

In-line and healthy, priced-in; time-correction likely!

- Dmart' Q4FY24 Revenue/GP was in-line. EBITDA was marginally below estimates led by higher opex and was a negative. Standalone Revenue/GP/EBITDA/APAT grew by 19.9/22.5/20.2/19.6% YoY, better than earlier quarters. FY24 Revenue/ GP/EBITDA/APAT grew by 18.4/15.3/12/5% YoY.
- The business model of Dmart remains strong. We expect (H1FY25) favorable base to support growth in the near term. Further, likely entry in a new state of UP in FY26 may accelerate store additions and could be an add-on trigger. But managing the trinity of healthy store additions (10-13% CAGR), SSSG (6-9%) and margins (driven by mix) on higher base is a challenge. Dmart faces risk of increasing competition in the medium term. Also, increase in costs structure to accentuate pain.
- We broadly maintain our FY25-26E estimates. Reiterate 'REDUCE' rating with TP of Rs 4,200 viz. Rs 4,035 @ 65x FY26E EPS and Rs 165 for Ready @ 5x FY26E EV/S (vs Rs 3,875 @ 60x FY26E EPS earlier). Increase in multiple is to factor near-term growth revival. Valuations (89/74x FY25/26E EPS) remain rich leaving limited room to err. Expect the stock to go through time and/or price correction in the near term. Wait for better entry point.

Healthy store-additions: Positive

Dmart added 40 stores in FY23 (9MFY23 22 and Q4FY23 18 stores). Store additions were moderate in 9MFY24 at 17. But driven by robust 24 new stores in Q4FY24, Dmart ended FY24 with a healthy 41 store additions.

Revenue growth acceleration and GP margin expansion: Encouraging

Dmart revenue growth had been decelerating in trailing 4-5 quarters viz. Q3FY23-Q3FY24 had been 24.7/20.1/18.1/18.5/ 17.2% YoY. Driven by favorable base and an extra day during the quarter (Feb being leap year), revenues grew by ~19.9% YoY in Q4FY23. GP grew by 22.5% YoY. Led by better mix, GP margin expanded by 30bps YoY.

Flat EBITDA margin: Disappointing

EBITDA margin was flat YoY and negative, on account of higher employee costs (+30.3% YoY) and other opex (+23.7% YoY) outpacing revenue/GP growth.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	1,23,935	1,03,371	19.9	1,32,473	(6.4)
Total Expense	1,14,532	95,549	19.9	1,21,264	(5.6)
EBITDA	9,402	7,822	20.2	11,209	(16.1)
Depreciation	1,781	1,417	25.7	1,632	9.1
EBIT	7,621	6,405	19.0	9,577	(20.4)
Other Income	522	419	24.6	444	17.5
Interest	105	126	(16.5)	111	(4.9)
EBT	8,038	6,698	20.0	9,911	(18.9)
Tax	1,996	1,646	21.3	2,542	(21.5)
RPAT	6,042	5,052	19.6	7,368	(18.0)
APAT	6,042	5,052	19.6	7,368	(18.0)
			(bps)		(bps)
Gross Margin (%)	13.7	13.4	29	14.2	(49)
EBITDA Margin (%)	7.6	7.6	2	8.5	(88)
NPM (%)	4.9	4.9	(1)	5.6	(69)
Tax Rate (%)	24.8	24.6	26	25.7	(82)
EBIT Margin (%)	6.1	6.2	(5)	7.2	(108)

CMP	Rs 4,612
Target / Downside	Rs 4,200 / 9%
NIFTY	22,476

Scrip Details

Equity / FV	Rs 6,507mn / Rs 10
Market Cap	Rs 3,001bn
	USD 36.2bn
52-week High/Low	Rs 4,890/ 3,352
Avg. Volume (no)	4,49,747
Bloom Code	DMART IN

Price Performance	1M	3M	12M
Absolute (%)	0	24	28
Rel to NIFTY (%)	0	20	(1)

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	74.7	74.7	74.7
MF/Banks/FIs	8.3	8.3	8.6
FIs	7.7	7.7	8.3
Public / Others	9.4	9.4	8.5

Valuation (x)

	FY24A	FY25E	FY26E
P/E	111.4	89.0	74.3
EV/EBITDA	73.1	58.3	48.6
ROE (%)	15.1	16.9	19.0
RoACE (%)	14.0	15.8	17.8

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	495.3	591.4	699.2
EBITDA	41.0	51.3	61.6
PAT	26.9	33.7	40.4
EPS (Rs.)	41.4	51.8	62.1

