Purple Style Labs

Higher Ticket Sizes, Flat Gross Profit

Summary

Incorporated in Mumbai in August 2015 and promoted by Abhishek Agarwal, Purple Style Labs Limited (PSL) owns and operates Pernia's Pop-Up Shop (PPUS), a multi-brand Indian luxury and occasion-wear platform selling through 14 Experience Centers (12 in India, one each in London and New York), a website and a mobile application. It sources from 1,109 Active Designer Brands across 208,490 SKUs as at 31 March 2026 and takes title to stock before sale, so revenue is recognised gross rather than as commission. Revenue from operations grew at a 5.17% CAGR over FY24-26 to INR 5,578.38mn while Total PPUS GMV compounded at 7.72% to INR 7,215.62mn. The growth is entirely price-led: PPUS AOV rose 28.80% CAGR to INR 75,504.88 while orders fell from 136,622 to 95,565 and customers from 92,672 to 66,713. Gross profit has been flat at INR 2,068.74mn, INR 2,060.36mn and INR 2,094.40mn over the three years. Loss after tax widened to INR 2,853.99mn and operating cash flow was negative in each of the three years. Post dilution, the company will trade at 222x FY26 EV/EBITDA.

Key Investment Rationale

- **Established consumer brand in a category with no organised aggregator at scale**: Pernia's Pop-Up Shop carries 208,490 SKUs from 1,109 Active Designer Brands, drew 19.14mn Unique Visitors in FY26 and has served over 200,000 Unique Customers across FY24-26. The 1Lattice Report identifies it as one of the largest multi-brand luxury omni-channel platforms in India by FY25 revenue, and no listed Indian or global company runs a comparable model.
- **The premiumisation pivot is working on every value metric:** PPUS AOV rose at a 28.80% CAGR to Rs 75,504.88 and ASP at 32.19% to Rs 47,051.44 as management deliberately cut lower-value designers and SKUs from the platform. Average GMV per customer rose 26.98% CAGR to Rs 108,159.19. Gross profit held flat in absolute terms at Rs 2,094.40mn while roughly 41,000 low-value orders were shed, which is the intended outcome of a mix cull rather than a demand failure.

Issuer	Purple Style Labs Ltd
Transaction Type	Fresh Issue of 1,18,26,086 Equity shares aggregating upto Rs. 6,800 Mn
Issue Open / Close	31-Aug-2026 / 02-Sep-2026
Type of Offering	Fresh Issue
Total Offer Size	Rs. 6,800 Mn
Price Band	Rs. 546-575/Sh
Bid Lot	26 Equity Shares and in multiples thereafter
Percentage of Offer Size (Allocation)	• QIB: 75% • NII: 15% • Retail: 10%
Objective	Investment in wholly owned Subsidiary, PSL Retail for expenditure towards lease liabilities of Experience Centers, and back-end offices in India & funding towards sales and marketing expenses to be incurred by the Company

Share holding pattern (%)

	Pre-Issue	Post-Issue
Promoter	28%	24%
Public	72%	76%
Total	**100%**	**100%**

Financial Snapshot

(Rs mn)	FY24	FY25	FY26
Revenue	5,044	4,899	5,578
EBITDA	260	379	211
EBITDA Margin (%)	*5.1%*	*7.7%*	*3.8%*
Adj. PAT	(477)	(656)	(1,675)
EPS (Rs)	(7)	(10)	(26)
EPS growth (%)		*NA*	*NA*
PE(x)	NA	NA	NA

Source: RHP

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About the Company

Purple Style Labs Limited was incorporated in Mumbai in August 2015 and converted to a public limited company in December 2023. In February 2018 the Company acquired the Pernia's Pop-Up Shop website together with the associated intellectual property, goodwill and assets under an asset purchase agreement, and opened its first Experience Center at Juhu, Mumbai the same year. The London Experience Center followed in 2019 and the New York Experience Center opened in February 2026.

The business is a curated multi-brand retailer of Indian designer wedding and occasion wear rather than a marketplace. PSL procures from Designer Brands through back orders, outright purchase and consignment, and in every case takes title to the product immediately prior to sale. It does not operate a revenue-share model. Revenue is therefore recognised on a gross, first-party basis, which is why FY26 revenue of INR 5,578.38mn represents 77.31% of Total PPUS GMV of INR 7,215.62mn rather than a commission take-rate. This distinction matters for valuation: PSL's price-to-sales multiple is not comparable to a marketplace multiple computed on net commission revenue.

