

Weak start to FY24, challenges persists!

- Dmart' Q1FY24 was tepid across parameters viz. revenues, mix and thus margins. Revenue/GP/EBITDA/APAT grew by 18.8/8.8/2.8/2.3% YoY. Store additions was modest at 3 in line with past trend.
- Dmart has seen healthy recovery in Food and FMCG segment (~73-75% of revenues) but has lower margin. Its high margin GM&A continues struggle, especially Apparel with increase in competition from vertical players.
- Maintain estimates and Sell with TP of Rs 3,225 @ 60x FY25E EPS (earlier Rs 3,200). Dmart stock price has seen a healthy time and price correction. In backdrop of weak recovery, we expect it to continue in near-term.

Q1FY24 highlights – 3rd consecutive weak quarter

Revenue/GP/EBITDA/PAT grew by 18.8/8.8/2.8/2.3% YoY. Revenue/sqft was muted at +3.5% YoY and -9.1% vs. Q1FY20. Adverse mix impacted gross margin which was lowest ever in Q3 at 14.6% (-125/-115 bps YoY/QoQ). Higher other opex (+20/7.5% YoY/QoQ) impacted EBITDA margins viz. 8.9% (-133 bps YoY).

Business moat getting challenged from growth/margin perspective?

Dmart benefitted from pent-up demand, closure of big-bazaar stores (have come back) and high inflation in H2FY22-H1FY23. Competition is gradually catching up on Dmart's key USP of pricing, SKUs availability and quality in core food and FMCG business. Yet, Dmart has shown healthy growth in the segment but scope for margin improvement is limited here, if any. Further, larger size store though positive from longevity of business, impacts throughput in near-term. In high-margin GM&A, Dmart continues to struggle due to weak consumer sentiments and strong vertical specific players in each of the sub-categories especially Apparel. Mgmt. comments of GM coming back to pre-covid levels is +ve.

We foresee increased challenges for Dmart in short-term wrt SSSG, store additions and mix improvement in backdrop of weak consumer sentiments, rising competition and rich multiples/high expectations. Opportunity size, long-term growth and business fundamentals of Dmart remains strong.

Q1FY24 Result (Rs Mn)

Particulars	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)
Revenue	115,844	98,069	18.1	103,371	12.1
Total Expense	105,480	87,990	19.9	95,549	10.4
EBITDA	10,365	10,079	2.8	7,822	32.5
Depreciation	1,406	1,233	14.0	1,417	(0.8)
EBIT	8,959	8,846	1.3	6,405	39.9
Other Income	468	369	26.8	419	11.6
Interest	110	117	(5.7)	126	(12.8)
EBT	9,317	9,098	2.4	6,698	39.1
Tax	2,363	2,302	2.7	1,646	43.6
RPAT	6,954	6,796	2.3	5,052	37.6
APAT	6,954	6,796	2.3	5,052	37.6
			(bps)		(bps)
Gross Margin (%)	14.6	15.8	(125)	13.4	115
EBITDA Margin (%)	8.9	10.3	(133)	7.6	138
NPM (%)	6.0	6.9	(93)	4.9	112
Tax Rate (%)	25.4	25.3	7	24.6	79
EBIT Margin (%)	7.7	9.0	(129)	6.2	154

CMP	Rs 3,839
Target / Downside	Rs 3,225 / 16%
NIFTY	19,565

Scrip Details

Equity / FV	Rs 6,483mn / Rs 10
Market Cap	Rs 2,487bn
	USD 30.3mn
52-week High/Low	Rs 4,609/ 3,292
Avg. Volume (no)	304,542
Bloom Code	DMART IN

Price Performance	1M	3M	12M
Absolute (%)	6	10	(2)
Rel to NIFTY (%)		7	(18)

Shareholding Pattern

	Dec'22	Mar'23	Jun'23
Promoters	75.0	74.9	74.9
MF/Banks/FIs	7.1	7.5	7.5
FIs	8.6	8.2	8.2
Public / Others	9.2	9.4	9.4

Valuation (x)

	FY23E	FY24E	FY25E
P/E	102.9	88.2	71.4
EV/EBITDA	67.7	58.3	47.2
ROE (%)	15.9	16.4	18.7
RoACE (%)	14.8	15.3	17.5

Estimates (Rs bn)

