



## SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED

### CHAIRMAN'S SPEECH

Dear Shareholders,

A very warm welcome to the 17th AGM of your Company.

At the Aditya Birla Group, our guiding philosophy of making a positive, lasting impact on society has been a driving force. This has enabled us to navigate business cycles across time periods, whilst staying true to our core purpose. At every stage, we have been led by a clear vision—to build long term businesses and institutions that are a force for good. Our endeavour is to consistently grow to build scale. Growth, for us is about creating meaningful change that benefits everyone—our employees, customers, partners, investors, and the communities we serve.

As we continue to grow, our responsibility to drive progress grows as well. From empowering communities to reducing our environmental footprint, our belief in business as a force for good is embedded in everything we do.

Before we reflect on your Company's performance, I would like to briefly touch upon the broader macroeconomic and industry environment we are operating in.

#### **Economy overview**

The Indian economy remains resilient despite global risks, growing at a strong pace in FY24. Real GDP growth accelerated to 8.2 per cent from 7.0 per cent in the previous year, marking the third consecutive year of 7 per cent or higher growth. Investment played a key role in driving domestic demand, with gross fixed capital formation (GFCF) rising to 9 per cent in FY24 from 6.6 per cent in FY23, largely supported by government spending on infrastructure.

The outlook for the Indian economy remains positive, supported by strengthening macroeconomic fundamentals, a robust financial and corporate sector, and a resilient external sector. The government's continued thrust on capex while pursuing fiscal consolidation, and consumer and business optimism augur well for investment and consumption demand in the medium to long term.



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

#### **Now the Apparel Market**

In recent quarters, the industry has faced reduced demand due to inflation, rising interest rates and COVID-related fatigue, all of which have impacted consumer buying patterns. Despite these challenges, India's retail sector is poised for robust growth in the coming years. A young, urbanizing population, coupled with the ongoing shift from unorganized to organized retail, will be key drivers of this expansion. Additionally, the continued digital transformation and increased internet penetration are further fuelling the retail sector's evolution, helping it get enabled towards addressing new consumers and their rapidly changing needs.

India is uniquely positioned for a multi-decadal growth boom, guided by the Government's ambitious vision of a "Viksit Bharat." India's strong economic growth and rise & penetration of affluence will drive a long-term consumption boom, where discretionary consumption will grow disproportionately. As a large discretionary category, Fashion, apparel and lifestyle will witness a strong growth trajectory.

For your Company, this presents a significant opportunity to play a leadership role in defining the evolution of this space by leveraging its comprehensive portfolio across diverse segments and price points, while capitalizing on its wide distribution network. In addition, Your Company's strong grasp of consumer preferences, expertise in brand building and development, and strategic investments in digital and technology will enable it to stay closely aligned with evolving consumer trends and preferences

#### **Moving on to your Company's performance**

In FY24, your Company showed remarkable resilience amidst a challenging demand environment. Led by its vast and diverse portfolio, revenue stood at Rs. 13,996 Cr, reflecting a 13% year-on-year growth, while EBITDA was at Rs. 1,703 Cr.

This portfolio, developed over the last many years, spans multiple occasions, price points, segments, and categories, creating a comprehensive offering



## SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED

### CHAIRMAN'S SPEECH

tailored to meet diverse consumer needs. Your company's portfolio is structured around five major themes in the fashion apparel market, reflecting the evolving trends and demands within the industry. These are -

- Western Brands
- Masstige and Value Retail
- Ethnic Brands
- Luxury Retail
- Digital-First Brands

These themes have guided our portfolio strategy and ensures that it aligns with key market drivers, providing a well-rounded and dynamic range of products.

**Moving on to some of the key corporate actions taken during the year.**

On 19<sup>th</sup> April 2024, Your Company's Board, approved the vertical demerger of Madura Fashion and Lifestyle business from ABFRL into a newly incorporated company named Aditya Birla Lifestyle Brands Ltd. (ABLBL), which will be listed separately on completion of the demerger.

This strategic demerger will enable the strong cash generating and high ROCE businesses and high-growth platforms to focus on their individual paths for value creation. This will establish separate capital allocation and risk management strategies, driving business buildout and shareholder value creation.

In FY24, your Company successfully completed the acquisition of TCNS Clothing Co. Ltd, comprising brands W, Aurelia, Wishful, Elleven, and Folksong. This acquisition significantly strengthened your Company's ethnic wear portfolio by expanding its presence in the women's premium wear category. This was followed by the merger between the two entities, with the scheme becoming effective on September 1, 2024, resulting in the full amalgamation of TCNS with ABFRL.

**Let me talk about the performance of the key business segments**

, Our established businesses, including Lifestyle Brands and Pantaloons, remained focused on driving profitable growth, despite a challenging demand



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

environment. These businesses are well-positioned for long-term profitability through strategic initiatives such as cost control, network rationalization, and markdown management.

At the same time, our new businesses—Ethnic, TMRW, and Reebok—made significant contributions to this year's growth, aligning with our long-term portfolio strategy and addressing evolving market trends.

With a vast distribution network of over 4,600 stores, covering 11.9 million square feet as of FY24, and extensive reach through multi-brand outlets and departmental stores, your Company is strongly positioned for future growth and market leadership.

Let me quickly take you through the performance of each one of them:

#### **First, Aditya Birla Lifestyle Brands Limited**

- The Lifestyle business, featuring leading brands such as Louis Philippe, Van Heusen, Allen Solly, and Peter England, achieved its best-ever profits in FY24, driven by a financially robust, asset-light model. These brands continue to dominate the Western branded fashion segment, bolstered by product innovation, premiumization, and casualization strategy built on top of a deep distribution network, that has earned a strong leadership position in the market.
- Reebok, American Eagle, and Van Heusen Innerwear are strategically positioned to complement our portfolio by addressing the diverse needs of different sets of consumers. The portfolio other than lifestyle brands has demonstrated strong growth momentum, growing 23% year-on-year in FY24, and driving a large part of growth of ABLBL.

