



Media Release

Aditya Birla Fashion and Retail Ltd. (ABFRL) aims to vertically demerge its Madura Fashion & Lifestyle business into separate listed entity

Move aimed to create two growth engines with distinct value creation trajectories and a well-articulated capital allocation strategy

Mumbai, April 01, 2024: The Board of Directors of Aditya Birla Fashion and Retail Ltd. (ABFRL), at its meeting today, has authorized the management of the Company to evaluate vertical demerger of Madura Fashion & Lifestyle business from ABFRL into a separate listed company.

The proposed demerger will enable the creation of two separately listed companies as independent growth engines with distinct capital structures and parallel value creation opportunities.

The Madura Fashion & Lifestyle business segment (MFL), consisting of four lifestyle brands viz Louis Phillipe, Van Heusen, Allen Solly & Peter England along with casual wear brands viz. American Eagle & Forever 21, sportswear brand Reebok and the innerwear business under Van Heusen will be demerged into a separate listed entity. This portfolio has built a leadership position over a long period of time and has a proven track record of delivering consistent revenue growth, profitability, strong free cash flows and high return on capital. The entity will have a strong balance sheet to power its future growth aspirations. Post necessary approvals, the demerger will be implemented through an NCLT scheme of arrangement, and all shareholders of ABFRL will have identical shareholding in the newly formed entity.

Post demerger, the remaining ABFRL will be focused on high-growth segments where there are tailwinds from a shift from unbranded to branded, premiumization, rise of super premium & luxury, and rapid growth in Gen Z focused digital first brands. This is an attractive portfolio comprising of multiple high growth segments in large addressable markets with strong value creation opportunities. The post-demerger portfolio of ABFRL would consist of -

- **Value Retail** - Value & masstige fashion retail play under Pantaloons & Style Up



- **Ethnic Portfolio** - One of India's most comprehensive ethnic wear portfolio covering multiple occasions, price points and consumer segments, including designer wear portfolio
- **Luxury** - A fast-growing bridge to luxury & luxury platform of The Collective, Galleries Lafayette & select luxury brands
- **Digital brands** - TMRW – a leading portfolio of digital first fashion brands

Subsequent to the completion of the proposed demerger, ABFRL will raise growth capital within 12 months to infuse strength into its balance sheet, positioning itself well to pursue the large growth opportunity that lies ahead of it.

Mr. Kumar Mangalam Birla, Chairman, Aditya Birla Group, said, *“Over the years, our fashion and retail business, has grown from 5 brands in 2 categories, to a dynamic portfolio of 20+ brands across all lifestyle categories. The evolution of this portfolio has seamlessly mirrored the shift in consumption trends, with a play encompassing all large value creation opportunities. As the platform embarks on its next transformational phase of growth, there is scope to re-evaluate capital structures to optimize different parts of the portfolio. The move towards a more simplified and streamlined architecture is designed to unlock distinct opportunities for value creation. This strategic realignment is poised to significantly enhance long-term stakeholder value.”*

Mr. Ashish Dikshit, MD, Aditya Birla Fashion and Retail Ltd, said, *“The restructuring will help bring in sharper focus anchored on a differentiated strategy aligned with the individual business segment. Each of these businesses have always been operated autonomously under respective CEOs.” He added, “Indian fashion and apparel sector is USD 100bn+ sector and is poised for a double-digit long-term growth. The simplified structure positions the businesses well for sustained growth and value creation.”*

The aforesaid proposal will be subject to all statutory approvals from ABFRL Board of Directors, shareholders, creditors, regulators, along with other customary approvals.

About ABFRL

ABFRL is part of a leading Indian conglomerate, The Aditya Birla Group. With revenue of Rs. 12,418 Cr. spanning retail space of 10.8 million sq. ft. (as on March 31, 2023), it is India's first billion-dollar pure-play fashion powerhouse with an elegant bouquet of leading fashion brands and retail formats.



The Company has a network of 4,753 stores across approximately 37,106 multi-brand outlets with 9,781 point of sales in department stores across India (as on 31st December 2023).

It has a repertoire of India's largest brands in **Louis Philippe, Van Heusen, Allen Solly** and **Peter England**, established over 25 years. **Pantaloons** is one of India's leading fashion retailer.

Company's international Brands portfolio includes - **The Collective**, amongst India's largest multi-brand retailers of international brands and has long term exclusive partnerships with select brands such as **Ralph Lauren, Hackett London, Ted Baker, Fred Perry, Forever 21, American Eagle, Simon Carter, Reebok** and **Galleries Lafayette**.

The Company's foray into branded ethnic wear business includes brands such as **Jaypore, Tasva & Marigold Lane**. The Company has strategic partnerships with Designers '**Shantnu & Nikhil**', '**Tarun Tahiliani**', '**Sabyasachi**' and '**House of Masaba**'.

In addition, to cater to the needs of digitally native consumers, ABFRL is building a portfolio of Digital-first brands under its technology led 'House of D2C Brands' venture **TMRW**. **TMRW** is on a path to building a portfolio of Digital First brands in partnership with founders of emerging brands in the E-Commerce market.

The Company in Sept 2023 completed the acquisition of 51% stake in TCNS Clothing Co. Ltd. TCNS is India's leading women's branded ethnic apparel company that designs, markets and retails portfolio of women's branded apparel across brands **W, Aurelia, Wishful, Elleven & Folksong**.

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