

Avenue Supermarts

Efficiency intact; expansion remains key; initiating, with a Hold



Rating: Hold

Target Price (12-mth): Rs4,254

Current market price: Rs3,910

Key data	DMART IN / AVEU.BO
52-week high / low	Rs5485 / 3337
Sensex / Nifty	76906 / 23350
3-m average volume	\$35.8m
Market cap	Rs2533bn / \$29460.4m
Shares outstanding	651m

Shareholding (%)	Dec'24	Sept'24	Jun'24
Promoters	74.6	74.6	74.6
- of which, Pledged	-	-	-
Free float	25.4	25.4	25.4
- Foreign institutions	9.0	10.0	9.2
- Domestic institution	8.1	7.4	8.0
- Public	8.3	8.0	8.2

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Summary

Avenue Supermarts, the supermarket chain, is poised to benefit from market expansion and a shift towards organized grocery retail, with the organized staples and FMCG retail market projected to grow at an 18% CAGR over 2023-28, outpacing the overall market. DMart's ability to drive volumes through its EDLC/EDLP model, along with continued store expansions while focusing on underpenetrated markets strengthens its growth trajectory. Additionally, its strategic approach to e-commerce and strong cost-controls will enhance profitability. Its debt-free balance sheet and healthy return ratios would persist despite expansion plans.



Expanding footprint; scope to deepen penetration in the north and east

DMart's stores are concentrated in Maharashtra, Gujarat, Telangana, Andhra Pradesh, and Karnataka, which together account for ~75% of its footprint. Its presence in small towns grew from 21% in FY20 to 29% in FY24. While growth is robust in the west and south, the north and east remain underpenetrated, with recent expansions into Rajasthan, the NCR, Punjab, and Tamil Nadu. Driven by its EDLP/EDLC model, DMart is well positioned to grow its store network amid organized grocery retail's underpenetration. Despite real estate issues and regulatory delays, the company aims to boost annual store openings from 40-50 to 60-70 within two years by enhancing processes and teams.



EDLC/EDLP focus helps volumes, bill cuts

The company's EDLC/EDLP model drives volumes and cost-efficiency through bulk purchasing, quick payments, store ownership, and optimized layouts, passing on the savings to customers. This strategy fostered customer loyalty and resulted in higher foot-traffic, leading to consistent bill cuts, clocking a 12% CAGR over FY19-24, while average bill values registered a 7% CAGR. Staples, driving ~77% of revenue, remain DMart's dominant long-term driver, fueled by its essential nature, consistent demand, value-pricing, and high-purchase frequency.



Dmart Ready to act as a complementary service

DMart Ready follows a measured expansion strategy, prioritizing profitability over rapid scale-up in e-commerce, focusing on bulk grocery savings rather than instant delivery. DMart's higher bill value reflects larger basket sizes from bulk purchases, aligning with its value-driven model. It believes brick-and-mortar shopping remains the preferred choice in smaller towns and hence, DMart Ready will continue to focus on higher throughput in existing metro/tier-1 cities. With a distinct consumer proposition, we believe quick commerce remains a complementary channel and not a long-term threat.

Valuation

We forecast 18.2%/18.5%/18.7% revenue/EBITDA/PAT CAGRs over FY24-27. With its focused expansion strategy, steady sales growth, EDLC/EDLP-driven cost-efficiency model and healthy cashflows, we expect premium valuations to sustain. At the CMP, the stock quotes at 72.2x/59.7x FY26e/27e P/E. We initiate coverage on the stock with a Hold rating and a TP of Rs4,254, 65x FY27e EPS of Rs65.4.

Key risks

Slower-than-anticipated store additions owing to real estate/regulatory constraints; rising competition from quick commerce players denting SSSG and leading to higher discounts. More-than-expected new stores, a key upside risk.

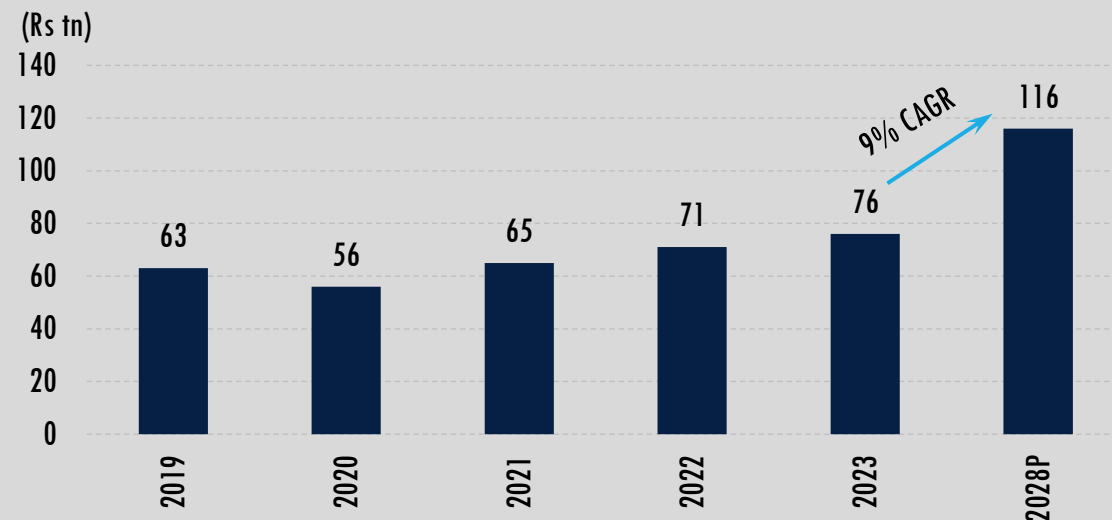
Financial summary

Particulars Y/E Mar	FY23	FY24	FY25e	FY26e	FY27e
Sales (Rs m)	428,396	507,888	600,525	707,415	838,470
Net profit (Rs m)	23,783	25,356	29,096	35,087	42,396
EPS (Rs)	36.7	39.1	44.9	54.2	65.4
P/E (x)	92.7	115.7	87.0	72.2	59.7
EV/EBITDA (x)	60.3	71.5	52.9	44.5	37.0
P/BV (x)	13.7	15.7	11.7	10.1	8.6
RoE (%)	16.0	14.6	14.4	15.0	15.6
RoCE (post-tax)	15.7	14.2	14.1	14.8	15.3
Dividend yield (%)	-	-	-	-	-
Net debt/equity (x)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)

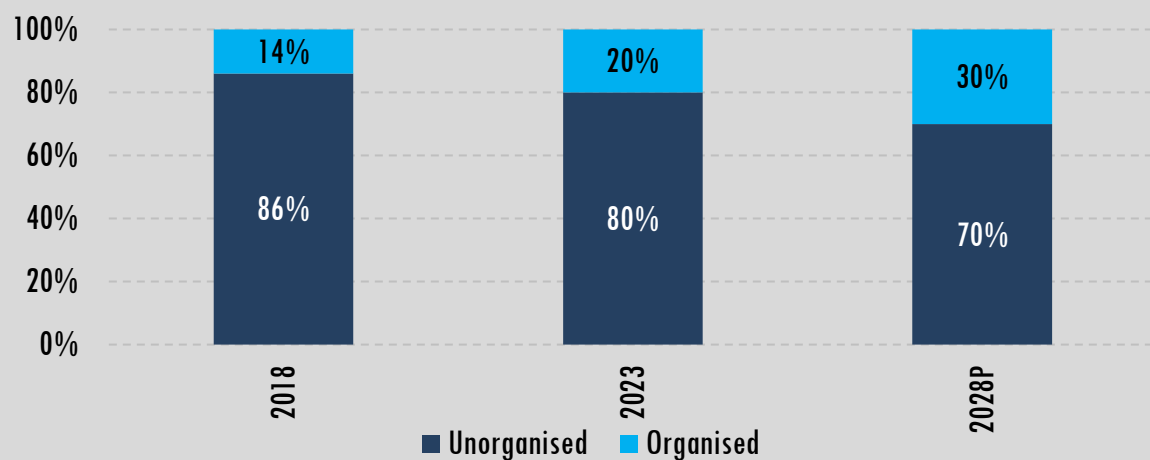
Vast market opportunity, essentials will continue to have the largest share

India is set to become a Rs116trn retail market by 2028, recording a 9% CAGR over 2023-28. Organized retail's share is expected to grow to 30% in 2028, from 20% in 2023, registering a faster five-year CAGR of 18%. Within the organized retail market, brick and mortar (B&M) is expected to clock a ~20% CAGR over 2023-28 and contribute 21% of the retail market by 2028; online is expected to register a 17% CAGR over 2023-28 and contribute 10% of the retail market by 2028. General trade share is expected to reduce to 69% by 2028 (from 80% in 2023), growing at a 6% CAGR over 2023-28.

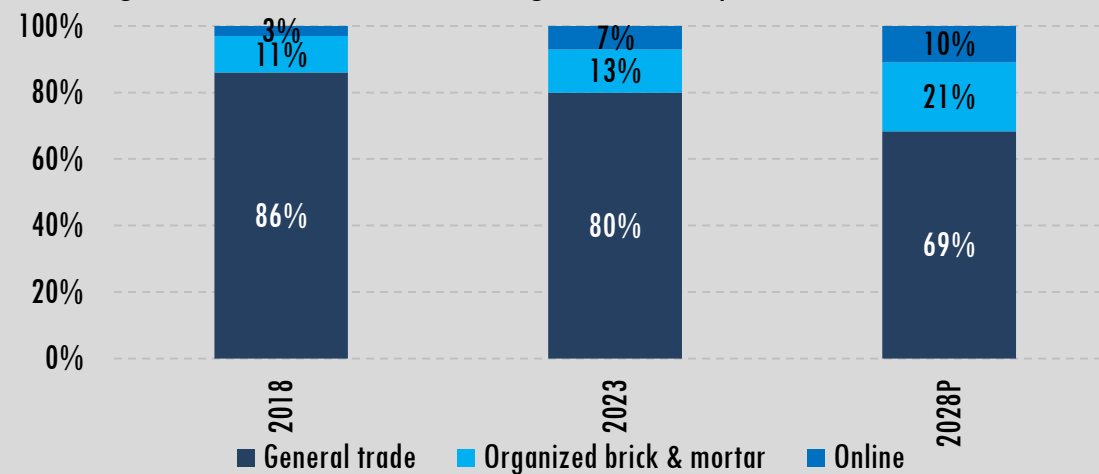
India's retail industry to grow at 9% CAGR over FY23-28



Organized retail growing at ~18% CAGR over FY23-28



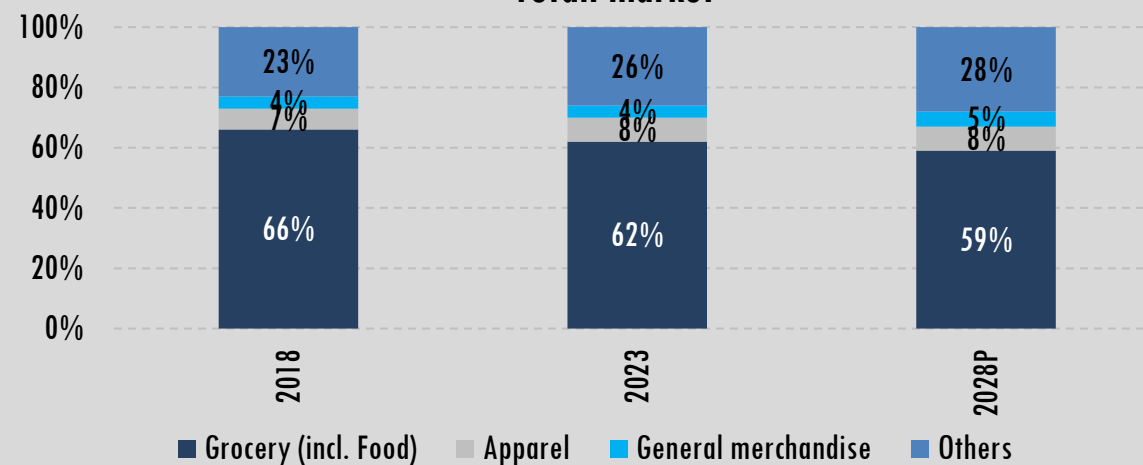
Organized B&M and online to grow at 20%/17% CAGRs over FY23-28



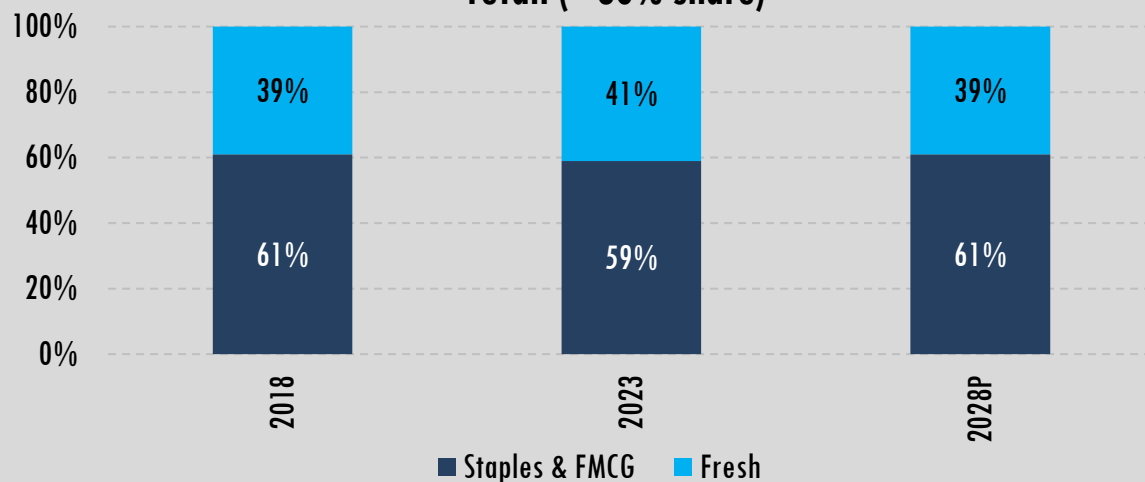
Vast market opportunity, essentials will continue to have the largest share

The grocery retail market, comprising staples, FMCG and fresh products, accounted for ~62% of total retail in 2023 and is projected at ~59% by 2028, at an 8% CAGR. Staples and FMCG make up ~60%, and fresh products ~40%. Organized staples & FMCG retail market (B&M and online) is expected to clock 18% CAGR over 2023-28, outpacing the overall market and gaining share from the unorganized sector, which will grow at 7%. Organized staples & FMCG retail's share will rise to ~12% by 2028, while the unorganized share would drop from 93% to 89% during the same period.