Pricing is set by the Designer Brands, not by PSL, and the retail price is identical across PSL's channels and the designers' own channels. Onboarding agreements are typically annual, automatically renewing and non-exclusive. The Company therefore controls neither its input cost structure nor its selling price, and holds no exclusivity over the supply it aggregates.

Exhibit 1: Total PPUS GMV by Product Category (Rs mn)

Product Category	FY26	FY25	FY24
Womenswear	5,606.53	4,451.30	4,843.00
Menswear	1,321.04	1,090.78	960.48
Others (jewelry, accessories, kidswear)	288.05	341.02	414.53
Total PPUS GMV	**7,215.62**	**5,883.10**	**6,218.01**

Source: RHP, IDBI Capital

Industry Overview

- **India's luxury market is scaling rapidly off a small base**

  According to the 1Lattice Report, India's luxury market was valued at Rs1,499bn in FY26, having grown at a 13.5% CAGR from Rs699bn in FY20, and is projected to reach Rs2,570bn by FY31 at an 11% CAGR. Growth is being driven by rising income levels, the evolving aspirations of the middle and upper classes, and a consumer shift toward experience-led premium purchases. Within this, the Indian wedding and occasion wear market stood at Rs2,000bn in FY26 after compounding at 12% between FY20 and FY26, and is forecast to reach Rs3,700bn by FY31 at a 13% CAGR, supported by rising household affluence, higher discretionary spending and the enduring cultural significance of wedding attire.

Exhibit 2: India luxury and wedding and occasion wear market size (Rs bn)

Market	FY20	FY26	FY31P	CAGR FY26-31P
India luxury market	699	1,499	2,570	11%
India wedding and occasion wear market	NA	2,000	3,700	13%

Source: 1Lattice Report as cited in the RHP, IDBI Capital

- **The market is premiumising, and the luxury tier is growing fastest**

  The clearest structural signal in the category is the shift up the price ladder. The Luxury segment, defined by 1Lattice as lehengas priced above Rs200,000 and sherwanis above Rs100,000, is projected to grow at a 25% CAGR and nearly double its share of the market from 5% in FY26 to 9% by FY31. Bridge to Luxury, covering lehengas of Rs50,000 to Rs200,000 and sherwanis of Rs30,000 to Rs100,000, is expected to grow at 21% and expand from 9% to 13%. The Mass to Mid segment, while still the largest, is forecast to grow at only 7% and to see its share fall from 53% to 40%. Purple Style Labs' FY26 PPUS ASP of Rs47,051.44 and womenswear ASP of Rs65,987.12 place the bulk of its volume in the Bridge to Luxury band, with a meaningful and rising tail in Luxury, which are the two fastest growing tiers in the market.

Exhibit 3: Wedding and occasion wear market segmentation by price

Price segment	FY26 (%)	FY31P (%)	FY26 (Rs bn)	FY31P (Rs bn)	CAGR (%)
Luxury	5	9	100	333	25
Bridge to Luxury	9	13	180	481	21
Mid to Premium	32	38	640	1,406	17
Mass to Mid	53	40	1,060	1,480	7
Total	**100**	**100**	**2,000**	**3,700**	**13**

Source: 1Lattice Report as cited in the RHP, IDBI Capital

- **The branded segment is growing faster than the unbranded majority**

  The Indian wedding and occasion wear market remains dominated by unbranded players, who accounted for 69% of the market in FY26. The branded segment is nonetheless growing faster, at a projected 16% CAGR against 12% for unbranded, lifting its share from 31% to 35% by FY31. 1Lattice attributes this to consumers becoming more brand and designer conscious and placing greater weight on quality, consistency, design and shopping experience, and identifies both individual labels and multi-brand designer platforms including Pernia's Pop-Up Shop as the vehicles of that shift. Formalisation of the category is therefore a structural tailwind for organised operators, and the addressable branded pool is expected to roughly double over the forecast period.

