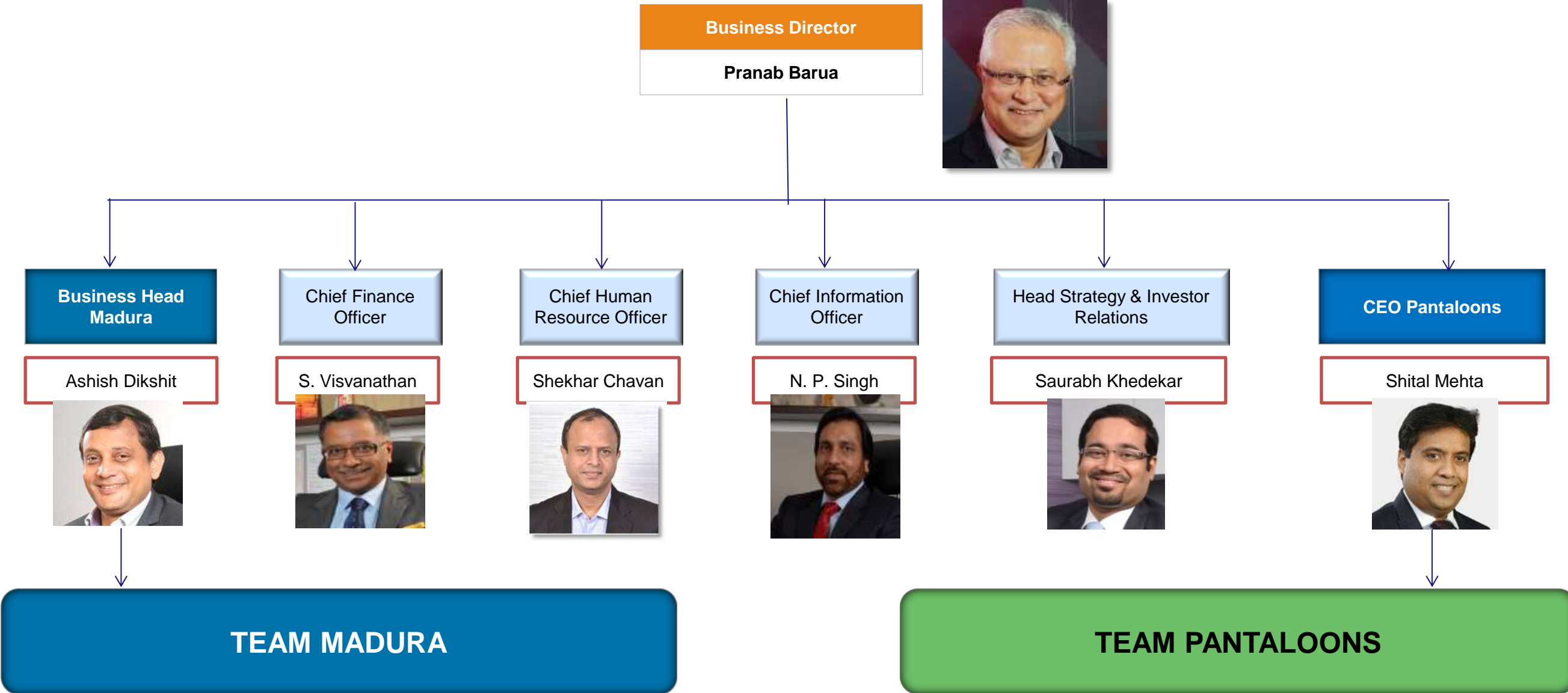
E-commerce - as a new channel has opened up a fast growing avenue for apparel sales. Leveraging the huge traffic on their sites and by making investments in fashion credentials, leading e-commerce players have aggressively grown revenues. In addition to partnering with these players, brands are also establishing their own play in this space.

ABG Apparel Business

ABG's journey in Apparel



Management Structure



Aditya Birla Fashion & Retail (ABFRL)



ABFRL BY THE NUMBERS

NO. **1** PURE-PLAY FASHION
LIFESTYLE COMPANY

OUR COMBINED
REVENUES ARE

c. **USD 1
BILLION**

TOP **4** BRANDS OF INDIA
EACH CLOCKING MRP SALES OVER
USD 150 MN

5 mn. sq ft

LARGEST RETAIL NETWORK IN INDIA

WE OPERATE IN OVER
185 CITIES & TOWNS

STYLING

2 CONSUMERS

EVERY SECOND

6,000+
POINTS OF SALE

1,900+
EXCLUSIVE
BRAND OUTLETS

Winning Combination of Brands & Retail



- Powerhouse of **India's leading fashion brands**: Louis Philippe, Van Heusen, Allen Solly, Peter England
- Extensive reach through **multi-channel distribution** network: 1797 Retail stores & 6000+ additional points of sale
- Established **global supply chain**
- **Strong in-house design** & product development capabilities
- Track record of **robust financial performance**

India's #1 Menswear Player



- One of **India's largest big-box** fashion retailer
- Unique business model: **Design to Retail**
- Strong portfolio of **exclusive private brands**: ~53% of Revenue
- **Wide reach**: 50 cities & 141 stores
- **Rich portfolio** spanning mens, womens western, womens ethnic and kids
- One of the **largest loyalty programs**: ~4.5 Mn members - 60% of sales

