April 07, 2026

Aditya Birla Fashion and Retail Limited: Rating reaffirmed for non-convertible debenture programme; rating reaffirmed and withdrawn for commercial paper programme

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper	500.00	0.00	[ICRA]A1+; Reaffirmed & Withdrawn
NCD	750.00	750.00	[ICRA]AA+ (Stable); Reaffirmed
Total	**1,250.00**	**750.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the rating assigned to Aditya Birla Fashion and Retail Limited (ABFRL) factors in the strengthening of its balance sheet and liquidity position post the Rs. 4,239.4-crore fund infusion in January 2025, which was used to repay a large part of the external debt at the demerged ABFRL. This resulted in gross external debt (excluding lease liabilities) of Rs. 1,438.6 crore and cash and bank balance and liquid investments of Rs. 2,361.3 crore as on March 31,2025, leading to net cash surplus (excluding lease liabilities) of Rs. 922 crore, which stood at Rs. 429 crore as on September 30, 2025. However, ABFRL's overall leverage (total debt (including lease liabilities)/ operating profit before depreciation, interest and tax) remained high at 15.7 times as on September 30,2025. ICRA understands that the surplus cash would be utilised for funding the losses and growth plans of its new business segments, including Tasva (ethnic brand launched in March 2021) and store expansion in Pantaloons and TCNS. The company does not plan to raise any additional long-term debt in the near term.

The ratings continue to derive comfort from the company's strong business position in the domestic branded apparel industry, supported by its diverse product portfolio with presence across various formats and segments and a wide distribution reach. The ratings further factor in ABFRL's superior financial flexibility as it is a part of the Aditya Birla Group (ABG) and the financial support available to it from the Group, evident from the regular fund infusions in the past, and ICRA's expectation that the Group would continue to provide need-based funding support to the company. It also receives operational support and benefits from the extensive experience of the management team of ABG, which facilitates superior execution capabilities.

ABFRL witnessed a modest year-over-year (YoY) revenue growth of 14% in FY2025 to Rs. 7,354.7 crore and 10% in 9M FY2026. While its Pantaloons (including OWND) segment witnessed a muted 1% growth in revenues in FY02025 and 9M FY2026 due to store rationalisations in the last two years and a shift in the end of season sale (EOSS) from December to January, the ethnic business segment reported a 49% and 18% YoY revenue growth in FY2025 and 9M FY2026, respectively, supported by a healthy like-to-like (LTL) sales growth of designer-led brands. ABFRL reported a 350-bps improvement in its operating profit margin (OPM) to 9.8% in FY2025, owing to an OPM improvement of 390 bps for Pantaloons and 400 bps for the ethnic business, partly offset by the losses in its TMRW business. However, its OPM moderated to 7.9% in 9M FY2026 owing to 100 bps moderation in Pantaloons segment OPM and continued losses in TMRW even though the ethnic business witnessed an improvement of 700 bps. The businesses of OWND, Tasva, TCNS and TMRW continue to be in investment mode, resulting in high advertisement and promotional spends. The company continues to undertake various cost optimisation measures, inventory management and focus on premiumisation of its product portfolio to drive sequential improvement in its OPM. With plans to add 50 stores in Tasva, 50 stores in TCNS and 15 stores in Pantaloons in FY2027, ICRA expects it to report 10-11% growth in revenues in FY2027 along with improvement in its OPM, supported by expectations of reduced losses in TCNS, Tasva and TMRW. This remains a key monitorable.

ICRA also notes the intense competition in the domestic fashion segment in which ABFRL operates, characterised by domestic as well as international brands along with a few established retail players. Besides, the business remains vulnerable to any economic slowdown.

The Stable outlook factors in ICRA's expectation that ABFRL's credit profile will remain adequately supported by its limited reliance on external debt to fund its growth plans. This, coupled with ramp-up in revenues from the new business segments, and a steady scale-up in the Pantaloons segment will lead to a gradual improvement in its earnings.

ICRA has reaffirmed and withdrawn the rating assigned to the commercial paper (CP) programme of ABFRL based on the company's request and in accordance with ICRA's policy on withdrawal of credit ratings. There is no amount outstanding against the rated CP programme.