Exhibit 4: Branded versus unbranded split of the wedding and occasion wear market

Segment	FY26 (%)	FY31P (%)	CAGR (%)	FY26 / FY31P (Rs bn)
Branded	31	35	16	620 / 1,295
Unbranded	69	65	12	1,380 / 2,405
Total	**100**	**100**	**13**	**2,000 / 3,700**

Source: 1Lattice Report as cited in the RHP, IDBI Capital.

- **Womenswear anchors the category, with menswear the emerging growth pocket**

  Womenswear accounts for approximately 70% to 75% of the wedding and occasion wear market, valued at Rs1.4-1.5trn in FY26, reflecting the bride's central role in Indian ceremonies and the multiple high-value designer outfits a single wedding requires. Menswear is the smaller portion at 25% to 30%, or Rs0.5-0.6trn, but is growing steadily as men increasingly seek personalised, premium and occasion-specific attire. This maps closely to the Company's own mix, where womenswear was 77.70% of FY26 Total PPUS GMV and menswear 18.31%, the latter having compounded at 17.28% over FY24-26.

Exhibit 5: Wedding and occasion wear market segmentation by gender

Segment	Share of market (%)	FY26 size (Rs trn)	Company mix, FY26 PPUS GMV (%)
Womenswear	70-75	1.4-1.5	77.70
Menswear	25-30	0.5-0.6	18.31
Others (jewelry, accessories, kidswear)	NA	NA	3.99

Source: 1Lattice Report as cited in the RHP, IDBI Capital.

- **The category is overwhelmingly offline, which favours physical retail formats**

  More than 95% of wedding and occasion wear sales in India occur through offline channels, with online accounting for under 5%. The category is high-ticket, requires fit, fall and fabric to be assessed physically, and typically involves alteration and customisation before delivery, all of which resist pure e-commerce. This is a structural point rather than a cyclical one, and it explains why an aggregator in this category must build physical presence rather than scale purely through a website. It also means that the relevant benchmark for the business is store productivity, occupancy cost and inventory turns rather than platform metrics such as visits or take rate.

Exhibit 6: Channel split of the Indian wedding and occasion wear market

Channel	Share of market, FY26 (%)	Company mix, FY26 PPUS GMV (%)
Offline	Over 95	90.95
Online	Under 5	9.05

Source: 1Lattice Report as cited in the RHP, IDBI Capital

- **The category remains fragmented, with no listed comparable in India or globally**

  1Lattice describes the Indian luxury fashion market as fragmented, with numerous designer brands, franchisees of international brands and distributors operating independently, and notes a scarcity of retail outside India offering a comprehensive selection of Indian luxury and occasion wear despite growing international recognition of Indian designer labels. The RHP states that there are no companies in India or globally of similar size, scale and business model that are listed, and accordingly discloses no industry peer or peer P/E. Investors should note that the 1Lattice Report was commissioned and paid for by the Company for the purposes of the Issue, and that the price-based segmentation used above was developed specifically for this Issue in the absence of an established or widely accepted market segmentation.

Key Strengths

- **One of the largest multi-brand luxury omni-channel platforms in India**

  According to the 1Lattice Report, Pernia's Pop-Up Shop is one of the largest and fastest growing multi-brand luxury omni-channel fashion platforms in India by FY25 revenue. The Company aggregates 208,490 SKUs from 1,109 Active Designer Brands, including well-known labels such as Seema Gujral, Anushree Reddy, Amit Aggarwal and Rohit Gandhi & Rahul Khanna, across womenswear, menswear, jewelry, accessories and kidswear. It sells through 14 Experience Centers, 12 in India and one each in London and New York, alongside a website, a mobile application, telephonic and digital channels, and events and exhibitions. In FY26 it processed 95,565 orders from 66,713 customers, generating Total PPUS GMV of Rs7,215.62mn and revenue from operations of Rs5,578.38mn, and drew 19.14mn Unique Visitors online. The Company takes title to stock immediately prior to sale and does not operate a revenue-share model with designers, so revenue is recognised on a gross, first-party basis.