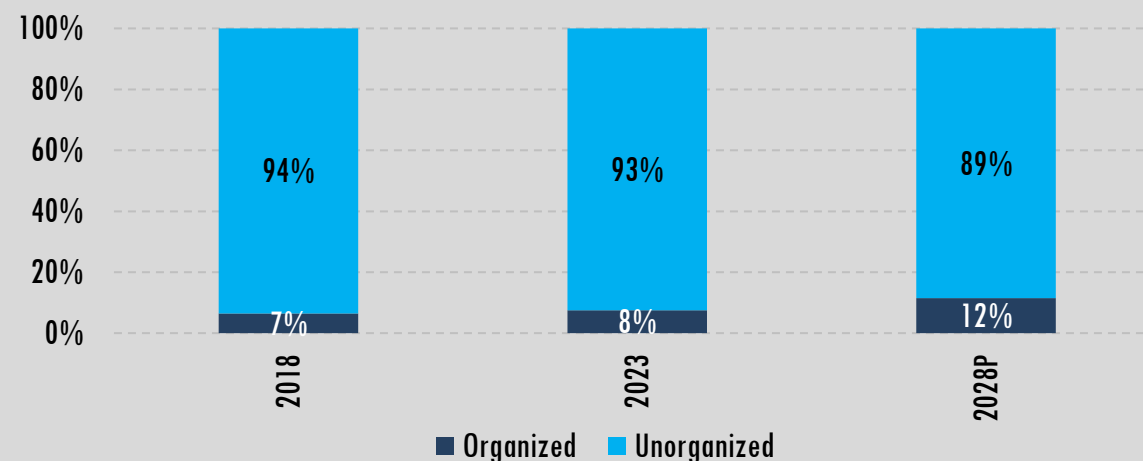
Grocery will continue to have the largest share of the total retail market



Staples & FMCG expected to continue dominating grocery retail (~60% share)



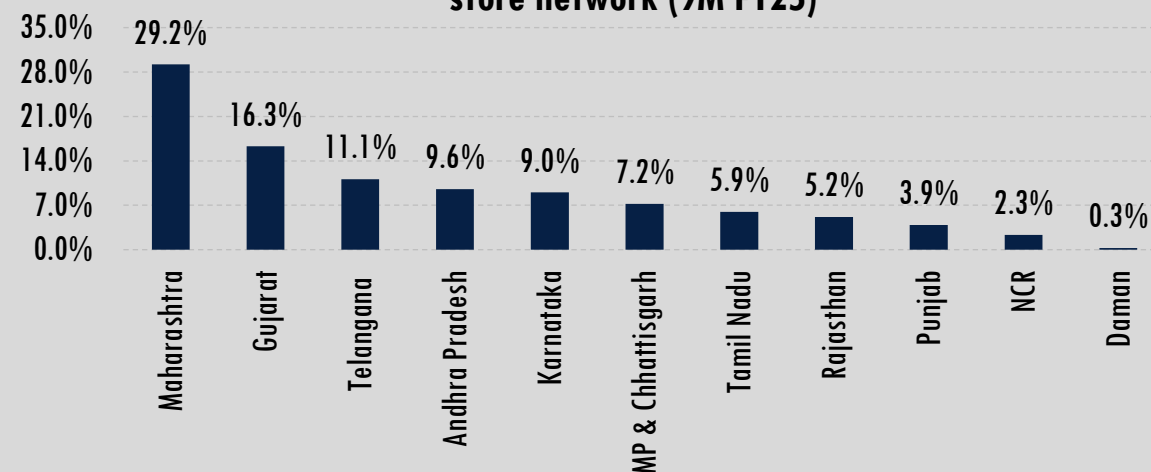
Within staples & FMCG, organized channel to grow at 18% CAGR, gaining share from unorganized segment



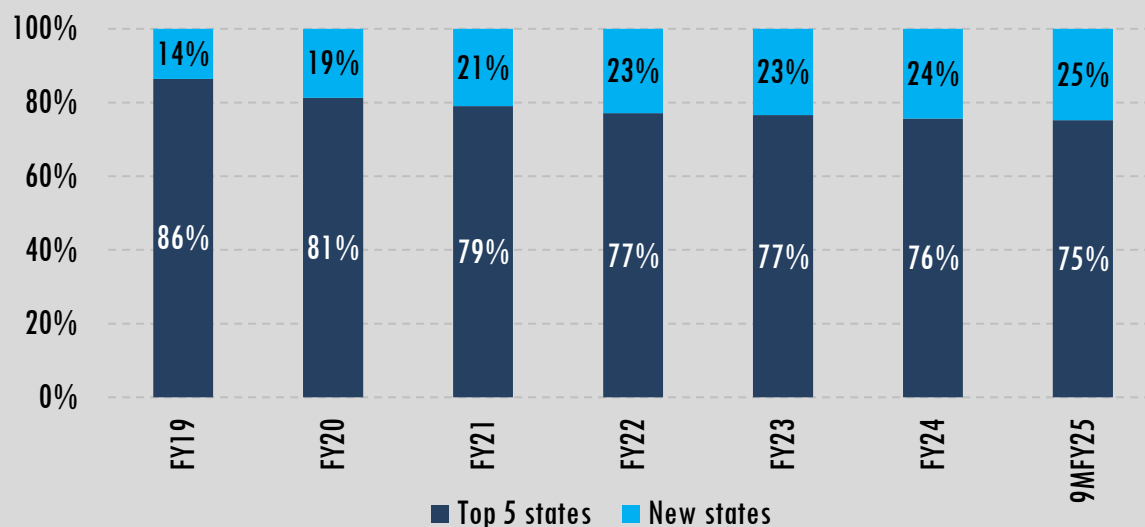
Expanding footprint; scope to deepen penetration in the north and east

Since opening its first store in Mumbai in 2002, DMart has built a strong presence in Maharashtra (~29% of its stores). Through cluster-based expansion, it has further grown in Gujarat, Telangana, Andhra Pradesh and Karnataka. As of 9M FY25, ~75% of its stores were in the top 5 states, down from ~86% in FY19. It has also increased its presence in smaller towns, growing from 21% in FY20 to 29% in FY24. This shift creates opportunities for further expansion into both new and smaller markets. Over the past five years, it has expanded into Rajasthan, the NCR, Tamil Nadu and Punjab, targeting states bordering existing locations for further expansion.

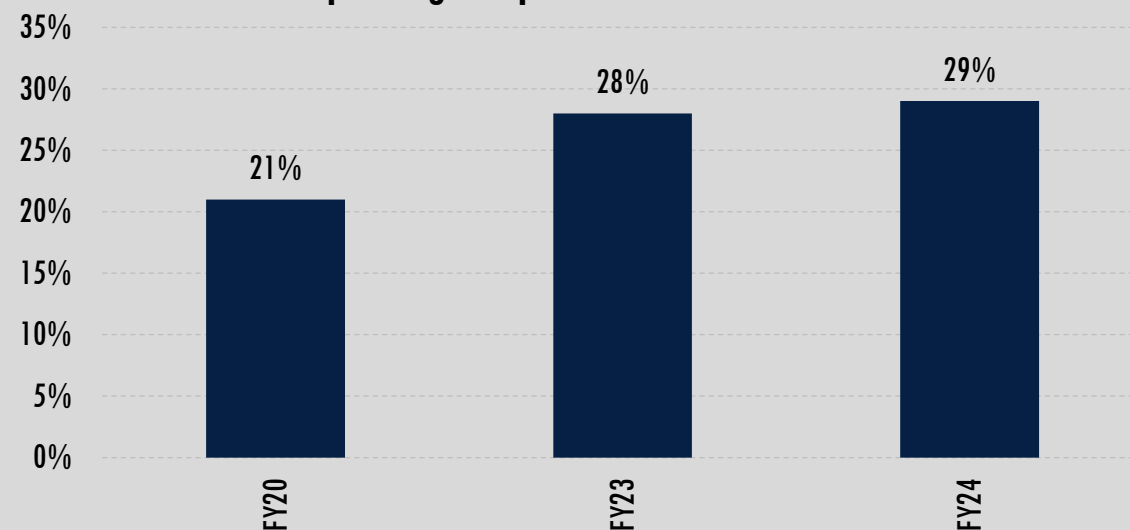
Maharashtra & Gujarat account for nearly half of its total store network (9M FY25)



DMart's store presence concentrated in the top five states



Expanding footprint in smaller towns



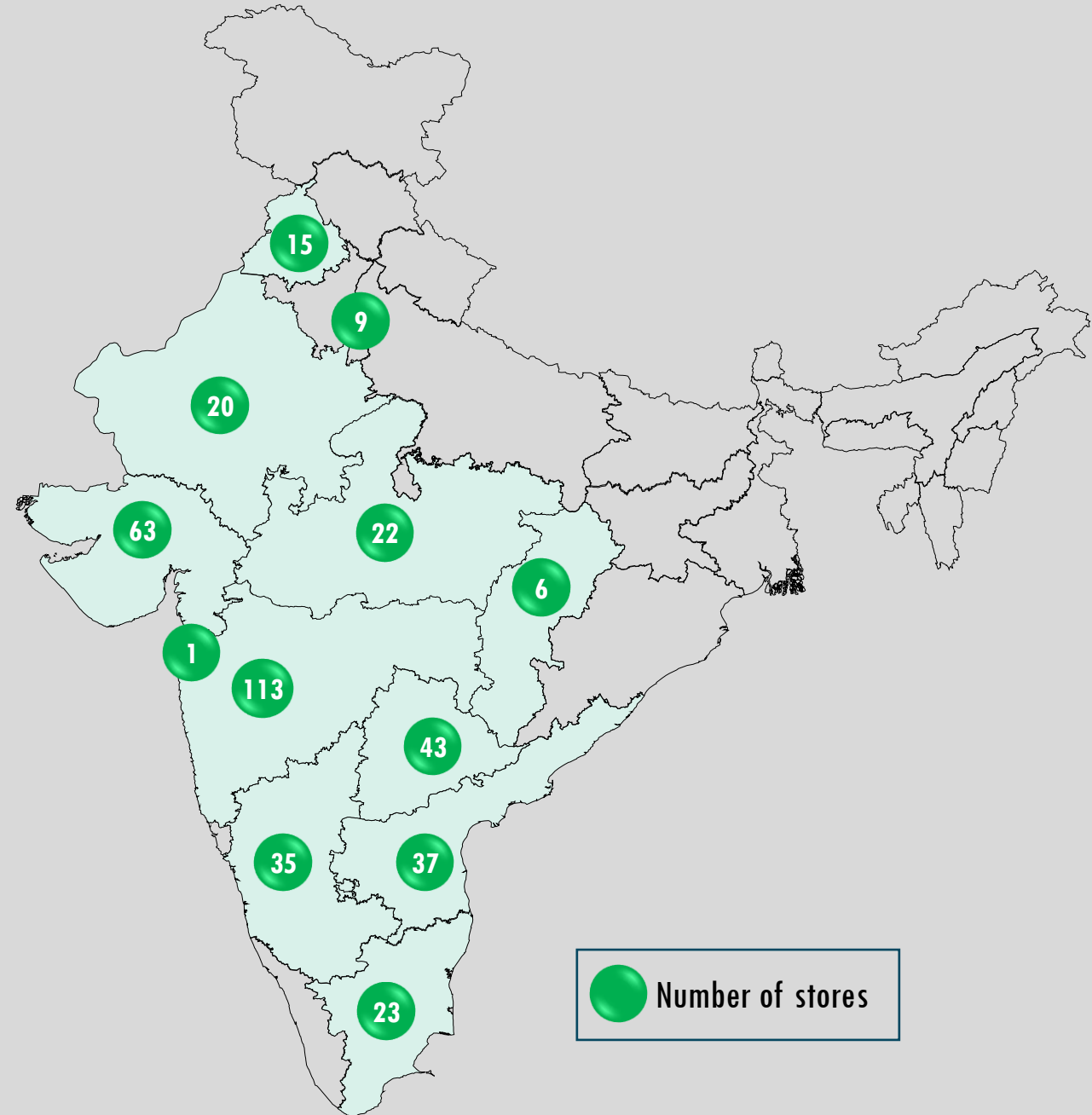
Note: Smaller towns refer to towns with population of less than or equal to 0.5m

Expanding footprint; scope to deepen penetration in the north and east

ANANDRATHI

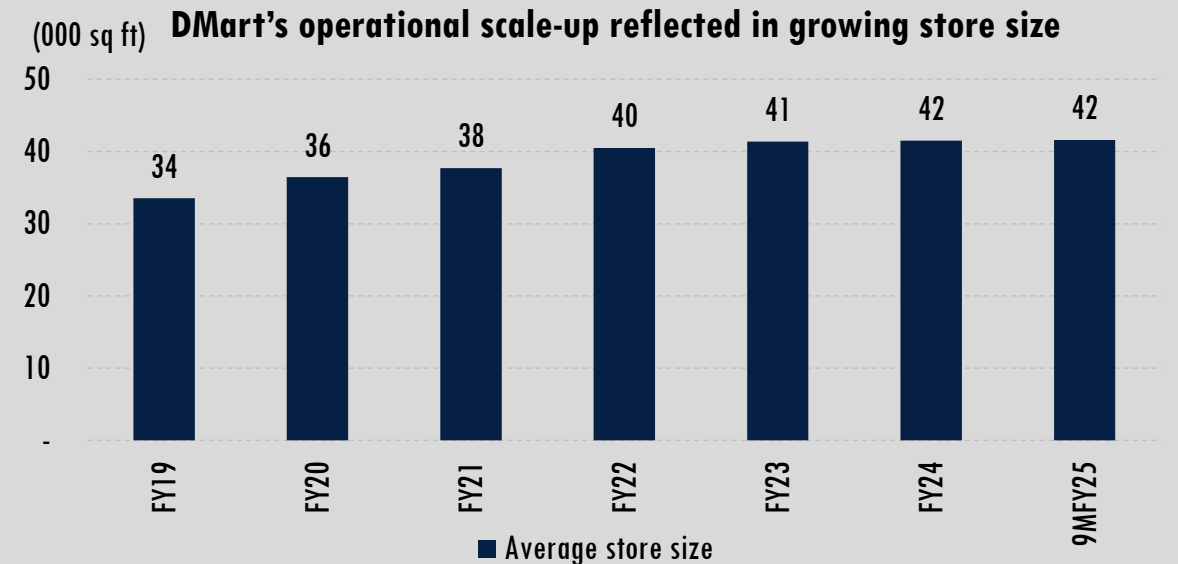
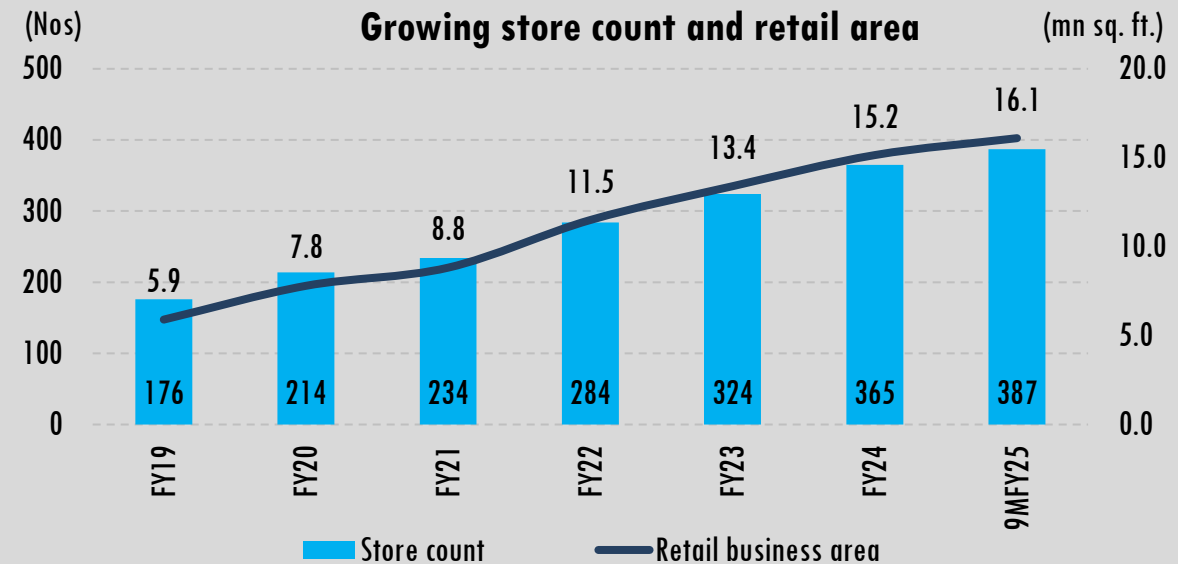
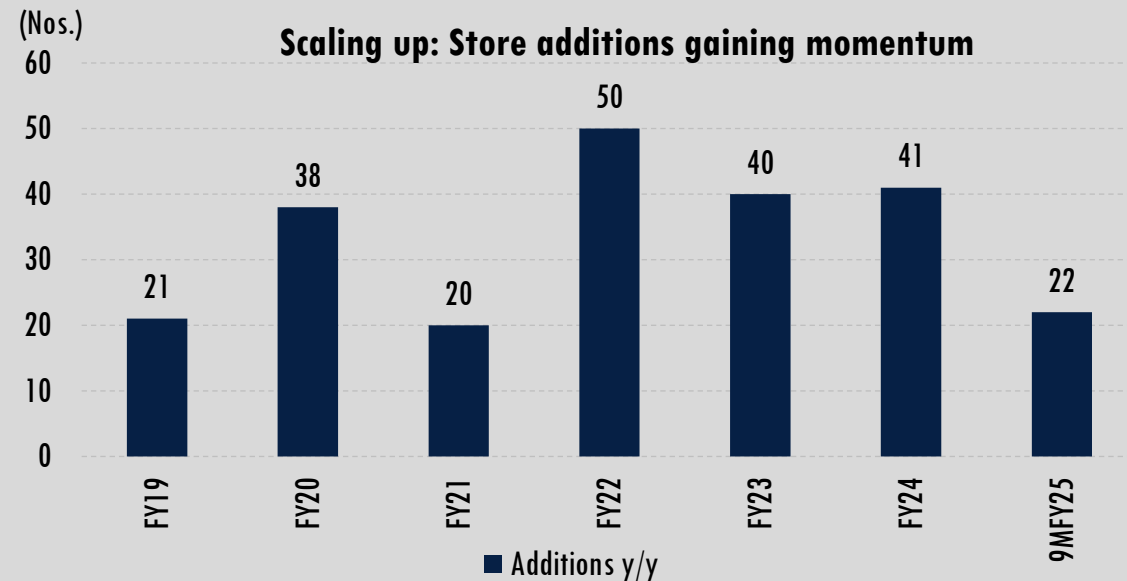
Concentrated presence in the west and south - 9M FY25

State/region	Number of stores
Maharashtra	113
Gujarat	63
Telangana	43
Andhra Pradesh	37
Karnataka	35
MP & Chhattisgarh	28
Tamil Nadu	23
Rajasthan	20
Punjab	15
NCR	9
Daman	1
Total Stores	387



Expanding footprint; scope to deepen penetration in the north and east

- With its focus on EDLP/EDLC model driving footfalls and efficiency, and under-penetration of organized grocery retail in India, DMart has the potential to operate a significantly larger number of stores.
- However, owning real estate, internal constraints, limited availability of affordable and quality real estate, and regulatory delays have slowed its expansion.
- Accelerating store openings has been a priority, with plans for 40-50 new stores annually, and reaching 60-70 p.a. within two years. Further, it raised its average store size from 34,000 sq.ft. in FY19 to 42,000 sq.ft. in FY24.
- DMart has strengthened site conversion and operational readiness, ensuring new stores operate as efficiently as existing ones. A capable business development (BD) team has been built to navigate bottlenecks and accelerate rollouts despite real estate challenges.