VP - Research: Himanshu Shah

Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

Associate: Urvi Shah

Tel: +9122 40969750

E-mail: urvis@dolatcapital.com

Exhibit 1: Actual vs. Estimates – Q4FY24

Particulars (Rs mn)	Actual	Estimate	Variance (%/bps)	Remarks
Revenue	123,935	124,188	(0.2)	In-line
Gross Profit	16,989	17,097	(0.6)	
GP Margin (%)	13.7	13.8	(6)	
EBITDA	9,402	9,612	(2.2)	
EBITDA Margin (%)	7.6	7.7	(15)	
APAT	6,042	6,151	(1.8)	
APAT Margin (%)	4.9	5.0	(8)	
AEPS (Rs)	9.3	9.5	(1.8)	

Source: DART, Company

Exhibit 2: Change in Estimates

Particulars (Rs mn)	FY25E			FY26E			Remarks
	New	Old	Chg %	New	Old	Chg %	
Revenue	580,067	591,416	2.0	685,311	699,243	2.0	We reduce our estimates to factor higher store adds off-set by marginally lower SSSG and higher opex
Gross Profit	84,024	84,688	0.8	100,294	101,527	1.2	
EBITDA	50,997	51,316	0.6	61,185	61,620	0.7	
APAT	33,419	33,705	0.9	40,078	40,419	0.9	
AEPS (Rs)	51.4	51.8	0.8	61.6	62.1	0.8	
Margin (%)							
GP Margin (%)	14.5	14.3	(18)	14.6	14.5	(8)	
EBITDA (%)	8.8	8.7	(12)	8.9	8.8	(9)	
APAT Margin (%)	5.8	5.7	(10)	5.8	5.8	(2)	
Operating KPIs							
Stores (No)	392	410	4.6	440	460	4.5	
S. Area (Mn Sq ft)	16.2	16.9	4.3	18.1	18.9	4.4	
Avg Per Sq Ft –Rs							
Revenue	37,759	36,964	(2.1)	40,025	39,064	(2.4)	
Gross Profit	5,469	5,293	(3.2)	5,858	5,672	(3.2)	
EBITDA	3,320	3,207	(3.4)	3,573	3,442	(3.7)	
Net Profit	2,175	2,107	(3.1)	2,341	2,258	(3.5)	

Source: DART, Company

Recovery in GM&A is a positive

In FY24, the 4-year revenue CAGR stood at 19%. Segment-wise the 4-year revenue CAGR of food stood at 21.5%, Non-Food/FMCG at 19.6% and GM&A at a meager 13.2%.

GP/EBITDA/APAT at 17.5/17.9/18.9%. APAT beat is driven by lower D&A, finance costs and higher other income.

In FY24, 2-year and older stores (284 stores) revenue grew by 10% YoY (24% in FY23 for 234 stores and 11% in H2FY23). Growth stands impacted by deflation in Edible fats and FMCG category, in our view.

In H1FY24, SSSG stood at 8.6% despite lower growth in Food and FMCG segment (largely on account of moderation in inflation). However, the recovery in growth of GM&A in H1FY24 (viz. 19.5% YoY) is a positive.

Exhibit 3: Revenue Mix – Annual trend (%)

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Remarks
Food	53.3	51.6	51.3	52.4	57.4	56.9	56.0	57.0	High margin GM&A has seen sharp deceleration post covid and is yet to recover.
Non-Food/FMCG	19.9	20.0	20.5	20.3	19.7	19.7	21.0	20.7	
GM&A	26.8	28.4	28.3	27.3	22.9	23.4	23.0	22.4	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: DART, Company

Exhibit 4: Category-wise Revenues – Annual Trend (Rs Mn)

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY17-20 CAGR %	FY20-24 CAGR %
Food	63,350	77,371	102,071	129,297	136,562	172,584	234,392	282,140	26.8	23.1
Non-Food	23,584	30,063	40,749	50,066	46,837	59,916	87,557	102,434	28.5	21.1
GM&A	31,877	42,655	56,343	67,387	54,473	71,025	96,384	110,756	28.3	14.4
Total	118,811	150,089	199,163	246,750	237,872	303,525	418,333	495,330	27.6	20.4
Change YoY %										
Food		22.1	31.9	26.7	5.6	26.4	35.8	20.4		
Non-Food		27.5	35.5	22.9	(6.4)	27.9	46.1	17.0		
GM&A		33.8	32.1	19.6	(19.2)	30.4	35.7	14.9		
Total		26.3	32.7	23.9	(3.6)	27.6	37.8	18.4		

Source: DART, Company

Exhibit 5: Revenue Mix – Half Yearly trend (%)

