ABFRL

4QFY26 Result Update | **Retail**

Improving Execution

DALAL & BROACHA
STOCK BROKING PVT. LTD.

Equity Research Desk

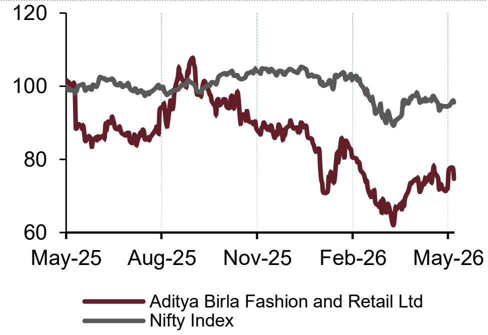
May 26, 2026

Rating	TP (Rs)	Up/Dn (%)
BUY	**86**	**33**

Market data		
Current price	**Rs**	**65**
Market Cap (Rs.Bn)	(Rs Bn)	79
Market Cap (US$ Mn)	(US$ Mn)	831
Face Value	Rs	10
52 Weeks High/Low	Rs	94.95 / 53.51
Average Daily Volume	('000)	3,862
BSE Code		535755
Bloomberg		ABFRL.IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	**Mar-26**	**Dec-25**
Promoters	47	47
Public	53	53
Others		
Total	**100**	**100**

Source: BSE

ABFRL (Demerger) Q4FY26 Result Update

ABFRL reported Q4FY26 revenue of ₹19.9bn, up 15.7% YoY, led by healthy traction across Pantaloon, TMRW and Luxury formats, while sequentially revenue declined 16.2% owing to seasonality.

Raw material costs increased 38% YoY to ₹8.7bn, significantly higher than revenue growth, resulting in RM-to-sales ratio rising to 43.9% vs 36.8% YoY. Employee costs grew 4.6% YoY to ₹3.0bn, while employee cost ratio improved to 14.8% vs 16.4% YoY, reflecting operating leverage benefits. Other expenses remained largely controlled at ₹5.8bn (+2.6% YoY), with other cost ratio improving sharply to 28.9% vs 32.6% YoY despite investments towards new stores and premium retail expansion.

Reported EBITDA stood at ₹1.97bn (-3.6% YoY) with margins at 9.9% (-200bps YoY). However, adjusted EBITDA (excluding revaluation gain in associates, and inter division elimination) improved meaningfully to ₹2.28bn, up ~29.6% YoY, driven by strong operating performance in core businesses. Sequential EBITDA declined due to lower seasonal sales and continued investments in growth segments. Finance cost remained elevated at ₹1.46bn, while depreciation stood at ₹3.49bn, leading to continued losses at PBT and PAT levels. PAT from continuing operations came in at loss of ₹1.64bn vs loss of ₹1.71bn YoY.

Financial Summary

Financial Summary

Y/E Mar (Rs mn)	**FY25**	**FY26**	**FY27e**	**FY28e**
Net sales	73,547	81,769	92,427	103,822
EBIDTA	6,764	6,866	7,832	10,311
Margins	9.2	8.4	8.5	9.9
PAT (adj)	-6,242	-8,299	-9,321	-8,607
Growth (%)	-31.2	33.0	12.3	-7.7
EPS	-5.12	-6.80	-7.64	-7.05
P/E (x)	-12.7	-9.6	-8.5	-9.2
EV/EBITDA (x)	16	18	18	14
RoE (%)	-9	-13	-17	-19
ROCE (%)	-4	-5	-5	-4