EDLC/EDLP focus aids volumes, bill cuts

DMart follows the “Everyday Low Cost - Everyday Low Price” (EDLC-EDLP) model. This means that it focuses on procuring goods at the most competitive prices, achieving efficiency in operations and distribution, and passing on these savings to customers by offering consistently low prices.

How it achieves EDLC/EDLP

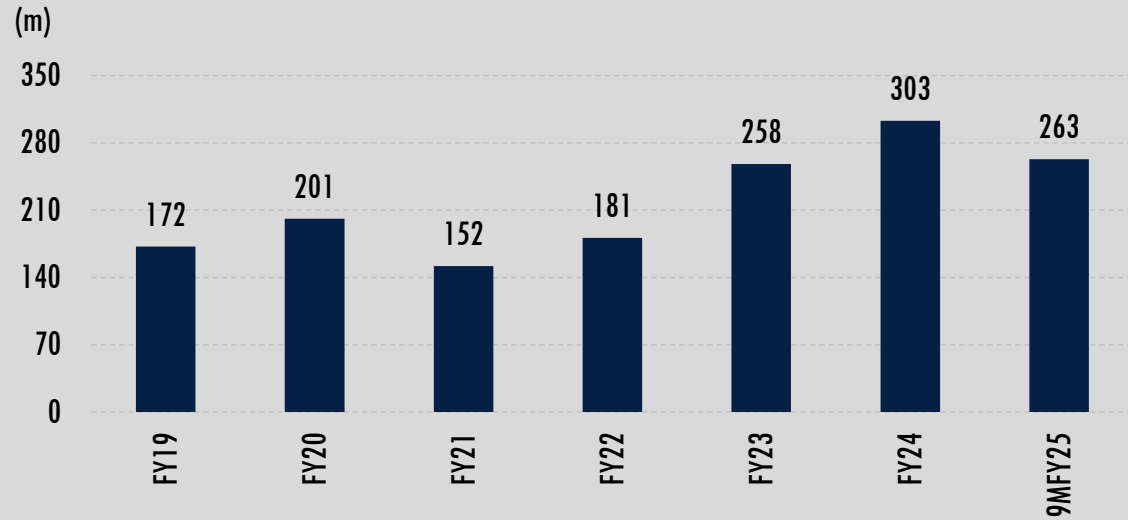
- Bulk purchases
- Quick payment to suppliers, hence securing discounts
- Private-label strategy
- Owning stores instead of renting
- Store designed in a way to maximise space, packing in as many products as possible
- Cluster-based expansion
- Stocking fast-moving, high-demand items

Benefits of EDLC/EDLP

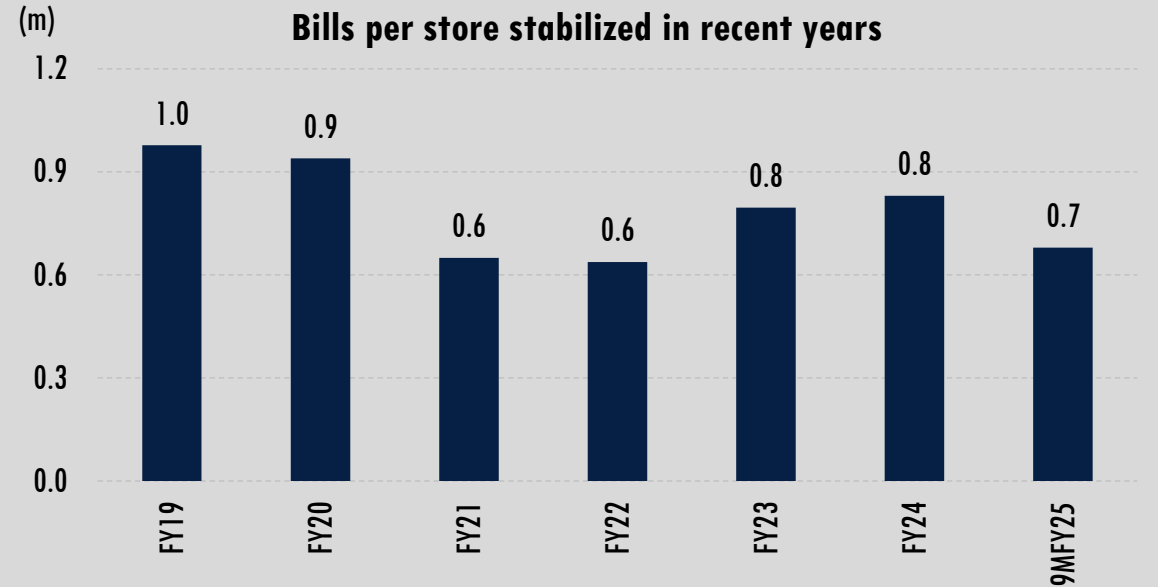
- Customer loyalty
- Simplified pricing
- Reduced operational costs
- Competitive advantage
- Increased foot traffic
- Better inventory management
- Brand image

EDLC/EDLP focus aids volumes, bill cuts and SSSG

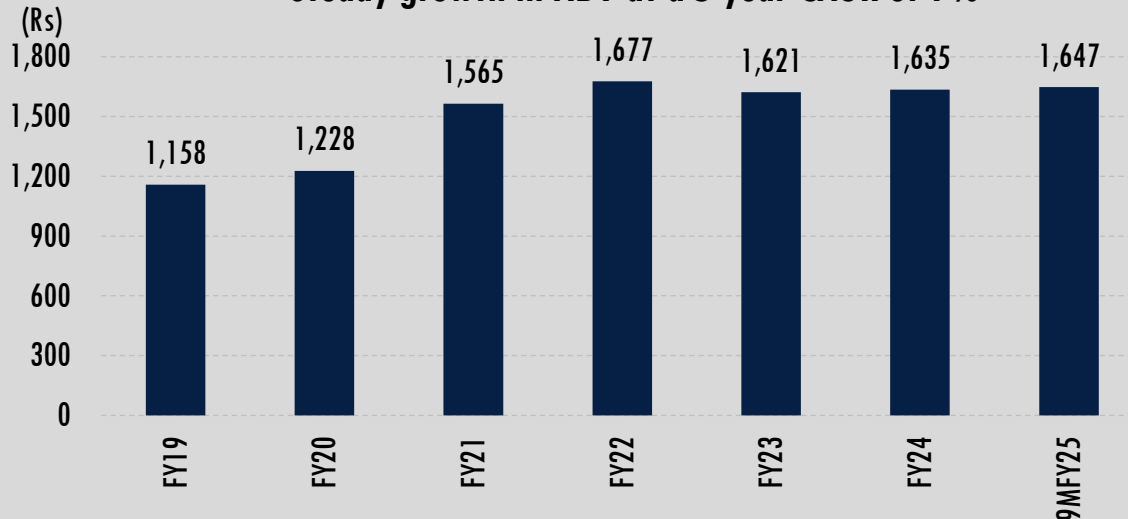
Bill cuts on an uptrend indicating higher footfalls, with a 5-year CAGR of 12%



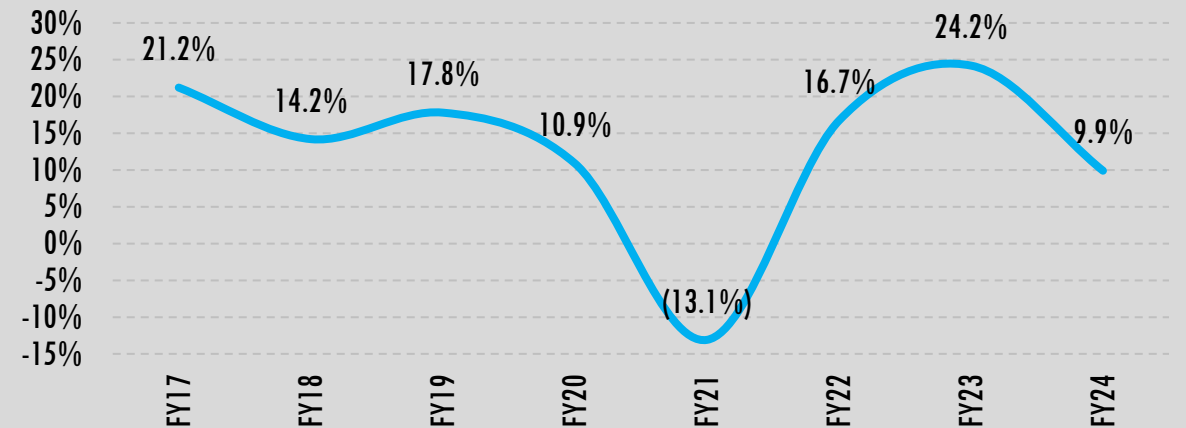
Bills per store stabilized in recent years



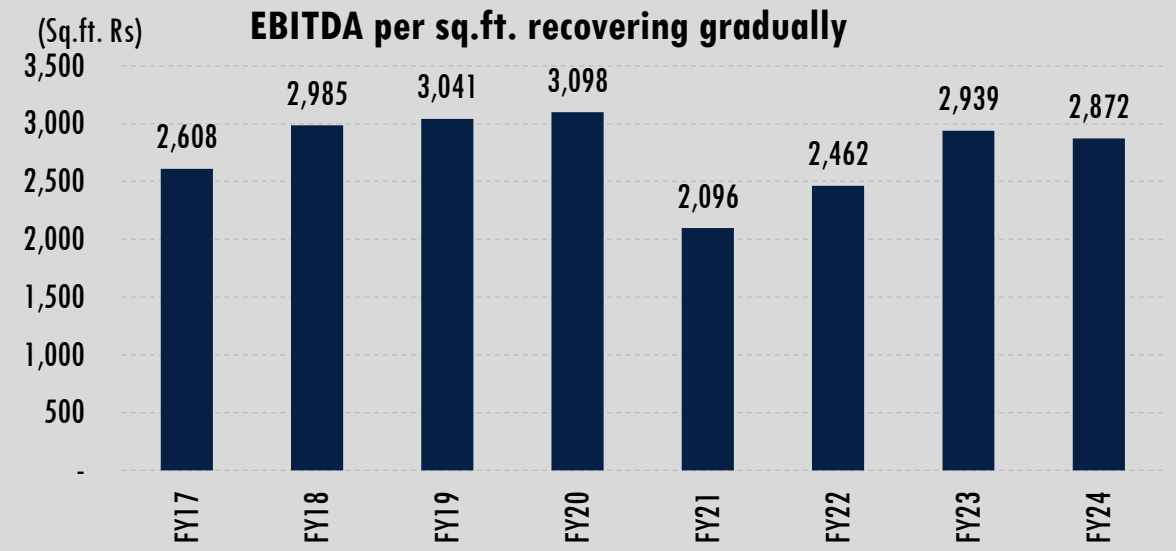
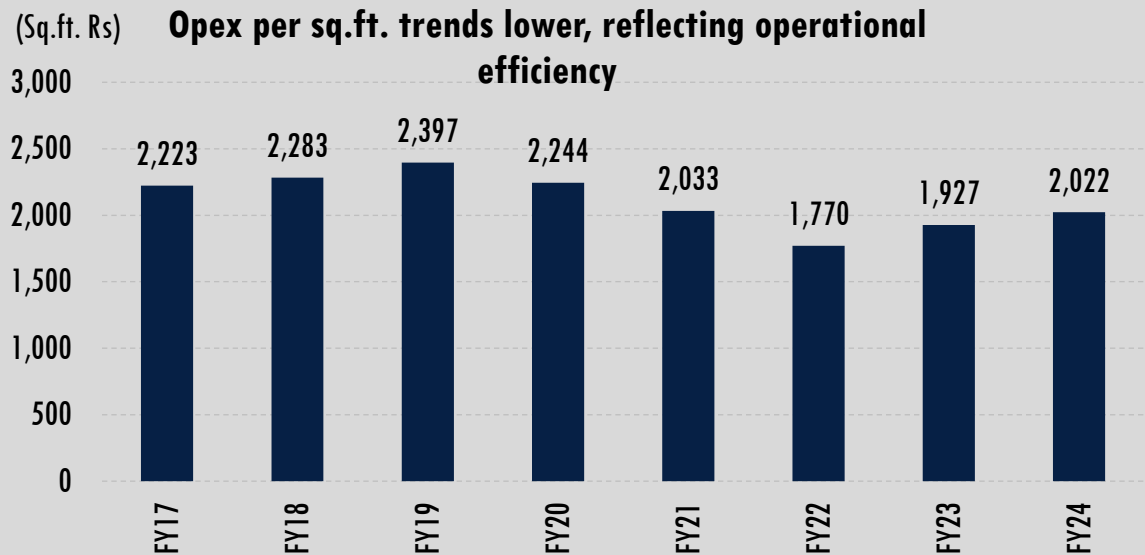
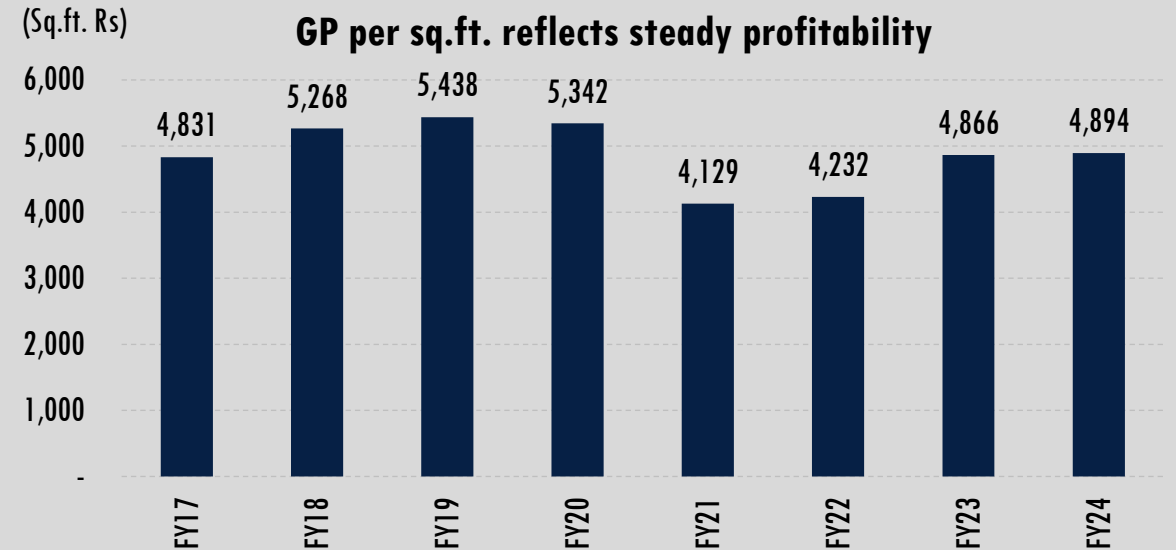
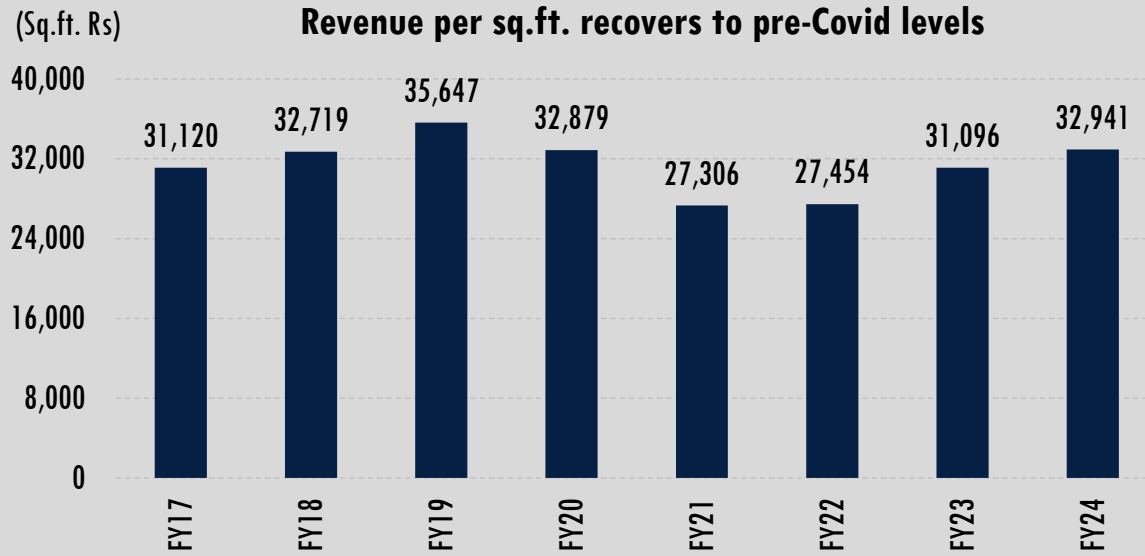
Steady growth in ABV at a 5-year CAGR of 7%