Key rating drivers and their description

Credit strengths

Strong parentage of the Aditya Birla Group and extensive experience of the management - As a part of the ABG, ABFRL enjoys strong financial flexibility and receives need-based funding and operational support. The same was demonstrated by fund infusions in the past. In January 2025, ABFRL successfully completed a fund raise of Rs. 4,239.4 crore, including Rs. 2,379 crore through preferential issue and the balance Rs. 1,860 crore through qualified institutional placement (QIP). The preferential issue was largely subscribed to by the promoter group, with investment of Rs. 1,298 crore and the remaining Rs. 1,081 crore was subscribed to by the Fidelity Group. ICRA's expects the Group to continue to provide need-based funding support to ABFRL. Besides, extensive experience of the management team facilitates superior execution capabilities, driving revenues and profitability growth.

One of the largest branded apparel players in India with a diverse product portfolio and multi-channel reach – The company is among the largest branded apparel players in India, with a diverse product portfolio and brand offerings across various price points from value to luxury segments. The demerged ABFRL constitutes the Pantaloons division, which is one of the leading players in the value and masstige fashion segment and is among the largest womenswear retailers in India. As of December 31, 2025, the company operated 406 Pantaloons stores and 67 OWND stores. ABFRL also houses the most comprehensive ethnic wear portfolio, covering multiple occasions, price points and consumer segments, including designer wear portfolio, across 665 stores as on December 31, 2025. While the luxury and the bridge-to-luxury segments are being largely catered through acquisitions done over the last three years, namely Shantanu & Nikhil, Sabyasachi, House of Masaba and Tarun Tahiliani, the premium segment is catered through a mix of inorganic [Jaypore, TCNS Clothing Limited includes brands W, Aurelia, Wishful and Elleven)] and organic ethnic menswear brands of Tasva. It has also ventured into the super-premium segment via luxury brands housed under "The Collective" with select luxury brands such as Ted Baker (London), Fred Perry, Polo Ralph Lauren and Hackett (London) and luxury store of Galleries Lafayette. Moreover, ABFRL has set up a wholly owned subsidiary, TMRW, for incubating a portfolio of fashion and lifestyle direct-to-consumer (D2C) brands across categories such as beauty, fashion and other allied lifestyle segments.

Strengthened financial profile post the fund raise of Rs. 4,239 crore in January 2025, leading to reduction in debt levels and improvement in liquidity position - In January 2025, the company successfully raised funds amounting to Rs. 4,239 crore, thus strengthening its balance sheet and liquidity position. This has been used for repaying a large part of the external debt at the demerged ABFRL, resulting in gross external debt (excluding lease liabilities) of Rs. 1,438.6 crore and cash and bank balance and liquid investments of Rs. 2,361.3 crore as on March 31, 2025, leading to net cash surplus (excluding lease liabilities) of Rs. 922 crore, which stood at Rs. 429 crore as on September 30, 2025. However, its overall leverage (total debt (including lease liabilities)/ operating profit before depreciation, interest and tax) remained high at 15.7 times as on September 30,2025. ICRA understands that the surplus cash would be utilised for funding the losses and growth plans of its new business segments, including Tasva (an ethnic brand launched in March 2021) and store expansion in Pantaloons and TCNS. The company does not plan to raise any additional long-term debt in the near term.

Credit challenges

Slower ramp up of Pantaloons and continued losses in OWND weigh on the profitability of value and masstige segments - While the rationalisation of over 50 underperforming Pantaloons stores (mostly in Tier 2 and smaller markets) over the past 15 months aided margin improvement in FY2025, it also resulted in muted revenue growth of 1% for the Pantaloons segment (including OWND). However, the segment's OPM improved to 16.9% in FY2025 from 13.0% in FY2024, supported by better merchandise and inventory management, lower markdowns, higher private label contribution and cost optimisation. In 9M FY2026, the Pantaloons segment continued to report muted YoY revenue growth of 1%, owing to the impact of store rationalisations and shift in EOSS from December to January. Its OPM moderated to 16.4% in 9MFY2026 against 17.4% in 9M FY2025, due to continued losses in OWND and higher expenses related to its rebranding and relaunch. Management's decision to pause aggressive expansion of OWND and focus on stabilising operations and reassessing format viability moderates near-term growth visibility for the segment.