India's #1 Womenswear Retailer

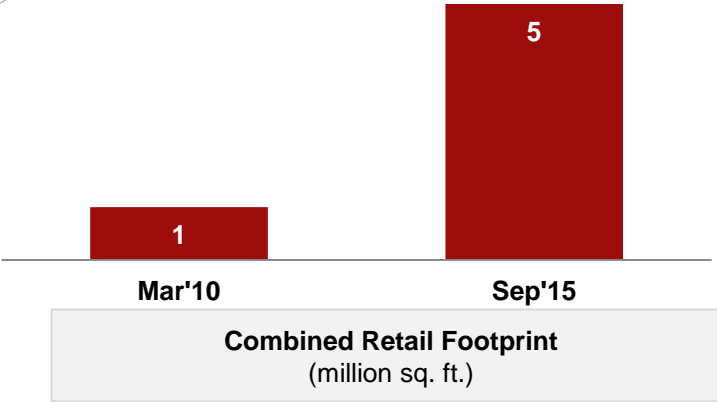
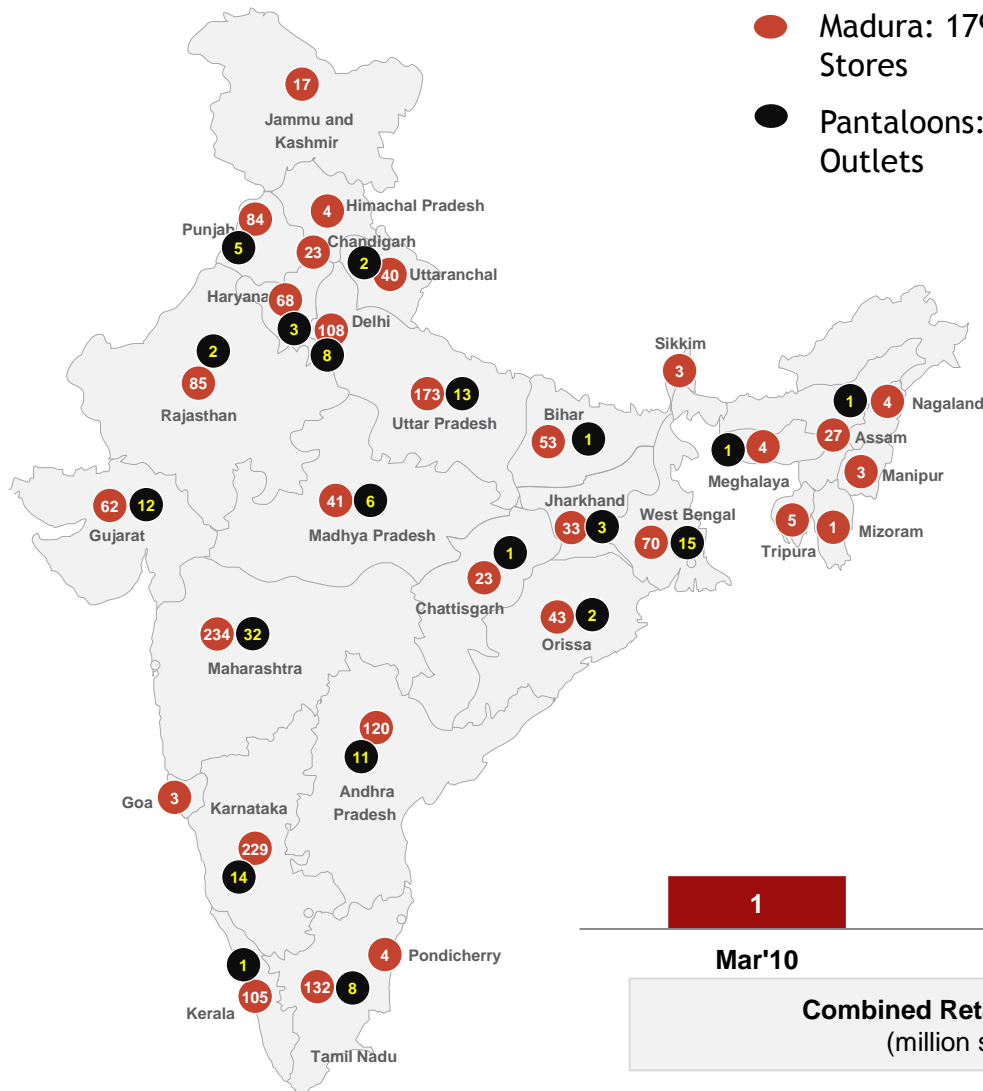


ABFRL: Wide distribution network in the fashion space

RETAIL

As at Sep 30, 2015

- Madura: 1797 EBOs + 183 Value Stores
- Pantaloons: 110 stores + 31 Factory Outlets



- ❑ Present in ~4000 MBOs
- ❑ Wholesale contributes ~25% of the Madura revenue



WHOLESALE




DEPT. STORES

- ❑ Present in ~3000 SISs
- ❑ DS contributes ~20% of total Madura revenue

- ❑ Sold on all the leading websites in India
- ❑ In-house e-commerce website - TRENDIN.COM



E-COMMERCE

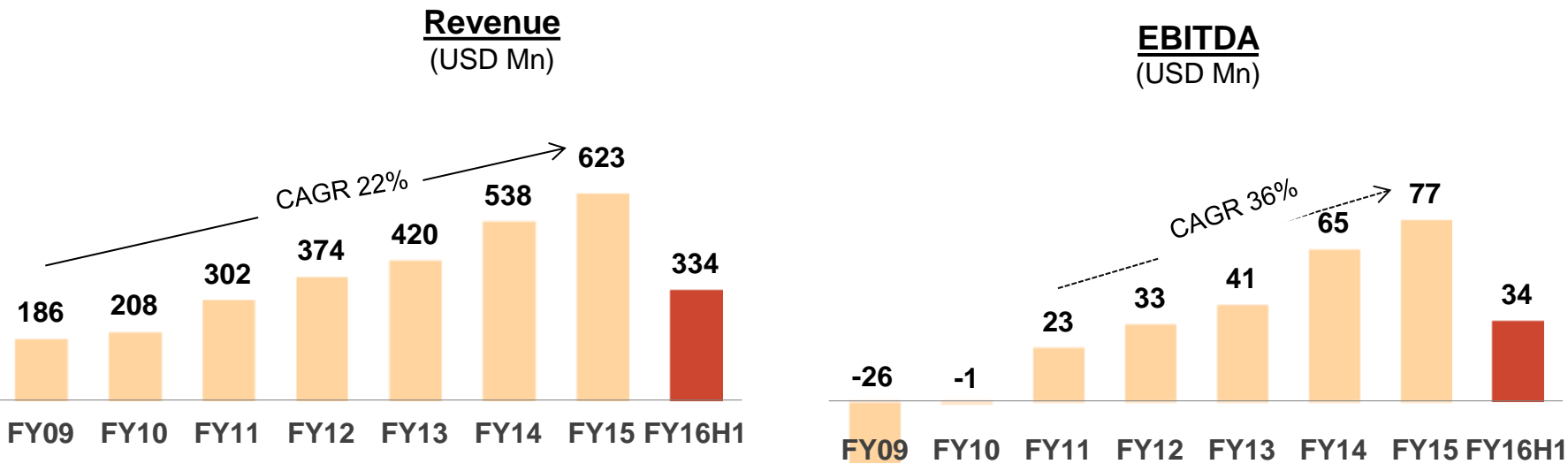


Madura Fashion & Lifestyle

SUIT
REPERTOIRE

Suits for all occasions.
But a look uniquely yours.

