

## Birla's Fashion Move: Dual Entities to enter India's Fashion Growth

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India's largest fashion conglomerate, the **Aditya Birla Group**, is executing a bold strategic pivot aimed at dominating the rapidly evolving apparel market. Spearheaded by Chairman **Kumar Mangalam Birla**, the group has split its fashion business into **two focused entities: Aditya Birla Lifestyle Brands Ltd (ABLBL) and Aditya Birla Fashion & Retail Ltd (ABFRL)**—each tailored to serve distinct segments and drive targeted growth.

### **ABLBL: Leveraging Legacy Lifestyle Brands**

ABLBL now houses stalwart lifestyle names like **Louis Philippe, Van Heusen, Allen Solly, Peter England**, along with global labels such as **Reebok** and **American Eagle**. In 2025, ABFRL completed the demerger and listed ABLBL, setting the stage for focused expansion of these legacy lifestyle brands.

### **ABFRL: Targeting Emerging & Premium Fashion Verticals**

ABFRL retains Pantaloons along with digital-first platforms like **TMRW**, and a curated mix of ethnic, designer-led, and premium brands including **Sabyasachi, Shantnu & Nikhil, House of Masaba, Tarun Tahiliani, Jaypore, Tasva**, and banners under **TCNS**. It also oversees super-premium and luxury retail ventures such as **Galleries Lafayette** and **Christian Louboutin**.

### **Fueling Growth with Capital and Store Expansion**

With India's per capita GDP expected to surge from **\$2,500 to \$4,000** in the next five years, Birla anticipates a shift in consumer behavior—from unorganized shopping to branded fashion—creating fertile ground for both ABFRL and ABLBL.

The group raised **\$490 million** via QIP and preferential issuance to ensure ABFRL has the capital firepower for aggressive expansion. Additionally, ABFRL plans to add **20–25 new Pantaloons stores annually** and scale digital-first format **StyleUp** to 200+ outlets by FY 2027–28, aiming for profitability within their first year and a payback period of around four years.

Meanwhile, ABLBL has over **250 stores in the pipeline** for FY 2025–26, structured across both company-owned and franchise channels, with a goal of delivering **double-digit revenue and EBITDA growth**. ABFRL is also targeting a **300-basis-point improved EBITDA margin** over the next five years driven by better unit economics.

### **Market Potential & Digital Upgrades**

India's apparel industry surged to **₹9.3 lakh crore (2025)** and is projected to exceed **₹14 lakh crore by FY 2030**, driven by rising income, urbanization, brand awareness, and digital adoption.

Innovation and digitization are central to this strategy—ABFRL emphasizes **AI-powered virtual try-ons**, personalized shopping, and tech-led backend enhancements to meet growing consumer expectations.

### **Prioritizing Turnaround and Brand Revamps**

To bolster financial performance, ABFRL has committed **₹500 crore in capex for FY 2025–26** aimed at revitalizing underperforming segments, particularly **TCNS Clothing (women's ethnic brand W)** and the **TMRW digital platform**. Efforts include restructuring and raising additional funds for sustainable recovery.

### **Vision: Billion-Dollar Brands in the Making**

Birla is setting sights high—envisioning his portfolio brands like **Louis Philippe, Van Heusen, Allen Solly, and Peter England** individually crossing the **\$1 billion revenue mark** within a decade. Presently, Louis Philippe and Van Heusen each clock over ₹2,000 crore in annual sales, while Allen Solly and Peter England exceed ₹1,000 crore—indicating strong potential ahead.

The strategic demerger resulted in a **67% plunge in ABFRL's share price**, a reflection of internal structural recalibration rather than market sentiment deterioration.

By separating, both companies can optimize capital structures, sharpen strategic focus, more accurately reflect investor expectations, and attract targeted investment.

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