Particulars	H1FY23	H2FY23	H1FY24	H2FY24	Remarks
Food	54.8	57.2	56.2	57.7	H1FY24 saw sharp de-growth in high-margin GM&A category leading to inferior GP/EBITDA and PAT growth in FY24. But, H2FY24 has been flattish on lower base. GM&A has bottomed out in our view and is a positive from margin's perspective. That said, recovery is taking longer than anticipated and is a risk.
Non-Food/FMCG	20.5	21.3	20.6	20.7	
GM&A	24.8	21.4	23.2	21.6	
Total	100.0	100.0	100.0	100.0	

Source: DART, Company

Exhibit 6: Category-wise Revenues – Half-yearly trend (Rs Mn)

Particulars	H1FY23	H2FY23	H1FY24	H2FY24	H1Chg YoY (%)	H2Chg YoY (%)
Food	110,549	123,843	134,226	1,47,914	21.4	19.4
Non-Food	41,393	46,164	49,242	53,192	19.0	15.2
GM&A	49,974	46,410	55,454	55,302	11.0	19.2
Total	201,916	216,417	238,922	2,56,408	18.3	18.5

Source: DART, Company

Exhibit 7: Standalone Operating and Financial Parameters

Particulars	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
No of stores	75	89	110	131	155	176	214	234	284	324	365
- Net Additions	13	14	21	21	24	21	38	20	50	40	41
Retail Area (Mn Sq ft)	2.1	2.7	3.3	4.1	4.9	5.9	7.8	8.8	11.5	13.4	15.1
- Inc Area (Mn Sq ft)	0.3	0.6	0.6	0.8	0.8	1.0	1.9	1.0	2.7	1.9	1.7
Area/Store (Sq ft)	28,000	30,337	30,000	31,298	31,613	33,523	36,449	37,692	40,493	41,235	41,370
- Inc Area/Store (Mn Sq ft)	23,077	42,857	28,571	38,095	33,333	47,619	50,000	51,000	53,600	47,500	41,463
Total bills (Mn)	53.4	67.0	85.0	108.5	134.4	171.8	201.0	152.0	181.0	258.0	303.0
- Inc Bills (Mn)	10.3	13.6	18.0	23.5	25.9	37.4	29.2	(49.0)	29.0	77.0	45.0
Basket Size (Rs)	875	958	1,009	1,095	1,117	1,159	1,228	1,565	1,677	1,621	1,635
LTL growth (2 years old stores) (%)	26.1	22.4	21.5	21.2	14.2	17.8	10.9	(13.1)	16.7	24.2	9.9
Revenue/Sq ft (Rs)	23,419	26,388	28,136	31,120	32,719	35,647	32,879	27,306	27,454	31,096	32,941
No of days											
- Inventory	28.4	29.7	29.7	28.8	30.0	29.3	30.4	36.5	33.3	28.8	29.2
- Payables	10.2	8.8	8.4	8.4	8.4	8.3	7.9	9.1	7.7	6.3	7.1
Total Debt	6,320	8,870	11,770	14,810	4,390	6,950	2,800	2,960	4,160	4,390	4,640
Equity	9,510	11,940	15,120	38,370	46,430	55,940	111,360	123,050	139,240	165,030	192,810
Debt/Equity	0.66	0.74	0.78	0.39	0.09	0.12	0.03	0.02	0.03	0.03	0.02
Fixed Asset T/O ratio	3.8	4.0	4.0	4.4	4.4	4.3	4.1	3.1	3.1	3.7	3.6
Inventory T/O ratio	15.0	14.4	14.4	14.9	14.4	14.6	14.2	11.7	12.8	14.8	14.6
ROE (%)	18.4	19.7	23.5	27.7	13.4	18.3	16.1	9.9	12.3	16.8	15.1
ROCE (%)	20.2	21.0	23.8	27.6	17.6	25.9	20.4	11.5	15.6	20.1	19.1
CF from Operations (Rs Mn)	2,230	2,970	4,240	6,200	9,340	11,530	16,740	15,400	20,500	31,130	33,430

Source: DART, Company

Exhibit 8: Key operating parameters – Half-Yearly Trend

Particulars	H1FY23	H2FY23	H1FY24	H2FY24
No of stores	302	324	336	365
- Net Additions	18	22	19	22
Retail Area (Mn Sq ft)	12.4	13.4	13.9	15.1
- Inc Area (Mn Sq ft)	0.9	1.0	0.5	1.2
Area/Store (Sq ft)	41,060	41,358	41,369	41,370
- Inc Area/Store (Sq ft)	50,000	45,455	26,316	54,545
Total bills (Mn)	108.0	150.0	147.0	156.0
- Inc Bills (Mn)	-	-	-	-
Basket size (Rs)	1,870	1,443	1,625	1,644
LTL growth (24m) (%)	41.6	11.0	8.6	
Rev./Area sq ft (Rs)	15,964	16,150	17,188	16,981
Bills/Store/Day (Avg)	2,014	2,619	2,434	2,432