SSSG remains structurally stable despite short-term swings



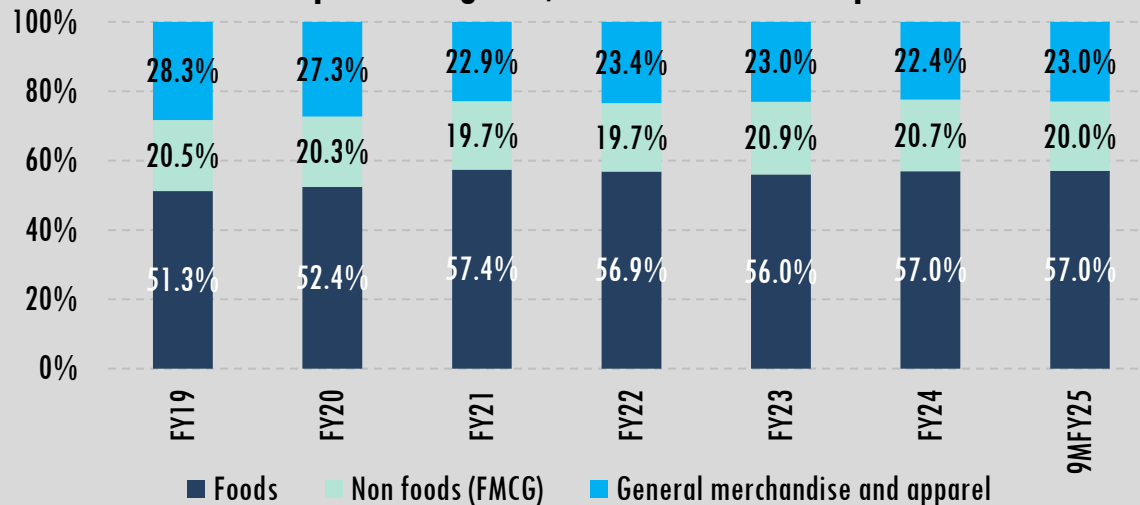
Steady-store economics



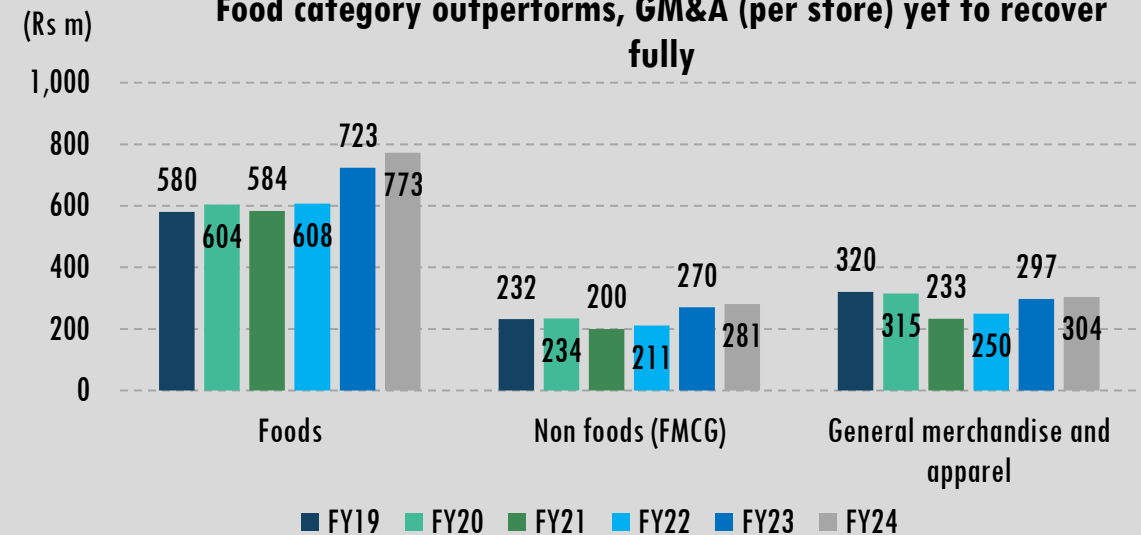
Staples still the largest revenue contributor

- Staples (food and non-food FMCG) contribute $\sim 77\%$ to DMart's revenue. The high share of staples is driven by its essential nature, consistent demand, value-pricing, and an efficient supply-chain. The stable, frequent purchasing behavior of consumers for these items, and the company's ability to serve a wide customer base make staples a cornerstone of DMart's business model.
- General merchandise and apparel (GM&A), however, has a relatively higher gross margin and accounted for $\sim 28\%$ of revenue in FY19. However, post-Covid, its share fell to $\sim 23\%$. The decline in the company's GM&A post the pandemic was due to factors such as keener competition in value apparel, stress in discretionary spending due to inflation and a greater proportion of mature stores (which have a higher share of staples).
- While the general merchandise category is nearly back to pre-Covid levels, to revive the apparel category, the company has invested in a separate team, continuing its focus on basic fashion and improving assortment, building and emphasizing private labels. These initiatives have led to greenshoots in the GM&A category; however, its share in the long term will remain $\sim 23\%$, per management.

Staples strengthen, GM&A share lower post-Covid



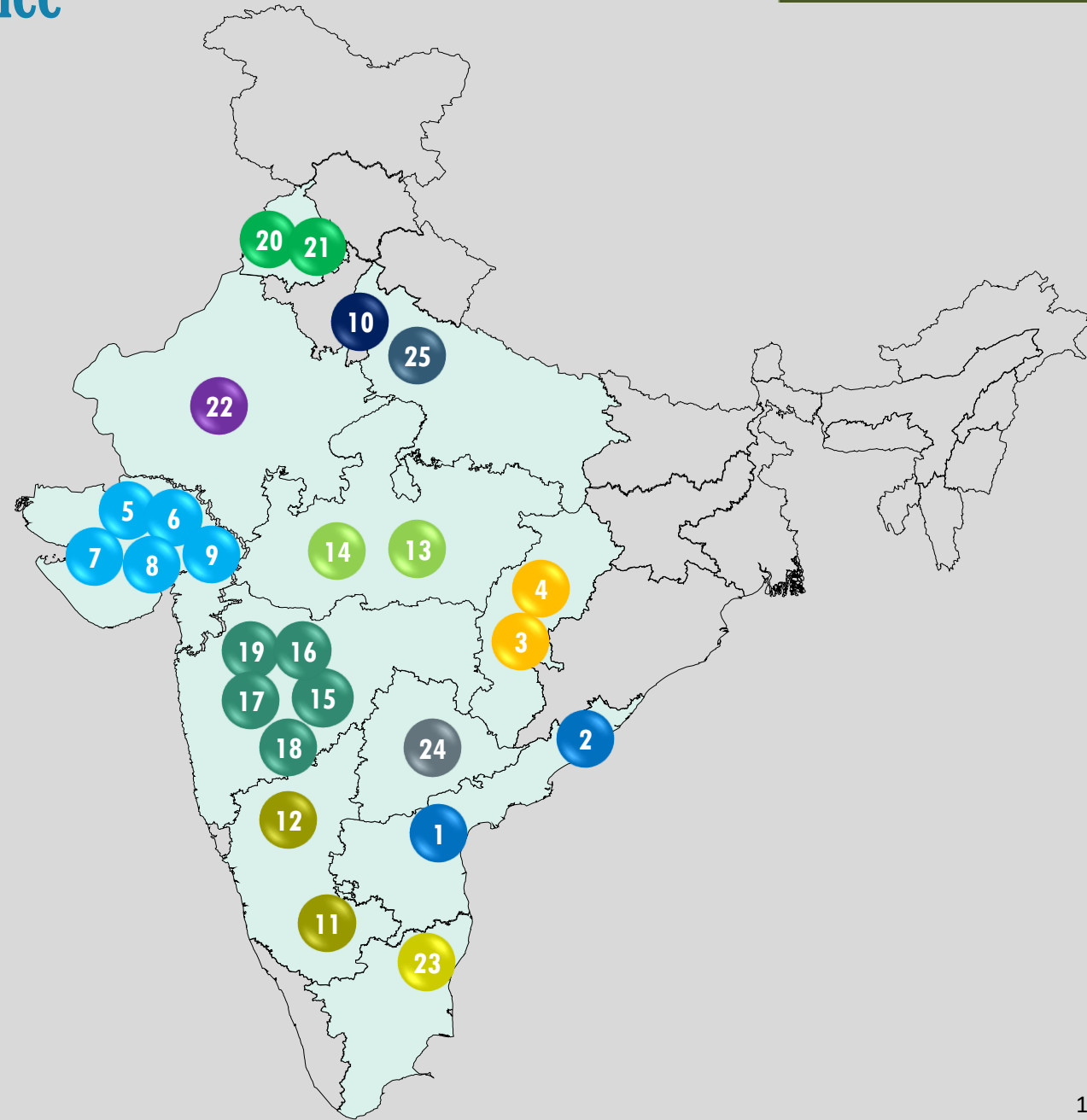
Food category outperforms, GM&A (per store) yet to recover fully



DMart Ready to act as a complementary service

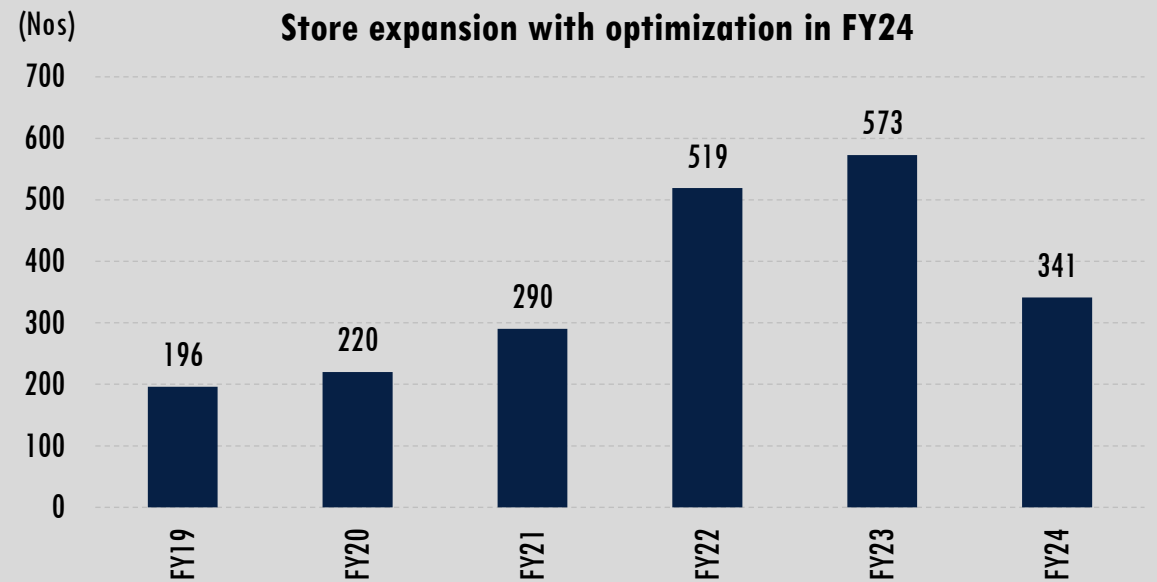
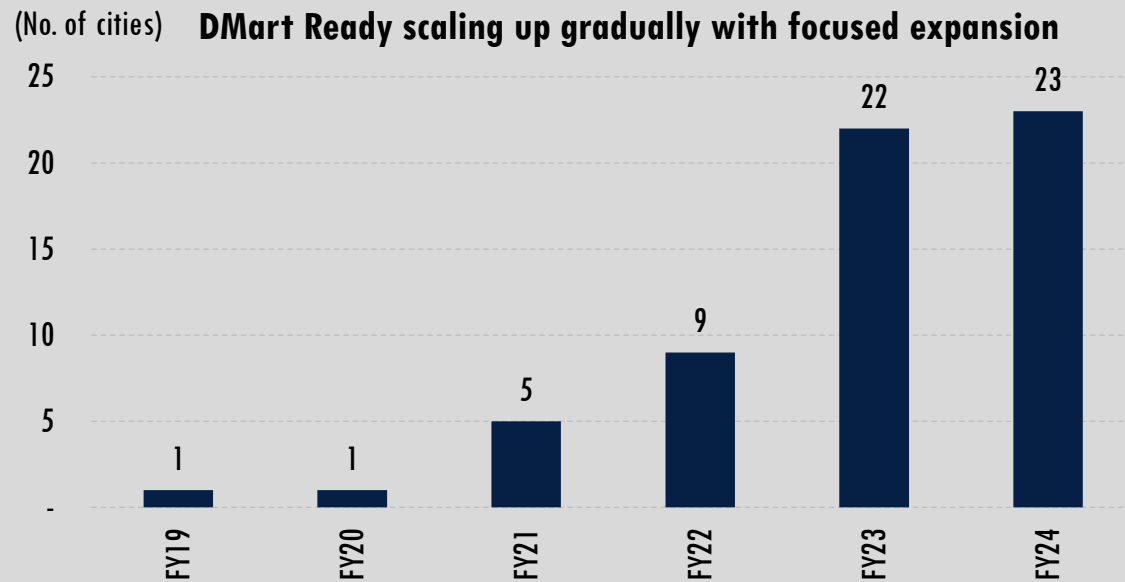
- Avenue E-commerce, a subsidiary of DMart, provides online grocery retailing under the brand name 'DMart Ready', enabling customers to order groceries and household products via its mobile app or website.
- Customers can choose to either pick up their orders from designated DMart Ready pick-up points or have them delivered to their homes for a delivery fee.
- Dmart Ready follows a measured expansion strategy, focusing on profitability over rapid scale-up in e-commerce (25 cities as of 9M FY25). Unlike quick commerce players, it caters to value-conscious customers, who seek savings on bulk grocery purchases over instant delivery.
- As quick commerce companies enter the market with delivery times as quick as 10-15 minutes, Dmart Ready focuses on price competitiveness, similar to the advantage it enjoys in offline stores.