	FY23E	FY24E	FY25E
Revenue	418.3	495.5	587.2
EBITDA	36.6	42.4	52.3
PAT	24.2	28.2	34.8
EPS (Rs.)	37.3	43.5	53.8

VP - Research: Himanshu Shah

Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

Associate: Yash Visharia

Tel: +9122 40969714

E-mail: yashv@dolatcapital.com

Associate: Urvi Shah

Tel: +9122 40969750

E-mail: urvis@dolatcapital.com

4-year performance

In FY23, 2-year and older stores (234 stores) revenue grew by 24.2% YoY (11% in H2FY23 which is healthy). A significant portion of these shall be driven by inflation.

In FY23, 4-year revenue CAGR stood at 20.4%, EBITDA/APAT at 22.2%. EBITDA/APAT outperformance is driven by healthy opex management below GP. The 4-year revenue CAGR of food stood at 23.3%, Non-Food/FMCG at 21.1% and GM&A at a meager 14.4%.

Inflationary pressure seems to be impacting Dmart's key customer segment. These is despite, it offering most competitive value for money products. Additionally, increasing proportion of new large size stores in tier II/III cities seems to be taking longer for stabilization impacting revenue vs. area CAGR.

Exhibit 1: Revenue Mix (%)

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Food	53.3	51.6	51.3	52.4	57.4	56.9	56.0
Non-Food/FMCG	19.9	20.0	20.5	20.3	19.7	19.7	20.9
GM&A	26.8	28.4	28.3	27.3	22.9	23.4	23.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: DART, Company

Exhibit 2: Revenues (Rs Mn)

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY19-23 CAGR %
Food	63,350	77,371	102,071	129,297	136,562	172,584	234,392	23.1%
Non-Food	23,584	30,063	40,749	50,066	46,837	59,916	87,557	21.1%
GM&A	31,877	42,655	56,343	67,387	54,473	71,025	96,384	14.4%
Total	118,811	150,089	199,163	246,750	237,872	303,525	418,333	20.4%

Source: DART, Company

Dmart Ready foot-print expanded to 22 cities

Dmart expanded its e-Commerce operations to 22 cities with addition of 10 new cities in FY23 while continuing to deepen presence in the existing cities.

Pharmacy Shop-in-shop

Dmart started pharmacy operations through shop-in-shop at one of their stores through its subsidiary (Reflect Healthcare and Retail Private Limited). This is yet another pilot that will complement brick and mortar business using existing store infrastructure. Pharmacy is a high-margin retail business in our view. However, a significant portion of the pharmacy business is need-based / emergency basis closure to the clinics/hospital. It may also require a dedicated chemists. Thus, achieving meaning through-put could be a challenge.

Exhibit 3: Actual vs. Estimates – Q1FY24

Particulars (Rs mn)	Actual	Estimate	Variance (%/bps)	Remarks
Revenue	115,844	115,844	-	Adverse product mix impacts gross margin. Higher other expenses lead to lower EBITDA margin.
Gross Profit	16,873	17,452	(3.3)	
GP Margin (%)	14.6	15.1	(50)	
EBITDA	10,365	11,252	(7.9)	
EBITDA Margin (%)	8.9	9.7	(77)	
APAT	6,954	7,569	(8.1)	
APAT Margin (%)	6.0	6.5	(53)	
AEPS (Rs)	10.7	11.7	(8.1)	

Source: Company, DART

Exhibit 4: Change in Estimates

Particulars (Rs mn)	FY24E			FY25E			Remarks
	New	Old	Chg %	New	Old	Chg %	
Revenue	495,474	493,813	0.3	587,176	584,623	0.4	We marginally tweak estimates to factor Q1FY24 performance
Gross Profit	70,331	71,057	(1.0)	85,572	85,728	(0.2)	
EBITDA	42,388	43,609	(2.8)	52,350	52,763	(0.8)	
APAT	28,208	28,650	(1.5)	34,847	34,585	0.8	
AEPS (Rs)	43.5	44.2	(1.5)	53.8	53.4	0.7	
Margin (%)							
GP Margin (%)	14.2	14.4	(21)	14.6	14.7	(13)	
EBITDA (%)	8.6	8.8	(24)	8.9	9.0	(8)	
APAT Margin (%)	5.7	5.8	(11)	5.9	5.9	3	
Operating KPIs							
Stores (No)	360	368	(2.2)	408	416	(1.9)	
S. Area (Mn Sq ft)	14.8	15.4	(3.8)	16.7	17.5	(4.3)	
Avg Per Sq Ft -Rs							
Revenue	35,115	34,316	2.3	37,210	35,518	4.8	
Gross Profit	4,984	4,938	0.9	5,423	5,208	4.1	
EBITDA	3,004	3,030	(0.9)	3,317	3,206	3.5	
Net Profit	1,999	1,991	0.4	2,208	2,101	5.1	