Exhibit 7: Operating scale snapshot

Particulars	FY26	FY25	FY24
Total PPUS GMV (Rs mn)	7,215.62	5,883.10	6,218.01
Revenue from operations (Rs mn)	5,578.38	4,899.09	5,043.73
PPUS No. of Orders	95,565	104,856	136,622
Total customers	66,713	70,651	92,672
Active Designer Brands	1,109	1,312	1,910
SKUs on platform	208,490	NA	NA
Experience Centers (as at RHP date)	14	NA	NA
Unique Visitors online (mn)	19.14	NA	NA

Source: RHP, IDBI Capital

- **Experience Center led model delivers materially higher ticket sizes than online**

  The physical format is the core of the value proposition and the data supports it. In FY26 the PPUS AOV at Indian Experience Centers was approximately 2.34 times that of the online channel, at Rs90,651.48 against Rs38,753.35. The UK provides a longer track record for the same effect: the Company served UK customers

online only until the London Experience Center opened in 2019, and in FY26 the UK Experience Center AOV of Rs141,566.07 was 2.43 times the UK online AOV of Rs58,169.37. Customers can physically assess quality, try on apparel, receive in-store styling advice and obtain immediate minor alterations, which are decisive in a category where a single purchase can exceed Rs100,000. GMV from Indian Experience Centers rose from 56.20% of Total PPUS GMV in FY24 to 74.72% in FY26 as this format scaled.

Exhibit 8: PPUS AOV by channel, FY26 (Rs)

Geography	Experience Center AOV	Online AOV	Multiple (x)
India	90,651.48	38,753.35	2.34
United Kingdom	141,566.07	58,169.37	2.43

Source: RHP, IDBI Capital.

- **Deliberate premiumisation has lifted monetisation per order and per customer**

  Since early 2024 management has pursued a strategy of optimising the designer and product mix by removing lower-value labels and SKUs and concentrating on more premium designers. The effect on value metrics has been substantial. PPUS AOV rose at a 28.80% CAGR over FY24-26 to Rs75,504.88 and PPUS ASP at 32.19% to Rs47,051.44, while average PPUS GMV per customer rose 26.98% to Rs108,159.19. Engagement within the retained base has also deepened: repeat customers rose from 22.29% to 28.80% of total customers and repeat orders from 28.40% to 34.72% of all orders, while absolute GMV from the top 10,000 customers grew from Rs3,287.36mn to Rs4,059.92mn. The top 50,000 customers accounted for 97.19% of Total PPUS GMV in FY26 against 91.16% in FY24, indicating a base concentrated on higher-value, more engaged buyers. Investors should note that the counterpart of this strategy is a decline in transaction volumes, with orders down from 136,622 to 95,565 and customers from 92,672 to 66,713 over the same period.

Exhibit 9: Monetisation and engagement metrics

Particulars	FY26	FY25	FY24
PPUS AOV (Rs)	75,504.88	56,106.44	45,512.52
PPUS ASP (Rs)	47,051.44	34,020.52	26,936.33
Average PPUS GMV per customer (Rs)	108,159.19	83,269.82	67,096.98
Repeat customers (% of total customers)	28.80	28.05	22.29
Repeat orders (% of PPUS No. of Orders)	34.72	33.57	28.40
GMV from top 10,000 customers (Rs mn)	4,059.92	3,423.81	3,287.36

Source: RHP, IDBI Capital

- **Broad designer base with low single-brand dependence**

  The Company sources from 1,109 Active Designer Brands and only one Designer Brand contributed more than 10.00% of Total PPUS GMV in FY26, so no single label is critical to the platform. 1Lattice considers the breadth of designer relationships a competitive advantage that is difficult for new entrants to replicate and a meaningful barrier to entry, since the platform offers designers visibility, access to a global customer base and control over brand image and pricing integrity without the cost of building their own retail networks. Onboarding agreements are typically annual with automatic renewal. Investors should note that concentration has been rising as the mix was culled, with the top ten designers moving from 23.44% of GMV in FY24 to 30.24% in FY26 and the Active Designer Brand count falling from 1,910 to 1,109 over the same period.