Source: DART, Company

Exhibit 9: Capex Trend – rising capex, moderating growth

Particulars		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Cumulative	Remarks
Capex	A	5,808	8,867	11,287	11,947	10,833	22,250	24,310	26,902	122,204	Reported and cash capex broadly similar.
Chg in CWIP	B	712	-58	2,295	-146	6,443	669	-2,442	1,011	8,483	
Chg in ROU	C	-	-	-	6,470	2,003	2,992	1,371	1,113	13,949	
Total	D	6,520	8,809	13,581	18,270	19,278	25,912	23,239	29,026	144,636	Capex / store and sqft is a combination of city/states where the store is opened. However, higher capex shall also drive higher throughput / revenue/stores.
No of stores added	E	21	24	21	38	20	50	40	41	255	
Mn Sqft added	F	0.8	0.8	1	1.9	1.02	2.68	1.9	1.7	12	
Capex/store (Rs Mn)	D/E	310	367	647	481	964	518	581	708	567	Increasing capex, moderate growth implies lower ROE/ROCE which is visible from the reported KPIs' table
Capex/sqft (Rs)	D/F	8,150	11,011	13,581	9,616	18,900	9,669	12,231	17,074	12,257	
Capex/store (Rs Mn)	(A+C)/E	277	369	537	485	642	505	642	683	534	
Capex/sqft (Rs Mn)	(A+C)/F	7,260	11,084	11,287	9,693	12,584	9,419	13,516	16,479	11,538	Increasing capex, moderate growth implies lower ROE/ROCE which is visible from the reported KPIs' table
Cash capex	G	6,422	8,968	13,800	16,831	19,699	22,832	21,313	26,870	136,734	

Source: DART, Company

Competition remains a key risk

Opportunity size, long-term growth and business fundamentals of Dmart remain strong. Taking a leaf from Dmart's success, competition is gradually catching up on its key USP of pricing, SKUs availability and quality in food and FMCG segments. Competition from strong vertical specific players (as witnessed in apparel) in each of the sub-categories remains a key risk.

As customers evolve, they seek more convenience over values with rising competition from online/quick commerce as well as large well-capitalized offline formats. Dmart's business proportions may start getting impacted from growth perspective; unless it innovates for higher footfalls and/or margin expansion.

Exhibit 10: Operating Performance

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%)	Chg QoQ (%)	FY23	FY24	Chg YoY (%)
Revenue (Rs mn)	103,371	1,32,473	1,23,935	19.9	-6.4	4,18,333	4,95,330	18.4
No of Stores	324	341	365	12.7	7.0	324	365	12.7
Net new stores	18	5	24	33.3	380.0	40	41	2.5
Avg stores	315	339	353	12.1	4.3	315	353	12.1
Retail Area (Mn Sq ft)	13.4	14.1	15.1	12.7	6.9	13.4	15.1	12.7
Avg business area	13.0	14.0	14.6	12.6	4.3	12.4	13.9	12.7
Size/store (Sq ft)	41,358	41,414	41,370	0.0	-0.1	41,147	41,359	0.5
Revenue/Sq Ft (Rs)	7,967	9,455	8,482	6.5	-10.3	8,454	8,883	5.1

Source: DART, Company

Exhibit 11: Standalone Quarterly P&L

Particulars (Rs Mn)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (%)	Chg QoQ (%)	FY23	FY24	Chg YoY (%)
Revenue	103,371	1,32,473	1,23,935	19.9	(6.4)	4,18,333	4,95,330	18.4
COGS	89,502	1,13,662	1,06,946	19.5	(5.9)	3,57,752	4,25,467	18.9
Gross Profit	13,870	18,811	16,989	22.5	(9.7)	60,580	69,863	15.3
Employee costs	1,609	2,030	2,096	30.3	3.3	6,482	7,857	21.2
Other expenses	4,439	5,572	5,491	23.7	(1.5)	17,505	21,012	20.0
Total Expenses	6,048	7,602	7,587	25.5	(0.2)	23,986	28,869	20.4
EBITDA	7,822	11,209	9,402	20.2	(16.1)	36,594	40,994	12.0
D&A	1,417	1,632	1,781	25.7	9.1	5,433	6,328	16.5
EBIT	6,405	9,577	7,621	19.0	(20.4)	31,161	34,666	11.2
Finance costs	126	111	105	(16.5)	(4.9)	481	443	(7.9)
Other income	419	444	522	24.6	17.5	1,631	1,891	15.9
PBT	6,698	9,911	8,038	20.0	(18.9)	32,312	36,114	11.8
Tax expense	1,646	2,542	1,996	21.3	(21.5)	8,155	9,165	12.4
EO (inc.)/exp.	-	-	-			(1,408)	-	-
RPAT	5,052	7,368	6,042	19.6	(18.0)	25,564	26,949	5.4
APAT	5,052	7,368	6,042	19.6	(18.0)	24,156	26,949	11.6
EPS (Rs)	7.8	11.4	9.3	19.6	(18.0)	37.3	41.6	11.6