#### **Now coming to the businesses of the Demerged Aditya Birla Fashion and Retail Limited**



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

- With India's expanding middle class transitioning to organized, branded fashion, Pantaloons and Style Up are strategically positioned to seize the growing value and masstige segments. Pantaloons continues to deliver elevated customer experiences and high-quality products at attractive prices. Meanwhile, Style Up is making significant inroads with its affordable, high-fashion offerings, expanding its reach into newer markets.
- Rising disposable incomes and increasing demand for premium experiences are fuelling the expansion of the luxury retail sector. Your Company's "Collective & Mono brands" portfolio delivered impressive growth, achieving an 18% increase year-on-year, driven by strong performance in offline and online channels. Our partnership with Galeries Lafayette from Paris is a significant milestone in the commencement of luxury retail in India with many global luxury brands making their foray into India through this route. We eagerly await the unveiling of the first flagship store set to open in Mumbai next year.
- Ethnic wear is the largest segment in the Indian fashion space which we have entered strategically over the last few years. Through a mix of organic and inorganic moves, we have built the most comprehensive branded portfolio that comprises of designer led brands and premium wear brands.
  - Designer led brands, which include Sabyasachi, Shantnu & Nikhil, Tarun Tahiliani, and House of Masaba, continue to showcase unique craftsmanship through new offerings and extensions.
  - Our premium ethnic wear portfolio, which includes TASVA, Jaypore, and TCNS brands, continue to enhance their product portfolio while gradually building a strong distribution network.
- Another big opportunity is the rapid scale up of D2C brands in the global consumer space. This space is ripe with many young entrepreneurs building digital first brands across multiple categories. Our digital first fashion brands portfolio TMRW, continued to expand its portfolio by adding a few unique brands to its table this year. The business is also



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

helping these brands scale through specific interventions around brand building, tech-led demand sensing and planning and data backed decision making.

#### **Enhanced Digital & E-Commerce play**

Your company has integrated digital across its entire value chain, implementing multiple measures to embrace a digital-led operating model and strategy. Over 50% of our stores are now fully omni-enabled, seamlessly integrating online and offline experiences, while e-commerce sales account for approximately 12% of our overall business.

#### **Our People**

Your Company's People Vision—"Drive a High-Performing and Customer-Centric Culture with Happy and Value-Oriented Employees"—is firmly anchored in the Group's core values of Integrity, Commitment, Passion, Seamlessness, and Speed. Guided by our commitment to being a 'Force for Good', we empower our employees to enhance their skills and realize their full potential through a variety of learning and development programs, cultivating a dynamic and inclusive work environment where excellence thrives.

#### **Coming to Sustainability**

Your Company embeds sustainability into every step of its value chain through a comprehensive ESG framework and rigorous standards. We are making significant strides with our "ReEarth 2.0" sustainability program, which focuses on product-led sustainable strategies, prioritizing eco-friendly product design, customer-centric initiatives, and supply chain sustainability.

Your Company's emissions targets are validated by the Science Based Targets initiative (SBTi), which aligns us with global efforts to limit temperature rise and keep net zero emissions at the heart of our sustainability agenda.

Sustainability is not just a commitment; it is a fundamental aspect of our brand and business strategy. We remain focused on advancing sustainable fashion through innovation and technology, ensuring that as we grow, we positively impact both the environment and society.



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

#### **Beyond Business**

As a responsible corporate citizen, we recognize our responsibility towards the community and are committed to making a meaningful difference through our CSR initiatives. Our mission is to uplift the lives of individuals in the communities we serve by developing model villages with a focus on key areas such as Education, Health & Sanitation, Sustainable Livelihoods, Water & Watershed Management, and Digitalization.

In FY24, our employees volunteered over 40,000 hours, and through our collective efforts, we positively impacted over 300,000 beneficiaries. These initiatives reflect our dedication to fostering long-term, sustainable development and improving the quality of life for our communities.

#### **Let us briefly discuss the performance of the first quarter of FY25**

Your Company reported a year-on-year revenue growth of 7%, reaching ₹3,428 crore. EBITDA increased by 15% to ₹406 crore, resulting in an improved EBITDA margin of 11.8%, up from 11% the previous year. The portfolio strategy continues to prove successful, with the company's newer businesses playing a pivotal role in driving significant growth. Despite a challenging retail environment, ABFRL remained committed to sustainable growth, optimizing its product portfolio, enhancing customer experience, and improving operational efficiency and synergy.

#### **Conclusion**

I want to extend my deepest gratitude to the ABFRL team for their resilient performance in a challenging demand environment. Their dedication and commitment have been truly commendable.

On behalf of the board, I would also like to express sincere thanks to our loyal customers, suppliers, investors, bankers, and shareholders for their unwavering trust and support.

India's consumption story has only just begun. With rising affluence and increasing demand for branded products, the stage is set for a multidecadal growth opportunity. By leveraging our iconic brands, deep consumer



## **SEVENTEENTH AGM OF ADITYA BIRLA FASHION AND RETAIL LIMITED**

### **CHAIRMAN'S SPEECH**

understanding, diverse portfolio and extensive distribution network, we are poised to maintain our strong leadership position in this space. We look forward to your continued trust and support as we embark on this exciting journey ahead.

Thank you very much!