Exhibit 10: Designer brand base and GMV concentration

Particulars	FY26	FY25	FY24
Number of Active Designer Brands	1,109	1,312	1,910
Top 10 Designer Brands (% of Total PPUS GMV)	30.24	26.54	23.44
Top 25 Designer Brands (% of Total PPUS GMV)	45.09	41.14	36.80
Top 50 Designer Brands (% of Total PPUS GMV)	62.24	56.07	51.54
Top 100 Designer Brands (% of Total PPUS GMV)	77.56	71.93	66.77

Source: RHP, IDBI Capital

- **Established international presence serving the Indian diaspora**

The Company served customers in approximately 100 countries in FY26 through its online channels and its Experience Centers in London and New York, with international GMV of Rs1,463.81mn representing 20.29% of Total PPUS GMV. Online traffic came from the US (3.19mn Unique Visitors), the UK (0.6mn), Canada (0.32mn) and the Middle East (0.32mn). 1Lattice notes a scarcity of retail outside India offering a comprehensive selection of Indian luxury and occasion wear, which limits access for international customers despite the growing global visibility of Indian designer labels and the increasing scale of overseas Indian weddings. The Madison Avenue Experience Center opened in February 2026 applies the same format that lifted UK ticket sizes. Investors should note that international GMV has declined over FY24-26, from Rs2,180.81mn to Rs1,463.81mn, with the US falling from Rs1,384.75mn to Rs768.22mn, so the diaspora opportunity remains a prospective rather than a demonstrated growth driver.

Exhibit 11: Total PPUS GMV by geography (Rs mn)

Region	FY26	% GMV	FY25	% GMV	FY24	% GMV
India	5,751.81	79.71	4,213.20	71.62	4,037.20	64.93
US	768.22	10.65	973.57	16.55	1,384.75	22.27
UK	402.98	5.58	369.18	6.28	363.99	5.85
Rest of the World	292.61	4.06	327.15	5.55	432.07	6.95
Total PPUS GMV	**7,215.62**	**100.00**	**5,883.10**	**100.00**	**6,218.01**	**100.00**

Source: RHP, IDBI Capital

- **Entirely primary issue priced close to the last private transactions**

The Issue is a 100% fresh issue of up to Rs6,800.00mn with no Offer for Sale, so the entire proceeds accrue to the Company and no existing shareholder is realising a stake. There was no pre-IPO placement and no primary or secondary transaction above the 5% threshold in the 18 months preceding the RHP. The last five primary transactions, adjusted for the 999:1 bonus issued on 30 August 2025, give a weighted average cost of acquisition of Rs500.00, and the last five secondary transactions give Rs498.40. The Cap Price of Rs575 is therefore 1.15 times both, a materially thinner premium to recent private money than is typical for a first-time issuer. The Issue also repairs the balance sheet, taking net worth from negative Rs522.78mn to approximately positive Rs6,277mn before Issue expenses. The anchor book was taken up

in full at the Cap Price on 28 August 2026, with Rs3,060.2mn raised from ten investors including ICICI Prudential Mutual Fund, Aditya Birla Sun Life Insurance, ITI Mutual Fund, Jupiter India Fund, Morgan Stanley Asia (Singapore) and BofA Securities Europe.

Exhibit 12: Issue Price against weighted average cost of acquisition

Type of transaction	WACA (Rs)	Floor Price Rs546 (x)	Cap Price Rs575 (x)
Last five primary transactions	500.00	1.09	1.15
Last five secondary transactions	498.40	1.10	1.15

Source: RHP, IDBI Capital

Risks

- **Accumulated losses, negative net worth and negative operating cash flow**

  The Company reported losses after tax of Rs477.10mn, Rs1,883.83mn and Rs2,853.99mn in FY24, FY25 and FY26, with accumulated losses of Rs7,102.86mn and total equity of negative Rs522.78mn as at 31 March 2026. Net cash used in operating activities was Rs313.44mn, Rs451.85mn and Rs348.95mn in the same three years, so the expansion has been funded entirely through borrowing rather than internal accrual. Return on net worth was negative in FY24 and FY25 and is not meaningful in FY26, and there is no P/E benchmark on FY26 earnings. There is no assurance that losses will not continue, and the RHP discloses this as its first risk factor.

- **Gross profit has been flat while the cost base has compounded**

  Gross profit was Rs2,068.74mn in FY24, Rs2,060.36mn in FY25 and Rs2,094.40mn in FY26, an aggregate increase of 1.24% over two years, and gross margin fell 452bps in FY26 to 37.54%. Over the same period employee benefits expense rose 39.72%, depreciation 161.14% and finance costs 138.21% as the Company opened four Experience Centers and took right-of-use assets from Rs1,843.17mn to Rs4,165.35mn. Management attributes this to the new Large Format Centers not being operational for the full year and to purchases of stock-in-trade running ahead of the revenue they support, but the RHP does not disclose store-level revenue, gross margin by channel, like-for-like sales or payback per Center, so investors cannot independently verify the maturation curve on which the strategy depends.

