Industry Assessment of Indian Apparel Market

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wazir ADVISORS

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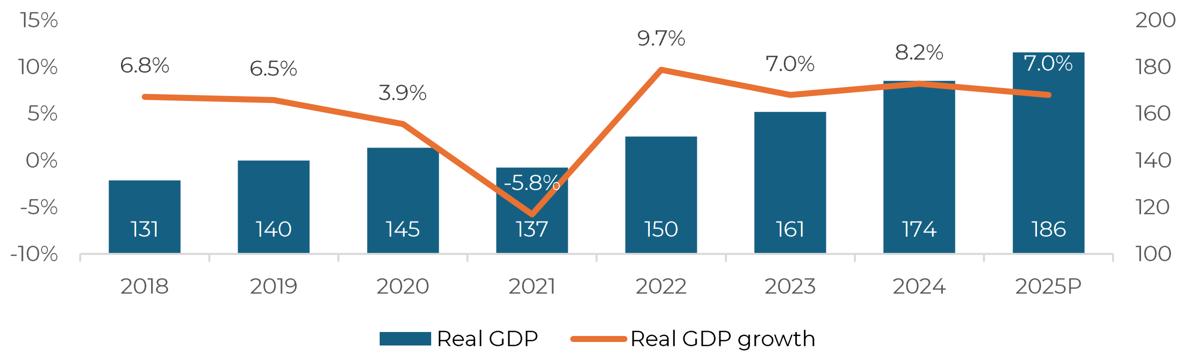
1. Overview of Economy

1.1. Overview of Indian economy

India is the 5th largest economy with the real GDP of ₹174 lakh crores in 2024. In the next three years, India is expected to become the third-largest economy in the world. The growing strength in both domestic and external demand has sustained the response of the various sectors on the supply side.

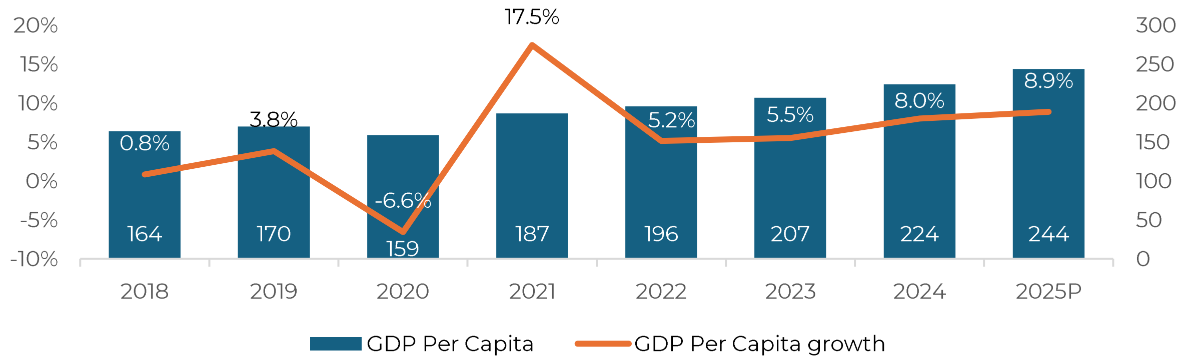
Figure 1: India's Real GDP & GDP Growth



Source: IMF, RBI, PIB
Note: P: Projected Data; Data represents financial year; GDP in ₹ Lakh Crores.

India's GDP per capita has shown a resilient upward trend post COVID-19 pandemic. The GDP per capita is estimated at ₹224 thousand per capita in 2024, having a year-on-year growth of 8.0%. Looking ahead, projections for 2025 anticipate GDP per capita reaching ₹244 thousand per capita, with a year-on-year growth of 8.9%. These trends indicate a robust economic growth potential for India, driven by strengthening domestic demand and structural reforms.

Figure 2: India's GDP Per Capita at Current Prices and GDP Per Capita Growth

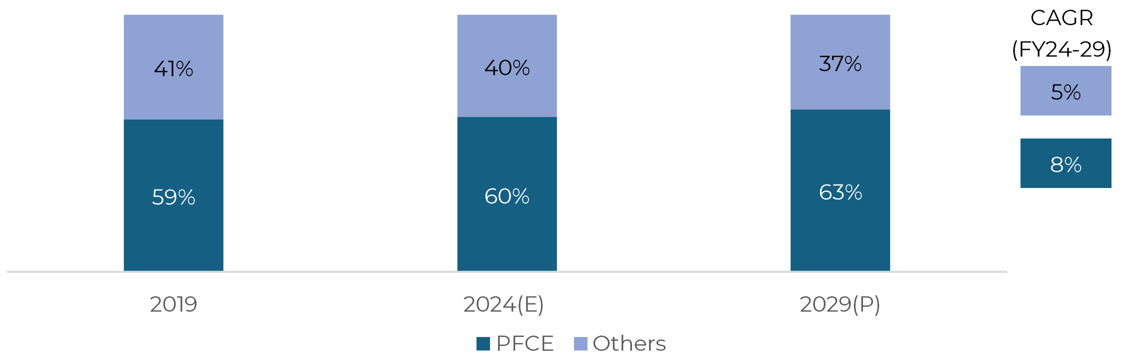


Source: IMF, RBI, PIB
Note: P: Projected Data; Data represents calendar year; GDP Per Capita in ₹ '000 per capita.

1.2. Private Final Consumption Expenditure (PFCE)

India is largely a consumption-led economy with Private Final Consumption Expenditure ("PFCE") as a share of GDP expected to increase from 59% in FY19 to 60% in FY24, according to MoSPI's estimates. The share of PFCE in GDP is expected to increase to 63% by FY29 driven by a confluence of factors including a burgeoning middle class with growing purchasing power, a young and large working population along with rapid urbanization leading to lifestyle changes and increasing consumer credit availability, facilitating higher spending.

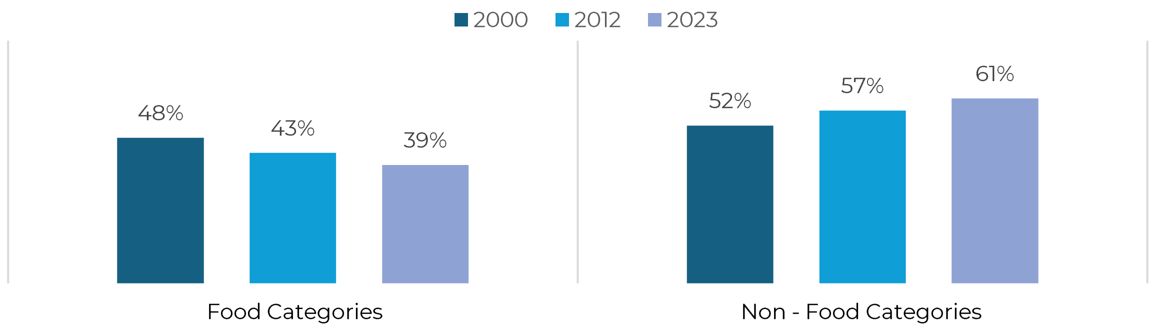
Figure 3: PFCE as a % of Indian GDP at Current Prices



Source: MoSPI
Note: E: Estimated data; P: Projected data; Year: Financial Year

The growth in private consumption would be driven by increasing consumption of non-food categories. The share of non-food categories in PFCE has increased from 52% in 2000 to 61% in 2023 and this trend is expected to continue.

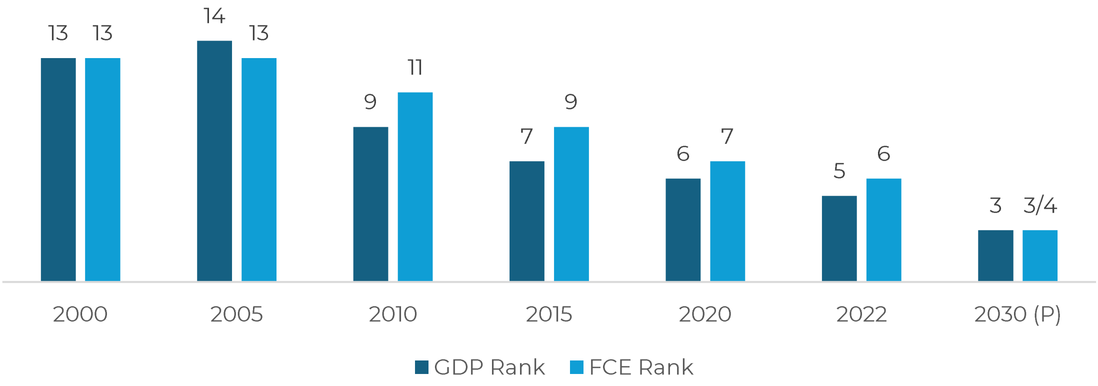
Figure 4: Consumption Split Between Food and Non-Food Categories in Urban Household



Source: National Sample Survey Office (NSSO), Ministry of Statistics & Programme Implementation, GOI

India has ascended to the position of the world's 5th largest economy by GDP in 2022, rising from 13th place ranking in 2000. During the same period, India's ranking in Final Consumption Expenditure (FCE) moved from 13th in 2000 to 6th in 2022. Looking ahead, India is on track to become the third-largest economy globally, with expectations that its FCE ranking will climb further to 4^{th} or 3^{rd} position globally.