Madura : Track record of robust financial performance

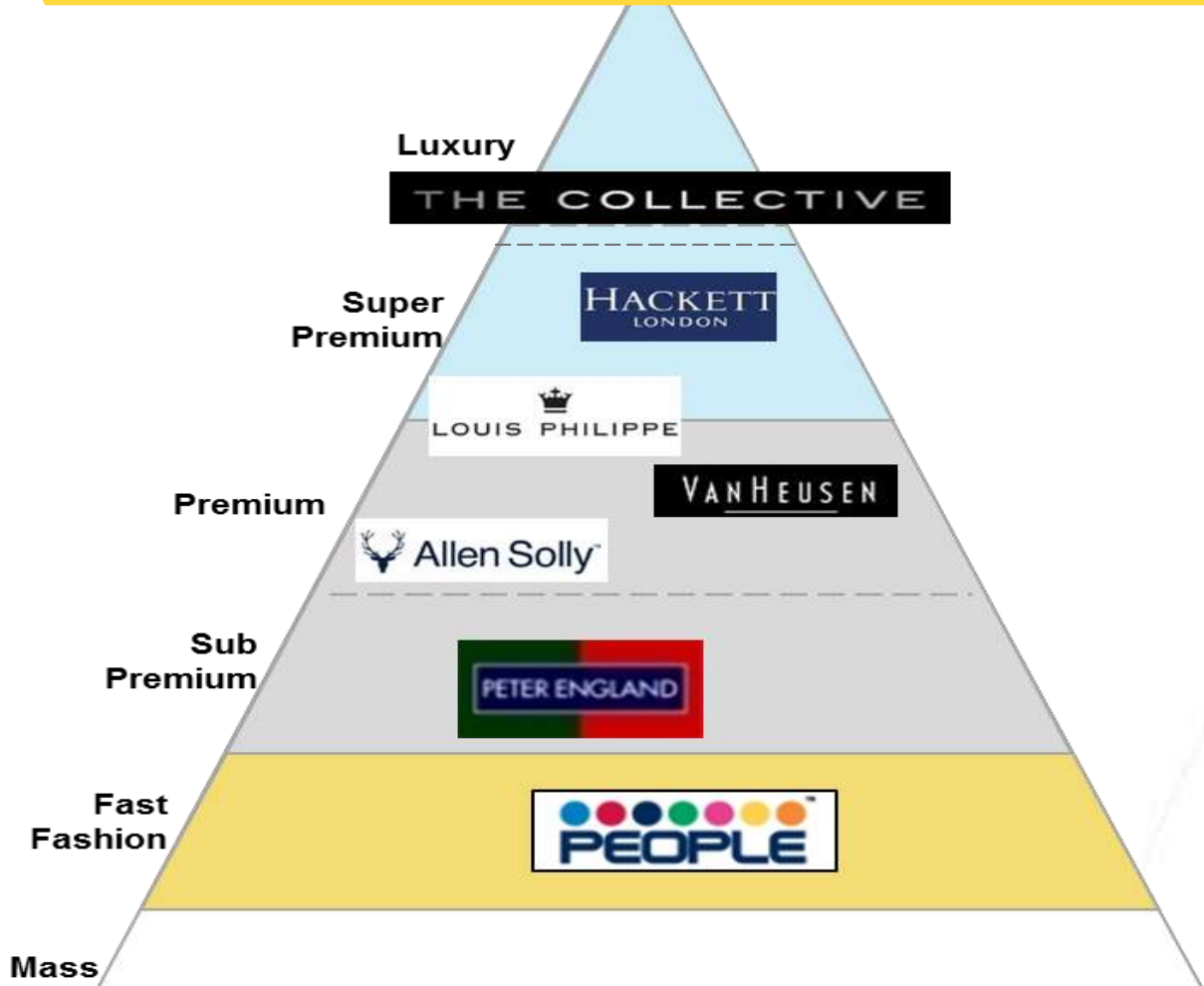


	FY09	FY10	FY 11	FY 12	FY 13	FY 14	FY 15	FY16H1
EBITDA %	-14.2%	-0.3%	7.5%	8.8%	9.7%	12%	12.4%	10.2%
ROACE % (annualised)	-32%	-13%	11%	20%	29%	64%	72%	57%

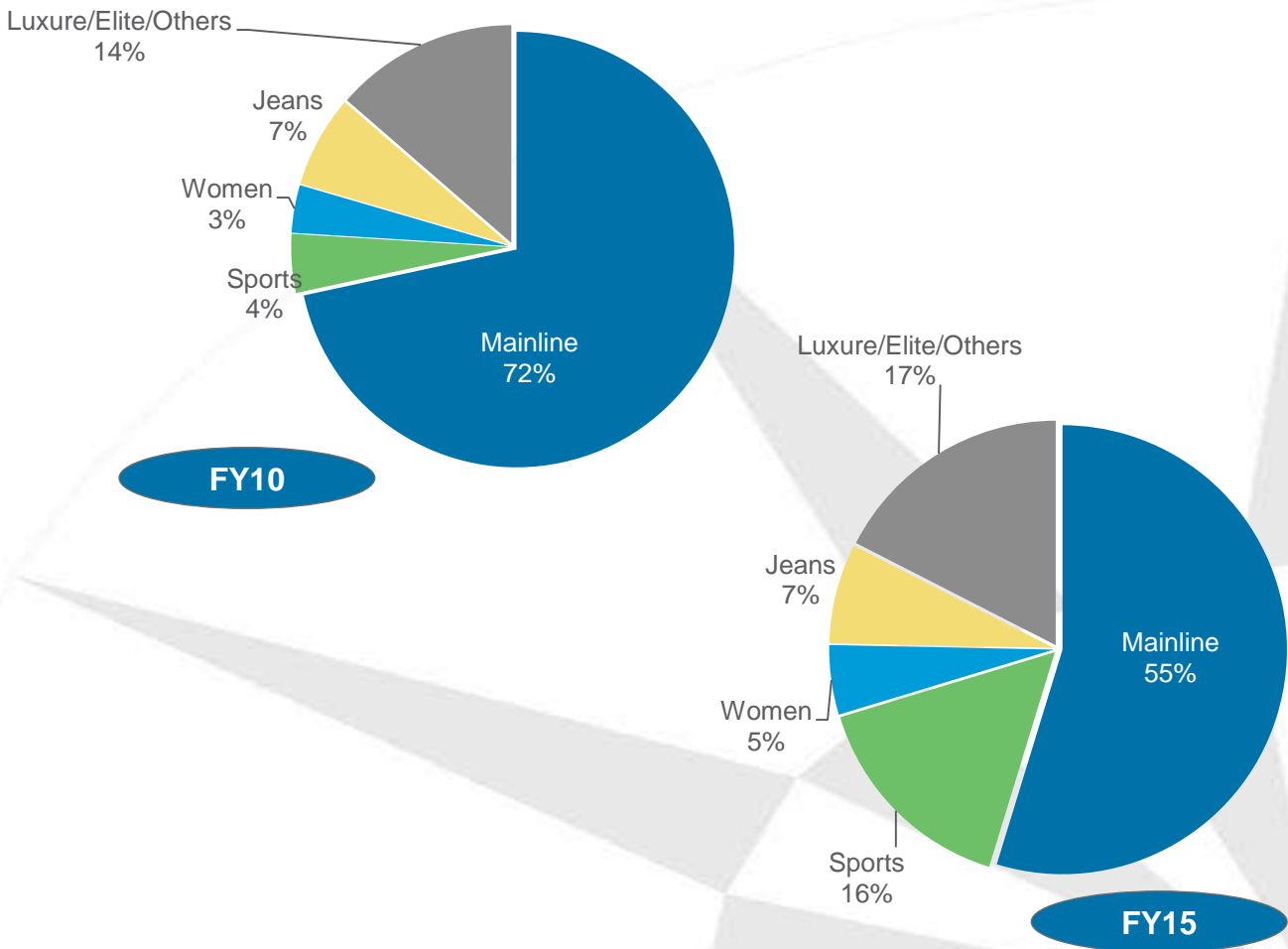
Combination of High ROACE & Robust Growth

We have rapidly grown our 'Power Brands' by successfully extending them into fast growing segments