No	City (9M FY25)	State
1	Vijayawada	Andhra Pradesh
2	Visakhapatnam	Andhra Pradesh
3	Bhilai	Chhattisgarh
4	Raipur	Chhattisgarh
5	Ahmedabad	Gujarat
6	Anand	Gujarat
7	Sanand	Gujarat
8	Surat	Gujarat
9	Vadodara	Gujarat
10	Gurugram	Haryana
11	Bangalore	Karnataka
12	Belagavi	Karnataka
13	Bhopal	Madhya Pradesh
14	Indore	Madhya Pradesh
15	Kolhapur	Maharashtra
16	Mumbai (MMR)	Maharashtra
17	Nagpur	Maharashtra
18	Nashik	Maharashtra
19	Pune	Maharashtra
20	Amritsar	Punjab
21	Chandigarh	Punjab
22	Jaipur	Rajasthan
23	Chennai	Tamil Nadu
24	Hyderabad	Telangana
25	Ghaziabad	Uttar Pradesh



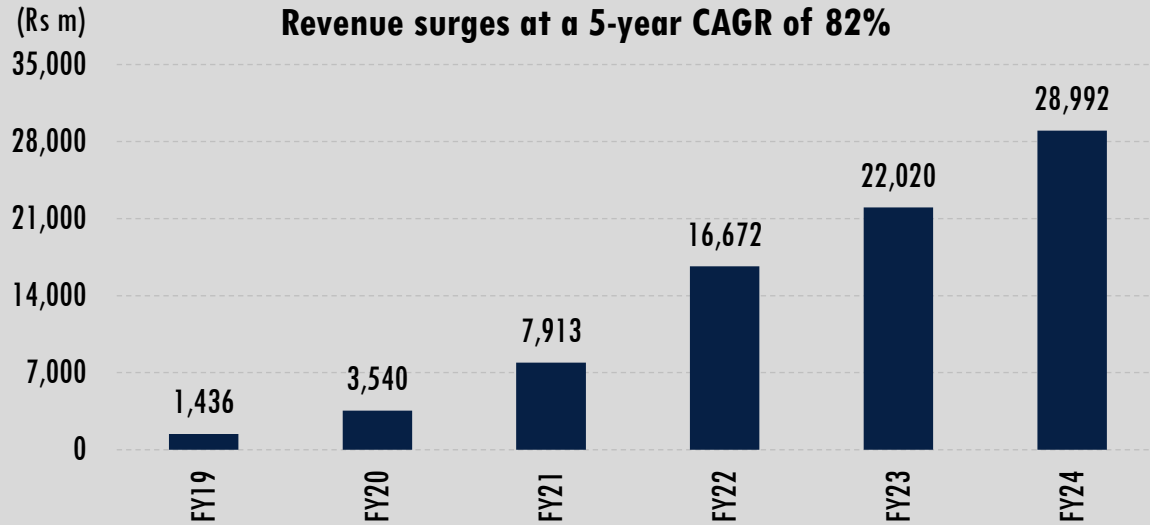
DMart Ready to act as a complementary service

- Over time, there has been a clear preference for home delivery, with home delivery sales significantly surpassing pick-up point sales in 9M FY25, reflecting a stronger demand for convenience. In select towns, both services are offered to customers. In several towns, it operates only via the home delivery channel. As of FY24, ~86% of deliveries happened within 24 hours (~50% in FY23) and the remaining 14% after 24 hours as consumers planned delivery slots per personal convenience. ~40-45% of deliveries happened within 12 hours.
- The company believes that brick-and-mortar grocery shopping is enjoyed by consumers in smaller towns. Hence, DMart Ready will continue to focus on larger/tier-1 cities. In FY24, it consolidated its pick-up points, to gain better operating leverage.

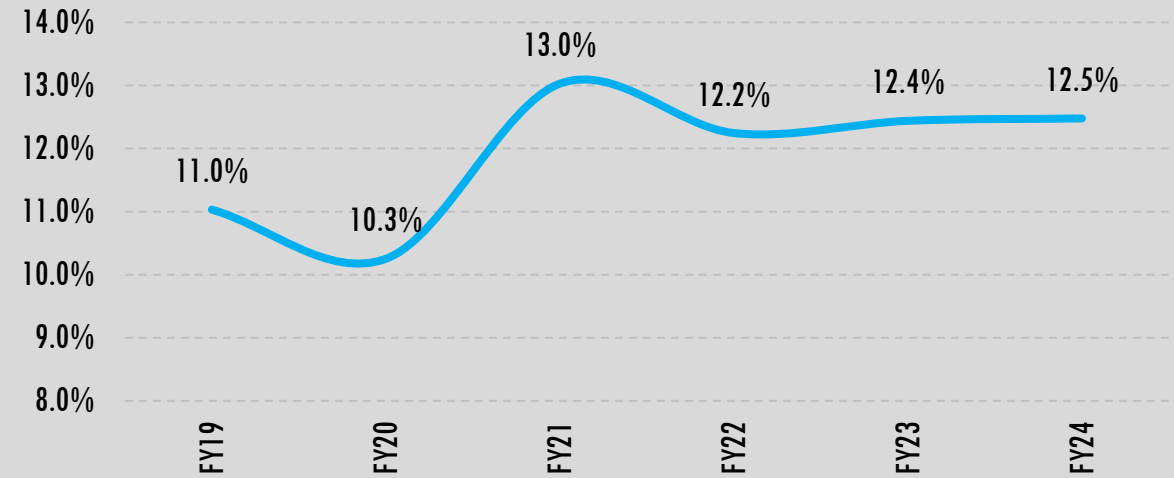


DMart Ready's financials

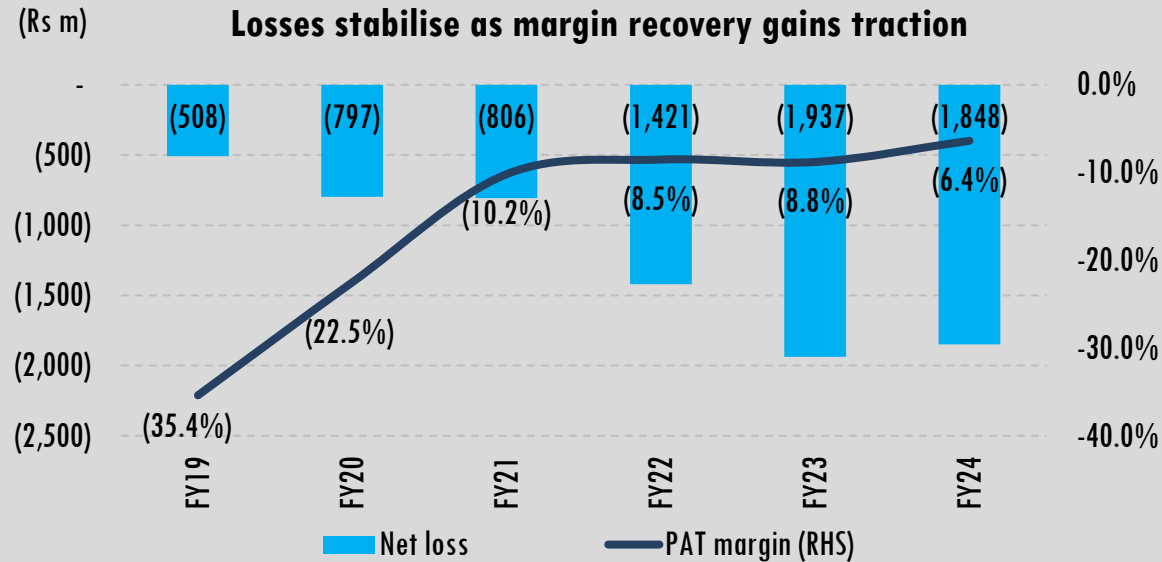
Revenue surges at a 5-year CAGR of 82%



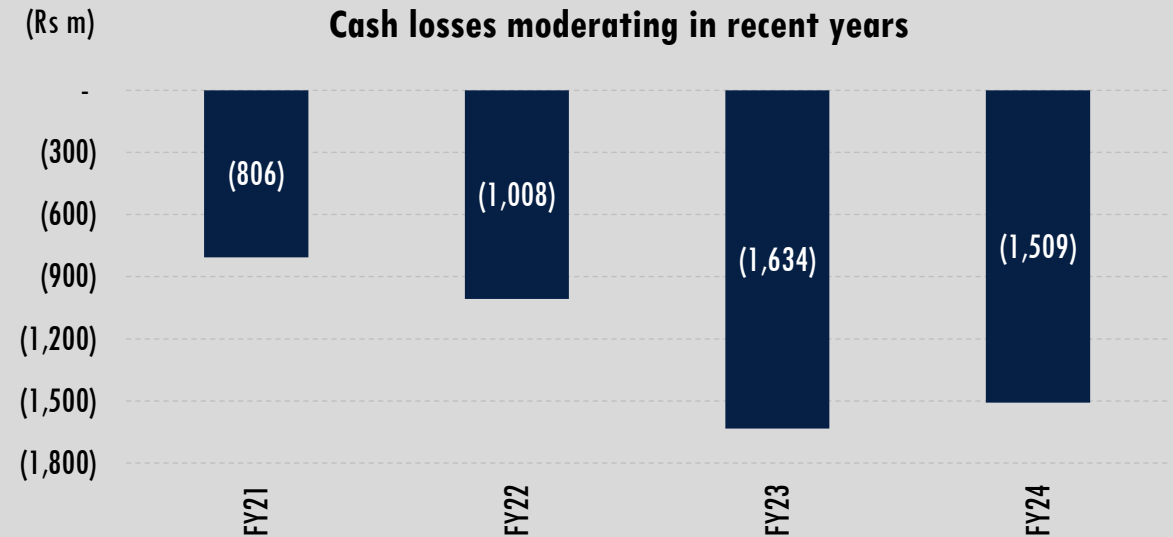
Steady gross margins over FY19-24



Losses stabilise as margin recovery gains traction



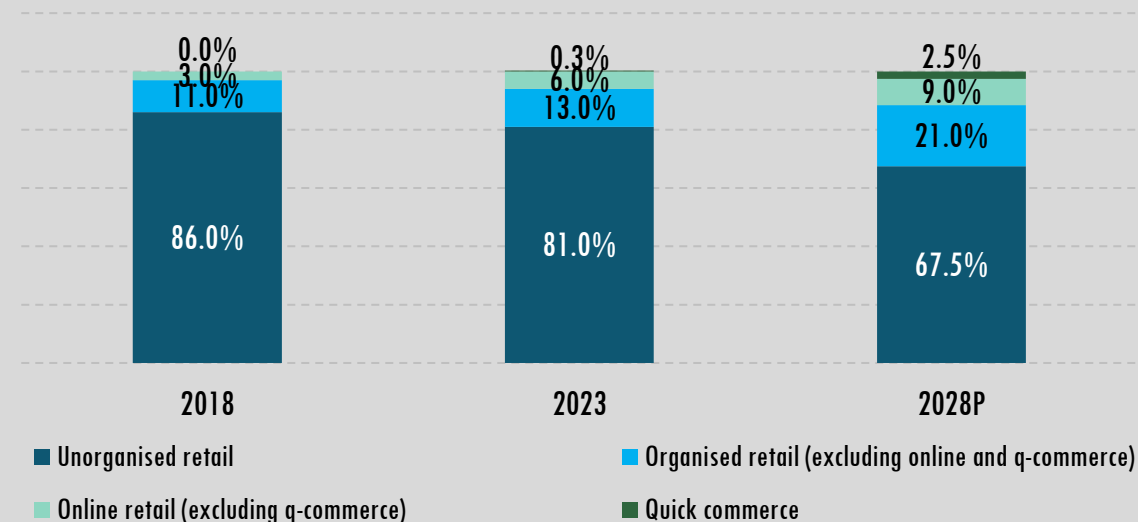
Cash losses moderating in recent years



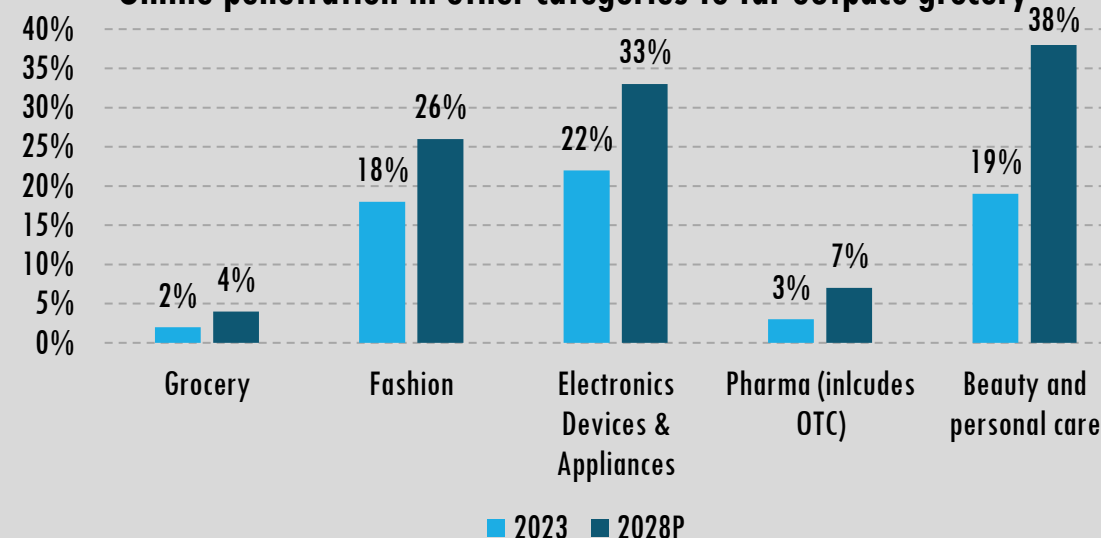
DMart's position amid rising quick commerce competition

- Quick commerce is transforming immediate, frequent purchases like groceries and FMCG, while traditional e-commerce remains essential for bulk shopping, better pricing, and a wider selection. With QC facing high fulfillment costs and e-commerce benefiting from scale efficiencies, both models cater to distinct consumer needs. Rather than competing, they complement each other—quick commerce addresses urgency and e-commerce drives planned, higher-value purchases—ensuring their long-term co-existence in the retail landscape.
- Online e-commerce (excluding quick commerce) holds a much larger share of the Indian retail market (6% in 2023; projected to reach 8-10% by 2028) and would far exceed quick commerce's 2-3% share by FY28.
- Categories like fashion, electronics, and pharma—where selection and pricing matter more than speed—are growing significantly online, with penetration expected to reach 30-35% by 2028 in some segments.
- Quick commerce excels in instant gratification purchases (groceries, FMCG, and small household essentials), but when consumers need larger baskets, better pricing, and a wider selection (fashion, electronics, pharma, beauty), they turn to traditional e-commerce.