Figure 5: Comparison of India's Global GDP and FCE Rankings (2000-2030P)

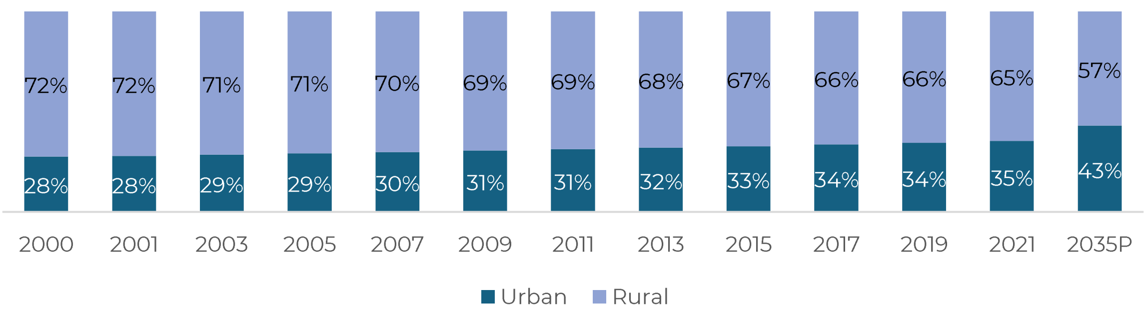


Source: IMF, World Bank, S&P Global
Note: Data represents calendar year, P: Projected Data, FCE: Final Consumption Expenditure, both FCE and GDP are at current US$

1.3. Key Growth Trends

Rapid urbanization in India: Urbanisation is driving a shift in India's workforce from lower productivity (agriculture) to higher productivity sectors (services and industry). The proportion of Indians living in urban areas reached 33% in 2015. The United Nations projects that India's urbanisation rate will rise to 43% by 2035, lifting the urban population from 64 million in 1950 to 675 million in 2035.

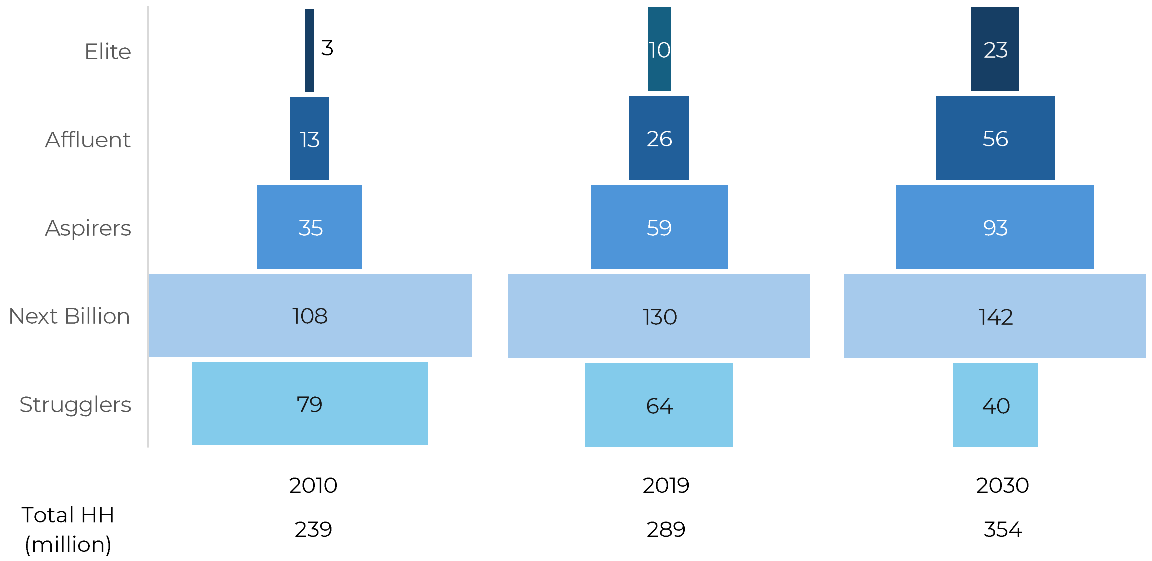
Figure 6: Growth of Urban vs Rural Population in India (%)



Source: UN, World Bank
Note: Calendar Year; P: Projected data

Positive demographics: By the end of this decade, an estimated 34 million new households are projected to join the Aspirers category, while 43 million households are expected to move into the Affluent and Elite segments. India stands poised to harness the benefits of this demographic dividend, driving significant growth in consumer spending, and with much rapid growth in discretionary lifestyle spends.

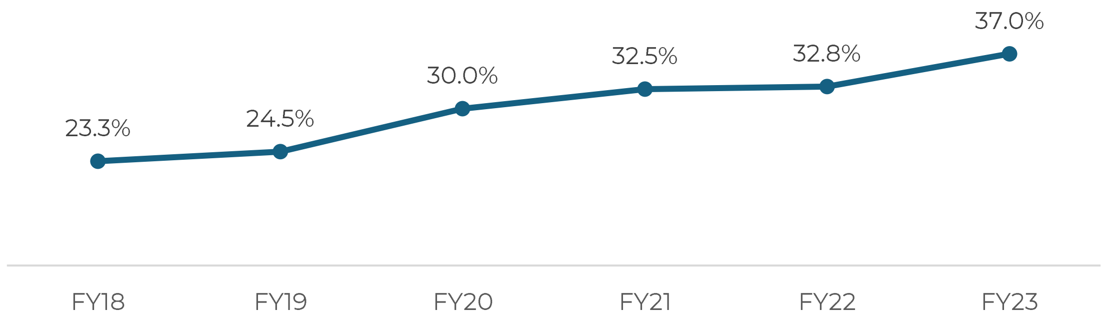
Figure 7: Number of Household (HH) in Different Income Brackets (Million)



Source: BCG X Rai 2022, 1. Annual HH gross income based on 2019 prices, Bloomberg,
Note: Annual Gross HH income in INR Mn p.a.: Elite (>2); Affluent (1-2); Aspirers (0.5-1); Next Billion (0.1-0.5); Strugglers (<0.15)

Rapid rise in female workforce participation is increasing household incomes: The female labor participation rate has increased from 23.3% in FY18 to 37% in FY23. The growth has been due social enablement coupled with focused efforts by the government and private sector employers to increase female participation in the workforce. Consequently, this has led to an increase in dual-income households, which, in turn, has led to increased discretionary expenditure and an increased demand for convenience, often due to the combined time constraints of working couples.

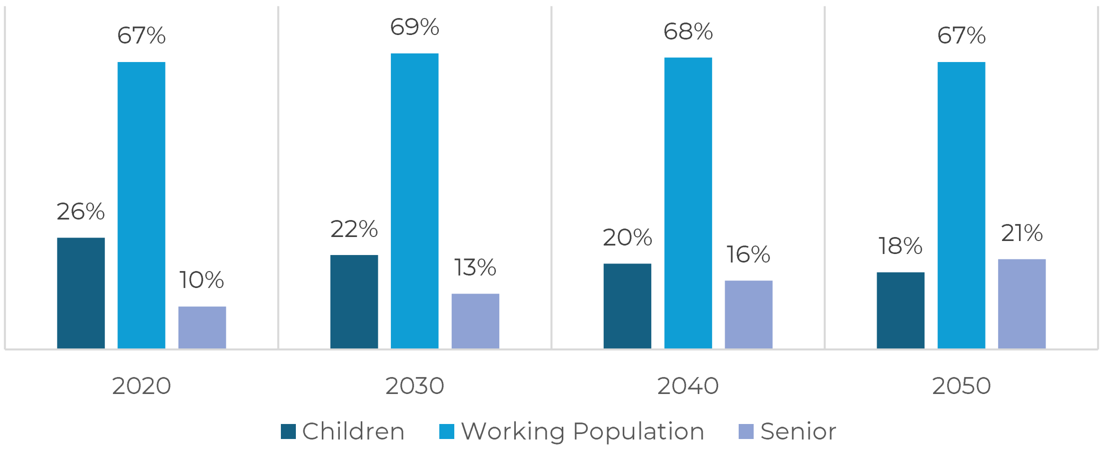
Figure 8: Female Workforce Participation Rate (15 Years and Above)



Source: Periodic labour force survey 2022-23, GOI

High percentage of population in working age: India's working population was estimated to be 67% of the total population in 2020 which is expected to increase to 69% by 2030. A higher proportion of the population in the working age creates potential for higher consumption.