Source: Company, DART

Exhibit 5: Operating Performance

Particulars (Rs Mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Chg YoY (%)	Chg QoQ (%)	4-yr CAGR (%)
Revenue (Rs mn)	98,069	103,847	113,046	103,371	115,844	18.1	12.1	19.0
No of Stores	294	302	306	324	327	11.2	0.9	15.5
Net new stores	10	8	4	18	3			
Avg stores	289	298	304	315	326	12.6	3.3	16.0
Retail Area (Mn Sq ft)	12.1	12.4	12.6	13.4	13.5	11.6	0.7	21.0
Avg business area	11.8	12.3	12.5	13.0	13.5	14.0	3.7	21.9
Size/store (Sq ft)	41,156	41,060	41,013	41,358	41,284	0.3	-0.2	4.8
Revenue/Sq Ft (Rs)	8,311	8,477	9,062	7,967	8,613	3.6	8.1	-2.4

Source: Company, DART

Exhibit 6: Standalone Quarterly P&L

Particulars (Rs Mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Chg YoY (%)	Chg QoQ (%)	4-yr CAGR (%)
Revenue	98,069	103,847	113,046	103,371	115,844	18.1	12.1	19.0
COGS	82,559	88,798	96,893	89,502	98,972	19.9	10.6	19.5
Gross Profit	15,510	15,049	16,153	13,870	16,873	8.8	21.7	16.0
Employee costs	1,568	1,630	1,675	1,609	1,775	13.3	10.3	17.2
Other expenses	3,863	4,470	4,733	4,439	4,733	22.5	6.6	18.4
Total Expenses	5,431	6,100	6,408	6,048	6,508	19.8	7.6	18.0
EBITDA	10,079	8,949	9,745	7,822	10,365	2.8	32.5	14.8
D&A	1,233	1,365	1,418	1,417	1,406	14.0	-0.8	17.0
EBIT	8,846	7,584	8,327	6,405	8,959	1.3	39.9	14.5
Finance costs	117	118	120	126	110	-5.7	-12.8	-10.0
Other income	369	438	405	419	468	26.8	11.6	40.7
PBT	9,098	7,904	8,612	6,698	9,317	2.4	39.1	15.9
Tax expense	2,302	2,006	2,201	1,646	2,363	2.7	43.6	6.9
EO (inc.)/exp.	-	-1,408	-	-	-			
RPAT	6,796	7,305	6,411	5,052	6,954	2.3	37.6	20.0
APAT	6,796	5,897	6,411	5,052	6,954	2.3	37.6	20.0
EPS (Rs)	10.5	9.1	9.9	7.8	10.7	2.3	37.6	18.9

Source: Company, DART

Exhibit 7: Margin Analysis

(% of revenue)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Chg YoY (bps)	Chg QoQ (bps)	vs. Q1FY20 (bps)
COGS	84.2	85.5	85.7	86.6	85.4	125	-115	154
Gross Profit	15.8	14.5	14.3	13.4	14.6	-125	115	-154
Employee costs	1.6	1.6	1.5	1.6	1.5	-7	-2	-10
Other expenses	3.9	4.3	4.2	4.3	4.1	15	-21	-8
Total Expenses	5.5	5.9	5.7	5.9	5.6	8	-23	-18
EBITDA	10.3	8.6	8.6	7.6	8.9	-133	138	-136
EBIT	9.0	7.3	7.4	6.2	7.7	-129	154	-128
PBT	9.3	7.6	7.6	6.5	8.0	-123	156	-89
APAT	6.9	5.7	5.7	4.9	6.0	-93	112	20
Tax as % of PBT	25.3	25.4	25.6	24.6	25.4	7	79	-967