Source: Dalal and Broacha

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Quarterly Financials

ABFRL (Dermerged) Rs Mns	Q4FY25	Q3FY26	Q4FY26	YoY	QoQ
Revenue	17,194.8	23,736.6	19,901.3	15.7%	-16.2%
Other Income	958.7	679.8	1,235.4	28.9%	81.7%
Total Income	18,153.5	24,416.4	21,136.7	16.4%	-13.4%
Raw Materials	6,330.3	9,777.6	8,734.5	38.0%	-10.7%
Employee Cost	2,822.3	3,417.4	2,952.8	4.6%	-13.6%
Rent	384.6	691.7	486.1	26.4%	-29.7%
Others	5,608.7	6,762.7	5,753.7	2.6%	-14.9%
EBIDTA	**2,048.9**	**3,087.2**	**1,974.2**	**-3.6%**	**-36.1%**
EBIDTA (incl O. Income) before Revaln gain in Assoc + gain on account of interdivision elmination in FY25 and Pft/(loss on JV)	*1,763.6*	*3,696.0*	*2,284.9*	**29.6%**	**-38.2%**
Depreciation	3,145.6	3,495.1	3,492.1	11.0%	-0.1%
Finance Cost	1,433.7	1,324.6	1,456.6	1.6%	10.0%
PBT	**(1,571.7)**	**(1,052.7)**	**(1,739.1)**	**10.7%**	**65.2%**
Exceptional Items	-	(284.8)	(113.7)		
Sh in Pft/Loss of JV & Associates	(54.0)	(71.0)	(94.7)	75.4%	33.4%
	1.0				
PBT (post exceptional & Others)	(1,625.7)	(1,408.5)	(1,947.5)	19.8%	38.3%
Tax	80.7	(35.5)	(309.4)	-483.4%	771.5%
PAT from Continuing Operation	**(1,706.4)**	**(1,373.0)**	**(1,638.1)**	**-4.0%**	**19.3%**
PAT from Continuing and Discountinued Operations	(235.5)				
Non Controlling Int	(66.8)	149.3	(143.3)	114.5%	-196.0%
Owners Share	(168.7)	(1,522.3)	(1,494.8)	786.1%	-1.8%
Equity Fv Rs 10	12,202.6	12,205.2	12,205.4	0.0%	0.0%
EPS from Continued Operations Only	(1.42)	(1.25)	(1.22)		
OPM	**11.9%**	**13.0%**	**9.9%**		
EBIDTA (adjusted)	**10.3%**	**15.6%**	**11.5%**		
RM To Revenue	36.8%	41.2%	43.9%		
Emp to Revenue	16.4%	14.4%	14.8%		
Rent to Revenue	2.2%	2.9%	2.4%		
Others	32.6%	28.5%	28.9%		

Source: Dalal & Broacha Research, Company

SEGMENTAL Revenue	Q4FY25	Q3FY26	Q4FY26	YoY	QoQ
Pantaloon	8,850.0	12,760.0	10,480.0	18%	-17.9%
Ethnic Business	5,640.0	7,030.0	5,830.0	3%	-17.1%
TMRW	1,450.0	2,420.0	2,110.0	46%	-12.8%
Others	1,380.0	1,750.0	1,570.0	14%	-10.3%
Elimination	(120.0)	(230.0)	(80.0)	-33%	-65.2%
Total ABFRL Demerged	17,200.0	23,730.0	19,910.0	16%	-16.1%
		0.54			
SEGMENTAL EBIDTA	**Q4FY25**	**Q3FY26**	**Q4FY26**	**YoY**	**QoQ**
Pantaloon	1,340.0	2,330.0	1,620.0	21%	-30.5%
Ethnic Business	570.0	1,600.0	810.0	42%	-49.4%
TMRW	(600.0)	(570.0)	(450.0)	-25%	-21.1%
Others	600.0	490.0	360.0	-40%	-26.5%
Elimination & Revaluation gain in Asso	(130.0)	(150.0)	(60.0)	-54%	-60.0%
Total EBIDTA before Reval Gains	1,780.0	3,700.0	2,280.0	28%	-38.4%
Revaluation gain in associate	220.0		840.0		
Total ABFRL Demerged	2,000.0	3,700.0	3,120.0	56%	-15.7%
EBIDTA MARGINS	**Q4FY25**	**Q3FY26**	**Q4FY26**		
Pantaloon	15.1%	18.3%	15.5%		
Ethnic Business	10.1%	22.8%	13.9%		
TMRW	-41.4%	-23.6%	-21.3%		
Others	43.5%	28.0%	22.9%		
Elimination					
Total ABFRL Demerged	11.6%	15.6%	15.7%		