Figure 9: India Demographic Trend (% of Total Population)



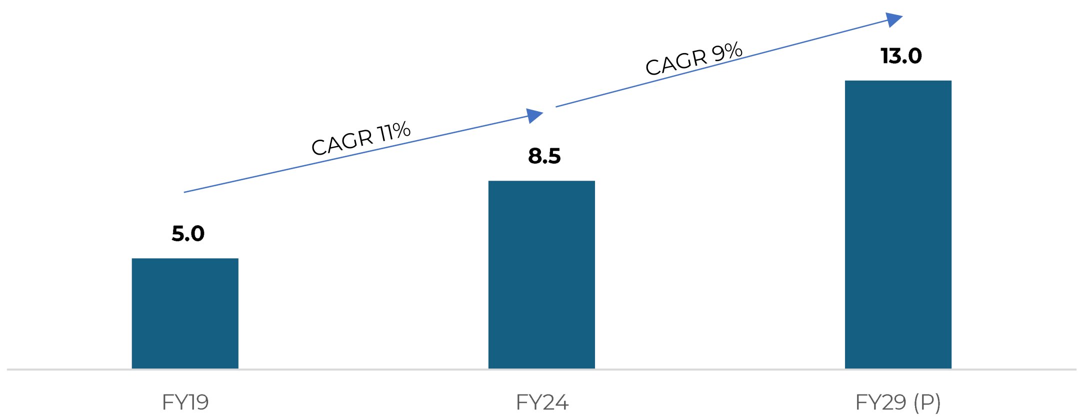
Source: World population prospects, UN
Note: Age Brackets: Children (0-14 years); Working Population (15-60 years); Senior (>60 years)

2. Indian Apparel Market

2.1. Market Size and Growth

The Indian apparel market is estimated to be ₹8.5 lakh crores in FY24 and has grown at a CAGR of 11% from FY19 to FY24. The market is expected to grow at CAGR of 9% to reach value of ~₹13 lakh crores by FY29. This growth is driven by factors such as an 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.

Figure 10: Overall Domestic Apparel Market (₹ Lakh Crores)

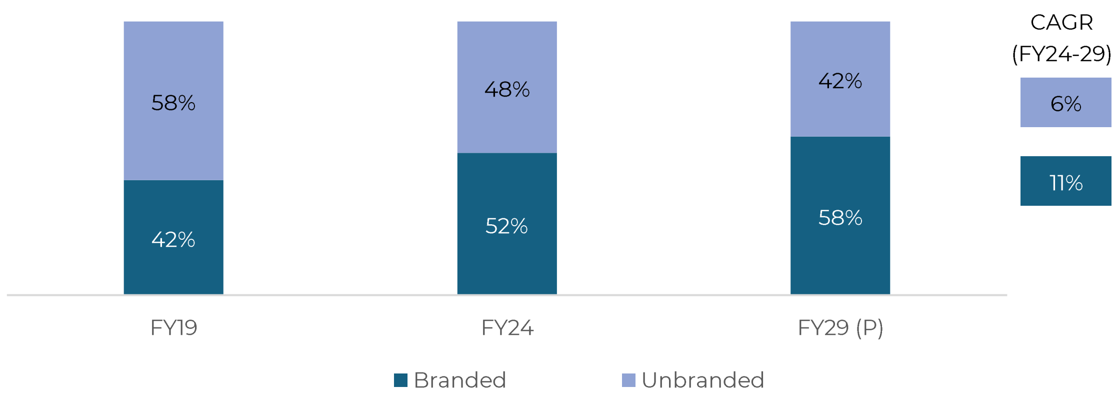


Source: Wazir Analysis

2.2. Market Segmentation by Branded & Unbranded

The branded market is estimated to be ₹4.4 lakh crores in FY24 and contributes to 52% of the overall apparel market. The market is expected to grow at CAGR of 11% to reach value of ₹7.6 lakh crores by FY29. The increase in branded apparel market is due to foray of international brands in India as well as rising penetration of organized retail in Tier II+ cities and growth of ecommerce.

Figure 11: Overall Apparel Market Segmentation by Branded & Unbranded



Source: Wazir Analysis

2.3. Market Segmentation by Channel

The decade from 2000 to 2010 saw a significant evolution in India's fashion landscape, characterized by the segmentation of fashion into categories, including formal, casual, ethnic, and footwear. This period also witnessed the rise of fashion brands, retailers, and private labels, along with the development of various retail formats such as Exclusive Brand Outlets (EBOs), category-specialist Large Format Stores (LFS), and multi-brand formats.

This transformation was fuelled by several factors,

- The entry of large conglomerates into fashion retail with multi-category, multi-format offerings,
- Heightened focus by fashion brands on supply chains and category diversification,
- Foray of leading international brands into India

These forces combined to shape the following decade (2011–2020), where organized retail became the key enabler of growth in the branded fashion segment.

At present, organized apparel retail in India reflects more than two decades of progress, during which it has developed core capabilities in product design, sourcing, merchandising, and retail. Leading retailers have invested heavily in key functional areas such as design institutionalization, assortment planning, city penetration, skill development, and retail expansion. The entry of foreign brands into the Indian market has accelerated in recent years, and this trend will continue, bolstered by 100% FDI in single-brand retail.

The traditional apparel market, comprising general trade stores and mom-and-pop stores, has been witnessing decline with increasing penetration of organized retail in Tier-II+ cities and growth of ecommerce. The organized channel, comprising Brick & Mortar (B&M) and online platforms, is expected to surpass the traditional retail segment by FY29. The traditional retail market is estimated to be ₹5.1 lakh crores in FY24 and contributes 60% of the overall apparel market. The market is expected to grow at the slowest CAGR of 2% to reach value of ₹5.6 lakh crores by FY29.

A notable shift in recent years has been the exponential growth of the online market, leading to the rise of strong vertical e-commerce players, marketplaces and D2C brands. The online retail is estimated to be ₹0.9 lakh crores in FY24 and contributes 11% of the overall apparel market. The market is expected to grow at the fastest CAGR of 29% to reach value of ₹3.4 lakh crores by FY29 aided by growth of existing players, emergence of large digital first brands and new channels like quick commerce.

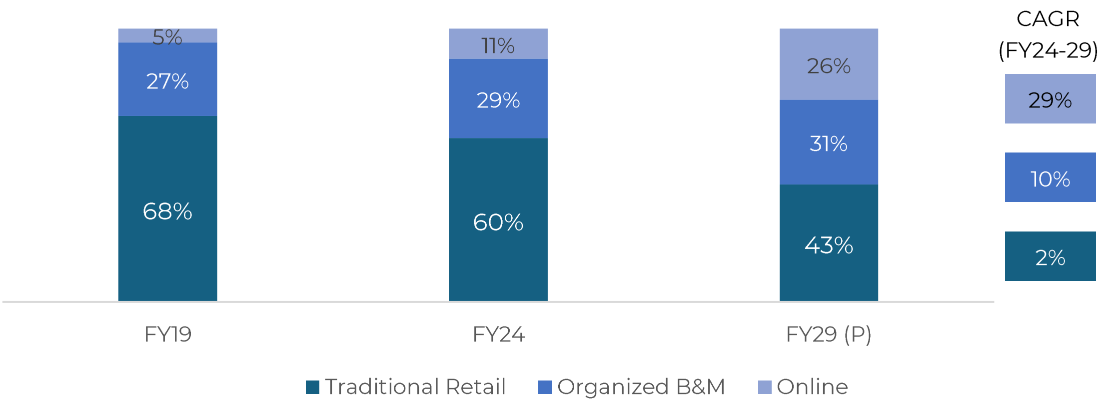
Aditya Birla Fashion and Retail Limited (ABFRL) stands as a leader in the Indian fashion industry, having a diverse portfolio of prominent brands and retail formats that cater to a broad range of price points, occasions, categories, and customer segments. The Company is part of the Aditya Birla Group, which is one of the largest business groups in India.

Aditya Birla Fashion have succeeded in emerging as category leaders with a presence across price segments and a balanced portfolio across categories – Ethnic, innerwear, casual, formal, international brands and sportswear. The company and its subsidiaries are one of the largest pure-play fashion and lifestyle companies in India in terms of revenue in FY24 with a strong bouquet of leading fashion brands and retail formats across various segments and categories with pan-India distribution.

ABFRL has a robust distribution network spanning both offline and online channels. Its offline presence has one of the most extensive networks among branded apparel players, with over 4,500 stores nationwide. Online, its presence is rapidly expanding, driven by growth in ecommerce marketplaces, individual brand websites and through digital first brands under TMRW making ABFRL as one of the largest online retailers of fashion and lifestyle products in India.

Combined, digital and offline sales of the different brands in its portfolio, ABFRL is amongst the largest multi-channel retailer of fashion and lifestyle brands in India. With one of the largest and most extensive distribution networks in India's apparel sector, ABFRL is strategically positioned to capitalize on growth opportunities across the country.