Source: Company, DART

Exhibit 8: Standalone Operating and Financial Parameters

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
No of stores	89	110	131	155	176	214	234	284	324
- Net Additions	14	21	21	24	21	38	20	50	40
Retail Area (Mn Sq ft)	2.7	3.3	4.1	4.9	5.9	7.8	8.8	11.5	13.4
- Inc Area (Mn Sq ft)	0.6	0.6	0.8	0.8	1.0	1.9	1.0	2.7	1.9
Area/Store (Sq ft)	30,337	30,000	31,298	31,613	33,523	36,449	37,692	40,493	41,235
- Inc Area/Store (Mn Sq ft)	42,857	28,571	38,095	33,333	47,619	50,000	51,000	53,600	47,500
Total bills (Mn)	67.0	85.0	108.5	134.4	171.8	201.0	152.0	181.0	258.0
- Inc Bills (Mn)	13.6	18.0	23.5	25.9	37.4	29.2	(49.0)	29.0	77.0
Basket Size (Rs)	958	1,009	1,095	1,117	1,159	1,228	1,565	1,677	1,621
LTL growth (2 years old stores) (%)	22.4	21.5	21.2	14.2	17.8	10.9	(13.1)	16.7	24.2
Revenue/Sq ft (Rs)	26,388	28,136	31,120	32,719	35,647	32,879	27,306	27,454	31,096
No of days									
- Inventory	29.7	29.7	28.8	30.0	29.3	30.4	36.5	33.3	28.8
- Payables	8.8	8.4	8.4	8.4	8.3	7.9	9.1	7.7	6.3
Total Debt	8,870	11,770	14,810	4,390	6,950	2,800	2,960	4,160	4,390
Equity	11,940	15,120	38,370	46,430	55,940	1,11,360	1,23,050	139,240	1,65,030
Debt/Equity	0.74	0.78	0.39	0.09	0.12	0.03	0.02	0.03	0.03
Fixed Asset T/O ratio	4.0	4.0	4.4	4.4	4.3	4.1	3.1	3.1	3.7
Inventory T/O ratio	14.4	14.4	14.9	14.4	14.6	14.2	11.7	12.8	14.8
ROE (%)	19.7	23.5	27.7	13.4	18.3	16.1	9.9	12.3	16.8
ROCE (%)	21.0	23.8	27.6	17.6	25.9	20.4	11.5	15.6	20.1
CF from Operations (Rs Mn)	2,970	4,240	6,200	9,340	11,530	16,740	15,400	20,500	31,130