Source: Dalal & Broacha Research, Company

Presentation and Conference Call Highlights

Pantaloons Business

- Segment revenue grew 18% YoY to Rs 10,480 Mn in Q4. Momentum was driven by a robust 14% Like-to-Like (LTL) growth for the quarter, bringing the full-year LTL to 2%.
- Q4 EBITDA margins stood at 15.5%, reflecting a 40bps expansion YoY. Full-year margins were slightly lower at 16.2% (vs 16.9% LY) primarily due to investments in the OWND scale-up. Long-term margin aspiration for Pantaloons remains ~18% by FY28.
- The company added 16 new stores in Q4 (4 Pantaloons and 12 OWND), bringing the total segment footprint to 399 stores. OWND is now available across 79 stores. Management guided for 20–22 new stores in FY27 with focus on larger-format stores.
- Management highlighted that the growth momentum is now becoming structural rather than seasonal, supported by merchandising improvements, stronger category mix and better consumer traction. Even after adjusting for End-of-Season Sale (EOSS) timing shifts, the Nov–Mar period delivered ~7% LTL growth & total growth of 9%.

Ethnic Business

- The segment reported a massive margin expansion, with Q4 EBITDA margins reaching 13.9% (+390 bps YoY). Full-year margins doubled to 10.8% from 5.2% in the previous year driven by TCNS turnaround and loss reduction across the ethnic portfolio.
- Expansion into Wedding Markets: One of the main growth drivers was Tasva (premium men's ethnic), which grew 38% YoY. This was fueled by a strategic push to establish a presence in all of India’s top wedding markets, opening 30+ new stores for the brand this year.
- TCNS Continued its turnaround momentum with the brands delivering 9th consecutive quarter of positive LTL growth at 7% in Q4FY26 (FY26 LTL growth at 10%), supported by network expansion with 23 new stores opened during FY26.
- Jaypore continued to witness double-digit growth, supported by strong e-commerce traction and expansion to 44 stores.

TMRW (Digital-First Brands)

- Hyper-Growth: TMRW continues its rapid scale-up with Q4 revenue rising 45% YoY to Rs 2,110 Mn.
- EBITDA losses were significantly curtailed, dropping from Rs 600 Mn in Q4 FY25 to Rs 450 Mn this quarter. Overall brand cash losses reduced by over 50% in Q4 through better unit economics and premiumization.
- Rs440 crore equity infusion and Rs 500 crore fund raise via NCDs during FY26. Post these transactions, management indicated that the business now has ~₹800 crore cash available to fund its aggressive expansion plans.
- Expanded the offline footprint by adding 20+ new stores in Q4, reaching a total of ~120 exclusive brand stores.

Others (Luxury Retail)

- Revenue & Footprint: Revenue grew 14% YoY to Rs 1,570 Mn in Q4. Growth was led by The Collective and the initial ramp-up of Galeries Lafayette.
- EBITDA Impact: EBITDA for the quarter dropped 40% to Rs 360 Mn (from Rs 600 Mn LY), resulting in a margin contraction to 22.9% from 43.5%. This was expected due to the significant operational costs associated with launching and ramping up Galeries Lafayette.
- TCMB: (The Collective & Mono brands) added 8 new stores during FY26, taking the total network, including Mono brands, to 49 stores

Demand Environment & Macro Outlook

- Q4FY26 demand trends remained broadly stable, though the wedding season was relatively weaker YoY and March demand saw temporary disruption due to geopolitical uncertainties.
- Operational performance remained healthy, led by strong traction in Pantaloons and continued momentum in newer businesses.
- The company added ~7 stores in Q4FY26, taking total FY26 additions to 180+ stores, while maintaining focus on calibrated expansion and profitability improvement.
- Management highlighted 3-4% raw material inflation, which could lead to selective price hikes in H1FY27.
- FY27 consolidated capex guidance stands at ₹250-300 crore.