E-commerce to retain a larger share vs. QC in India's retail market

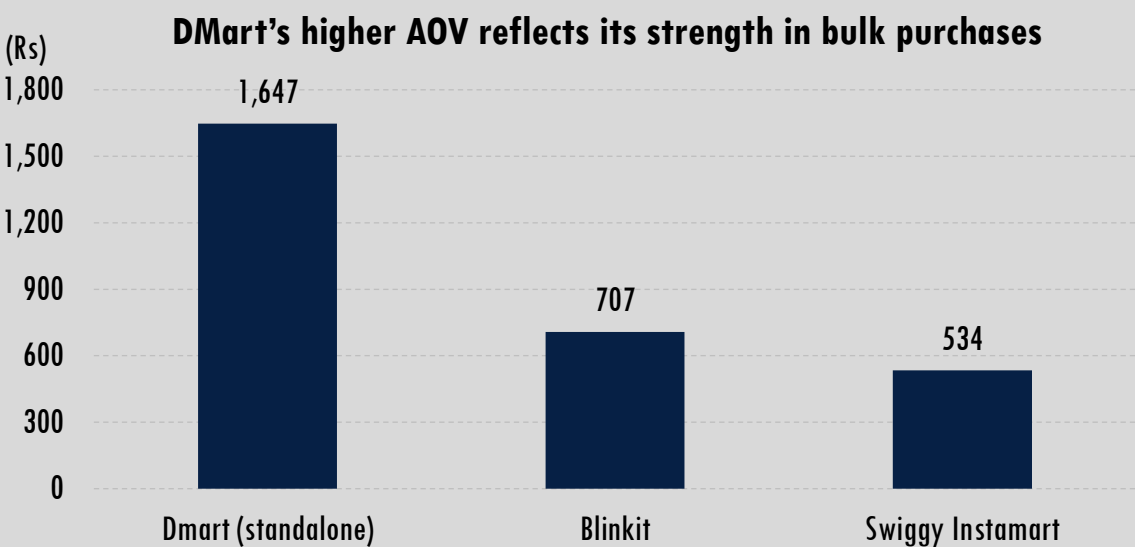


Online penetration in other categories to far outpace grocery

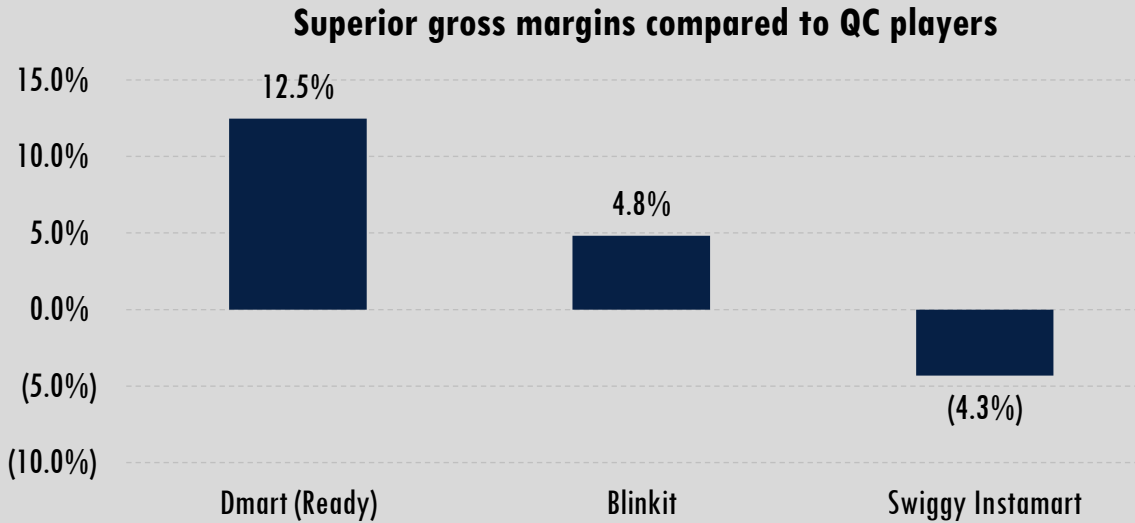


DMart's position amid rising quick commerce competition

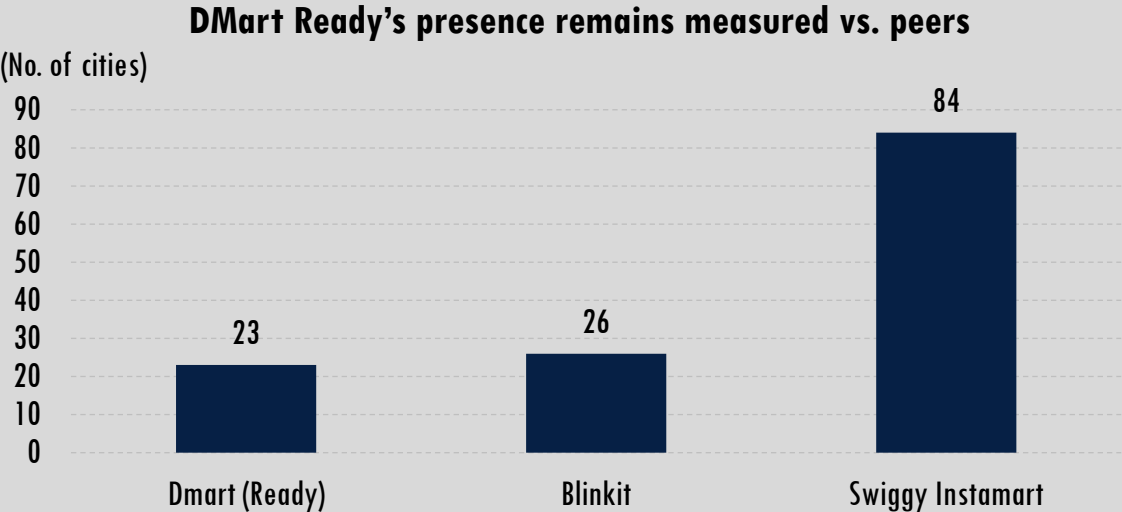
- Dmart's AOV of Rs1,647 is significantly higher than Blinkit's Rs707 and Swiggy Instamart's Rs534, indicating a larger basket size driven by bulk grocery shopping rather than emergency/top-up purchases.
- Dmart Ready operates in 23 cities with 341 stores, compared to Blinkit's presence in 26 cities with 1,007 dark stores and Swiggy Instamart's operations in 84 cities with 705 dark stores. It follows a measured expansion strategy, focusing on higher throughput in existing cities rather than vigorous store additions.
- Despite offering competitive prices, Dmart Ready maintains its superior gross margins (12.5%) vs. Blinkit (4.8%) and Swiggy Instamart (-4.3%), owing to its efficient cost structure. By contrast, quick commerce peers rely on deep discounts and cash burn to acquire customers, making their model less sustainable in the long run.



Note: Dmart 9M FY25, Blinkit & Swiggy Instamart is Q3 FY25



Note: Dmart FY24, Swiggy Instamart & Blinkit 9M FY25 annualised



Investment rationale

- DMart is well set to benefit from the continued shift toward organized grocery retail in India. Its cost-efficient EDLC/EDLP model, disciplined store expansions and focus on underpenetrated regions, along with a measured e-commerce approach ensure a strong foundation for sustained growth.
- With staples (food and non-food FMCG) contributing ~77% of revenue, the business is anchored in high-frequency, essential purchases, ensuring steady demand ahead. Combined with continued store expansions and rising revenue from its e-commerce business, we expect DMart to achieve 18.2% revenue CAGR over FY24-27. Meanwhile, operating leverage, supply-chain efficiencies and private-label growth should drive an 18.5% EBITDA CAGR; its debt-free balance sheet should aid 18.7% PAT CAGR over FY24-27.

Valuation

- The stock now quotes at 72.2x/59.7x FY26e/27e P/E. Given the ongoing growth phase and management's strong ability to scale up and drive cost-control steps and cashflow generation, we expect the premium valuations to persist. We initiate coverage on the stock, with a Hold rating and a TP of Rs4,254, 65x FY27e EPS of Rs65.4.

PE chart- 1year forward

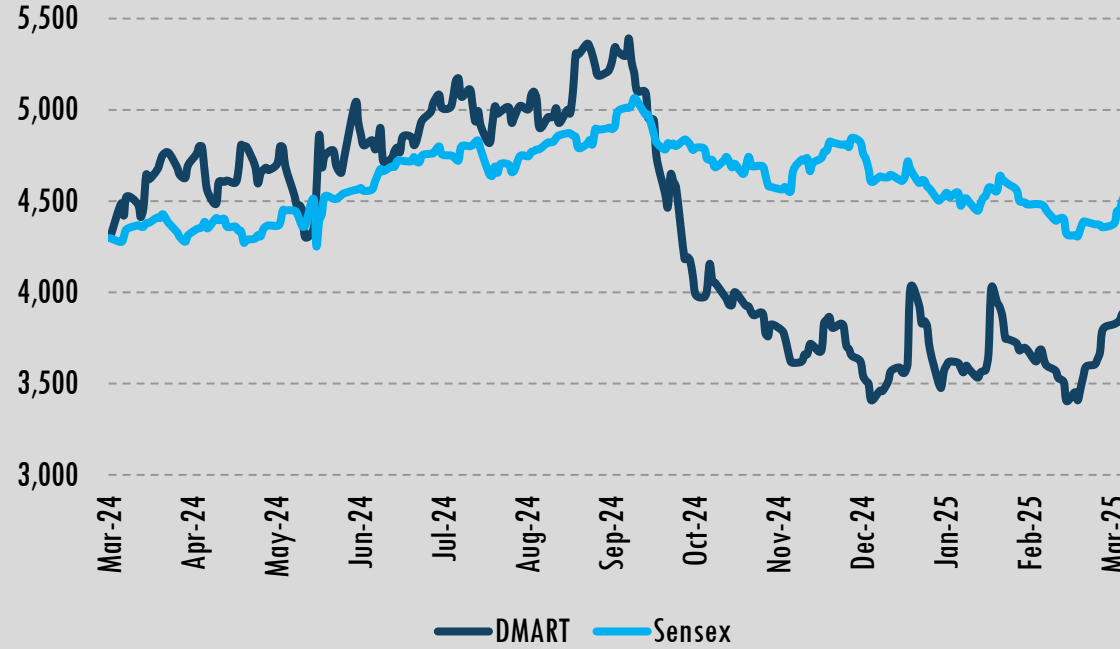


Key risks

- Slower store additions owing to regulatory constraints.
- Rising competition from quick commerce players denting SSSG and leading to higher discounts.
- More-than-expected store additions is a key upside risk.

Price charts

Relative price performance



Price movement



Peer comparison

Particulars	Mcap	CAGR (FY19-24) (%)			Gross margin (%)	EBITDA margin (%)	RoCE (%)			RoE (%)			Working capital days (on sales)			PE(x)		EV/EBITDA(x)		CAGR (FY24-27) (%)		
	Rs bn	Revenue	EBITDA	PAT	FY24	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY26e	FY27e	FY26e	FY27e	Revenue	EBITDA	PAT
Titan Company (C)	2,808	20.9	21.6	20.3	22.8	10.4	16.5	18.9	17.0	25.9	30.7	32.9	163	144	133	58.5	48.0	39.8	34.1	15.0	18.4	18.7
Avenue Supermarts (C)	2,533	20.5	20.2	23.0	14.8	8.1	11.2	15.7	14.2	11.5	16.0	14.6	26	22	22	72.2	59.7	44.5	37.0	18.2	18.5	18.7
Trent (C)	1,831	36.3	53.2	72.6	43.8	15.5	9.6	19.5	32.7	4.5	17.9	44.6	41	32	26	79.4	58.1	50.4	37.9	33.5	35.8	26.2
Page Industries	474	9.9	6.9	7.6	54.4	18.8	55.2	43.7	36.0	54.4	46.4	38.4	73	113	89	58.9	50.6	39.5	34.5	12.6	15.1	17.8
Vishal Megamart	467	51.7	62.0	84.3	27.7	14.0	5.6	7.9	10.0	4.3	6.4	8.6	(16)	0	11	62.3	51.6	26.9	22.8	18.2	18.6	25.6
ABFRL	309	11.5	21.3	NA	55.2	10.4	2.2	4.0	(2.6)	(4.4)	(1.9)	(20.0)	12	37	43	NA	NA	16.1	13.4	11.2	20.9	NA
Metro	292	14.1	15.8	22.8	58.1	29.7	19.8	26.3	24.6	20.2	25.7	24.2	71	78	82	61.7	50.7	32.2	27.3	13.5	15.2	11.3
Vedant Fashions	190	11.3	14.4	18.6	72.3	48.1	36.9	45.7	34.9	29.0	34.6	27.6	164	151	164	38.7	32.7	23.6	20.2	11.6	12.1	11.3
Bata	160	3.5	10.5	(4.4)	57.1	22.6	7.3	23.1	22.6	5.8	19.9	17.7	74	61	74	50.5	40.8	19.6	17.3	6.6	7.5	14.5
Relaxo	109	4.9	4.6	2.7	58.1	14.0	13.5	8.5	10.0	14.0	8.5	10.4	97	76	88	46.9	38.0	23.4	20.0	7.6	10.3	12.8
Campus	74	19.5	16.1	18.3	52.0	14.6	22.7	20.5	14.7	29.3	23.9	14.9	89	101	79	48.0	38.6	26.0	21.8	12.3	17.9	28.6
Vmart Retail	57	14.2	9.9	NA	34.5	7.6	9.8	5.8	(0.7)	1.2	(0.8)	(12.0)	83	57	24	97.3	51.6	14.6	11.9	17.7	41.8	NA
Shoppers Stop	56	3.8	23.9	3.5	41.1	16.6	(13.3)	73.3	51.4	(48.0)	82.3	30.4	(58)	(27)	(17)	52.2	31.0	6.6	5.5	14.6	13.4	27.4
Arvind Fashions	54	(1.7)	12.1	24.8	52.2	12.0	(3.5)	10.6	10.9	(14.4)	11.2	9.3	42	47	53	32.7	22.3	8.3	7.0	11.0	18.9	34.6
Go Fashion	37	21.7	24.8	21.8	66.6	31.8	6.7	13.4	11.0	8.1	15.9	13.7	190	146	124	31.7	25.0	10.9	9.0	16.1	16.5	19.5
Kewal Kiran	30	11.3	9.5	13.9	50.4	20.6	13.9	18.9	20.2	17.9	23.2	25.2	138	135	102	17.1	14.3	13.3	11.2	15.9	16.5	10.7

Income statement (Rs m)	FY23	FY24	FY25e	FY26e	FY27e
Net revenues (Rs m)	428,396	507,888	600,525	707,415	838,470
Growth (%)	38.3	18.6	18.2	17.8	18.5
Direct costs	363,840	432,745	510,446	601,303	712,700
SG&A	28,186	34,105	42,255	49,297	57,513
EBITDA	36,370	41,038	47,824	56,815	68,257
EBITDA margins (%)	8.5	8.1	8.0	8.0	8.1
- Depreciation	6,389	7,308	9,172	10,736	12,571
Other income	1,293	1,465	1,503	1,326	1,494
Interest Exp	674	581	592	622	651
PBT	30,601	34,613	39,563	46,783	56,529
Effective tax rate (%)	22.3	26.7	26.5	25.0	25.0
+ Associates/(Minorities)	-	-	-	-	-
Net Income	23,783	25,356	29,096	35,087	42,396
Adjusted income	23,783	25,356	29,096	35,087	42,396
WANS	648	648	648	648	648
FDEPS (Rs/share)	36.7	39.1	44.9	54.2	65.4
FDEPS growth (%)	59.4	6.6	14.8	20.6	20.8
Gross Margin(%)	15.1	14.8	15.0	15.0	15.0

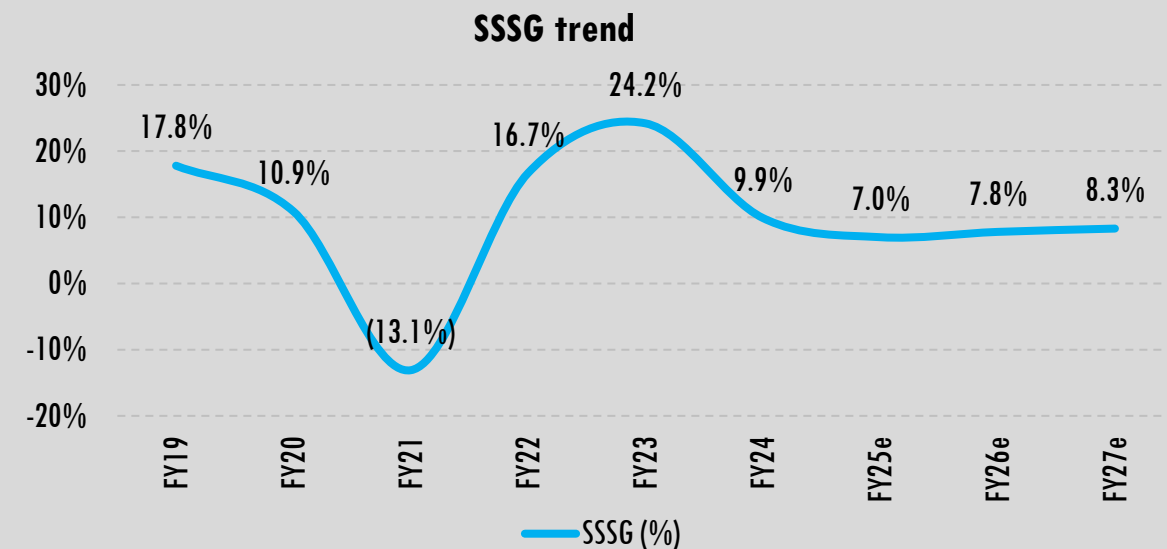
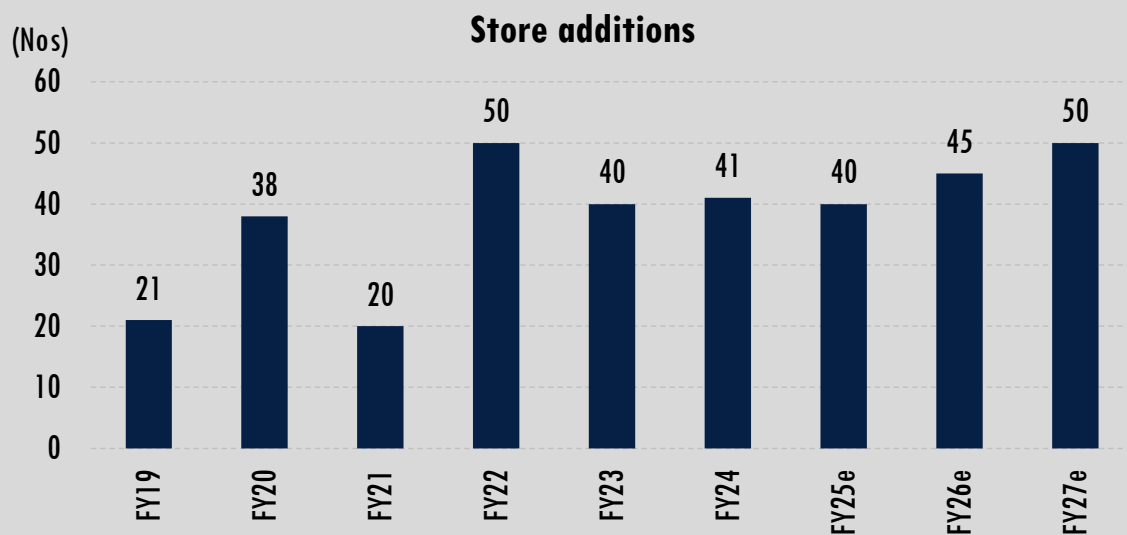
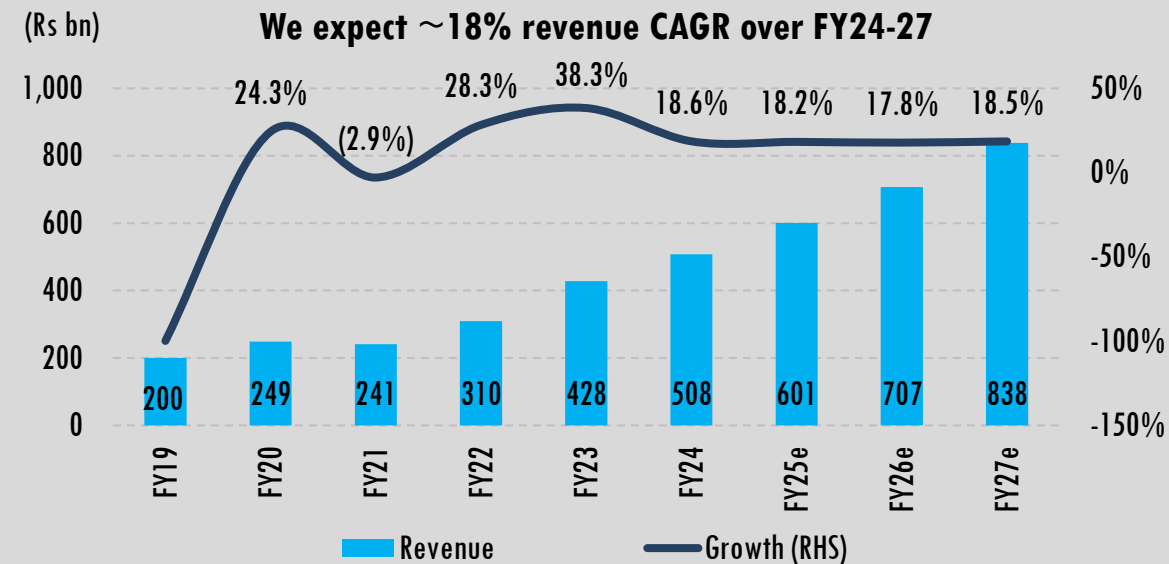
Balance sheet (Rs m)	FY23	FY24	FY25e	FY26e	FY27e
Share capital	6,483	6,507	6,507	6,507	6,507
Net worth	160,787	186,978	216,074	251,162	293,558
Total debt (including Pref)	-	-	-	-	-
Minority interest	1	-5	-5	-5	-5
Deferred tax Liability/(Asset)	7,182	6,794	6,794	6,794	6,794
Capital employed	167,970	193,767	222,863	257,951	300,347
Net tangible assets	112,390	133,064	156,862	184,949	217,283
Net Intangible assets	232	304	304	304	304
Goodwill	783	783	783	783	783
CWIP (tangible and intangible)	8,292	9,352	9,352	9,352	9,352
Investments (Strategic)	0	0	0	0	0
Investments (Financial)	2,022	1,067	1,067	1,067	1,067
Current Assets (ex Cash) Incl LT assets	43,244	60,774	65,741	75,403	87,249
Cash	14,083	6,382	6,847	7,281	9,291
Current liabilities	13,076	17,958	18,092	21,186	24,981
Working capital	30,168	42,816	47,649	54,216	62,268
Capital deployed	167,970	193,767	222,863	257,951	300,347
Contingent Liabilities	-	-	-	-	-