Figure 12: Channel Mix in Overall Apparel Market

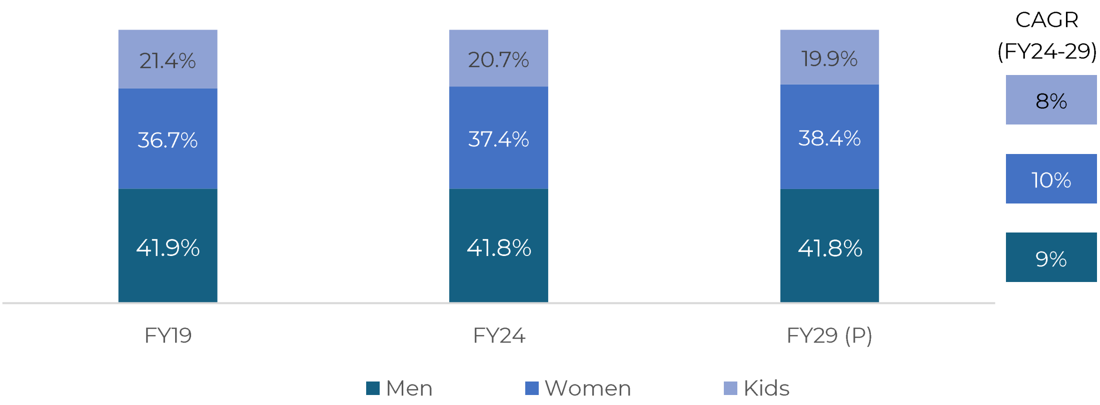


Source: Wazir Analysis
Note: Traditional retail comprises of general trade and mom-and-pop stores

2.4. Market Segmentation by Gender

Menswear market is estimated to be ₹3.5 lakh crores in FY24 and contributes to 41.8% of the overall apparel market. The segment is expected to grow at CAGR of 9% to reach value of ₹5.4 lakh crores by FY29. In global apparel market, women's apparel has a more commanding share than men's. However, in India, menswear enjoys a higher share driven by robust demand of professional attire and the increasing mainstream acceptance of grooming and styling among men. The women's wear market is expanding at a faster pace due to increasing workforce participation of women, rising disposable incomes, and evolving fashion preferences.

Figure 13: Gender Mix in Overall Apparel Market



Source: Wazir Analysis

2.5. Growth Drivers of Apparel Market

Growing middle class and increasing disposable income: India's expanding middle class, with rising disposable incomes, is a key driver of the market. As incomes increase, consumers are more willing to spend on premium and fashionable clothing that reflects their social status and aspirations. Branded apparel, seen as stylish and premium, appeals to this growing segment, offering them a sense of sophistication and international appeal.

Shift from need-based to lifestyle-based shopping behaviour: Indian consumers are transitioning from purely need-based shopping to lifestyle-driven purchases. Branded apparel, often associated with aspirational living, is benefiting from this change. Consumers are increasingly choosing clothing that reflects their personality, aligns with fashion trends, and offers versatility for multiple occasions. This mindset is fuelling growth for the segment.

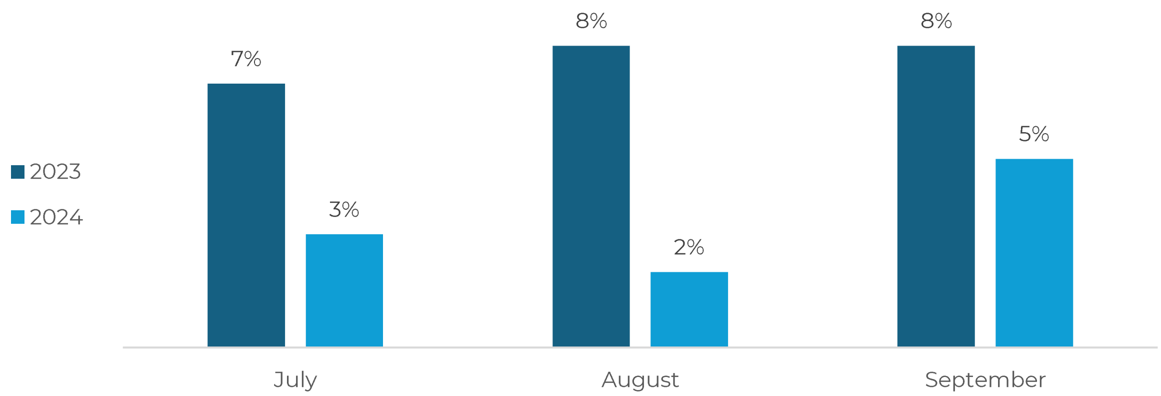
Demographic advantage: India's young population, with a significant portion under the age of 35, is a key driver for growth of the branded apparel market. Younger consumers tend to be more experimental, open to global fashion trends, and are more likely to adopt branded fashion. This consumer is not only fashion-conscious but also seeks out brands and clothing that offer them individuality and premium appeal, further propelling the market.

Increased exposure to global fashion through media and digital platforms: With the rise of social media, digital fashion platforms, and streaming services, Indian consumers are exposed to global fashion trends. Platforms like Instagram, Pinterest, and fashion influencers are making western styles more accessible and desirable. As consumers increasingly follow international celebrities and influencers, they are more inclined to emulate branded fashion choices, driving demand in this market segment.

2.6. Market Update Q2 FY25

Subdued consumer demand and inflationary pressures: In July, Y-o-Y growth in apparel sales dropped sharply from 7% in FY24 to just 3% in FY25. August showed a similar pattern, falling from 8% in FY24 to 2% in FY25. While September had a slightly improved growth in apparel sales of Y-o-Y 5% in FY25, it still lagged the 8% growth achieved in September FY24. The lingering effects of the pandemic, coupled with inflationary pressures and rising household debt, have affected consumer sentiment, leading to cautious spending habits and a temporary slowdown in discretionary purchases.

Figure 14: Apparel Sales Growth in Q2 FY25 as Compared to Q2 FY24 (Y-o-Y%)



Source: Retailers Association of India – RAI Business Survey

Impact of inauspicious periods and extreme weather conditions: The quarter was further affected by seasonal factors such as '*Shraadh*', an inauspicious period that traditionally sees reduced consumer spending. Additionally, extreme weather conditions have disrupted retail activities and foot traffic, further impacting sales figures for many apparel brands.

Visible green shoots from early festive and wedding seasons: This season witnessed some green shoots emerging from the early festive season with uptick in footfalls as consumers prepare for celebrations, which is expected to bolster sales in the coming months.

Sales events drive e-commerce growth: E-commerce growth has been significantly boosted by the preponement of major online sale events compared to last year. By advancing these events, platforms have tapped into early consumer demand, effectively elongating the shopping window and driving higher engagement earlier in the season

Brands continue to drive omni-play: Brands are increasingly adopting omni-channel strategies to enhance their e-commerce performance. By seamlessly integrating online and offline channels, brands provide a unified and engaging shopping experience. This omni-play approach not only broadens reach and accessibility for consumers but also fosters greater brand loyalty and drives sustained growth in online sales.

3. Competition Analysis

Various players have entered the apparel market to capitalise on the opportunities from rising consumer spending and premiumisation. There is a heightened competitive intensity amongst large players, in both offline and online space and some of the new competition has proven international experience and large ambitions. These include retailers with standalone stores in the organized and unorganized sector and other chains of stores including department stores.

3.1. Comparison of Retailing Formats of Key Players in India

In the illustrative below, we have captured the various business models for adopted by players in apparel market.

Table 1: Comparision of Apparel Wear Retailing Formats in India

	Luxury Intl	Luxury National	Mid to Premium Intl	Mid to Premium National	Distribution Focused National	Private Label Format LFS	Multi Brand LFS	Online First	Value Retail
Key brands	GUCCI LV BOSS HACKETT LONDON FRED PERRY DIESEL ck Calvin Klein A|X ARMANI EXCHANGE	TARUN TAHILIANI ANITA DONGRE SABYASACHI SHANTNU NIKHIL PERNIA'S POP-UP SHOP masaba	ZARA UNIQLO H&M M&S FOREVER 21 Reebok	LOUIS PHILIPPE VAN HEUSEN Allen Solly ARROW USA·1851 fabindia ethnix by Raymond BIBA W aurelia PETER ENGLAND	KKCL MUFTI JOCKEY	Westside max	pantaloons lifestyle SHOPPERS STOP TRENDS	HRX WROGN SNITCH The Roadster Life Co.	STYLE UP zudio VISHAL MEGA MART V MART V2
Break-up of sales channels	95% 5%	95% 5%	90%-95% 5%-10%	40%-50% 30%-40% 5%-10% 5%-10%	40%-50% 10%-20% 30%-40% 8%-10%	100%	100%	95% 5%	5% 95%
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 to Premium	Mid to Premium	Mid to Premium	Economy to Mid	Mid to Premium	Economy to Mid	Value

EBO LFS MBO Online Offline

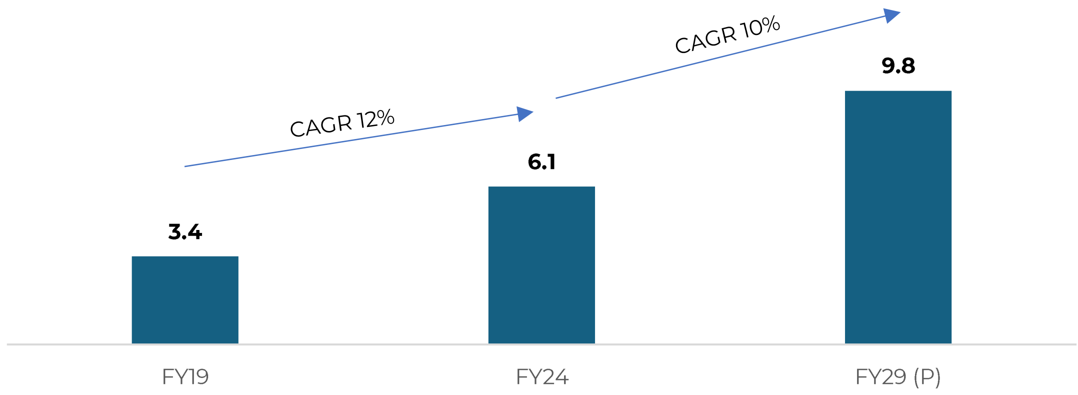
Source: Wazir Advisors
Note: Intl. - International

4. Western Wear Market

4.1. Market Size and Growth

The overall western wear market is valued at ₹6.1 lakh crores in FY24. This segment is projected to grow at a 10% CAGR, reaching ₹9.8 lakh crores by FY29. Key drivers fuelling this growth are the increased exposure to global fashion through social media, rapid urbanization, growing middle class and increasing disposable income.