- **Reported EBITDA is stated before rent under Ind AS 116**

  Every Experience Center and back-end office is leased. Under Ind AS 116 the rent burden is removed from operating expense and split between depreciation on right-of-use assets and interest on lease liabilities, both of which fall below EBITDA. The RHP's EBITDA of Rs303.65mn in FY26 is therefore an EBITDA before rent for a business whose principal operating cost is rent. Deducting the Rs1,267.64mn of principal and interest actually paid on capitalised leases gives negative Rs963.99mn, against negative Rs122.50mn in FY25 and negative Rs107.87mn in FY24. The FY26 charge also understates the run rate, since Rs3,615.85mn of right-of-use additions were recognised during the year for leases that were live for only part of it.

- **Net Proceeds fund operating expenditure rather than assets**

  Of the Rs6,800.00mn to be raised, Rs3,711.26mn is earmarked for investment in wholly owned subsidiary PSL Retail towards lease liabilities of Experience Centers and back-end offices already in operation, and Rs1,389.00mn for sales and marketing expenses, together 75.00% of gross proceeds. No proceeds fund new Experience Centers, inventory or debt reduction, and there is no capital expenditure line. The lease earmark alone covers 64.3% of the Rs5,770.76mn undiscounted lease obligation outstanding at 31 March 2026, and the deployment schedule extends through FY30. None of the Objects has been appraised by any bank, financial institution or agency; the funding requirements rest on management estimates and historic spending trends certified by the Company's chartered accountants.

- **Cost and structure of borrowings, with no banking lines**

  Principal outstanding was Rs5,040.15mn as at 4 August 2026, up from Rs3,714.02mn at 31 March 2026, comprising Rs2,327.70mn of non-convertible debentures at 15.00% with a 370-day tenor, Rs2,005.00mn of inter-corporate deposits at 15.00% to 18.00% with tenors of one to 22 months, and Rs707.45mn of other borrowings including director loans and promissory notes at 15.00%. The Company has no bank term loans and no fund-based or non-fund-based working capital facilities of any kind. This creates refinancing risk on short-tenor instruments, and cash interest on borrowings alone runs at roughly Rs760mn a year at the current balance against Rs347.80mn paid in FY26. None of the Issue proceeds is applied to reducing this debt.

- **Lease obligations and renewal risk on prime high-street locations**

  Undiscounted lease payments totalled Rs5,770.76mn at 31 March 2026, of which Rs1,212.16mn falls due within one year, and lease liabilities stood at Rs4,124.98mn. All Experience Centers and back-end offices are held on leasehold or leave and licence terms ranging from approximately 20 months to nine years, with effective interest rates of 8% to 15%. The Company depends on renewing these leases on acceptable terms in prime high-street locations where rents are rising, and a consistent decline in revenue at a particular Center may necessitate closure, which the RHP acknowledges could affect brand perception and customer loyalty in that region.

- **Transaction volumes, online GMV and the designer base have all contracted**

  PPUS No. of Orders fell from 136,622 in FY24 to 95,565 in FY26 and total customers from 92,672 to 66,713. GMV from online channels declined from 15.68% to 9.05% of Total PPUS GMV, equivalent to a fall of approximately 33% in absolute terms, and Active Designer Brands fell from 1,910 to 1,109. International GMV declined 32.88% over the same period, with US GMV down 44.5% notwithstanding the opening of the New York Experience Center. Revenue as a proportion of Total PPUS GMV also fell from 81.11% in FY25 terms to 77.31% in FY26, which points to deeper discounting, higher cancellations or a heavier consignment mix. Growth over the period has therefore been driven entirely by ticket size rather than by volume, and a plateau in ticket size would leave no growth driver in place.

- **Category, channel and geographic concentration**

  Womenswear accounted for 77.70%, 75.66% and 77.88% of Total PPUS GMV in FY26, FY25 and FY24, so demand is concentrated in a single trend-driven category and effectively entirely within wedding and occasion wear. Indian Experience Centers contributed 74.72% of FY26 GMV, with Mumbai and Delhi alone accounting for 51.36%, so any disruption at a small number of locations would be material. A downturn in discretionary luxury spending, in wedding volumes, or in consumer confidence would affect the business without an offsetting revenue stream.