Cashflow (Rs m)	FY23	FY24	FY25e	FY26e	FY27e
PBT (adj for int. exp.& other inc)	30,202	34,006	40,155	47,405	57,180
+ Non-cash items	6,389	7,308	9,172	10,736	12,571
Oper. prof. before WC	36,590	41,314	49,327	58,141	69,751
- Incr. / (decr.) in WC	3,199	6,438	4,833	6,567	8,052
Others incl. taxes	7,089	7,418	10,467	11,696	14,132
Operating cash-flow	26,303	27,458	34,027	39,878	47,567
- Capex (tang. + intang.)	22,065	27,218	30,958	36,767	42,782
Free cash-flow	4,238	240	3,069	3,112	4,785
Acquisitions	-	-	-	-	-
- Div. (incl. buyback & taxes)					
+ Equity raised	155	748	-	-	-
+ Debt raised	-	-	-	-	-
- Fin investments	1,113	(2,487)	-	-	-
- Misc. (CFI + CFF)	2,160	2,176	2,604	2,678	2,775
Net cash-flow	1,120	1,300	465	434	2,011

Ratio analysis	FY23	FY24	FY25e	FY26e	FY27e
P/E (x)	92.7	115.7	87.0	72.2	59.7
EV/EBITDA (x)	60.3	71.5	52.9	44.5	37.0
EV/sales (x)	5.1	5.8	4.2	3.6	3.0
P/B (x)	13.7	15.7	11.7	10.1	8.6
RoE (%)	16.0	14.6	14.4	15.0	15.6
RoCE (%) - After tax	15.7	14.2	14.1	14.8	15.3
ROIC (%) - After tax	16.7	15.2	14.7	15.3	15.9
DPS (Rs per share)	-	-	-	-	-
Dividend yield (%)	-	-	-	-	-
Dividend payout (%) - Inc. DDT	-	-	-	-	-
Net debt/equity (x)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Receivables (days)	1	1	1	1	1
Inventory (days)	28	28	28	28	28
Payables (days)	6	7	7	7	7
CFO:PAT%	110.6	108.3	116.9	113.7	112.2

Revenue projected to grow at 18.2% CAGR over FY24-27

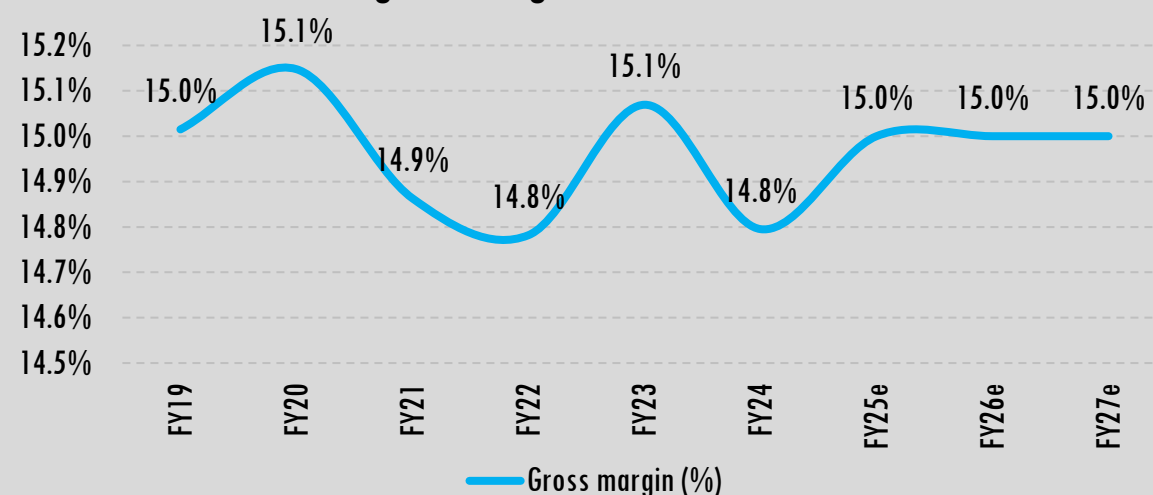
We expect DMart to achieve 18.2% revenue CAGR over FY24-FY27, driven by ~11% CAGR in store additions and 7-8% SSSG every year. Over FY19-24, the company's store network expanded at a 16% CAGR, with a total of 189 stores added, which is on average about 38 stores per year. Over FY24-27, we expect it to add 135 stores, maintaining an average of 45 stores each year. Per management, DMart has the capacity to add 40-50 stores annually, which represents a 10-15% increase each year, with ramp-up in store openings being the primary focus.



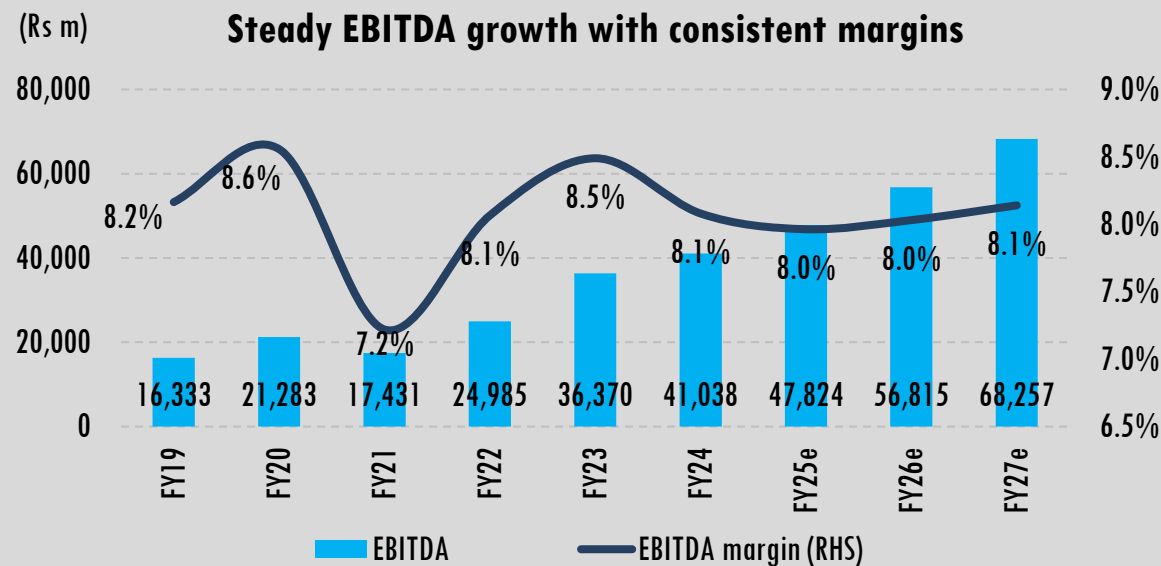
We expect ~18%/19% EBITDA/PAT CAGRs over FY24-27

We expect the company to report 18.5%/18.7% EBITDA/PAT CAGRs over FY24-27. We see gross/EBITDA margins remaining steady at ~15%/8%, respectively. While increased competition and higher discounting may exert pressure on margins, a higher share of private labels, slight improvements in the product mix, and operating leverage should support EBITDA margins at ~8%. The company will focus on its 'every-day low-price strategy' and any incremental margin benefit will be passed on to customers in the form of lower prices. PAT margins are also expected to remain steady at ~5%.

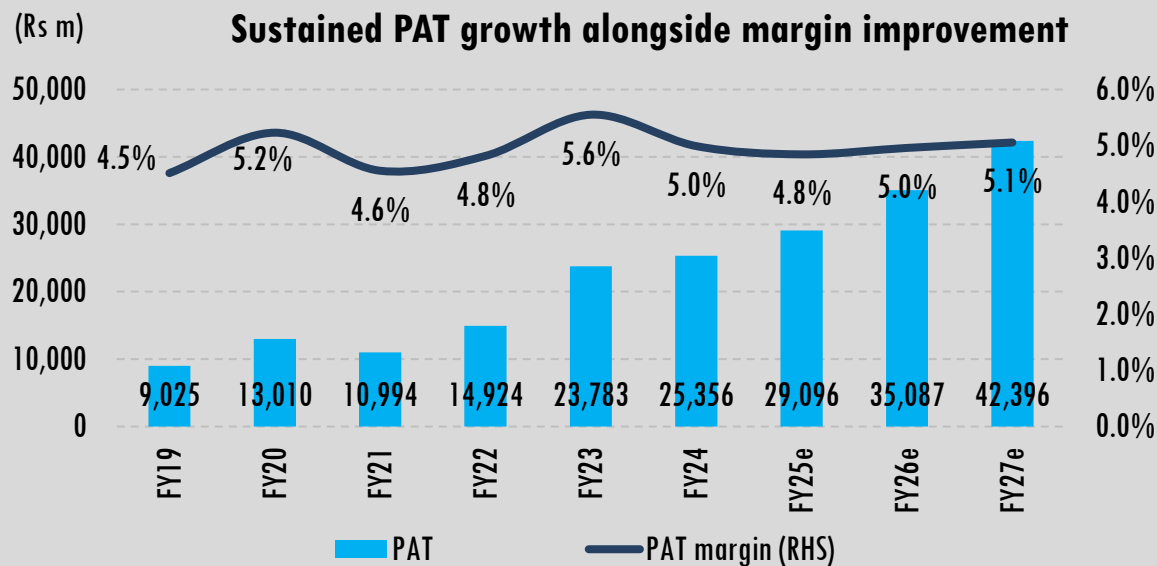
Stable gross margins at ~15% over FY25-27



Steady EBITDA growth with consistent margins



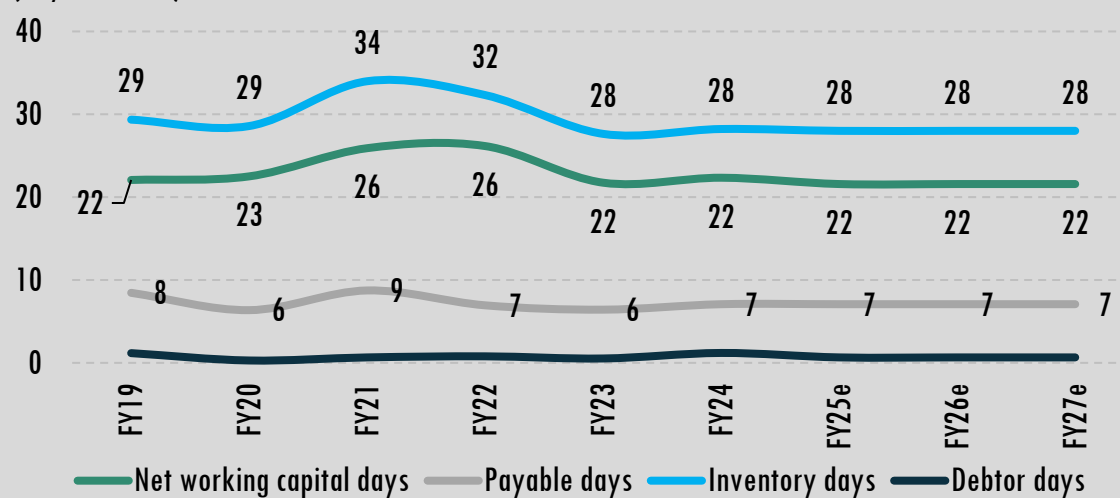
Sustained PAT growth alongside margin improvement



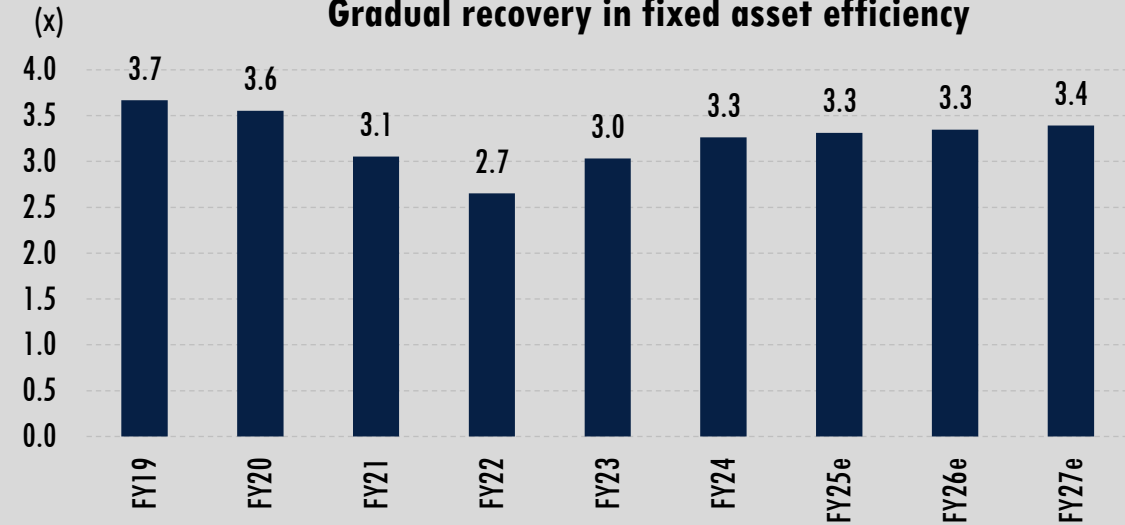
Working capital efficiency to continue

Over the last few years, DMart's net working capital days remained fairly stable at ~22-24. Owing to efficient inventory management, its inventory turnover ratio increased to ~14x in FY24 vs. ~12x in FY22. Ahead, we believe net working capital days can stabilize at ~22. We expect fixed asset turnover to improve gradually to 3.4x in FY27, from 3.3x in FY24, led by better throughput in stores.