Brand Positioning at Madura

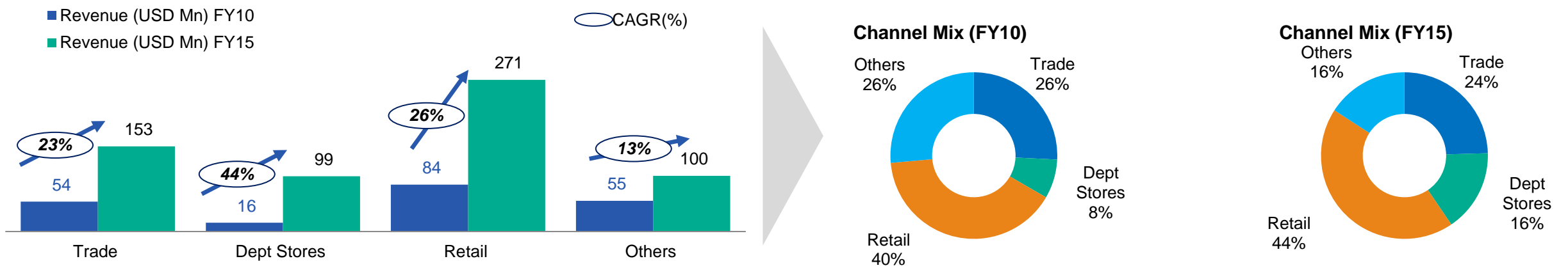


Breakdown of Revenue – Top 4 brands FY10 v/s FY15

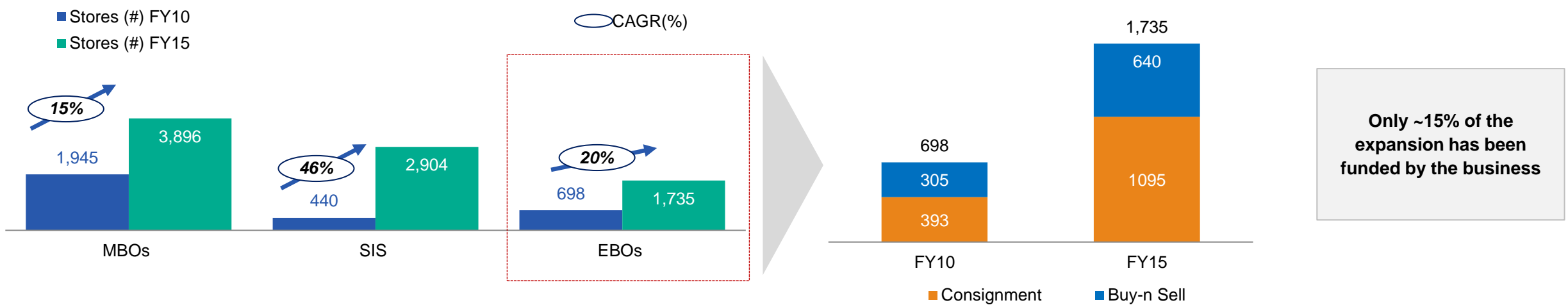


Its multi-channel distribution strategy has allowed Madura to exploit the market opportunity

Robust growth across channels with an increased focus on retail and department stores



Driven through a clear 'reach & penetration' strategy



Brand EBOs - Look-and-feel



Brand EBOs - Look-and-feel



The COLLECTIVE store



The Winning Strategy

Strong Consumer Understanding

- Consumer engagement
- Building consumer loyalty
- Net Promoter Score
- EPIC Centre - eyes and ears of Madura on the social media

Leading Brands in key market segments

- Sharply positioned brands
- Strategic Brand extensions

Driving growth through retail excellence

- Retail Management System
- Many industry-first initiatives
- Multiple models to drive retail expansion
- Investments in contemporary retail identity
- Retail Next Practice

Design & merchandising capabilities

- Madura introduces more than 20,000 designs every year
- Knowledge Management Centre
- Technology Management Centre focused on women
- Investments – Product Lifecycle M'ment, Sampling Infrastructure, People
- Expertise & Collaborations

Strategic investments in IT, Supply Chain & Manufacturing

- Lean, efficient and agile supply chain
- IT for differentiation

Organization of Doers & Go-getters

- Culture of focus on Employee Value Proposition – Talent management, development, careers, engagement, Performance Management, Rewards, Communication & Manager / Leader development
- ABCRE - Aditya Birla Centre for Retail Excellence



Pantaloons Fashion & Retail

Pantaloons acquisition

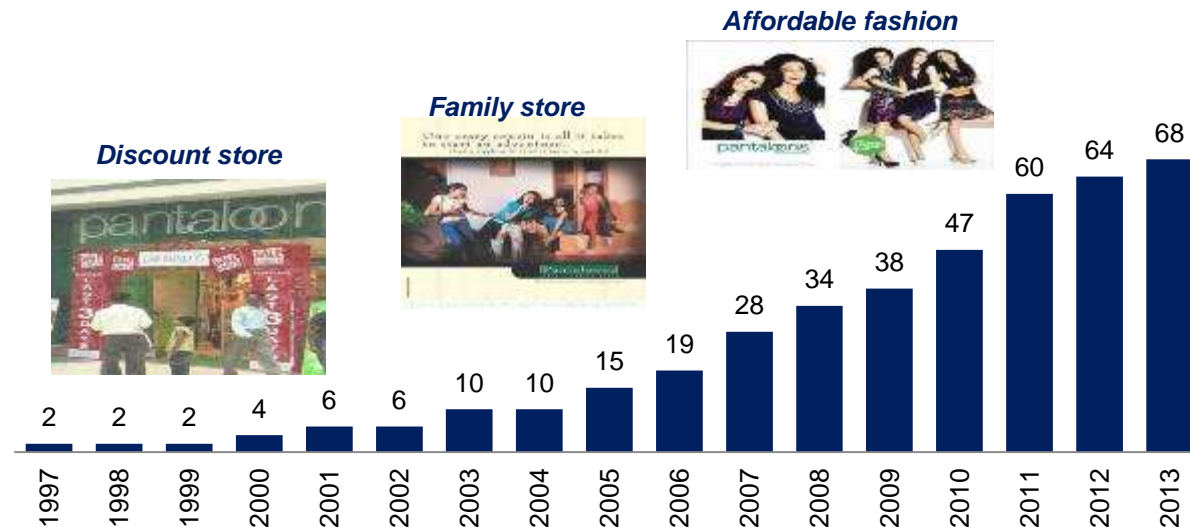
Acquiring a 'famous' big box retailer

An established brand

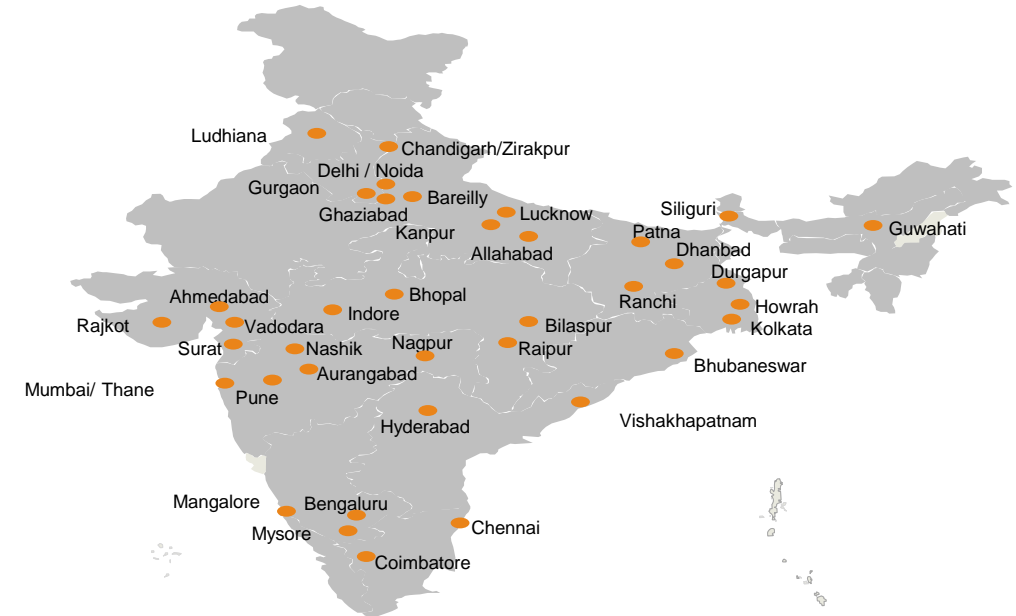
- ✓ One of the oldest brands with strong recall in big box apparel retail
- ✓ Voted India's most trusted Apparel Retailer by Brand Equity