Source: DART, Company

Exhibit 12: Margin Analysis

(% of revenue)	Q4FY23	Q3FY24	Q4FY24	Chg YoY (bps)	Chg QoQ (bps)	FY23	FY24	Chg YoY (bps)
COGS	86.6	85.8	86.3	(29)	49	85.5	85.9	38
Gross Profit	13.4	14.2	13.7	29	(49)	14.5	14.1	(38)
Employee costs	1.6	1.5	1.7	13	16	1.5	1.6	4
Other expenses	4.3	4.2	4.4	14	22	4.2	4.2	6
Total Expenses	5.9	5.7	6.1	27	38	5.7	5.8	9
EBITDA	7.6	8.5	7.6	2	(88)	8.7	8.3	(47)
EBIT	6.2	7.2	6.1	(5)	(108)	7.4	7.0	(45)
BT	6.5	7.5	6.5	1	(100)	7.7	7.3	(43)
APAT	4.9	5.6	4.9	(1)	(69)	5.8	5.4	(33)
Tax as % of PBT	24.6	25.7	24.8	26	(82)	25.2	25.4	14

Source: DART, Company

Exhibit 13: Key Assumptions

(Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Store count (Nos)	131	155	176	214	234	284	324	365	410	460
New Stores (Nos)	21	24	21	38	20	50	40	41	45	50
Store Area (Mn Sq ft)	4.1	4.9	5.9	7.8	8.8	11.5	13.4	15.1	16.9	18.9
Area/Store (Sq Ft)	31,298	31,613	33,523	36,449	37,692	40,493	41,358	41,370	41,220	41,087
Inc Area/Store (Sq Ft)	38,095	33,333	47,619	50,000	51,000	53,600	47,500	41,463	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	4,95,330	5,91,416	6,99,243
Gross Profit	17,851	23,600	29,363	36,591	34,309	42,998	60,580	69,863	84,688	1,01,527
EBITDA	9,636	13,373	16,422	21,221	17,417	25,015	36,594	40,994	51,316	61,620
APAT	4,826	7,847	9,363	13,499	11,653	16,162	24,156	26,949	33,705	40,419
YE No of shares (Mn)	563	624	624	648	648	648	648	651	651	651
EPS (Rs)	8.6	12.6	15.0	20.8	18.0	24.9	37.3	41.4	51.8	62.1
Margin %										
Gross Profit	15.0	15.7	14.7	14.8	14.4	14.2	14.5	14.1	14.3	14.5
EBITDA	8.1	8.9	8.2	8.6	7.3	8.2	8.7	8.3	8.7	8.8
APAT	4.1	5.2	4.7	5.5	4.9	5.3	5.8	5.4	5.7	5.8
Avg Per Sq Ft (Rs)										
Revenue	32,111	33,353	36,882	36,022	28,625	29,875	33,601	34,760	36,964	39,064
Gross Profit	4,825	5,244	5,438	5,342	4,129	4,232	4,866	4,903	5,293	5,672
EBITDA	2,604	2,972	3,041	3,098	2,096	2,462	2,939	2,877	3,207	3,442
APAT	1,304	1,744	1,734	1,971	1,402	1,591	1,940	1,891	2,107	2,258
Avg/Store (Rs Mn)										
Revenue	986	1,050	1,203	1,265	1,062	1,172	1,376	1,438	1,526	1,607
Gross Profit	148	165	177	188	153	166	199	203	219	233
EBITDA	80	94	99	109	78	97	120	119	132	142
APAT	40	55	57	69	52	62	79	78	87	93
Growth %										
Store count (Nos)	19.1	18.3	13.5	21.6	9.3	21.4	14.1	12.7	12.3	12.2
Area (Mn Sq ft)	24.2	19.5	20.4	32.2	13.1	30.4	16.5	12.7	11.9	11.8
Revenue	38.6	26.3	32.7	23.9	(3.6)	27.6	37.8	18.4	19.4	18.2
Gross Profit	32.8	32.2	24.4	24.6	(6.2)	25.3	40.9	15.3	21.2	19.9
EBITDA	27.5	38.8	22.8	29.2	(17.9)	43.6	46.3	12.0	25.2	20.1
APAT	25.0	62.6	19.3	44.2	(13.7)	38.7	49.5	11.6	25.1	19.9
EPS (Rs)	24.8	46.7	19.3	38.8	(13.7)	38.7	49.5	11.1	25.1	19.9
Avg Per Sq Ft										
Revenue	12.3	3.9	10.6	(2.3)	(20.5)	4.4	12.5	3.4	6.3	5.7
Gross Profit	7.7	8.7	3.7	(1.8)	(22.7)	2.5	15.0	0.8	8.0	7.2
EBITDA	3.4	14.1	2.3	1.9	(32.3)	17.5	19.4	(2.1)	11.5	7.3
APAT	1.4	33.7	(0.6)	13.6	(28.8)	13.4	22.0	(2.5)	11.4	7.2
Avg/Store										
Revenue	14.4	6.4	14.7	5.2	(16.1)	10.4	17.4	4.5	6.1	5.3
Gross Profit	9.7	11.4	7.5	5.8	(18.4)	8.4	20.0	1.8	7.8	6.8
EBITDA	5.3	16.9	6.1	9.7	(28.6)	24.2	24.6	(1.1)	11.3	7.0
APAT	3.3	37.0	3.1	22.4	(24.8)	19.9	27.3	(1.6)	11.2	6.8

