



TECHNO-FUNDA : BUY Aditya Birla Fashion & Retail .

Date -01-07-2024

Buy Range : @ 320-310

Target : 1st@336, 2nd@ 368

Stock Info	Amount
Mkt Cap (cr)	32,063.59
52-Weeks High/Low	335 / 193
Avg Volume	4,94,616
No. of eq shares (cr)	101.03
Face Values	10.00
Bse Code	535755
Nse Code	ABFRL
Free Float (cr)	10,580.98

Source- NSE/BSE

Particulars	FY23	FY24
Revenue op. Growth Y-o-Y	53.44	12.71
EBITDA Growth Y-o-Y	31.56	3.59
EBIT Grwoth Y-o-Y	91.65	-87.73
PAT Growth	66.89	-1,644.50
EPS	(0.38)	(6.52)

Source : Company, Fin2Research

Particulars	FY23	FY24
P/E	N.A.	N.A.
P/B	6.1	5.2
EV/EBITDA	16.0	17.3
P/S	1.6	1.4

Source : Company, Fin2Research

Ratios	FY23	FY24
ROE	-1.18%	-17.03%
ROCE	4.71%	0.40%
ROIC	1.76%	-1.16%
DSO(x)	24	28
DOH(x)	235	254
DPO(x)	239	232
Debt Equity Ratio	1.97	2.34
Current Ratio	1.01	1.01
Interest Coverage Ratio	1	N.A.
Equity-to-Asset	0.20	0.18

Source : Company, Fin2Research

Particulars	Shareholding in (%)
Promoter & Promoter Group	51.85
Institutions-Domestic	14.83
Institutions-Foreign	19.50
Others	13.35
Employee Trust	0.46
Total	100.00

About :

Aditya Birla Fashion and Retail Ltd. (ABFRL) emerged in May 2015 through the consolidation of Aditya Birla Group's branded apparel businesses, including Madura Fashion and Pantaloons Fashion and Retail. Headquartered in Mumbai, India, ABFRL is a prominent player in the fashion industry, designing, manufacturing, distributing, and retailing apparel and accessories both domestically and internationally. Its portfolio spans a diverse range of products from formal wear to casual attire, catering to varied consumer preferences.

Key brands under ABFRL include Louis Philippe, Van Heusen, Allen Solly, Peter England, and the Indian rights holder for Forever 21. The company also offers premium international brands like Ralph Lauren, Ted Baker, and American Eagle through its retail outlets. With a strong presence in over 41 countries, ABFRL is part of the Fortune 500 Aditya Birla Group, known for its global operations and stakeholder-focused business approach.

Key Highlights:

- The company reported a capital expenditure (capex) of INR 750 crores on a consolidated basis for the fiscal year 2024. On a standalone basis, the capex was INR 550 crores. This significant investment underscores the company's commitment to expanding and upgrading its operational capabilities.
- Out of the total capex, INR 120 crores was spent specifically on manufacturing. This expenditure was a one-time expense, indicating a substantial investment in enhancing manufacturing infrastructure and capacity.
- The revenue for the quarter was INR 3,407 crores, reflecting an impressive growth rate of 18% compared to the same quarter in the previous year. This robust revenue growth highlights the company's strong market position and effective business strategies.
- The company reported a consolidated EBITDA of INR 377 crores. There was a margin expansion of 300 basis points, bringing the EBITDA margin to 11.1%. This improvement in margins indicates increased operational efficiency and profitability.
- Reebok is on a strategic path aimed at doubling its revenue over the next 3-4 years. This ambitious plan is likely driven by targeted marketing strategies, product innovation, and expansion into new markets.
- TMRW House of Brands made a strategic investment of INR 125 crores in Accel and WROGN, a brand backed by cricket icon Virat Kohli. This investment reflects the company's strategy to diversify and strengthen its portfolio by backing promising brands with strong market potential.
- Tasva, a brand by Aditya Birla Fashion and Retail in collaboration with designer Tarun Tahiliani announced a partnership as the 'Official Ceremonial Dress Partner' for Team India at the Paris Olympics 2024. This partnership not only enhances Tasva's brand visibility but also aligns it with national pride and high-profile international events.
- Company has approved a vertical demerger of Madura Fashion and Lifestyle (MFL) into a new entity named Aditya Birla Lifestyle Brands (ABLB). Within a year, ABFRL plans to raise Rs 2,500 crore in equity capital with full promoter support to strengthen its balance sheet and support growth across its remaining businesses, enhancing operational efficiency and financial resilience in the retail sector

Key Risks:

- **Changing Customer Trends**
Recent shifts in consumer behavior due to COVID-19 and technological advancements are reshaping India's retail landscape. These changes may affect the company's ability to forecast demand, leading to inventory issues and missed sales
- **Global Slowdown and Adverse Macro Indicators**
The global economic slowdown impacts India's economy, causing market volatility, supply chain disruptions, and increased costs. Inflation and rising interest rates can dampen consumer sentiment, especially in smaller towns. The company mitigates these risks by offering diverse products across various price points, continuously innovating, and adapting to market changes
- **Quality and Cost of Retail Space**
With most sales from physical stores, the demand for retail space has increased post-pandemic, raising rental costs. The company builds strong relationships with mall owners and real estate developers to secure long-term leases and invests in store renovations and improvements to enhance customer experience.

CMP : @ 320-310

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GUIDELINES FOR THE REPORT

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.
- Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

- It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.

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