Well positioned: 'Affordable fashion'

- ✓ Has successfully moved from being a 'Discount store' brand in late 90's to an 'Affordable branded fashion' now



National store presence

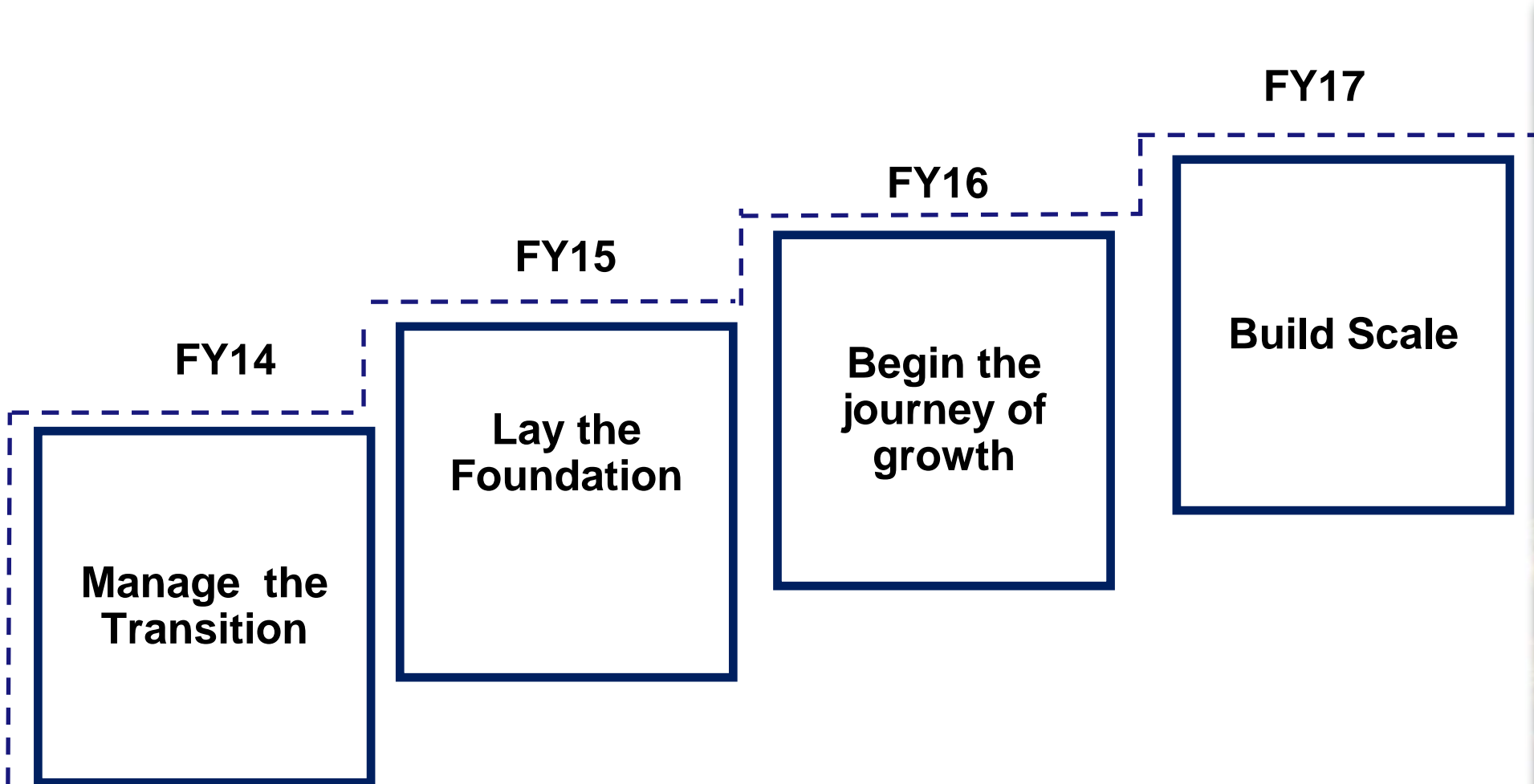


- ✓ Present across the country with 68 PT & 26 PFO (on takeover)
- ✓ Leader in Eastern India
- ✓ Offers a platform for growth in all regions

Acquisition: Fortification of leadership position

- ✓ Acquisition fortifies the leadership position of Fashion & Lifestyle business by entering into value segment including women and kids

To drive our vision and mission, we laid down a 4 year roadmap



FY14 – Managing the Transition & Achievements beyond numbers

Enhanced the store network

- 14 new stores, 22 store refreshes / renovation and 100% store re-layouts (1.8 mn sq. ft.) in FY14

Merchandise creation

- Set up new in-house “Design Studio”, recruiting experts in product design, brand aesthetics and fixture design, with more than 90% of the team consisting of a fresh team
- In-house team delivered on 5000+ designs consistently every season

New vendor network

- Virtually created a new vendor network (more than 35% were new vendors) for SS14 and AW 14
- Built relationships with 240+ vendors to deliver on our availability, quality and cost targets