- **Designer Brands set prices and hold no exclusivity with the Company**

  Designer Brands determine the retail or maximum retail price of products sold through the platform, so the Company typically cannot run promotions or adjust prices as demand, seasons or competition change. Agreements are non-exclusive, and designers sell through their own stores, their own websites and competing multi-brand platforms; the retail price is identical across all of these. The Company therefore controls neither its input cost structure nor its selling price. Designers may also price inconsistently across their own channels, and any perceived price disadvantage on the platform could reduce traffic and conversion.

- **Working capital intensity and inventory obsolescence**

  Inventory stood at Rs1,633.76mn at 31 March 2026, equivalent to approximately 171 days of cost of goods sold, and the cash conversion cycle was 105.26 days against 69.09 days in FY24. The provision for

inventory obsolescence rose to Rs183.64mn in FY26 from Rs105.30mn in FY25 and Rs92.76mn in FY24, being 11.24% of closing inventory. Large Format Experience Centers require breadth of display stock in a trend-driven category, and any inability to accurately anticipate customer preferences would increase markdowns and provisioning.

- **Employee attrition and recency of key finance and compliance appointments**

  Attrition of permanent employees was 46.13%, 41.52% and 46.15% in FY26, FY25 and FY24, which is high for a business whose stated differentiation rests on in-store styling and personalised service. The Chief Financial Officer was appointed with effect from 1 April 2025 and the Company Secretary and Compliance Officer with effect from 18 June 2025, so both senior finance and compliance functions were filled within approximately 18 months of filing and neither has operated through a full listed-company reporting cycle.

- **Auditor observations on audit trail for two of the three restated years**

  The statutory auditors reported exceptions under Rule 11(g) of the Companies (Audit and Auditors) Rules for FY24 and FY25. In the software used for sales, purchase and inventory records, database-level audit trail functionality was not enabled from 1 April 2023 to 6 November 2024; in the accounting software, the entities could not sufficiently demonstrate whether the audit trail facility was enabled and operated from 1 April 2023 to 11 November 2024. Management has since implemented the necessary configurations, and the auditors did not come across any instance of the audit trail being tampered with, but two of the three restated years were maintained without a demonstrable audit trail.

- **Dilution from ESOP 2024 is not captured in the headline market capitalisation**

  The ESOP 2024 pool of 5,000 options converts, after the 999:1 bonus, into 5,000,000 Equity Shares at an exercise price of Rs10 per option, equivalent to approximately Rs0.01 per share, and 4,970 of the 5,000 options had already vested as at the RHP date. That pool equals 5.9% of post-Issue paid-up capital and approximately Rs2,875mn of value at the Cap Price, and is excluded from the post-Issue market capitalisation of Rs46,035.1mn. The associated share-based payment charges of Rs1,227.68mn in FY25 and Rs1,179.28mn in FY26 are the exceptional items that take reported losses well above losses before exceptional items.

- **No comparable listed peer and commissioned industry data**

  The RHP states that no company in India or globally has a similar size, scale and business model that is listed, and consequently discloses no industry peer, no peer P/E and no comparative KPI table. Investors therefore have no external benchmark against which to assess the Issue Price and must rely on their own examination of the accounting ratios. Separately, the 1Lattice Report on which the industry section rests was commissioned and paid for by the Company exclusively in connection with the Issue, and the price-based segmentation of the wedding and occasion wear market was developed specifically for this Issue in the absence of an established methodology.

- **Litigation, regulatory proceedings and tax matters**

  Criminal proceedings arising from legal metrology allegations are pending before the Chief Judicial Magistrate, Lucknow against subsidiary PSL Retail and against Abhishek Agarwal, the Promoter, Whole-Time Director and Chief Executive Officer. Three further legal metrology show cause notices are pending against the Company and two against PSL Retail. Indirect tax claims of Rs5.07mn against the Company and Rs42.05mn against the Subsidiaries are outstanding, alongside direct tax claims of Rs566.06mn against Directors arising from prior directorships, of which Rs559.13mn relates to three matters involving Rahul Garg, a Non-Executive Director, in connection with Future Group entities. Certain Directors are also respondents in insolvency proceedings relating to Future Retail Limited and Future Supply Chain Solutions Limited.