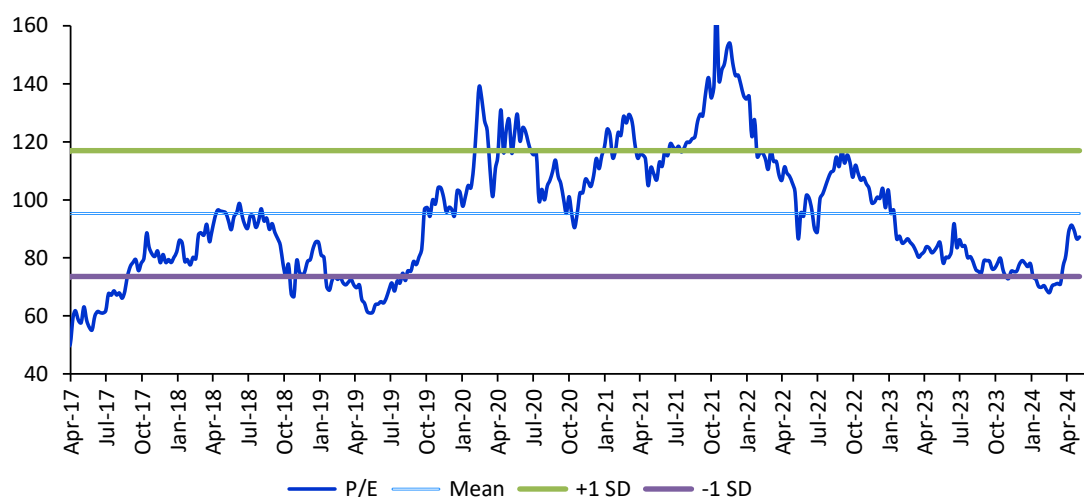
Source: DART, Company

Exhibit 14: Dmart's state-wise store footprint

State	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
No. of Stores												
Maharashtra	40	46	50	58	60	62	70	76	74	88	99	109
Gujarat	14	17	22	26	29	30	34	37	42	48	55	60
Telangana	5	7	10	14	14	19	21	24	27	31	36	41
Karnataka	3	5	5	6	11	12	16	20	21	29	29	32
Andhra Pradesh	-	-	-	2	6	10	11	17	21	23	29	34
Madhya Pradesh	-	-	2	4	5	6	6	11	14	17	19	21
Tamil Nadu	-	-	-	-	1	3	4	10	12	15	19	22
Rajasthan	-	-	-	-	3	5	5	7	8	10	12	17
Punjab	-	-	-	-	-	3	4	5	7	9	11	13
NCR	-	-	-	-	1	1	1	1	2	7	8	9
Chhattisgarh	-	-	-	-	-	3	3	5	5	6	6	6
Daman	-	-	-	-	1	1	1	1	1	1	1	1
Total	62	75	89	110	131	155	176	214	234	284	324	365
Store Additions												
Maharashtra	6	6	4	8	2	2	8	6	(2)	14	11	10
Gujarat	-	3	5	4	3	1	4	3	5	6	7	5
Telangana	1	2	3	4	-	5	2	3	3	4	5	5
Karnataka	-	2	-	1	5	1	4	4	1	8	-	3
Andhra Pradesh	-	-	-	2	4	4	1	6	4	2	6	5
Madhya Pradesh	-	-	2	2	1	1	-	5	3	3	2	2
Tamil Nadu	-	-	-	-	1	2	1	6	2	3	4	3
Rajasthan	-	-	-	-	3	2	-	2	1	2	2	5
Punjab	-	-	-	-	-	3	1	1	2	2	2	2
NCR	-	-	-	-	1	-	-	-	1	5	1	1
Chhattisgarh	-	-	-	-	-	3	-	2	-	1	-	-
Daman	-	-	-	-	1	-	-	-	-	-	-	-
Total	7	13	14	21	21	24	21	38	20	50	40	41
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	29.9
Gujarat	22.6	22.7	24.7	23.6	22.1	19.4	19.3	17.3	17.9	16.9	17.0	16.4
Telangana	8.1	9.3	11.2	12.7	10.7	12.3	11.9	11.2	11.5	10.9	11.1	11.2
Karnataka	4.8	6.7	5.6	5.5	8.4	7.7	9.1	9.3	9.0	10.2	9.0	8.8
Andhra Pradesh	-	-	-	1.8	4.6	6.5	6.3	7.9	9.0	8.1	9.0	9.3
Madhya Pradesh	-	-	2.2	3.6	3.8	3.9	3.4	5.1	6.0	6.0	5.9	5.8
Tamil Nadu	-	-	-	-	0.8	1.9	2.3	4.7	5.1	5.3	5.9	6.0
Rajasthan	-	-	-	-	2.3	3.2	2.8	3.3	3.4	3.5	3.7	4.7
Punjab	-	-	-	-	-	1.9	2.3	2.3	3.0	3.2	3.4	3.6
NCR	-	-	-	-	0.8	0.6	0.6	0.5	0.9	2.5	2.5	2.5
Chhattisgarh	-	-	-	-	-	1.9	1.7	2.3	2.1	2.1	1.9	1.6
Daman	-	-	-	-	0.8	0.6	0.6	0.5	0.4	0.4	0.3	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	100.0