Source: Company, DART

Exhibit 9: Key Assumptions

(Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY25E
Store count (Nos)	131	155	176	214	234	284	324	360	408	460
New Stores (Nos)	21	24	21	38	20	50	40	36	48	52
Store Area (Mn Sq ft)	4.1	4.9	5.9	7.8	8.8	11.5	13.4	14.8	16.7	18.8
Area/Store (Sq Ft)	31,298	31,613	33,523	36,449	37,692	40,493	41,235	41,167	41,029	40,913
Inc Area/Store (Sq Ft)	38,095	33,333	47,619	50,000	51,000	53,600	46,500	39,444	40,000	40,000
Financial Parameters										
Revenue	1,18,811	1,50,089	1,99,163	2,46,750	2,37,872	303,525	4,18,333	495,474	587,176	694,675
Gross Profit	17,851	23,600	29,363	36,591	34,309	42,998	60,580	70,331	85,572	102,284
EBITDA	9,636	13,373	16,422	21,221	17,417	25,015	36,594	42,388	52,350	63,140
APAT	4,826	7,847	9,363	13,499	11,653	16,162	24,156	28,208	34,847	41,981
YE No of shares (Mn)	563	624	624	648	648	648	648	648	648	648
EPS (Rs)	8.6	12.6	15.0	20.8	18.0	24.9	37.3	43.5	53.8	64.8
Margin %										
Gross Profit	15.0	15.7	14.7	14.8	14.4	14.2	14.5	14.2	14.6	14.7
EBITDA	8.1	8.9	8.2	8.6	7.3	8.2	8.7	8.6	8.9	9.1
APAT	4.1	5.2	4.7	5.5	4.9	5.3	5.8	5.7	5.9	6.0
Avg Per Sq Ft (Rs)										
Revenue	32,111	33,353	36,882	36,022	28,625	29,875	33,655	35,115	37,210	39,071
Gross Profit	4,825	5,244	5,438	5,342	4,129	4,232	4,874	4,984	5,423	5,753
EBITDA	2,604	2,972	3,041	3,098	2,096	2,462	2,944	3,004	3,317	3,551
APAT	1,304	1,744	1,734	1,971	1,402	1,591	1,943	1,999	2,208	2,361
Avg/Store (Rs Mn)										
Revenue	986	1,050	1,203	1,265	1,062	1,172	1,376	1,449	1,529	1,601
Gross Profit	148	165	177	188	153	166	199	206	223	236
EBITDA	80	94	99	109	78	97	120	124	136	145
APAT	40	55	57	69	52	62	79	82	91	97
Growth %										
Store count (Nos)	19.1	18.3	13.5	21.6	9.3	21.4	14.1	11.1	13.3	12.7
Area (Mn Sq ft)	24.2	19.5	20.4	32.2	13.1	30.4	16.2	10.6	13.0	12.4
Revenue	38.6	26.3	32.7	23.9	(3.6)	27.6	37.8	18.4	18.5	18.3
Gross Profit	32.8	32.2	24.4	24.6	(6.2)	25.3	40.9	16.1	21.7	19.5
EBITDA	27.5	38.8	22.8	29.2	(17.9)	43.6	46.3	15.8	23.5	20.6
APAT	25.0	62.6	19.3	44.2	(13.7)	38.7	49.5	16.8	23.5	20.5
EPS (Rs)	24.8	46.7	19.3	38.8	(13.7)	38.7	49.5	16.8	23.5	20.5
Avg Per Sq Ft										
Revenue	12.3	3.9	10.6	(2.3)	(20.5)	4.4	12.7	4.5	6.0	5.0
Gross Profit	7.7	8.7	3.7	(1.8)	(22.7)	2.5	15.2	2.4	8.8	6.1
EBITDA	3.4	14.1	2.3	1.9	(32.3)	17.5	19.6	2.2	10.4	7.0
APAT	1.4	33.7	(0.6)	13.6	(28.8)	13.4	22.2	3.0	10.5	6.9
Avg/Store										
Revenue	14.4	6.4	14.7	5.2	(16.1)	10.4	17.4	5.3	5.5	4.7
Gross Profit	9.7	11.4	7.5	5.8	(18.4)	8.4	20.0	3.2	8.4	5.8
EBITDA	5.3	16.9	6.1	9.7	(28.6)	24.2	24.6	3.0	10.0	6.7
APAT	3.3	37.0	3.1	22.4	(24.8)	19.9	27.3	3.8	10.0	6.6