Valuations and Outlook

ABFRL delivered a healthy operational performance in Q4FY26 led by continued strength in Pantaloons (14% LTL growth; 15.5% EBITDA margin) and sharp profitability improvement in the ethnic portfolio (FY26 EBITDA margin at 10.8% vs 5.2% last year). TMRW maintained strong growth momentum with 46% YoY revenue growth while EBITDA losses narrowed, supported by improving scale efficiencies and a strengthened balance sheet post ₹9.4bn fund raise (₹4.4bn equity + ₹5bn NCD). With improving execution across core formats, moderation in future cash burn (FY27 planned cash utilisation at ~₹6bn vs ~₹10bn in FY26) and better visibility on profitability across emerging businesses, we roll forward to FY28E valuations. On an FY28E SOTP basis, we value core ABFRL (ex-TMRW) at 11x EV/EBITDA and TMRW at 1x EV/Sales, deriving a target price of ₹86/share, implying ~33% upside over the next 12–18 months. However, management remains cautiously watchful on potential demand moderation in 2HFY27 due to inflation-led pricing pressures across categories.

Financials

Consolidated Profit & Loss (Rs Mn)	FY24	FY25	FY26	FY27e	FY28e
Revenue	**64,415**	**73,547**	**81,769**	92,427	103,822
Other Income	1,377	1,957	3,096	2,479	1,643
Total Income	**65,792**	**75,505**	**84,865**	94,906	105,465
Raw Materials	30,936	31,771	34,671	39,189	43,709
Employee Cost	10,061	11,422	12,706	14,358	16,081
Rent Expenses	2,312	2,052	2,356	2,597	2,721
Other Expenses	17,406	21,539	25,170	28,451	31,000
EBIDTA	**3,700**	**6,764**	**6,866**	**7,832**	**10,311**
Depreciation	10,169	11,664	13,395	14,066	14,738
Finance Cost	5,517	5,674	5,157	5,415	5,674
PBT (before P/L Assoc & Exceptional)	(10,608)	(8,617)	(8,589)	(9,171)	(8,457)
Add: Share in Profit/(loss) of Joint Venture and Associate	128	(179)	(294)	(150)	(150)
Exceptional Items	-	1,612	(399)	-	-
PBT	(10,481)	(7,184)	(9,281)	(9,321)	(8,607)
Tax	(1,411)	(942)	(982)	-	-
PAT Reported	(9,070)	(6,242)	(8,299)	(9,321)	(8,607)

Consolidated Balance Sheet (Rs Mn)	FY24	FY25	FY26	FY27e	FY28e
Share Capital	10,150	12,203	12,205	12,205	12,205
Reserves and Surplus	36,946	55,930	50,424	41,103	32,495
Share Holders Funds	**47,096**	**68,133**	**62,629**	**53,308**	**44,701**
Secured Loans	25,116	11,489	10,914	10,914	10,914
Un Secured Loans	16,936	2,897	6,032	6,032	6,032
Lease Liabilities	52,462	35,782	44,945	47,198	49,451
Other Liabilities	24,895	19,360	21,029	23,553	26,379
Total Equity and Liabilities	**166,505**	**137,661**	**145,549**	**141,005**	**137,477**
Net Fixed Assets	46,134	40,666	41,348	43,420	43,218
Right to Use of Assets	43,068	29,919	38,126	40,037	39,850
Investments	210	244	318	318	318
Cash and Bank Balances	4,624	7,731	4,805	3,197	1,675
Current Investments	8,807	15,942	10,650	2,650	2,000
Debtors	12,828	3,734	4,070	4,601	5,168
Goodwill	32,128	26,707	26,707	26,707	26,707
Inventory	45,053	24,544	28,282	31,968	34,114
Other Assets	9,199	5,795	8,436	8,858	9,301
Other Current Assets	15,853	8,659	11,207	12,103	12,708
Sundry Creditors	41,313	22,423	24,849	28,087	31,326
Other Current Liabilities	16,658	6,312	7,174	7,892	8,681
Deffered Tax Assets	6,572	2,455	3,624	3,124	2,424
Total Assets	**166,505**	**137,661**	**145,549**	**141,005**	**137,477**