Figure 15: Overall Western Wear Market (₹ Lakh Crores)

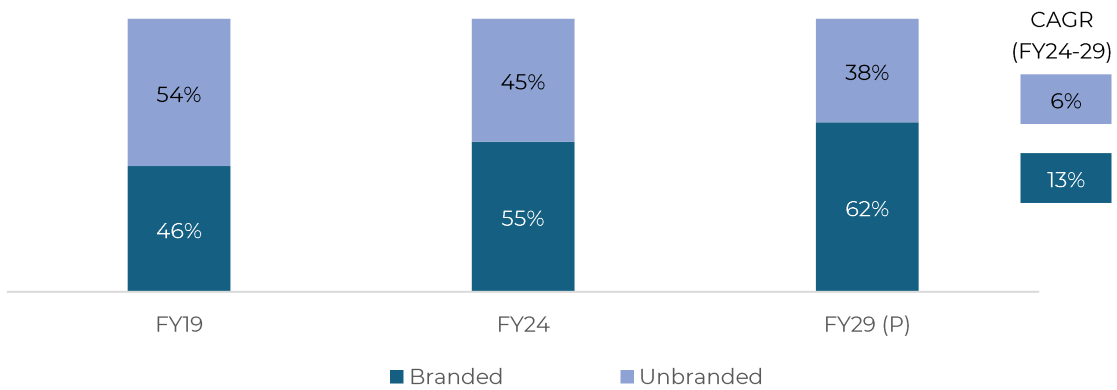


Source: Wazir Analysis
Note: Western Wear Market include Formal, Casual, Inner, Sports and Athleisure wear

4.2. Market Segmentation by Branded & Unbranded

The branded market is estimated to be ₹3.4 lakh crores in FY24 and contributes to 55% of the overall western wear market. The market is expected to grow at CAGR of 13% to reach value of ₹6.1 lakh crores by FY29.

Figure 16: Overall Western Wear Market Segmentation by Branded & Unbranded



Source: Wazir Analysis

Aditya Birla Fashion houses four of India's largest apparel brands, namely, Louis Philippe, Van Heusen, Peter England, and Allen Solly. All 4 brands generate revenues exceeding ₹1000 crore with the expansions driven by a franchise-led model, which ensures a widespread reach.

Its other western wear brands like American Eagle offers high-quality products with a strong presence in stores and online. 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.

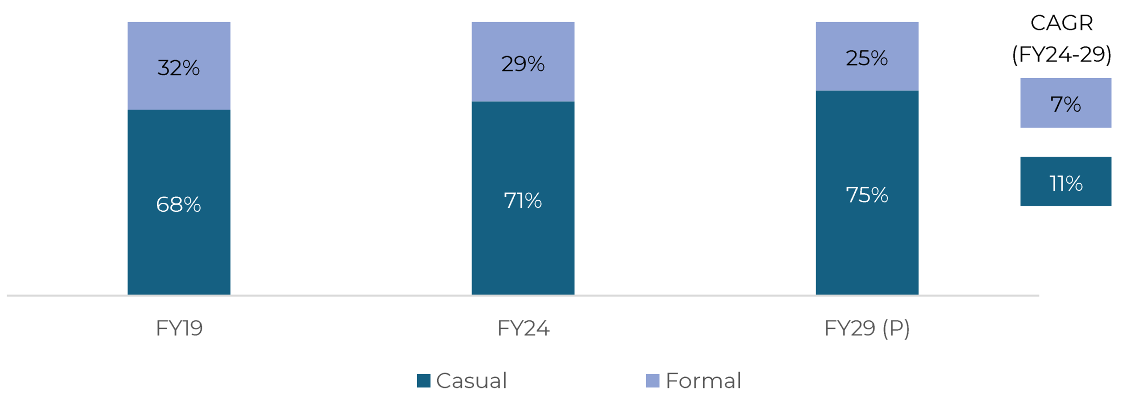
Sportswear brand Reebok is an established global brand in the sporting goods industry with a rich sports legacy, developing products and technologies that connects with the consumers' fitness priorities – whether it's functional training, running, sports, walking, dance, yoga or aerobics., while Pantaloons also offers fashionable western wear clothing and accessories with quality and freshness to the Indian middle-class consumers across the length and breadth of the country.

These brands operate within a vast total addressable market, benefiting from an established operating model. Over the years, this portfolio has carved out a leadership position in the market, consistently delivering business outcomes across revenue growth, profitability, cash flow and return on capital employed.

4.3. Market Segmentation by Formal and Casual Wear

Formal western wear apparel is estimated to be ₹1.8 lakh crores in FY24 and contributes to 29% of the overall western wear market. The segment is expected to grow at CAGR of 7% to reach value of ₹2.4 lakh crores by FY29. Casual western wear, comprising of t-shirts, denim, athleisure, etc. is estimated to be ₹4.3 lakh crores in FY24 and contributes to 71% of the overall western wear market. The segment is expected to grow at CAGR of 11% to reach value of ₹7.3 lakh crores by FY29.

Figure 17: Overall Wester Wear Market Segmentation by Formal & Casual



Source: Wazir Analysis

4.4. Growth Drivers of Western Wear Market

Youth as a growth driver: Youth (15 to 29 years old) are a key growth driver of western wear in the country. Increasing disposable income, comfort, quality and brand consciousness are major reasons behind increasing acceptance of western wear among this young population.

Influence of International Brands: The entry of the international brands in the country is one of the biggest drivers of western wear. Their entry has widened the perspective of consumers which in turn has resulted in higher acceptability of new trends, styles in the market. With increasing exposure to international fashion trends, the Indian consumer today is aware of global trends and has more variety to choose from.

Increase in women's workforce participation: As more women join the workforce in India, especially in urban areas, the demand for professional, comfortable, and fashionable clothing has surged. Western wear provides the versatility and comfort many working women seek, with categories like formal wear, business casuals, and even smart casuals growing in popularity. This growing economic empowerment of women is directly driving the demand for Western wear.

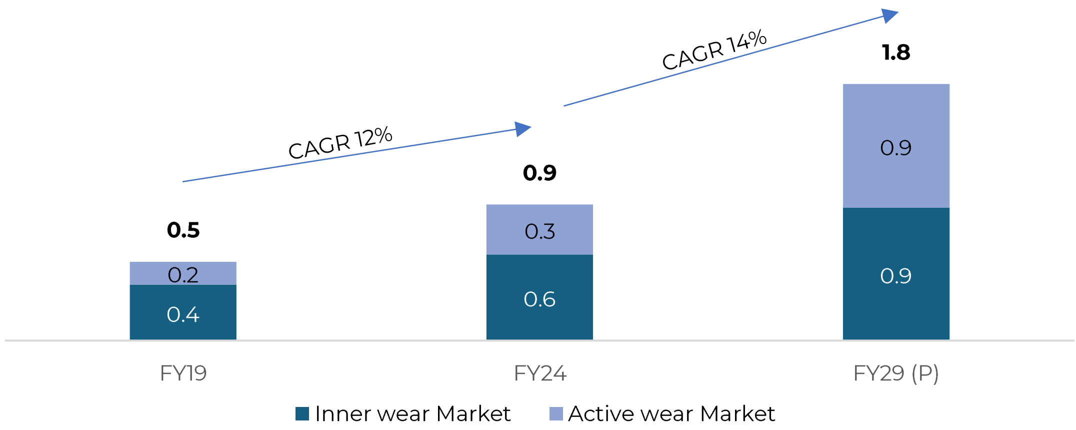
Casualization of Fashion: The Indian casual wear market has evolved significantly over the years. Casual wear categories such as denim, activewear, casual shirts, and fashionable skirts are outpacing the growth of formal wear in India. This is reflective of the changing consumer trend and increasing usage of casual wear in offices as well as home. This shift in consumer's wardrobe towards casual wear has acted as a growth driver for the western wear in India. The casualization of fashion is not unique to India and is driven by global phenomena.

5. Active and Inner Wear Market

5.1. Market Size and Growth

The overall active and inner wear market in India is valued at ₹0.9 lakh crores in FY24. This segment is projected to grow at a 14% CAGR, reaching ₹1.8 lakh crores by FY29.

Figure 18: Overall Active and Inner Wear Market (₹ Lakh Crores)



Source: Wazir Analysis

5.2. Growth Drivers of Active and Inner Wear Market

Increased fitness awareness: Heightened focus on health and fitness among Indians has led to a surge in participation in sports activities. This shift has created a robust demand for comfortable and functional athleisure wear that caters to active lifestyles.