Source: DART, Company

Exhibit 15: 1-year forward P/E multiple



Source: DART, Company

Exhibit 16: 1-year forward EV/EBITDA multiple



Source: DART, Company

Exhibit 17: Exhibit 15: Valuation Snapshot

Parameters	Value	Multiple (x)	Value per share (Rs)
FY26E Standalone EPS (Rs)	62.1	65	4,035
FY26E Subsidiaries revenue* (Rs Mn)	21,224	5	165
			4,200

* net of inter-company revenues

Exhibit 16: TP sensitivity to Standalone EPS

EPS (Rs)-----→	51.8	62.1	74.5
Tgt PE (x)	FY25E	FY26E	FY27E
45	2,331	2,795	3,354
55	2,849	3,416	4,099
65	3,367	4,035	4,845
75	3,885	4,659	5,590
85	4,403	5,280	6,336

Source: DART, Company

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	4,18,333	4,95,330	5,91,416	6,99,243
Total Expense	3,81,739	4,54,336	5,40,100	6,37,623
COGS	3,57,752	4,25,467	5,06,728	5,97,716
Employees Cost	6,482	7,857	9,215	10,992
Other expenses	17,505	21,012	24,157	28,915
EBIDTA	36,594	40,994	51,316	61,620
Depreciation	5,433	6,328	7,806	9,283
EBIT	31,161	34,666	43,511	52,337
Interest	481	443	471	551
Other Income	1,631	1,891	2,203	2,468
Exc. / E.O. items	0	0	0	0
EBT	32,312	36,114	45,242	54,254
Tax	8,155	9,165	11,537	13,835
RPAT	24,156	26,949	33,705	40,419
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	24,156	26,949	33,705	40,419

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	6,483	6,507	6,507	6,507
Minority Interest	0	0	0	0
Reserves & Surplus	1,58,543	1,86,299	1,99,600	2,11,767
Net Worth	1,65,025	1,92,806	2,06,107	2,18,274
Total Debt	4,400	4,641	5,105	5,615
Net Deferred Tax Liability	785	940	987	1,037
Total Capital Employed	1,70,210	1,98,388	2,12,199	2,24,926

Applications of Funds

Net Block	94,644	1,15,219	1,21,161	1,26,134
CWIP	8,289	9,300	9,532	9,771
Investments	25,121	28,288	30,381	32,660
Current Assets, Loans & Advances	54,382	62,855	65,818	73,447
Inventories	30,556	37,234	42,712	50,212
Receivables	2,466	3,933	1,458	1,724
Cash and Bank Balances	14,736	7,851	16,035	14,528
Loans and Advances	0	0	0	0
Other Current Assets	6,625	13,837	5,614	6,983
Less: Current Liabilities & Provisions	12,226	17,274	14,694	17,086
Payables	7,013	9,528	9,428	10,860
Other Current Liabilities	5,213	7,746	5,266	6,226
<i>sub total</i>				
Net Current Assets	42,156	45,582	51,124	56,361
Total Assets	1,70,210	1,98,388	2,12,199	2,24,926