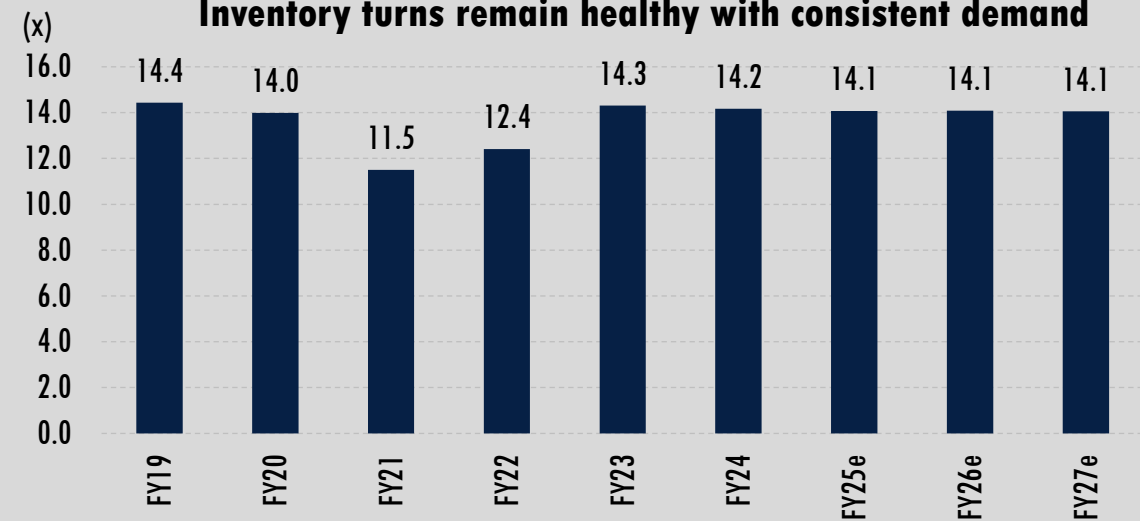
(Days on sales) **Net working capital days expected to remain steady**



Gradual recovery in fixed asset efficiency

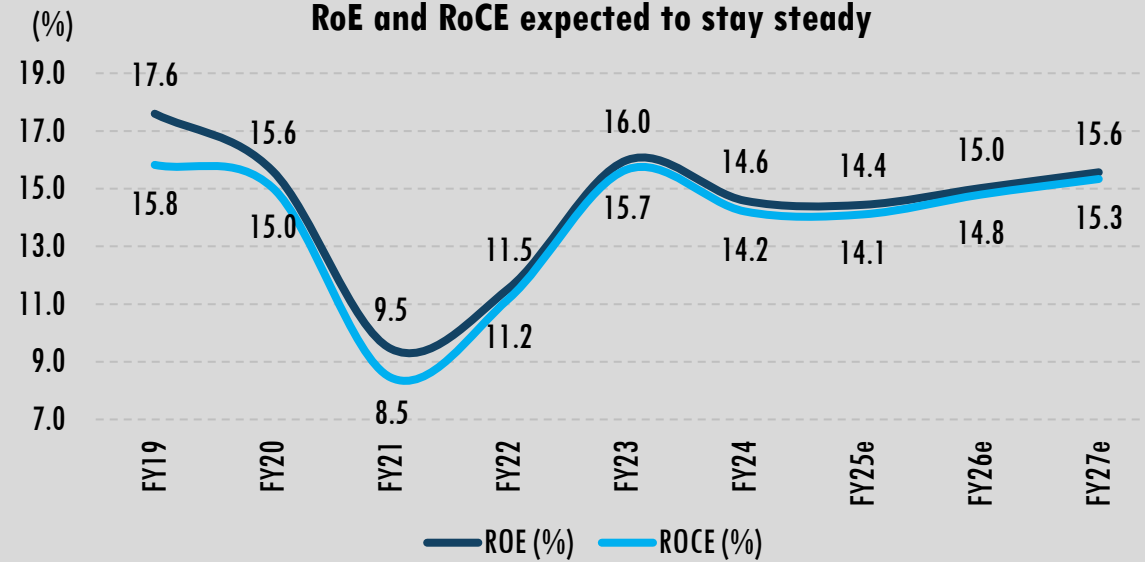


Inventory turns remain healthy with consistent demand

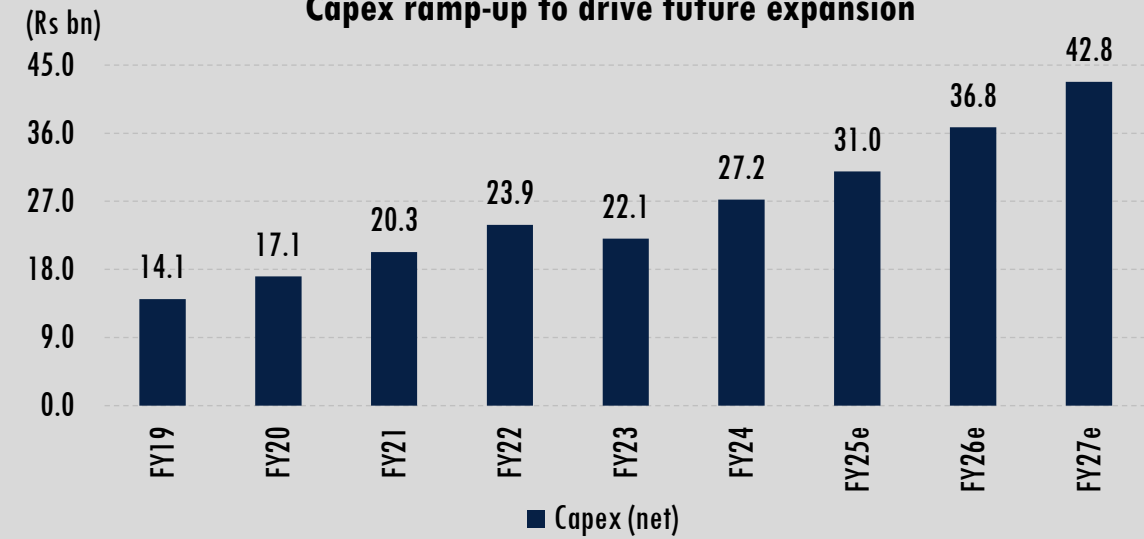


Return ratios to remain stable; FCF generation to pick up

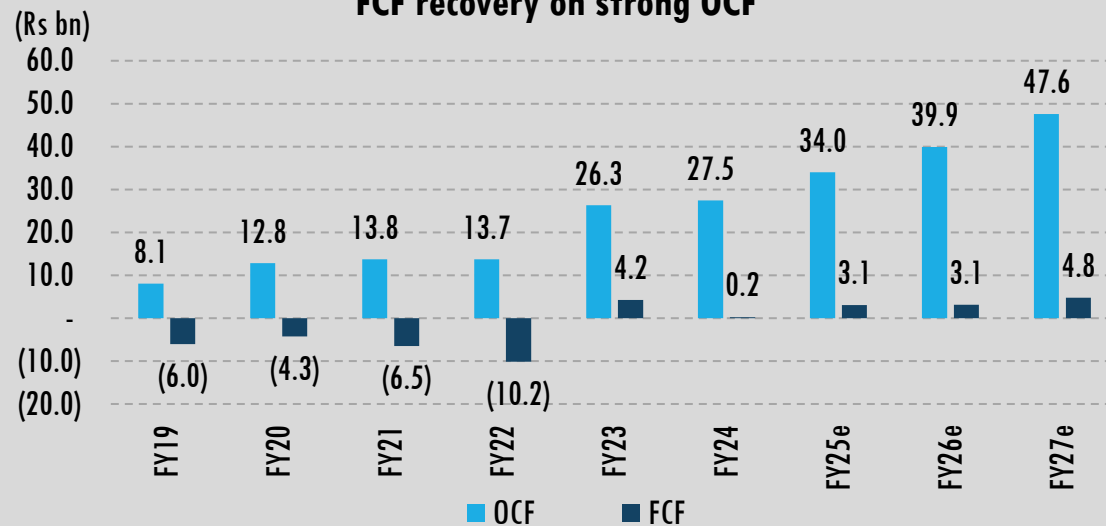
RoE and RoCE expected to stay steady



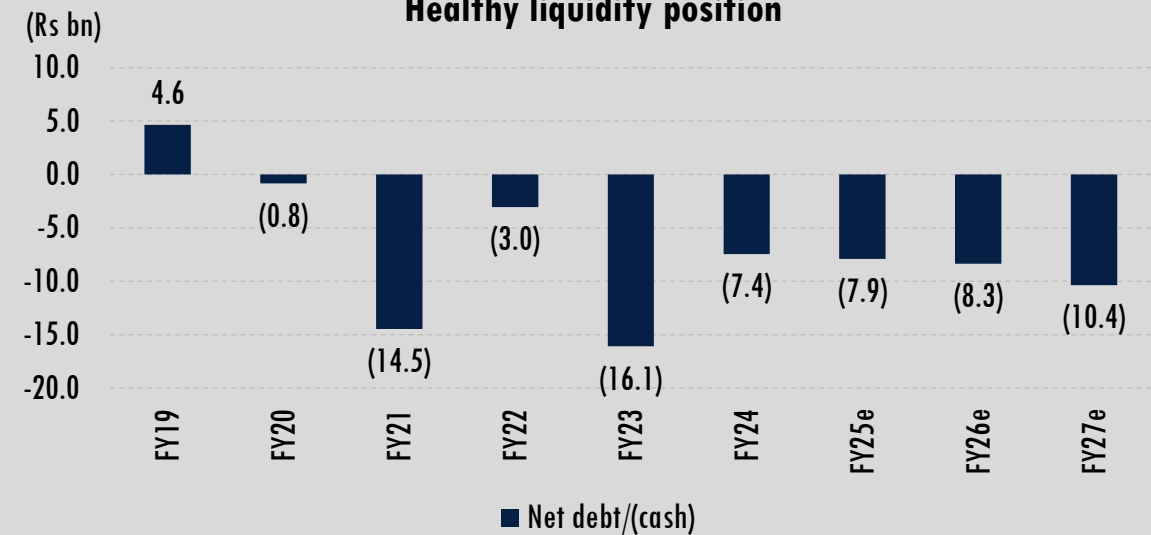
Capex ramp-up to drive future expansion



FCF recovery on strong OCF



Healthy liquidity position



Name	Position	Background
Chandrashekhar B.Bhave	Chairman and Independent Director	Bachelor's degree in Electrical Engineering from Jabalpur Engineering College. Began his career as an Indian Administrative Service (IAS) Officer in 1975 and later held key positions such as Senior Executive Director at SEBI (1992-1996), Chairman & MD of NSDL (1996-2008), and Chairman of SEBI (2008-2011). He is currently a Member/Chairman of the Board of Directors of Mahindra Financial Services, Avenue Supermarts, Vistara Financial Services, Tejas Networks and Max Bupa Health Insurance Company and Chairman of the Indian Institute for Human Settlements. He has been a Director at the company since May'16 and was appointed as Chairman in Apr'24.
Ignatius Navil Noronha	Managing Director and Chief Executive Officer	B.Sc. from SIES College of Arts, Science and Commerce and a management degree from NMIMS. Before joining Avenue Supermarts, he spent eight years at Hindustan Unilever as a sales executive, working in market research and modern trade. He will step down from his current role on 31st Jan'26, with Anshul Asawa set to take over, ensuring a seamless transition.
Anshul Asawa	Chief Executive Officer Designate	Degree in Mechanical Engineering from IIT Roorkee and postgraduate diploma in business management from IIM Lucknow. He spent over three decades at Unilever, where he held leadership roles in sales, marketing and distribution. He is currently the Country Head of Unilever in Thailand and General Manager of the Home Care business unit in Greater Asia. He will succeed Mr Ignatius Navil Noronha as MD & CEO effective 1st Feb, 2026.
Ramakant Baheti	Whole-time Director and Group Chief Financial Officer	Distinguished member of the Institute of Chartered Accountants of India (ICAI), he brings more than two decades of professional experience. His expertise spans strategic planning, financial analysis and team management, along with proficiency in SAP, forecasting, budgeting, and recruiting.
Elvin Machado	Whole-time Director	Graduation degree in Economics from St. Xavier's College, Mumbai. Prior to joining the company, he spent 18 years at Hindustan Unilever and had also worked with Mayo Health Care Pvt. Ltd. He has been a Director in the company since Jun'15.
Manjri Chandak	Non-Executive Director	B.Com., University of Mumbai; post graduation in Finance and Investment from the University of Nottingham, UK. She began her career as a Research Associate at ASK Investment Managers. She has been a Director in the company since 2011.

Key management

Name	Position	Background
Narayanan Bhaskaran	Whole-time Director & Chief Operating Officer — Retail	B.Com, University of Madras, post graduation in Human Resource Management from XLRI Jamshedpur and an Advanced Program in Supply Chain Management from IIM Calcutta. He is also an associate member of the ICSI. He has over 30 years of experience in corporate secretarial functions, operations, supply chain management and human resource management. Prior to joining the company, he worked with TCL India Holdings and Birla Sun Life Distribution Company. He joined Dmart in May'08 as Vice President — HR and is currently managing retail operations. He was appointed as additional Whole-time Director of the company from Oct'24 for a period of two years.
Niladri Deb	Chief Financial Officer	Chartered Accountant (ICAI) and Cost Accountant (AICWA) with a management degree from IIM Ahmedabad. Before joining the company as CFO in 2018, he spent 11 years at Kraft Heinz India holding leadership positions like CFO (2013-2015) and Managing Director (2015-2018). He also worked with ITC and Usha International.
Ashu Gupta	Company Secretary & Compliance Officer	Graduation in Business Administration from Guru Nanak Dev University, Amritsar, and an associate member of the ICSI. She joined Avenue Supermarts in July'07 as Company Secretary. Previously, she worked with NAM Securities as a Company Secretary.

Senior leadership team

Name	Position	Background
Trivikrama Rao Dasu	CEO - Avenue E-commerce	Master's in Communication from Penn State University and an MBA from Ohio State University. He has over two decades of experience in product management and e-commerce industry. Prior to joining the company in Dec'14, he spent 5 years with HomeShop18 as general manager and VP for the e-commerce division. He had also worked at MSN Mobile and America Online (AOL Time Warner).
Hitesh Shah	Head-Pharma Business	B.Com., Gujarat University. He has over three decades of experience in sales, marketing, and retail store management. Prior to joining the company, he was associated with Hindustan Unilever for 13 years. He also worked at Shyam Communication, Bharti Telecom, SYP Agro Foods, and Vadilal Enterprises. He joined Dmart in Mar'07 and since then has played a key role in strengthening operations and expanding grocery and FMCG categories. He served as Vice President — FMCG category for the company till Jan'25.
Parvez Vandrewala	Chief Operating Officer	Executive Education Program from IIM, Bangalore. He has over 36 years of experience across industries. Prior to joining the company, he was associated with Hindustan Unilever, Hindustan Times, Midday Multimedia and Piramal Health Care. He joined the company in 2021 as Vice President — Operations and has helped develop and strengthen operations across regions. He was appointed as the Chief Operating Officer effective Oct'24.
Amit Jain	Chief Operating Officer	B.E. in Electronics and Communication Engineering, Ajmer, and PGDBM in Marketing from Nirma Institute of Management, Ahmedabad. He has over 20 years of experience in sales, distribution, customer marketing and digitization. Prior to joining the company, he worked as Head of Sales (India) at Godrej Consumer Product, and has held positions at Dabur India, Perfetti Van Melle and TVS Motor. He joined the company in Oct'24.
Rajeev Chandrasekharan	Head-Centre of Excellence	B.Sc., Mumbai University. With 23 years experience across multiple industries, he was the Unit Manager at Procter & Gamble for 8 years, and has held positions at Gillette, VIP Luggage, and Toyota (Oman). He joined the company in May'15 as General Manager - Distribution Centre, leading the development of core and non-core supply chain and grocery distribution centre operations across the country. He was appointed as Head — Centre of Excellence effective Jan'25.

Related party transactions

Related party transactions (Rs m)	FY19	FY20	FY21	FY22	FY23	FY24
With KMP						
Remuneration to Directors/KMP	81	113	158	93	111	113
Sitting fees to Directors	2	3	3	3	3	6
Commission to Independent Directors	5	7	7	9	9	11
7 Apple Hotels Pvt Ltd						
Rent and amenities service income	10	11	11	14	17	17
Employee welfare expenses	1	1	1	0	4	2
Reimbursement of expenses	3	3	2	1	1	2
Capital Advance for Property, Plant and Equipment	-	-	-	150	103	-
Damani Estates and Finance Pvt. Ltd.						
Purchase of Property, Plant and Equipment	-	-	-	1,466	-	164
Reimbursement of expenses	-	-	62	0	-	28
Derive Trading and Resorts Pvt. Ltd.						
Employee welfare expenses	2	1	0	0	7	1
Avenue Supermarts' Employees Group Gratuity Trust						
Contribution to trust	64	120	81	50	73	154
D Mart Foundation						
Contribution to trust	-	0	65	112	79	465
Palya Footwear Pvt. Ltd.						
Purchase of goods	-	-	-	-	119	310

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