Consolidated Cash Flow Statement (Rs Mn)	FY25	FY26	FY27e	FY28e
Net Profit	(6,242)	(8,299)	(9,321)	(8,607)
Add Depreciation + Amortization	11,664	13,395	14,066	14,738
Add Interest	5,674	5,157	5,415	5,674
Cash Profits	**11,096**	**10,253**	**10,161**	**11,804**
(Inc)/Dec in				
S. Debtors	9,093	(336)	(531)	(567)
Inventories	20,510	(3,738)	(3,686)	(2,146)
Other Current Assets	14,715	(6,358)	(818)	(348)
Sundry Creditors	(18,890)	2,426	3,238	3,240
Current Liabilities and Provision	(10,346)	863	717	789
Changes in Working Capital	15,082	(7,144)	(1,080)	968
Cash Flow from Op Activities	**26,178**	**3,109**	**9,081**	**12,772**
Cash Flow from Investing Activities				
Changes in Investments	(7,168)	5,218	8,000	650
Changes in Fixed Assets	(6,196)	(14,077)	(16,139)	(14,536)
Changes in ROU Assets	13,149	(8,207)	(1,911)	186
Changes in Goodwill	5,421	-	-	-
Cash Flow from Investing Activities	5,205	(17,066)	(10,050)	(13,699)
Change in Equity	27,279	2,795	-	-
Changes in Debt	(27,666)	2,560	-	-
Changes in Lease Liability	(16,680)	9,163	2,253	2,253
Interest Cost	(5,674)	(5,157)	(5,415)	(5,674)
Change in Longterm Liabilities	(5,535)	1,669	2,524	2,826
Change in Finance Activities	(28,277)	11,031	(639)	(595)
	3,107	(2,926)	(1,608)	(1,522)
Cash And Bank at Start of the Year	4,624	7,731	4,805	3,197
Cash at End of the Year	7,731	4,805	3,197	1,675

Source: Dalal & Broacha Research, Company

Consolidated Ratios	FY25	FY26	FY27e	FY28e
GM	56.8%	57.6%	57.6%	57.9%
OPM	9.2%	8.4%	8.5%	9.9%
NPM	-8.5%	-10.1%	-10.1%	-8.3%
Tax Rate	13.1%	10.6%	0.0%	0.0%
Debtors Turnover Days on Sales	19	18	18	18
Inventory Turnover Days on Sales	122	126	126	120
Creditors Turnover on Sales	111	111	111	110
Growtn Ratios (%)				
Net Sales	14.2%	11.2%	13.0%	12.3%
Operating Profit	82.8%	1.5%	14.1%	31.7%
PAT	-31.2%	33.0%	12.3%	-7.7%
Per Share (Rs)				
EPS	-5.12	-6.80	-7.64	-7.05
Dividend	Na	Na	Na	Na
Book Value	46	41	34	27
Free Cash Flow Per Share	16.4	-9.0	-5.8	-1.4
Valuation Ratios				
CMP	65	65	65	65
P/E	-12.7	-9.6	-8.5	-9.2
EV/EBIDTA (on overall incl TMRW)	15.6	18.3	17.6	13.8
EV/EBIDTA (Ex of TMRW)	10.1	10.5	11.1	10.3
Return Ratios				
ROE	-9%	-13%	-17%	-19%
ROCE	-4%	-5%	-5%	-4%

Source: Dalal & Broacha Research, Company

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