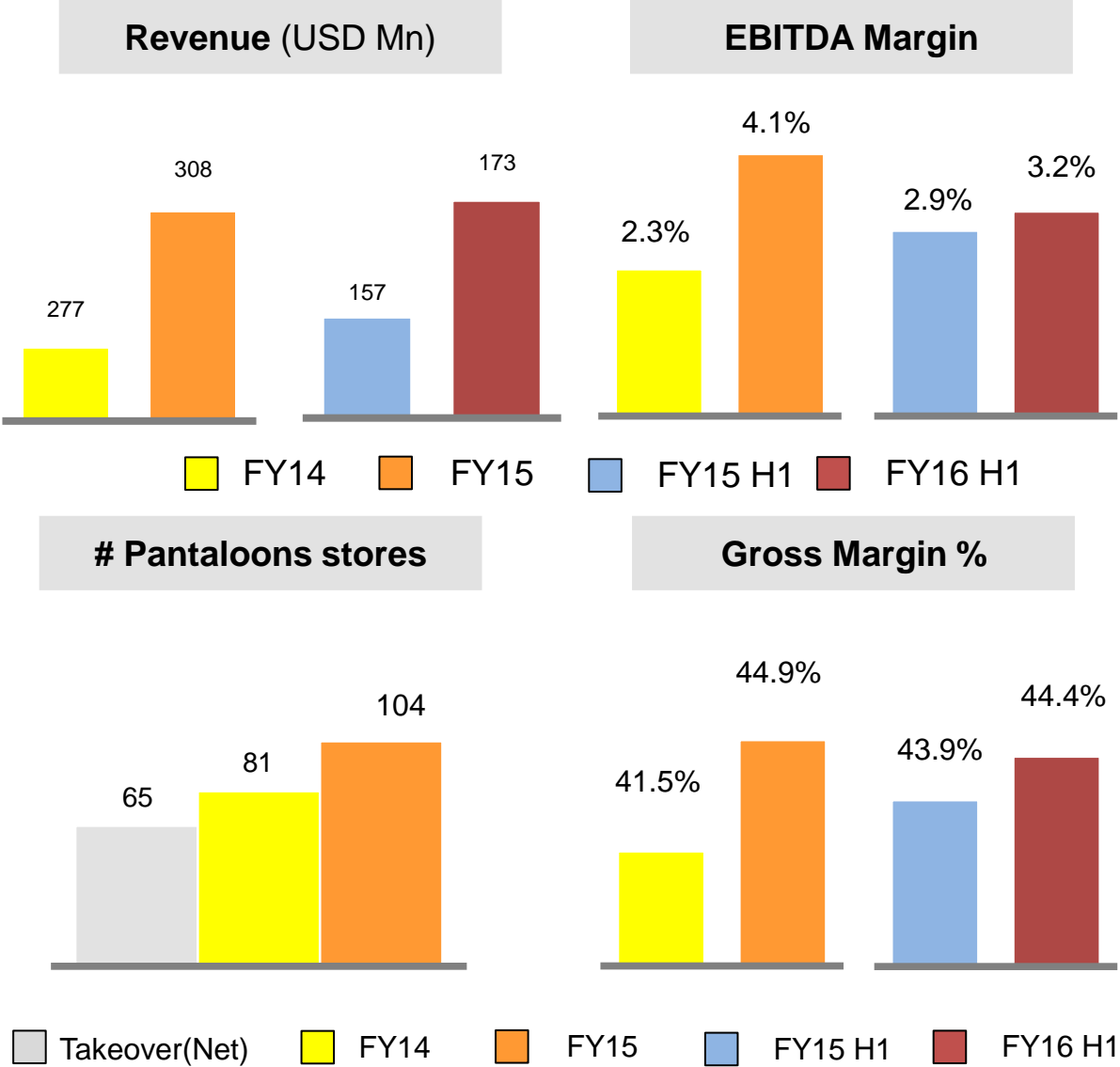
Built the organization

- Recruited ~280 people at HO
- Detailed all key business processes, defined all Job Descriptions and KRAs for key functional positions



FY15 & FY16 – Laying the foundations & journey of growth

Store expansion	<ul style="list-style-type: none">▪ Launching ~30 new stores per annum, moving from a run rate of a new store every 2 months prior to the acquisition to a new store every 2 weeks
Margin Expansion	<ul style="list-style-type: none">▪ Delivered an unprecedented >3% improvement in gross margins, led by cost efficiencies, pricing improvement, optimization of the mix of exclusive brands as well as margin re-negotiation for external brands
Portfolio overhaul	<ul style="list-style-type: none">▪ Launched 10 new brands, completing key niches and gaps in our brand portfolio
SAP transition	<ul style="list-style-type: none">▪ Rollout of new systems completed in all Stores (130+) and Warehouses
Back-End Transformation	<ul style="list-style-type: none">▪ Implemented WMS▪ First RDC(South) made operational in 2015▪ In next 6 months, all 4 RDCs expected to be operational

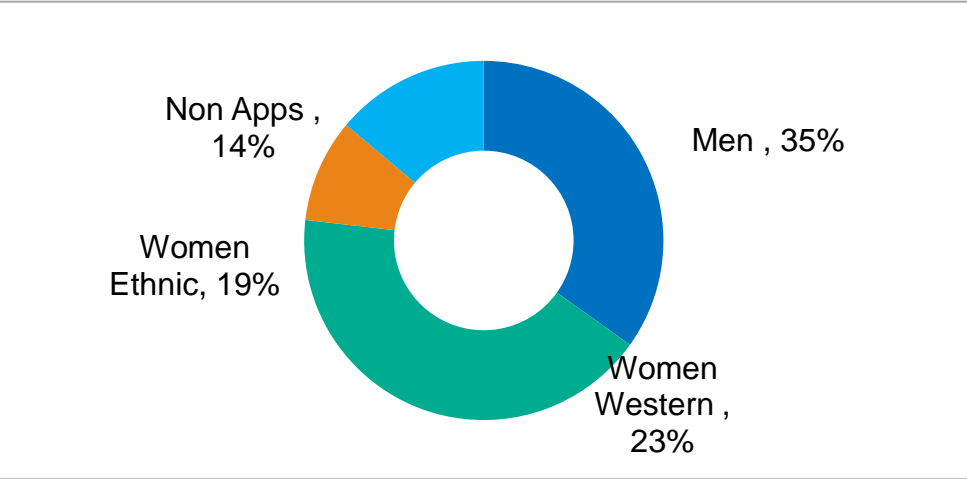


Note: 1 USD = INR 60

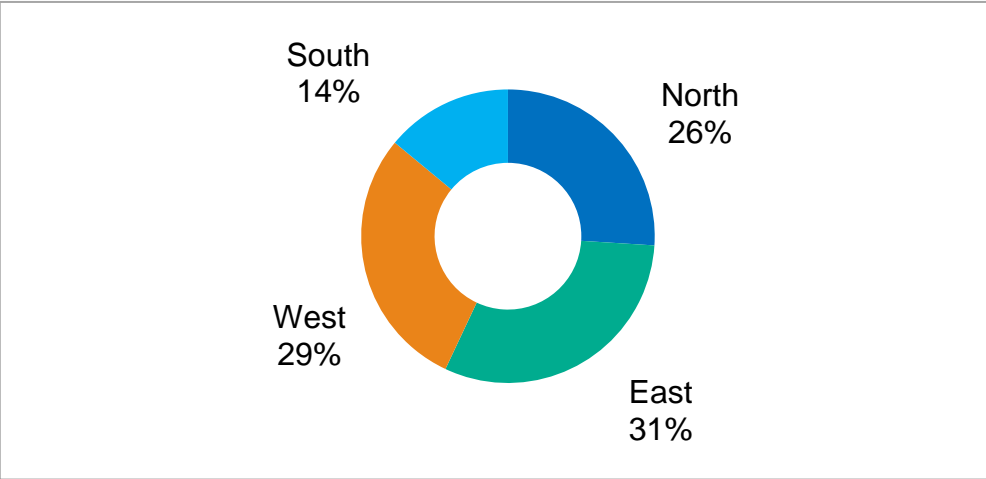
10 Mn = 1 cr

Pantaloons – Diversified geographically as well as across categories of merchandise, now has a brand portfolio positioned for the future

PT Revenue Mix FY15 (Category)


























































Revenue Mix FY15 (Zone)