Embracing advanced fabric innovations: Brands are increasingly integrating advanced fabric processing technologies to enhance innerwear functionality. By utilizing innovations in fabric, daytime innerwear focuses on mobility and stretch, catering to active lifestyles, while nighttime garments emphasize breathability and sweat absorption for better comfort during rest.

Rising demand of shapewear: Increasing adoption of western attire like dresses and fitted tops among Indian women has boosted demand for shapewear like bodysuits and control tops to achieve smooth, contoured silhouettes under form-fitting garments, driving growth in this innerwear segment. As fitness and active lifestyles gain popularity in India, there has been a rise in demand for shapewear designed specifically for workouts and sports activities, providing support and comfort during physical activities.

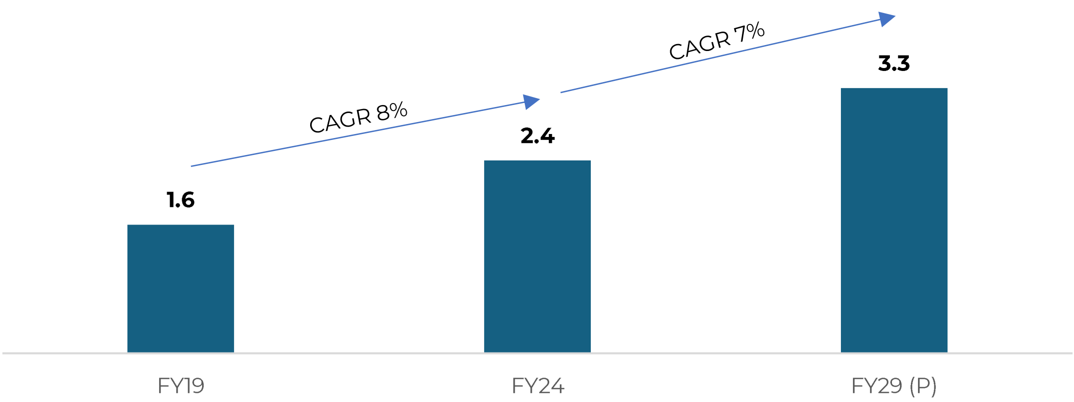
Growing awareness of hygiene and wellness: The growing awareness of personal hygiene and wellness, especially post-pandemic, has led to an increased focus on comfortable, high-quality innerwear. This trend is especially strong among urban consumers who prioritize health and comfort.

6. Ethnic Wear Market

6.1. Market Size and Growth

The overall ethnic wear market is valued at ₹2.4 lakh crores in FY24. This segment is projected to grow at a 7% CAGR, reaching ₹3.3 lakh crores by FY29. Key drivers fuelling this growth include increasing demand of ethnic as occasion wear, longer multi-day wedding celebrations and rising preference of designer wear brands. Previously dominated by unorganized players, this shift offers significant opportunities for branded player. Additionally, there is a notable transition from tailored wear to ready-to-wear garments, which is driving this segment.

Figure 19: Overall Ethnic Wear Market (₹ Lakh Crores)

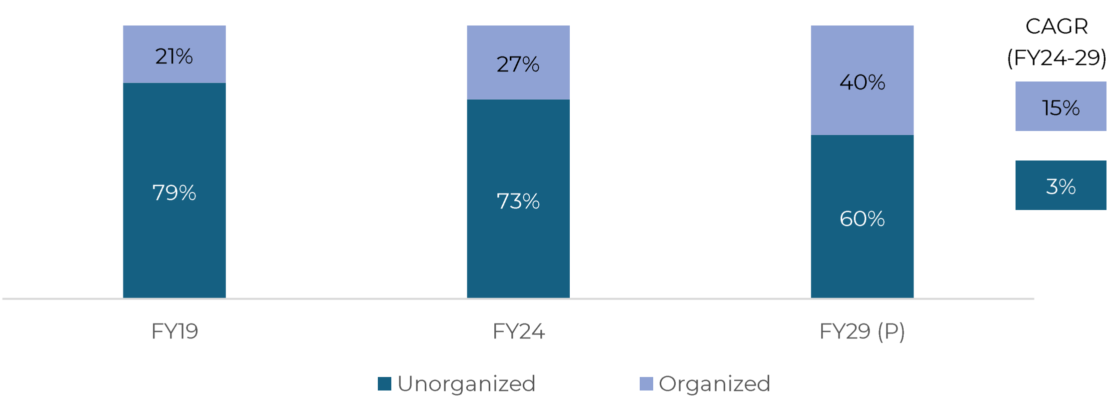


Source: Wazir Analysis

6.2. Market Segmentation by Organized & Unorganized

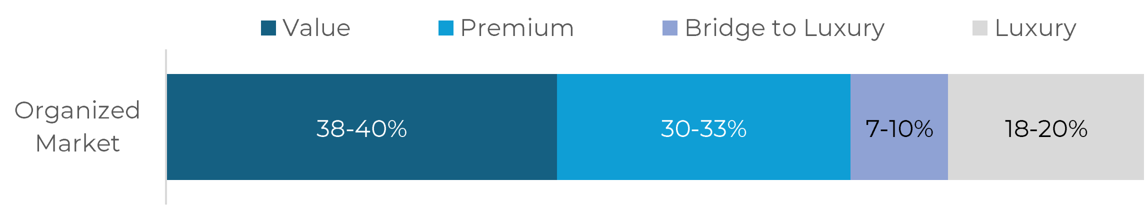
The organized market is estimated to be ₹0.6 lakh crores in FY24 and contributes to 27% of the overall ethnic wear market. The market is expected to grow at CAGR of 15% to reach value of ₹1.3 lakh crores by FY29. The rising disposable income and increased spending power allows individuals to spend more on high-quality and well-designed ethnic garments. This drives the penetration of the organized players into the ethnic wear market, tapping into the demand for branded and quality products.

Figure 20: Overall Ethnic Wear Market Segmentation by Organized & Unorganized



Source: Wazir Analysis

Figure 21: Segmentation of Organized Ethnic Wear Market by Pricing In FY24



ABFRL has one of the most diverse and comprehensive ethnic wear portfolios in India, featuring premium and designer-led brands that cater to a wide audience across various occasions and price ranges. Within which, Tasva is establishing itself as a brand in premium men's wedding wear segment and Jaypore, India's leading premium craft-based artisanal brand, offers apparel, jewellery, and accessories that celebrate the richness and diversity of Indian culture. Being a new brand, TASVA is driving a multi-pronged marketing strategy covering several multimedia campaigns, targeted consumer marketing, celebrity associations and partnering with the wedding ecosystem. These methods have augmented brand salience, establishing TASVA as a go-to brand for premium men's ethnic wear in India. Their luxury portfolio includes Tarun Tahiliani Couture, founded by one of India's most celebrated fashion designers, Tarun Tahiliani, which brings high-end, couture designs to the portfolio. In FY24, ABFRL further strengthened its premium women's ethnic wear offerings by acquiring a majority stake in TCNS Clothing Co. Limited, enhancing its position in this expanding market. The portfolio of TCNS brands are market leaders in the premium women's ethnic wear category.

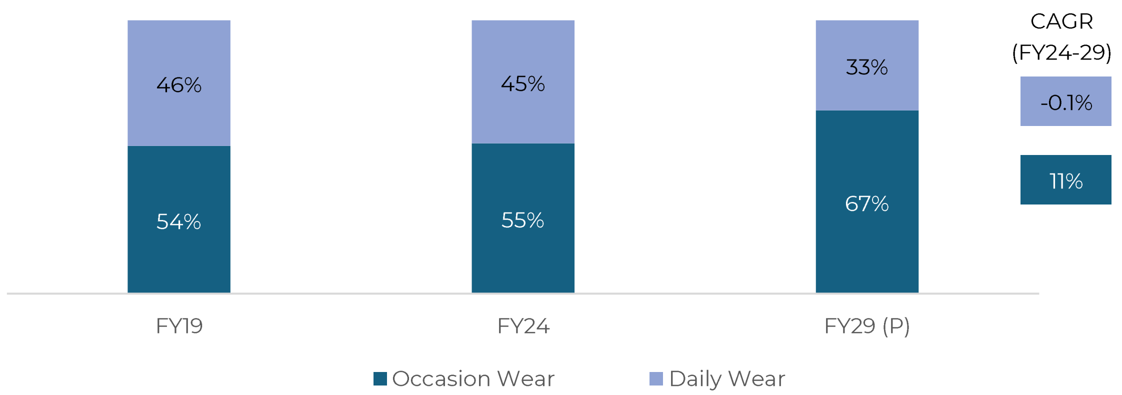
Figure 22: ABFRL Ethnic Wear Brand Portfolio

Source: Company Report

6.3. Market Segmentation of Overall Ethnic Wear by Occasion and Daily Wear

The occasion wear market is estimated to be ₹1.3 lakh crores in FY24 and contributes to 55% of the overall ethnic wear market. Occasion wear market is expected to grow at CAGR of 11% to reach value of ₹2.2 lakh crores by FY29. The growth in occasion wear would be led by increasing spends on ethnic wear during occasions, premiumization and growth of branded wear.