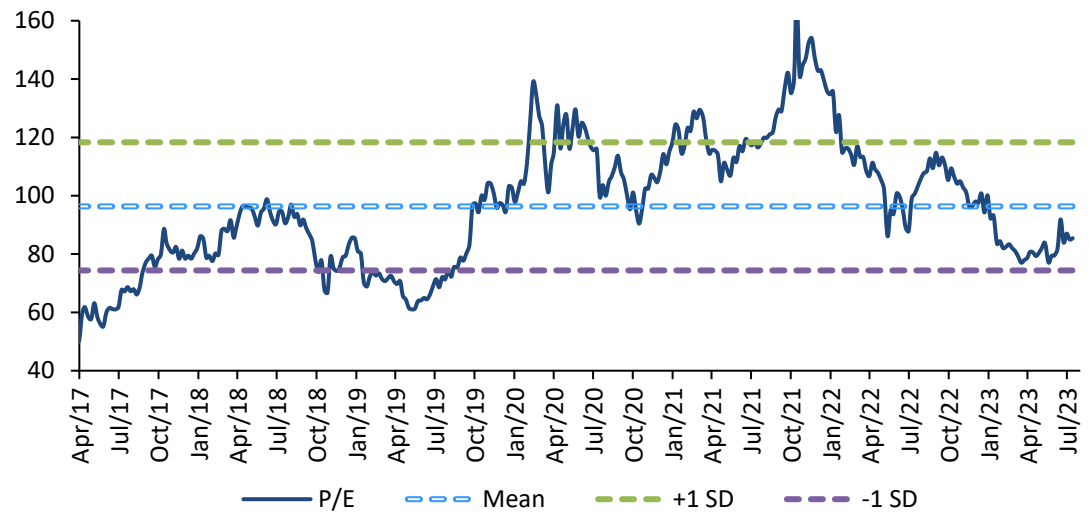
Source: Company, DART

Exhibit 10: Dmart's state-wise store footprint

State	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
No. of Stores											
Maharashtra	40	46	50	58	60	62	70	76	74	88	99
Gujarat	14	17	22	26	29	30	34	37	42	48	55
Telangana	5	7	10	14	14	19	21	24	27	31	36
Karnataka	3	5	5	6	11	12	16	20	21	29	29
Andhra Pradesh	-	-	-	2	6	10	11	17	21	23	29
Madhya Pradesh	-	-	2	4	5	6	6	11	14	17	19
Tamil Nadu	-	-	-	-	1	3	4	10	12	15	19
Rajasthan	-	-	-	-	3	5	5	7	8	10	12
Punjab	-	-	-	-	-	3	4	5	7	9	11
NCR	-	-	-	-	1	1	1	1	2	7	8
Chhattisgarh	-	-	-	-	-	3	3	5	5	6	6
Daman	-	-	-	-	1	1	1	1	1	1	1
Total	62	75	89	110	131	155	176	214	234	284	324
Store Additions											
Maharashtra	6	6	4	8	2	2	8	6	(2)	14	11
Gujarat	-	3	5	4	3	1	4	3	5	6	7
Telangana	1	2	3	4	-	5	2	3	3	4	5
Karnataka	-	2	-	1	5	1	4	4	1	8	-
Andhra Pradesh	-	-	-	2	4	4	1	6	4	2	6
Madhya Pradesh	-	-	2	2	1	1	-	5	3	3	2
Tamil Nadu	-	-	-	-	1	2	1	6	2	3	4
Rajasthan	-	-	-	-	3	2	-	2	1	2	2
Punjab	-	-	-	-	-	3	1	1	2	2	2
NCR	-	-	-	-	1	-	-	-	1	5	1
Chhattisgarh	-	-	-	-	-	3	-	2	-	1	-
Daman	-	-	-	-	1	-	-	-	-	-	-
Total	7	13	14	21	21	24	21	38	20	50	40
State Mix (%)											
Maharashtra	64.5	61.3	56.2	52.7	45.8	40.0	39.8	35.5	31.6	31.0	30.6
Gujarat	22.6	22.7	24.7	23.6	22.1	19.4	19.3	17.3	17.9	16.9	17.0
Telangana	8.1	9.3	11.2	12.7	10.7	12.3	11.9	11.2	11.5	10.9	11.1
Karnataka	4.8	6.7	5.6	5.5	8.4	7.7	9.1	9.3	9.0	10.2	9.0
Andhra Pradesh	-	-	-	1.8	4.6	6.5	6.3	7.9	9.0	8.1	9.0
Madhya Pradesh	-	-	2.2	3.6	3.8	3.9	3.4	5.1	6.0	6.0	5.9
Tamil Nadu	-	-	-	-	0.8	1.9	2.3	4.7	5.1	5.3	5.9
Rajasthan	-	-	-	-	2.3	3.2	2.8	3.3	3.4	3.5	3.7
Punjab	-	-	-	-	-	1.9	2.3	2.3	3.0	3.2	3.4
NCR	-	-	-	-	0.8	0.6	0.6	0.5	0.9	2.5	2.5
Chhattisgarh	-	-	-	-	-	1.9	1.7	2.3	2.1	2.1	1.9
Daman	-	-	-	-	0.8	0.6	0.6	0.5	0.4	0.4	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