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY24	FY25	FY26
Net sales	**5,044**	**4,899**	**5,578**
Change (yoy,%)		*(3)*	*14*
Operating expenses	(4,784)	(4,520)	(5,367)
EBITDA	**260**	**379**	**211**
Change (yoy,%)		*46*	*(44)*
Margin (%)	*5.1*	*7.7*	*3.8*
Depreciation	(386)	(546)	(1,007)
EBIT	**(126)**	**(167)**	**(796)**
Interest paid	(408)	(530)	(971)
Other income	57	41	92
Pre-tax profit	**(477)**	**(1,884)**	**(2,854)**
Tax	-	-	-
Effective tax rate (%)	-	-	-
Minority Interest	-	-	-
Net profit	**(477)**	**(1,884)**	**(2,854)**
Exceptional items	-	(1,228)	(1,179)
Adjusted net profit	**(477)**	**(656)**	**(1,675)**
Change (yoy,%)		*38*	*155*
EPS	(7.4)	(10.1)	(25.7)

Balance Sheet

(Rs mn)

Year-end: March	FY24	FY25	FY26
Shareholders' funds	**395**	**1,175**	**(523)**
Share capital	0	0	682
Reserves & surplus	395	1,175	(1,205)
Total Debt	**10**	**-**	**-**
Other liabilities	1,689	1,487	3,510
Curr Liab & prov	**2,489**	**2,309**	**5,309**
Current liabilities	2,486	2,304	5,301
Provisions	4	5	8
Total liabilities	**4,189**	**3,796**	**8,819**
Total equity & liabilities	**4,584**	**4,971**	**8,296**
Net fixed assets	2,293	1,965	5,008
Investments	201	363	452
Other non-curr assets	38	78	82
Current assets	**2,051**	**2,565**	**2,754**
Inventories	1,404	1,603	1,634
Sundry Debtors	9	13	32
Cash & Liquid	33	105	156
Other Curr Assets	605	844	933
Total assets	**4,584**	**4,971**	**8,296**

Cash Flow Statement

(Rs mn)

Year-end: March	FY24	FY25	FY26
Pre-tax profit	(477)	(1,884)	(2,854)
Depreciation	386	546	1,007
Tax paid	(98)	(129)	(366)
Chg in working capital	(6,308)	4,719	15,772
Other operating activities	(16,584)	(1,050)	(8,165)
Cash flow from operations (a)	**(23,082)**	**2,202**	**5,394**
Capital expenditure	(365)	(347)	(229)
Chg in investments	4,474	(1,857)	(29,168)
Other investing activities	875	547	3,044
Cash flow from investing (b)	**4,984**	**(1,656)**	**(26,353)**
Equity raised/(repaid)	(3)	-	21,248
Debt raised/(repaid)	-	-	-
Dividend (incl. tax)	-	-	-
Chg in minorities	-	-	-
Other financing activities	(116)	(114)	(196)
Cash flow from financing (c)	**(118)**	**(114)**	**21,053**
Net chg in cash (a+b+c)	**(18,216)**	**432**	**94**

Financial Ratios

Year-end: March	FY24	FY25	FY26
Book Value (Rs)	6	18	-8
Adj EPS (Rs)	*-7.4*	*-10.1*	*-25.7*
Adj EPS growth (%)		*38*	*154*
EBITDA margin (%)	*5.1*	*7.7*	*3.8*
Pre-tax margin (%)	*-9.5*	*-38.5*	*-51.2*
Net Debt/Equity (x)	*-0.1*	*-0.1*	*0.3*
ROCE (%)	*-12*	*-7*	*-28*
ROE (%)	*-242*	*-84*	*-514*
DuPont Analysis			
Asset turnover (x)	2.2	1.0	0.8
Leverage factor (x)	11.6	6.1	20.3
Net margin (%)	*-9.5*	*-13.4*	*-30.0*
Working Capital & Liquidity ratio			
Inventory days	102	119	107
Receivable days	1	1	2
Payable days	138	125	280

Source: RHP, IDBI Capital Research

Dealing	(91-22) 6836 1111	dealing@idbicapital.com

Key to Ratings Stocks:

BUY: 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

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