Figure 23: Overall Ethnic Wear Market Segmentation by Occasion and Daily Wear



Source: Wazir Analysis

6.4. Growth Drivers of Ethnic Wear Market

Deeper penetration of branded players: Branded apparel is increasingly entering Tier-II and Tier-III cities, where demand for quality, reliability, and aspirational clothing is growing. This expansion helps formalize the market, offering consumers better access to standardized, fashionable ethnic wear.

Increasing demand for ethnic as occasional wear: The increasing demand for comfort wear is propelling the reduction demand for ethnic wear in daily wear and it is emerging as an occasion wear category, leading to premiumization.

Longer multi-day weddings with additional occasions such as pre-wedding and post-wedding events: Modern Indian weddings now extend beyond the traditional ceremony, including events like pre-wedding shoots, *'mehendi'*, *'sangeet'*, and post-wedding celebrations. Each of these functions calls for distinct attire, significantly boosting the demand for a wider variety of ethnic and occasion wear.

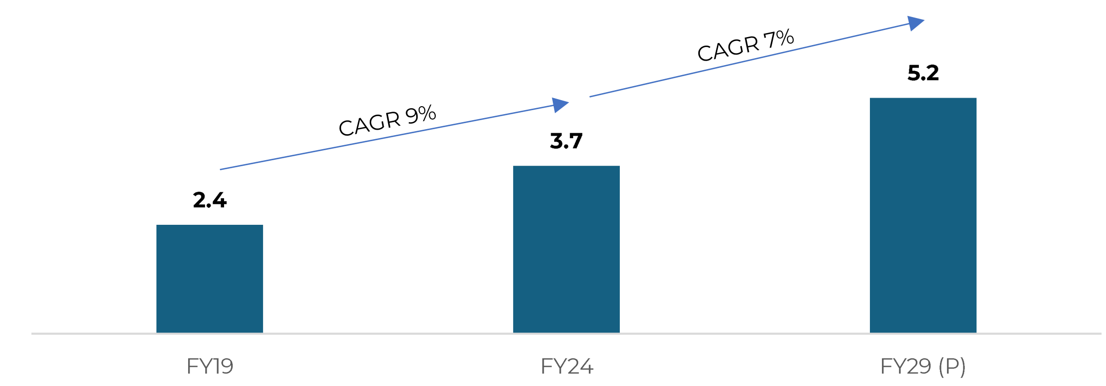
Rising preference for designer wear: There is a growing demand for designer clothing as consumers increasingly seek exclusive, high-quality outfits for special occasions. The demand for designer wear is particularly strong in urban areas and among affluent consumers who prioritize uniqueness and style.

7. Value Fashion Market

7.1. Market Size and Growth

The value fashion market is estimated to be ₹3.7 lakh crores in FY24. This segment is projected to grow at a 7% CAGR, reaching ₹5.2 lakh crores by FY29. The growth is driven by significant opportunities beyond metro and Tier-I cities, fuelled by favourable demographics, rising incomes, and increased customer demand for affordable yet aspirational products, combining quality, design, and value for money. This has prompted several major players to enter a market that was once dominated by regional and local operators.

Figure 24: Overall Value Fashion Market (₹ Lakh Crores)



Source: Wazir Analysis

Figure 25: Evolution of Organized Value Retail

Source: Wazir Analysis

In the Masstige segment, consumer demand is driven by a desire for affordable yet aspirational products, combining quality, design, and brand stature. While in value segment, high fashion at low price drives consumer acceptance. The shift from unorganized to organized segments is driven by increasing urbanization, rising consumer incomes, increased demand for branded products and premiumization. Consumers seek a balance between elevated aesthetics and accessible pricing.

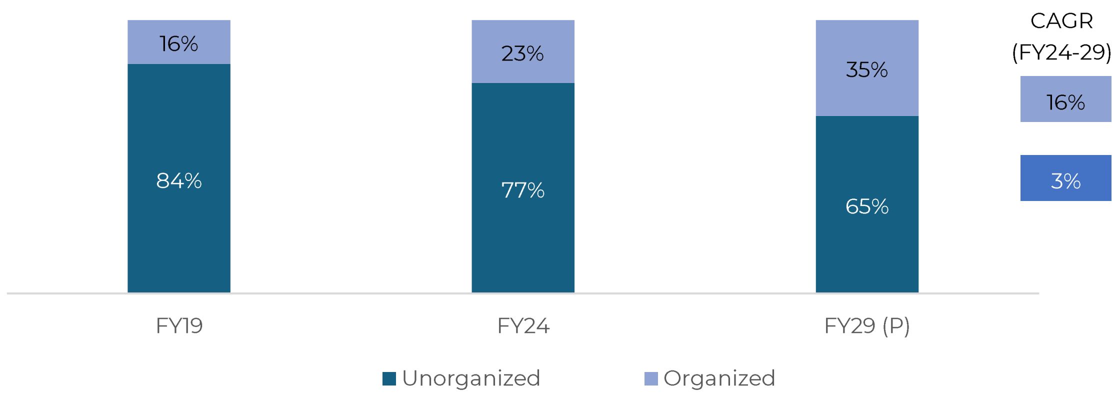
ABFRL operates in the masstige and value retail segment primarily through Pantaloons and Style Up. Style Up, their own value segment brand capitalizes on the value retail market and is scaling up in select markets.

Pantaloons brand has been one of the strongest brands in masstige segment of the Indian fashion retail industry over the last 25 years. The brand offers fashionable clothing and accessories with quality and freshness to the Indian middle-class consumers across the length and breadth of the country. Pantaloons has continued to expand its product offerings with the launch of many new private label brands such as “Peregrine” for men's formals, “Honey Curvytude” for plus-sized western wear, “Coolsters” for tweens (or children between 8 and 12 years of age) and “7 Alt” a casual wear brand for men over the last two years. With strong store economics, extensive distribution across multiple tiers, and an extensive private label portfolio, Pantaloons is poised to lead the differentiated masstige fashion segment.

7.2. Market Segmentation by Organized & Unorganized

The organized value fashion market is estimated to be ₹0.9 lakh crores in FY24 and contributes to 23% of the overall value fashion market. The organized market is expected to grow at CAGR of 16% to reach value of ₹1.8 lakh crores by FY29. This growth is fuelled by rising urbanization, increasing consumer incomes, and a growing demand for branded products, as consumers seek an ideal balance of enhanced aesthetics and affordable pricing.

Figure 26: Overall Value Fashion Market Segmentation by Organized & Unorganized



Source: Wazir Analysis

7.3. Growth Drivers of Value Fashion Market

Increased brand consciousness and awareness of fashion trends in Tier-II+ cities: Tier II and III markets continues to play a vital role in the country’s growth narrative owing to their progress in the real estate landscape, work environment, quality of life and digital penetration. Tier-II+ cities have witnessed a surge in consumers who are aspirational buyers, brand-conscious, and aware of the latest fashion trends. Simultaneously, the increase in purchasing power now allows consumers in these areas to fulfil their requirement for the latest fashion trends. The ability of value retailers to offer quality and variety at competitive prices while staying updated with the latest fashion trends makes them a favourable alternative to local boutiques and retail shops. ABFRL has strategically tapped into this growth with tailored formats like Peter England Red, Allen Solly Prime, Van Heusen Gold, and Louis Philippe All Star, which bring the essence of these established brands to smaller towns. These formats are designed to offer branded fashion with localized price points, making premium styles accessible to a broader audience in emerging markets.

Merchandise and shopping experience: Retailers are moving toward more organized merchandising. They are improving their product offerings and the look and feel of their stores. Retailers are incorporating size sets, colour blocking, categories, and sub-categories (such as men's formal shirts, men's casual shirts, men's party wear shirts, and so on). They are focusing on introducing and increasing the share of private labels in their offerings, as it offers better margins and a loyal consumer base. Retailers have started upgrading the store infrastructure to provide a better shopping experience. Retailers that do not primarily offer food and groceries emphasize fashion, keeping a wide assortment of products based on local trends, as variety has become a key consideration for non-food and grocery value consumers.

Retailers extending to Tier-III+ markets: Retailers that were primarily focused on Tier-II and Tier-III cities are now expanding into Tier-III+ markets, recognizing the potential in these locations. Reliance Retail, which launched Yousta in 2023, also announced plans to open stores in Tier-III+ cities. These cities have become important markets for online-first players like Meesho in recent years

8. Digital Fashion Market

8.1. Market Size and Growth

The Indian e-commerce market is estimated at ₹94 thousand crores in FY24, supported by robust fundamentals such as a large and increasingly affluent consumer base, growing internet and smartphone penetration facilitated by low data prices, and low shipment costs. Further boosting this growth are digital payments, ease of credit, and the convenience of online shopping. The evident opportunities in e-commerce and quick commerce have led to the emergence of numerous founders who have started many digital first brands.

Consumer preferences are shifting, with an increasing willingness to experiment with new brands and a growing desire to wear aspirational brands. The category has seen around 30% historical growth, compounded annually, since 2019. Certain historically fragmented subcategories, such as men's casual wear, women's western, ethnic wear and kids wear, are also undergoing significant transformation with the growth and scaling of new digitally led brands.