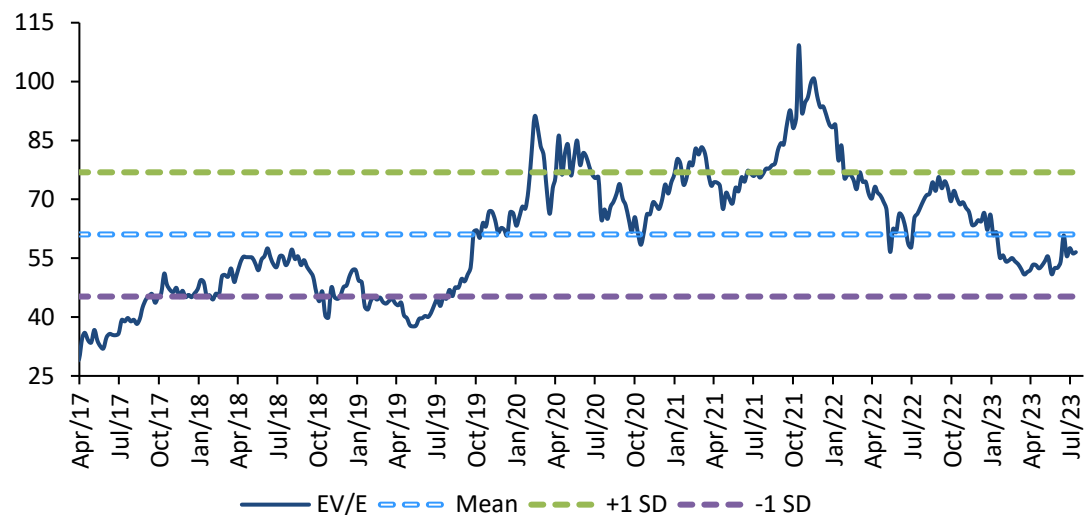
Source: Company, DART

Exhibit 11: 1-year forward P/E multiple



Source: Company, DART

Exhibit 12: 1-year forward EV/EBITDA multiple



Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY22A	FY23E	FY24E	FY25E
Revenue	303,525	418,333	495,474	587,176
Total Expense	278,510	381,739	453,085	534,826
COGS	260,527	357,752	425,143	501,604
Employees Cost	5,482	6,482	7,622	9,153
Other expenses	12,501	17,505	20,320	24,069
EBIDTA	25,015	36,594	42,388	52,350
Depreciation	4,211	5,433	6,035	7,247
EBIT	20,805	31,161	36,353	45,103
Interest	396	481	470	550
Other Income	1,409	1,631	1,963	2,221
Exc. / E.O. items	0	0	0	0
EBT	21,817	32,312	37,846	46,774
Tax	5,656	8,155	9,638	11,927
RPAT	16,162	24,156	28,208	34,847
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	16,162	24,156	28,208	34,847

Balance Sheet

(Rs Mn)	FY22A	FY23E	FY24E	FY25E
Sources of Funds				
Equity Capital	6,478	6,483	6,483	6,483
Minority Interest	0	0	0	0
Reserves & Surplus	132,763	158,543	172,678	186,416
Net Worth	139,241	165,025	179,161	192,899
Total Debt	4,163	4,399	4,839	5,322
Net Deferred Tax Liability	648	785	824	865
Total Capital Employed	144,053	170,210	184,824	199,087

Applications of Funds

Net Block	75,766	94,644	100,170	107,486
CWIP	10,731	8,289	8,496	8,709
Investments	21,445	25,121	27,019	29,076
Current Assets, Loans & Advances	46,097	54,382	61,653	68,405
Inventories	25,869	30,556	35,986	42,406
Receivables	2,309	2,466	1,222	1,448
Cash and Bank Balances	15,429	14,736	20,091	18,978
Loans and Advances	0	0	0	0
Other Current Assets	2,491	6,624	4,354	5,573
Less: Current Liabilities & Provisions	9,987	12,226	12,514	14,589
Payables	5,312	7,013	8,102	9,361
Other Current Liabilities	4,674	5,213	4,412	5,228
<i>sub total</i>				
Net Current Assets	36,111	42,156	49,139	53,816
Total Assets	144,053	170,210	184,824	199,087