New Brand Launches

World	Brand Identity	New Brands
Men	British Sport inspired sub-premium brand for men	BYFORD
	Mainstream everyday colorful men's casual brand	URBAN EAGLE
	Leverage Pantaloon's ethnic destination status with exclusive men's ethnic brand	Indus Route
Men & Women	Young, Edgy Fashion-Denim sub-premium brand	SF
	Complete Wardrobe Brand for Plus Size Customer	alto MODA
Women	Chic, High-fashion brand for Young Women	Candie's
	Mainstream Casual Western wear brand for mature women	IZABEL LONDON
	Premium Women's Ethnic Brand with Classic, Elegant look	Jamini
Kids	Colorful, Peppy Kids Brand for 7-14 year olds	POPPERS
	Dedicated Infant Brand	Chirpie & Pie

To deliver on our promise of affordable branded fashion, we have built a healthy mix of exclusive brands (53% of sales) as well as external brands

	Own & in-Licensed brands	New Own / in-Licensed brands	Madura brands	External brands
Men	      	    	       	    
Women-Western	    	   	 	  
Women-Ethnic	  	 		  
Kids	  	 		 

The winning strategy



Where we will play

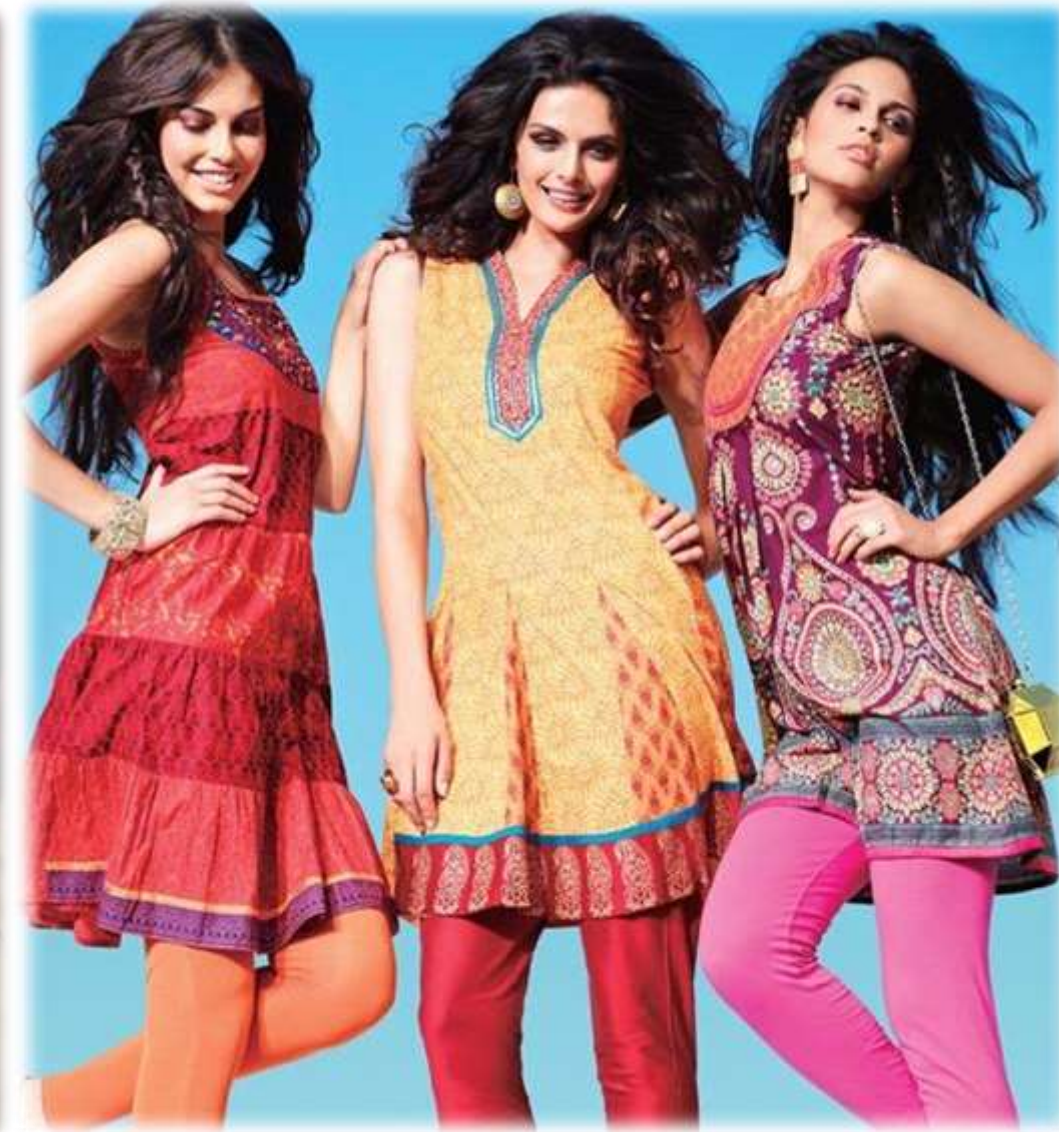
- Create Destination Categories around Women Ethnic and Western wear apparel
- Dominant play in Men's Casual & Kids apparel
- Strong entry into Woman's Footwear & handbags categories
- Increase "Own Brands" as part of the Portfolio
- Increase the network reach by tapping into the next set of cities for expansion as well as deepen the penetration in top cities across the country by opening new stores

Why we will win – Differentiators

- Unique Value Proposition of Branded Fashion @ Affordable price
- Strong connect with Women consumers across age groups and town class
- "Inclusive experience" – Indian ness, Warmth & Service orientation
- Strong CRM
- First mover advantage



Madura & Pantaloons – The winning combination



Multiple opportunities to capture....

Indian Organized Apparel

Category USD Bn	2014	2020	2025	2014-2025 CAGR
Men's formals	3.6	5.0	9.0	~10-15%
Men's casuals	1.4	5.0	12.5	~20%
Women's western	0.7	2.5	7.5	~20%
Womens Ethnic	1.7	2.7	5.2	~15%
Kids	2.7	4.7	7.0	~15%
Innerwear++	1.6	4.1	8.3	~15%