ABFRL's TMRW portfolio which comprises of large and mid-size digital first brands, addresses large market categories and targets emerging high-growth segments like athleisure, activewear, expressive wear, and accessories.

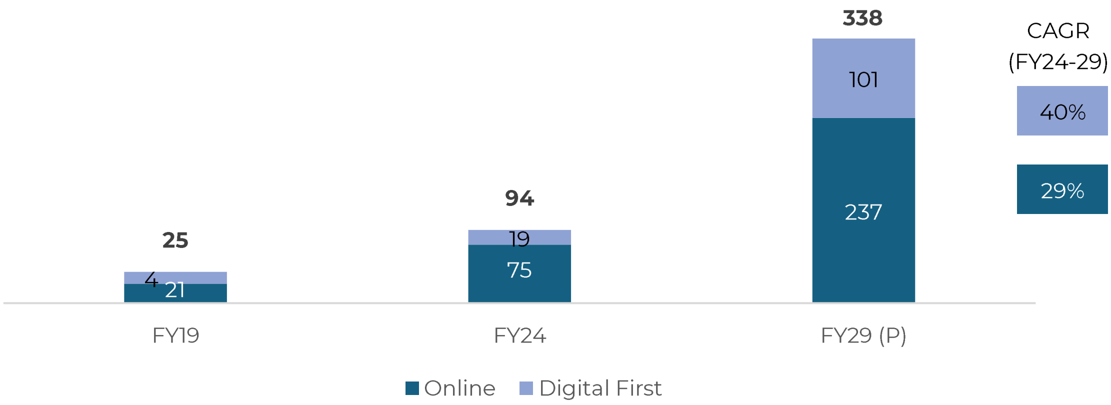
The online fashion market is led by three categories of players:

Figure 27: Key Categories of Overall Online Fashion Market

Source: Wazir Analysis

The digital first fashion market is estimated to be ₹19 thousand crores in FY24 and contributes to 20% of the overall online fashion market. This segment is projected to grow at a 40% CAGR, reaching ₹101 thousand crores by FY29 and contribute to 30% of the overall online fashion market. The growth is driven by e-commerce penetration beyond metro and Tier-I cities, and higher propensity in Gen Z and millennials to shop online.

Figure 28: Overall Online Fashion Market (₹ '000 Crores)



Source: Wazir Analysis

8.2. Growth Drivers for Digital Fashion Market

Shift in consumer behaviour: Consumer behaviour is evolving, with growing comfort in online shopping and a greater willingness to explore new brands and niche categories. Moreover, there is a notable increase in consumers' readiness to pay a premium for quality products.

Improving digital penetration and high growth in e-commerce: India's digital landscape is rapidly expanding, with over 955 million internet users. E-commerce penetration is projected to reach nearly 25% of the overall apparel market within the next five years. This growth will be fuelled by the addition of over 200 million online shoppers, creating significant opportunities for businesses to capitalize on the increasing number of digital consumers.

Larger SKU and niche positioning: D2C (Direct-to-Consumer) brands benefit from the ability to offer a larger range of SKUs, leveraging common inventory to diversify their product offerings. These brands are also experimenting with materials and product innovations that are typically overlooked by traditional legacy brands, allowing them to carve out niche markets.

Brand websites as a sales channel gaining traction: Brands are steadily growing their online share by prioritizing direct to consumer strategies. This approach strengthen customer relationships, provides valuable consumer insights and reduce costs boosting profitability and expanding market presence.

D2C enablers: D2C brands bypass traditional middlemen by delivering directly to customers, improving margins for the business and offering better pricing for consumers. Additionally, the availability of essential enablers, such as website builders, logistics solutions, payment systems, and marketing tools, has streamlined operations and made it easier for new brands to establish a strong market presence.

9. Luxury Fashion Market

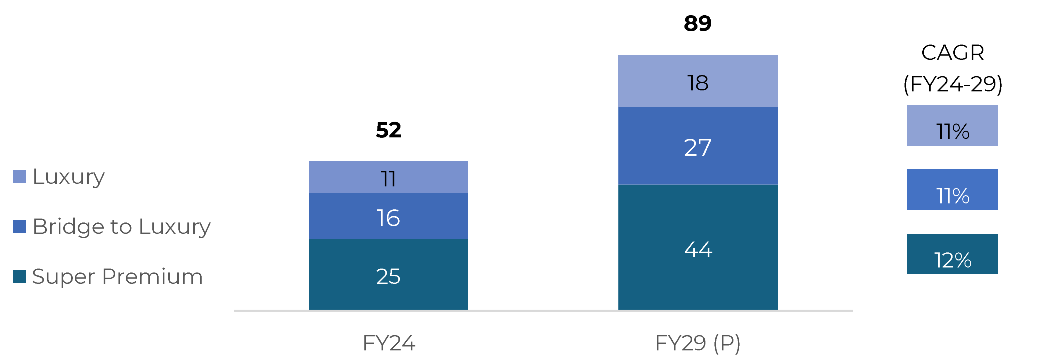
9.1. Market Size and Growth

The Indian luxury market is evolving rapidly in recent years, driven by rising income levels and the growing aspirations of the middle and upper class. Luxury brands, characterized by their exclusivity and high quality, cater to individuals with high disposable incomes prioritizing experience-driven purchases. This increase in affinity towards luxury fashion is driven by the presence of both foreign luxury stores like Louis Vuitton, Chanel, and Gucci, as well as homegrown brands such as Sabyasachi and Tarun Tahiliani.

The super-premium and luxury market has been steadily expanding, driven by the trend of premiumization. Demand for these high-end products remains relatively inelastic, as consumers increasingly prioritize experience-driven purchases. Also, the consumer segment for this category has remained less affected by COVID related implications and the segment has seen a relatively robust post-COVID recovery.

The Luxury fashion market, comprising of Super Premium, Bridge to Luxury and Luxury price segments, is estimated to be ₹52 thousand crores in FY24. This segment is projected to grow at a 12% CAGR, reaching approx. ₹89 thousand crores by FY29.

Figure 29: Overall Luxury Fashion Market (₹ '000 Crores)



Source: Wazir Analysis
Note: The overall Luxury Fashion Market is defined with price offerings beyond ₹6,000 in Western wear and beyond ₹25,000 in Ethnic wear

ABFRL's The Collective is one of India's largest multi-brand retailers of luxury and bridge to luxury brands, alongside select mono brands such as Ralph Lauren, Fred Perry, Ted Baker, and Hackett London. With the maturing of luxury markets, the company's addressable market is set to expand significantly. 'The Collective' has demonstrated a sustainable and profitable growth trajectory, offering an extensive collection of global brands under one roof. Its e-commerce platform, *thecollective.in*, is evolving into a premier destination for luxury fashion, making luxury more accessible and catering to a broader audience.

9.2. Growth Drivers of Luxury Fashion Market

Domestic lifestyle brands gaining aspirational value: Indian lifestyle brands are increasingly positioning themselves as aspirational, aligning with global luxury standards in design, craftsmanship, and storytelling. This rise in the aspirational value of domestic brands is driving the growth of the luxury market in India by expanding the consumer base, as more people look to express their status and identity through high-end, locally crafted products.

Entry of international brands boosting luxury market growth: The entry of international luxury brands like Gucci, Louis Vuitton, and Dior has elevated the standards of luxury consumption in India, giving consumers access to globally renowned, high-quality products and services. In 2023, luxury brands significantly expanded their presence, leasing over 600,000 square feet of retail space, a 170% increase compared to the previous year. Notable names like Balenciaga and Sandro & Maje entered in India in 2023. New entrants such as Galeries Lafayette, Europe's largest upmarket department store chain based out of France, are set to elevate India's luxury landscape through their partnership with ABFRL, bringing an enhanced luxury experience to the market in the coming years.

Luxury-focused infrastructure driving market expansion: The rapid development of luxury malls, five-star hotels, and exclusive residential complexes in India has created an ideal environment for the growth of the luxury market. These high-end infrastructures provide dedicated spaces for luxury brands to showcase their offerings, attract affluent clientele, and create immersive brand experiences thereby encouraging premium spending. This physical ecosystem supports the expansion of luxury brands and elevates the overall consumption of luxury goods in India.

Growth in UHNWI and HNWI driving luxury market demand: The rapid increase in the number of Ultra High Net Worth Individuals (UHNWI) and High Net Worth Individuals (HNWI) in India is significantly boosting demand for luxury apparel. These affluent consumers have a strong appetite for exclusive, high-quality fashion that reflects their social status and personal style. As their wealth grows, so does their inclination to spend on premium brands, bespoke fashion, and limited-edition collections, making them key drivers of the luxury apparel market.

E-commerce expanding access to luxury apparel: The rise of e-commerce in India has made luxury apparel more accessible to a wider range of consumers, including those in Tier-II and Tier-III cities who previously had limited access to high-end fashion. Platforms like Ajio Luxe, Myntra Luxe and Tata Cliq Luxe are specifically designed to cater to the luxury segment, showcasing exclusive collections from both international and domestic luxury brands. The convenience of online shopping, combined with secure payment systems and premium delivery services, is attracting tech-savvy, affluent consumers, making e-commerce a significant growth driver for the luxury apparel market in India.

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