E – Estimates

Important Ratios

Particulars	FY22A	FY23E	FY24E	FY25E
(A) Margins (%)				
Gross Profit Margin	14.2	14.5	14.2	14.6
EBIDTA Margin	8.2	8.7	8.6	8.9
EBIT Margin	6.9	7.4	7.3	7.7
Tax rate	25.9	25.2	25.5	25.5
Net Profit Margin	5.3	5.8	5.7	5.9
(B) As Percentage of Net Sales (%)				
COGS	85.8	85.5	85.8	85.4
Employee	1.8	1.5	1.5	1.6
Other	4.1	4.2	4.1	4.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	52.5	64.8	77.3	82.0
Inventory days	31	27	27	26
Debtors days	3	2	1	1
Average Cost of Debt	11.1	11.2	10.2	10.8
Payable days	6	6	6	6
Working Capital days	43	37	36	33
FA T/O	4.0	4.4	4.9	5.5
(D) Measures of Investment				
AEPS (Rs)	24.9	37.3	43.5	53.8
CEPS (Rs)	31.4	45.7	52.9	65.0
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.1	0.1	0.1
BVPS (Rs)	215.0	254.8	276.6	297.8
RoANW (%)	12.3	15.9	16.4	18.7
RoACE (%)	11.4	14.8	15.3	17.5
RoAIC (%)	13.4	16.4	16.9	19.5
(E) Valuation Ratios				
CMP (Rs)	3839	3839	3839	3839
P/E	153.9	102.9	88.2	71.4
Mcap (Rs Mn)	2,486,645	2,486,645	2,486,645	2,486,645
MCap/ Sales	8.2	5.9	5.0	4.2
EV	2,475,380	2,476,309	2,471,393	2,472,989
EV/Sales	8.2	5.9	5.0	4.2
EV/EBITDA	99.0	67.7	58.3	47.2
P/BV	17.9	15.1	13.9	12.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	27.6	37.8	18.4	18.5
EBITDA	43.6	46.3	15.8	23.5
EBIT	51.8	49.8	16.7	24.1
PBT	41.2	48.1	17.1	23.6
APAT	38.7	49.5	16.8	23.5
EPS	38.7	49.5	16.8	23.5

E – Estimates

Cash Flow

Particulars	FY22A	FY23E	FY24E	FY25E
Profit before tax	21,817	32,312	37,846	46,774
Depreciation & w.o.	4,211	5,433	6,035	7,247
Net Interest Exp	396	481	470	550
Direct taxes paid	(5,656)	(8,155)	(9,638)	(11,927)
Change in Working Capital	(5,325)	(6,738)	(1,628)	(5,790)
Non Cash	0	0	0	0
(A) CF from Operating Activities	15,443	23,331	33,085	36,854
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(22,966)	(21,697)	(11,813)	(14,822)
Free Cash Flow	(7,523)	1,635	21,272	22,032
(Inc.) / Dec. in Investments	(1,300)	(2,424)	(387)	(407)
Other	(783)	(1,052)	(988)	(1,079)
(B) CF from Investing Activities	(25,050)	(25,173)	(13,187)	(16,307)
Issue of Equity/ Preference	170	11,791	0	0
Inc./(Dec.) in Debt	0	1	0	0
Interest exp net	(396)	(481)	(470)	(550)
Dividend Paid (Incl. Tax)	(144)	(10,163)	(14,072)	(21,109)
Other	0	0	0	0
(C) CF from Financing	(370)	1,148	(14,542)	(21,659)
Net Change in Cash	(9,976)	(693)	5,355	(1,112)
Opening Cash balances	25,405	15,429	14,736	20,091
Closing Cash balances	15,429	14,736	20,091	18,978

E – Estimates

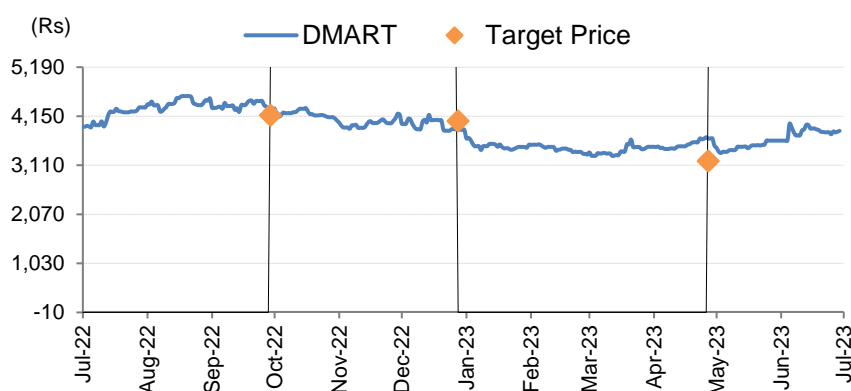
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-22	REDUCE	4,170	4,306
Jan-23	REDUCE	4,050	3,912
May-23	SELL	3,200	3,678

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
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Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
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CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

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Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com