Losses in Tasva and TCNS continue to weigh on consolidated earnings– Overall ethnic portfolio saw a YoY growth of 18% in revenues in 9M FY2026 to Rs. 1,644 crore, with an OPM of 10% which improved from 3% in 9M FY2025. However, while the designer-led brands performed well, Tasva and TCNS continue to report losses, although the loss level has declined. At the consolidated level, ABFRL's margin expansion is restricted by the continued losses in this recently acquired ethnic business, i.e. TCNS and the recently launched Tasva brand. TCNS and Tasva are likely to continue to incur losses in FY2027 as well, although the quantum of loss is expected to reduce. The wholly owned subsidiary, TMRW, also remains loss-making, though the management has indicated that it will not be providing any further funding support to it. The overall profitability of the company is also impacted by losses in OWND, which is in the initial stage of operations. Its ability to profitably ramp up operations of these businesses is a key rating monitorable.

Intensely competitive nature of fashion business; revenues and profitability also remain vulnerable to economic slowdown – The fashion segment, in which the company operates, is very competitive, marked by the presence of domestic and international brands as well as established retail players. Besides, the business remains vulnerable to economic slowdown on account of the discretionary nature of consumer spending on these products.

Environmental and social risks

Environmental considerations: ABFRL has low exposure to environmental risks. The retail sector does not face any major physical climate risk.

Social considerations: Increasing access to customer data following growing penetration of e-commerce poses privacy and legal risks for retail entities. Being a manpower-intensive segment, retail entities are exposed to the disruption risks due to inability to properly manage human capital in terms of their safety and the overall well-being. The company is also accountable for responsible sourcing, product and supply chain sustainability, given the high reliance on external suppliers.

Liquidity position: Adequate

The liquidity position of the company remains adequate, underpinned by cash and bank balance and liquid investments of Rs. 2,145.6 crore as on September 30, 2025, and unutilised working capital limits of around Rs. 209 crore(in terms of available drawing power) as on January 31, 2026. Its cash flows are expected to improve in the near term with ramp-up of operations in Pantaloons and OWND led by store expansion. ICRA estimates capital expenditure (capex) of around Rs. 500 crore in FY2027, which will be adequately funded by the available cash and bank balance and liquid investments. ABFRL has repayment obligations of Rs. 250 crore each in FY2028 to FY2030. The company does not have any debt repayment obligation in FY2027.

Rating sensitivities

Positive factors – The long-term rating may be upgraded if the company is able to demonstrate significant growth in revenues and improvement in operating profit margins on a sustained basis while maintaining a healthy credit profile.

Negative factors – The ratings may be downgraded in case of a significant decline in sales or profitability or if any significant debt-funded capex or large acquisition/ investment adversely impacts its credit metrics and/or the liquidity position on a sustained basis. Weakening of linkages with the Aditya Birla Group would also be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail Policy on Withdrawal of Credit Ratings
Parent/Group support	Parent group - Aditya Birla Group; ICRA expects the Aditya Birla Group to be willing to extend need-based financial support to ABFRL. The Group has a track record of extending timely financial support to the company, whenever a need has arisen.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of demerged ABFRL. As on December 31, 2025, demerged ABFRL had 16 subsidiaries (including step-down subsidiaries) and one joint venture (JV) that have been enlisted in Annexure-2.

About the company

ABFRL houses the branded apparel business of the Aditya Birla Group. The company, via a press release dated April 1, 2024, had announced the demerger of its Madura Fashion & Lifestyle Business (Madura) into a separate listed entity, namely Aditya Birla Lifestyle Brands Limited (ABLBL). The demerged ABFRL constitutes the residual segments including masstige and value segments (Pantaloons & OWND), ethnic segment (including designer wear brands, ethnic menswear brand, Tasva, and ethnic womenswear brands under TCNS Clothing Company Limited and TMRW (ABFRL's direct-to-consumer digital venture).

The Pantaloons format operates in the masstige segment across varied categories like casual wear, ethnic wear, formal wear, party wear and sportswear for men, women and children. The company has forayed into the premium and the luxury ethnic wear segment during the last three years. The journey of the premium segment began with acquisition of Jaypore, an artisanal brand, in 2019 and the subsequent addition of Shantanu & Nikhil in FY2020. In FY2021, the company expanded its luxury play with addition of Sabyasachi and Tarun Tahiliani to its portfolio of designer partnerships. In June 2022, it acquired a 52.44% stake in the House of Masaba Lifestyle Private Limited. Subsequently, in September 2023, it completed the acquisition of a 51% stake in TCNS Clothing Company Limited. ABFRL has also set up a wholly owned subsidiary, TMRW, for incubating a portfolio of fashion and lifestyle D2C brands across categories such as beauty, fashion and other allied lifestyle segments. Subsequently, in November 2022, the company announced partnership with eight D2C lifestyle brands.