ABFRL Presence

ABFRL is largest menswear brands business in India

ABFRL is largest womeswear retailer in India

Kids & Accessories - identified growth opportunities

ABFRL Well Positioned for Future



Maintain & Consolidate Leadership position as
India's Leading Apparel Business

1

Portfolio of
**Strong
Brands**

2

Capability to
exploit the
**distribution
opportunity**

3

Well
positioned
for **Omni
Channel
play**

4

Large **white
spaces**
available

5

Strong
experienced
Talent

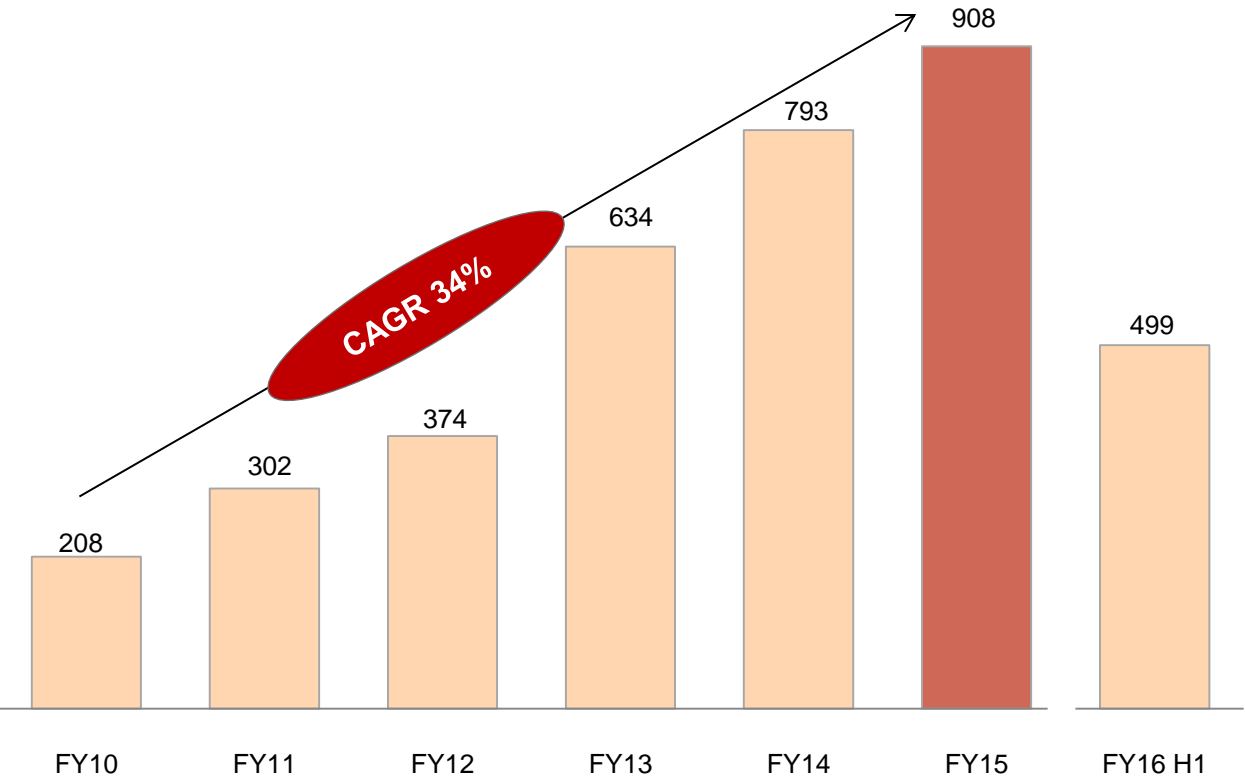
Building a **sustainable & future-ready business**

Consolidated Financial Highlights

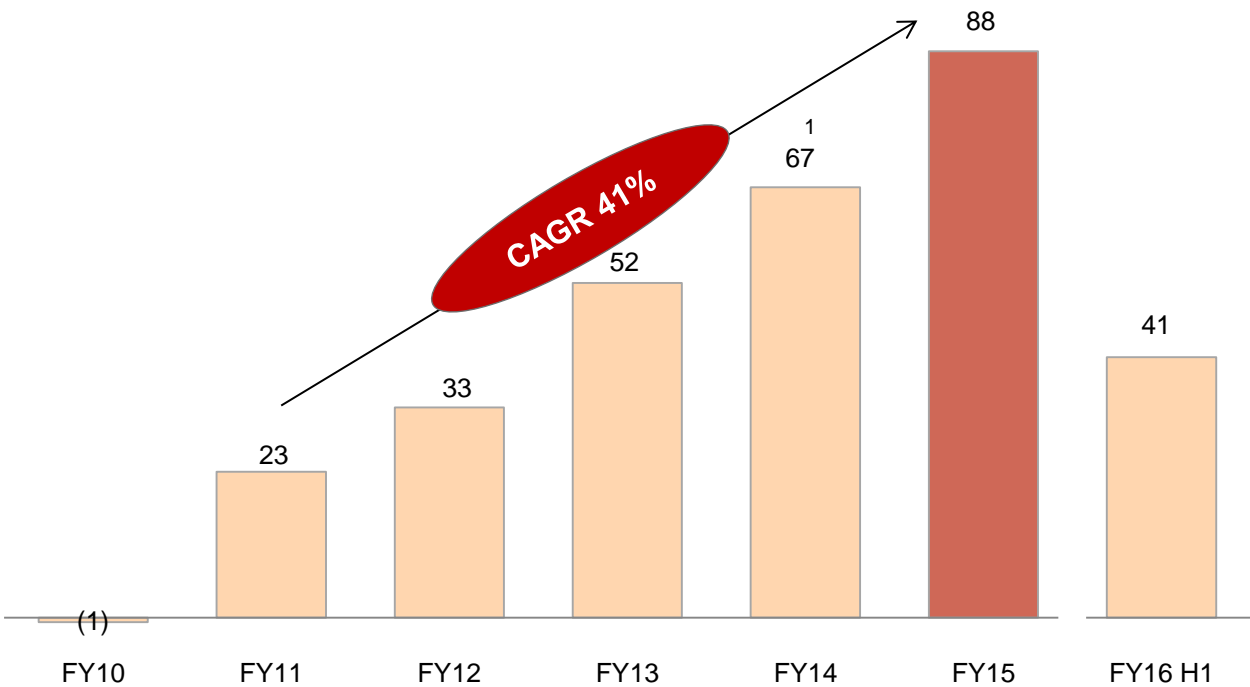
ABFRL: Pro-forma Consolidated Financial Statements

**ABFRL will be the largest branded apparel player in India
with a track record of having delivered substantially higher growth than market**

Revenue (USD Mn)



EBITDA (USD Mn)



Note 1: Excluding one-time investment income

Note 2: 1 USD = INR 60 10 Mn = 1 cr

ABFRL: Pro-forma Profit & Loss Statements – 31st March,2015 (USD Mn)

Particulars	PRO-FORMA	
	FY15	FY14
Revenue from Operations	908	800
Less : Excise Duty	-	(7)
Net Revenue from Operations	908	793
Other Income	2	1
Total Revenue	910	794
Expenses		
Cost of Goods Sold	400	358
Employee Benefits Expenses	89	74
Other Expenses	333	296
Total Expenses	822	728
Profit before Depreciation/Amortisation, Interest and Tax (PBDIT)	88	66
Depreciation and Amortisation Expenses	44	32
PBIT (incl. other income)	44	34

Note: 1 USD = INR 60

10 Mn = 1 cr

ABFRL: Pro-forma Capital Employed – 31st March,2015 (USD Mn)

Particulars	ABFRL	
	Mar'15	Mar'14
ASSETS		
Non-Current Assets	353	358
Goodwill	198	198
Gross Fixed Assets	302	275
Net Fixed Assets	114	125
Long-term Loans and Advances	41	35
Current Assets	286	248
Inventories	184	157
Trade Receivables	73	58
Other Current Assets(incl. cash)	30	33
LIABILITIES		
Non-Current Liabilities	26	21
Current Liabilities	259	307
Trade Payables	206	210
Other Current Liabilities & Provisions	53	97
Assets - Liabilities	352	278
Add: Current Portion of Long-Term Loan	14	57
Add: Unallocated Corporate Liabilities	3	11
Segment Capital Employed	369	346

Note: 1 USD = INR 60

10 Mn = 1 cr

Thank You