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	14.5	14.1	14.3	14.5
EBIDTA Margin	8.7	8.3	8.7	8.8
EBIT Margin	7.4	7.0	7.4	7.5
Tax rate	25.2	25.4	25.5	25.5
Net Profit Margin	5.8	5.4	5.7	5.8
(B) As Percentage of Net Sales (%)				
COGS	85.5	85.9	85.7	85.5
Employee	1.5	1.6	1.6	1.6
Other	4.2	4.2	4.1	4.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	64.8	78.3	92.3	95.0
Inventory days	27	27	26	26
Debtors days	2	3	1	1
Average Cost of Debt	11.2	9.8	9.7	10.3
Payable days	6	7	6	6
Working Capital days	37	34	32	29
FA T/O	4.4	4.3	4.9	5.5
(D) Measures of Investment				
AEPS (Rs)	37.1	41.4	51.8	62.1
CEPS (Rs)	45.5	51.1	63.8	76.4
DPS (Rs)	0.0	0.0	0.0	0.1
Dividend Payout (%)	0.1	0.1	0.1	0.1
BVPS (Rs)	253.6	296.3	316.7	335.4
RoANW (%)	15.9	15.1	16.9	19.0
RoACE (%)	14.8	14.0	15.8	17.8
RoAIC (%)	16.4	15.0	16.8	19.2
(E) Valuation Ratios				
CMP (Rs)	4612	4612	4612	4612
P/E	124.2	111.4	89.0	74.3
Mcap (Rs Mn)	30,01,409	30,01,409	30,01,409	30,01,409
MCap/ Sales	7.2	6.1	5.1	4.3
EV	29,91,072	29,98,199	29,90,479	29,92,496
EV/Sales	7.1	6.1	5.1	4.3
EV/EBITDA	81.7	73.1	58.3	48.6
P/BV	18.2	15.6	14.6	13.8
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	37.8	18.4	19.4	18.2
EBITDA	46.3	12.0	25.2	20.1
EBIT	49.8	11.2	25.5	20.3
PBT	48.1	11.8	25.3	19.9
APAT	49.5	11.6	25.1	19.9
EPS	49.5	11.6	25.1	19.9

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	32,312	36,114	45,242	54,254
Depreciation & w.o.	5,433	6,328	7,806	9,283
Net Interest Exp	481	443	471	551
Direct taxes paid	(8,155)	(9,165)	(11,537)	(13,835)
Change in Working Capital	(6,738)	(10,311)	2,641	(6,744)
Non Cash	0	0	0	0
(A) CF from Operating Activities	23,331	23,409	44,623	43,510
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(21,697)	(27,953)	(14,027)	(14,543)
Free Cash Flow	1,635	(4,544)	30,596	28,967
(Inc.)/ Dec. in Investments	(2,424)	(1,895)	(482)	(506)
Other	(1,052)	(834)	(1,055)	(1,164)
(B) CF from Investing Activities	(25,173)	(30,682)	(15,564)	(16,213)
Issue of Equity/ Preference	11,791	14,173	0	0
Inc./(Dec.) in Debt	1	(1)	0	0
Interest exp net	(481)	(443)	(471)	(551)
Dividend Paid (Incl. Tax)	(10,163)	(13,341)	(20,404)	(28,252)
Other	0	0	0	0
(C) CF from Financing	1,148	388	(20,875)	(28,803)
Net Change in Cash	(693)	(6,885)	8,184	(1,507)
Opening Cash balances	15,429	14,736	7,851	16,035
Closing Cash balances	14,736	7,851	16,035	14,528

E – Estimates

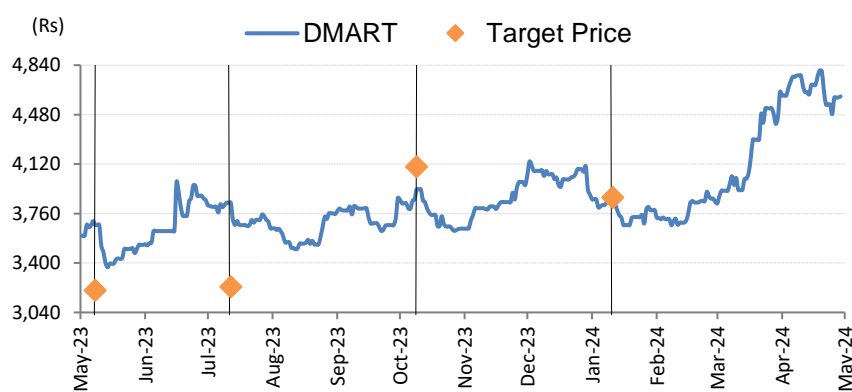
Notes

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.)
May-23	SELL	3,200	3,678
Jul-23	SELL	3,225	3,839
Oct-23	Accumulate	4,100	3,936
Jan-24	Reduce	3,875	3,858

*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
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
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: INH000014012

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