As on December 31, 2025, ABFRL operated through 473 Pantaloons (including OWND) stores and 665 stores for its ethnic business.

Key financial indicators (audited)

ABFRL (consolidated)	FY2024	FY2025	9M FY2026*
Operating income (OI)	6441.5	7354.7	6,186.8
PAT	-748.7	-437.9	-646.2
OPBDIT/OI	6.3%	9.8%	7.9%
PAT/OI	-11.6%	-6.0%	-10.4%
Total outside liabilities/Tangible net worth (times)	3.6	1.4	-
Total debt/OPBDIT (times)	23.1	7.0	-
Interest coverage (times)	0.7	1.2	1.3

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation. Please note: The audited P&L and B/S for FY2025 are for the demerged ABFRL, however in case of FY2024 while the P&L is for demerged ABFRL, B/S as on March 31,2024 is prior to the demerged and hence includes ABLBL also*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**April 07, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Term loan	Long term	-	-	April 09, 2025	[ICRA]AA+ (Stable); withdrawn	April 12, 2024	[ICRA]AA+; rating watch with developing implications	Apr 26, 2023	[ICRA]AA+ (Stable)
						Sept 03, 2024	[ICRA]AA+; rating watch with developing implications	Jul 31, 2023	[ICRA]AA+ (Stable)
								Oct 26, 2023	[ICRA]AA+ (Stable)
Fund-based/Non-fund based	Long term	-	-	April 09, 2025	[ICRA]AA+ (Stable); withdrawn	April 12, 2024	[ICRA]AA+; rating watch with developing implications	Apr 26, 2023	[ICRA]AA+ (Stable)
						Sept 03, 2024	[ICRA]AA+; rating watch with developing implications	Jul 31, 2023	[ICRA]AA+ (Stable)
								Oct 26, 2023	[ICRA]AA+ (Stable)
Commercial paper	Short term	500.0	[ICRA]A1+; Reaffirmed & Withdrawn	April 09, 2025	[ICRA]A1+	April 12, 2024	[ICRA]A1+	Apr 26, 2023	[ICRA]A1+
						Sept 03, 2024	[ICRA]A1+	Jul 31, 2023	[ICRA]A1+
								Oct 26, 2023	[ICRA]A1+
Commercial paper	Short term	-	-	April 09, 2025	[ICRA]A1+; withdrawn	April 12, 2024	[ICRA]A1+	Apr 26, 2023	[ICRA]A1+
						Sept 03, 2024	[ICRA]A1+	Jul 31, 2023	[ICRA]A1+

								Oct 26, 2023	[ICRA]A1+
Non-convertible debenture (NCD) programme	Long term	-	-	April 09, 2025	[ICRA]AA+ (Stable); withdrawn	April 12, 2024	[ICRA]AA+; rating watch with developing implications	Apr 26, 2023	[ICRA]AA+ (Stable)
						Sept 03, 2024	[ICRA]AA+; rating watch with developing implications	Jul 31, 2023	[ICRA]AA+ (Stable)
								Oct 26, 2023	[ICRA]AA+ (Stable)
NCD programme	Long term	750.00	[ICRA]AA+ (Stable)	April 09, 2025	[ICRA]AA+ (Stable)	April 12, 2024	[ICRA]AA+; rating watch with developing implications	Oct 26, 2023	[ICRA]AA+ (Stable)
						Sept 03, 2024	[ICRA]AA+; rating watch with developing implications		
NCD programme	Long term	-	-	April 09, 2025	[ICRA]AA+ (Stable); withdrawn	Sept 03, 2024	[ICRA]AA+; rating watch with developing implications	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper	Simple
NCD programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE647O08123	**NCD programme**	September 12, 2023	7.57%	September 12, 2030	750.00	[ICRA]AA+ (Stable)
Unplaced	**Commercial paper**	NA	NA	NA	500.00	[ICRA]A1+; Reaffirmed & Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis

Company name	ABFRL ownership	Consolidation approach
Jaypore E-Commerce Private Limited	**100.00%**	Full Consolidation
TG Apparel & Décor Private Limited	**100.00%**	Full Consolidation
Finesse International Design Private Limited	**58.69%**	Full Consolidation
Sabyasachi Calcutta LLP [formerly M/s. Sabyasachi Couture]	**51.00%**	Full Consolidation
Sabyasachi Inc, USA	**51.00%**	Full Consolidation

Company name	ABFRL ownership	Consolidation approach
Indivinity Clothing Retail Private Limited	**80.00%**	Full Consolidation
Goodview Fashion Private Limited	**51.00%**	Full Consolidation
Aditya Birla Digital Fashion Ventures Limited (ABDFVL)	**100.00%**	Full Consolidation
House of Masaba Lifestyle Private Limited	**52.44%**	Full Consolidation
Pratyaya E-Commerce Private Limited (Subsidiary of ABDFVL)	**66.26%**	Full Consolidation
Imperial Online Services Private Limited (Subsidiary of ABDFVL)	**55.00%**	Full Consolidation
Awesomefab Shopping Private Limited (Subsidiary of ABDFVL)	**55.00%**	Full Consolidation
Bewakoof Brands Pvt Ltd (BBPL)	**85.17%**	Full Consolidation
Next Tree Products Private Limited (Subsidiary of BBPL)	**85.17%**	Full Consolidation
Styleverse Lifestyle Private Limited	**50.98%**	Full Consolidation
Jaypore Fashions Inc., USA	**100.00%**	Full Consolidation
Wrogn Private Limited	**16.00%**	Full Consolidation

Source: Company data

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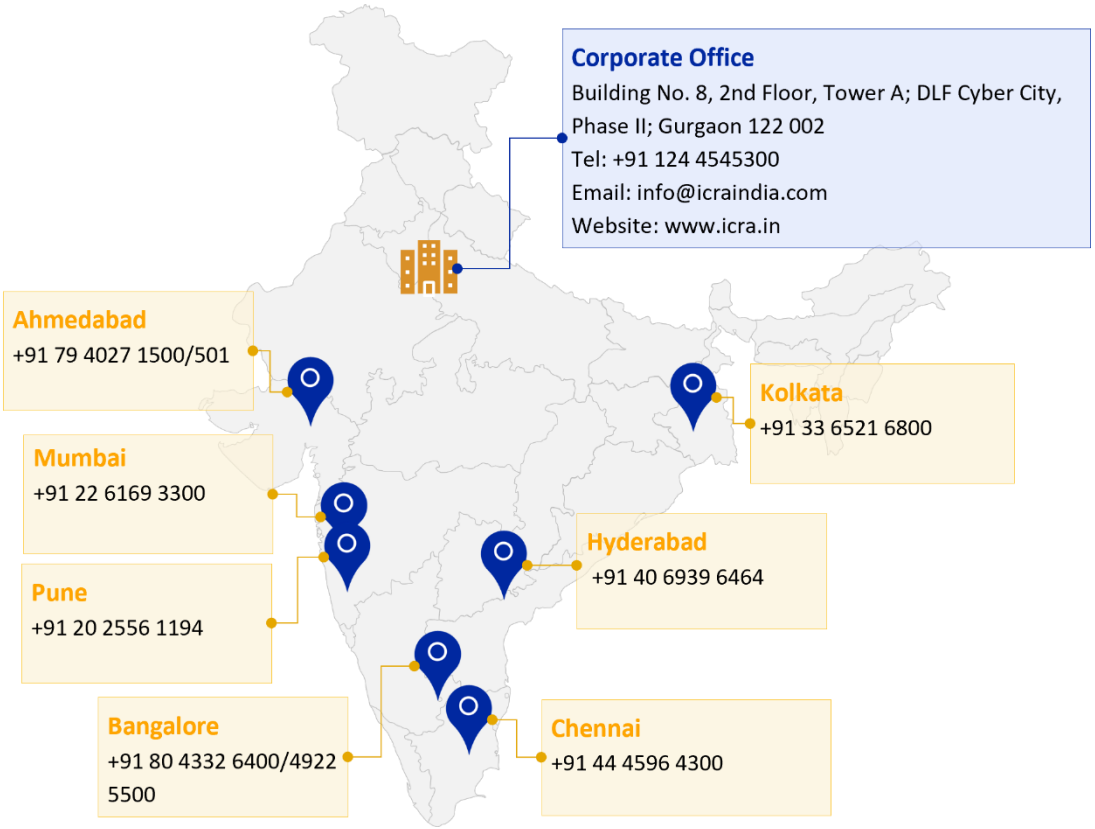

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