

July 12, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	3,923		4,063	
Sales (Rs. m)	7,13,618	8,59,867	7,16,883	8,66,923
% Chng.	(0.5)	(0.8)		
EBITDA (Rs. m)	52,437	62,363	52,853	63,258
% Chng.	(0.8)	(1.4)		
EPS (Rs.)	45.4	52.9	45.9	53.9
% Chng.	(1.0)	(1.9)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	5,07,888	5,93,581	7,13,618	8,59,867
EBITDA (Rs. m)	41,038	44,851	52,437	62,363
Margin (%)	8.1	7.6	7.3	7.3
PAT (Rs. m)	25,351	27,050	29,572	34,422
EPS (Rs.)	39.0	41.6	45.4	52.9
Gr. (%)	6.2	6.7	9.3	16.4
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	14.6	13.5	12.9	13.2
RoCE (%)	19.4	18.0	17.6	17.2
EV/Sales (x)	5.2	4.4	3.7	3.1
EV/EBITDA (x)	64.0	58.9	50.6	42.8
PE (x)	104.3	97.8	89.4	76.8
P/BV (x)	14.1	12.3	10.9	9.5

Key Data AVEU.BO | DMART IN

52-W High / Low	Rs.5,485 / Rs.3,337
Sensex / Nifty	82,500 / 25,150
Market Cap	Rs.2,645bn / \$ 30,825m
Shares Outstanding	651m
3M Avg. Daily Value	Rs.2690.56m

Shareholding Pattern (%)

Promoter's	74.65
Foreign	8.18
Domestic Institution	9.15
Public & Others	8.03
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.3)	10.3	(17.0)
Relative	(0.3)	3.4	(19.7)

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Hyper competition, Rich valuations limit upside

Quick Pointers:

- High competitive intensity in FMCG impacted Gross margin while higher operational costs impacted profitability
- LFL at 7.1%, Bill cuts/store/day declines 1.1% while Av Bill value up 3.1% despite deflation in FMCG
- GM&A share at 24.7% for 1QFY26 up by 210bps vs 22.26% in FY25

We cut our FY26/FY27 EPS estimates by 1.0%/1.9%, respectively, as we expect margin pressures to persist due to 1) Continued high competitive intensity driven by a consumer shift toward e-commerce and quick commerce platforms and 2) Accelerated store expansion in a subdued demand environment, softer gross margins, increased spending on customer service, and rising store-level wages, especially in metro areas.

D'Mart's Q1 results missed estimates, as intense competition and higher overheads weighed on margins. Operational metrics remained stable in Q1, with sales per store and sales per square foot growing 1.9%/1.5% YoY. The cost of retail increased by 50 basis points on higher overheads. GMA proportion stabilized with 24.7% contribution in 1Q vs 24.89% in Q1FY25. D'Mart might see competition from Ecom/ QC in non-apparel GMA as they are trying to increase their presence in higher margin non-grocery segments.

D'Mart has opened 9 stores in 1QFY26, and we expect a further pick up in store openings to 60/65 in FY26/FY27. We believe the drag in the performance of FMCG products is temporary and should bounce back with easing inflation over the next 1-2 quarters. With high margins in base quarters over by 2Q26, 2H26 should report double-digit profit growth. We estimate 9.3% EPS growth in FY26 and 12.9% CAGR over FY25-27. We cut DCF based target price to Rs3923 (4063 earlier). We expect back ended returns given heightened competition in Food and Grocery retail. Maintain Hold.

Consol Revenues grew by 16.3% YoY to Rs163.6bn. Gross margins contracted by 28bps YoY to 15.3% (PLe:15.3%). EBITDA grew by 6.4% YoY to Rs13bn (PLe:Rs13.5bn). Margins contracted by 74bps YoY to 7.9%. (PLe:8.3%). Cost of Retail expanded by 46bps YoY to 7.4% due to high manpower cost inflation and full impact of stores opened in 4Q25. Adj PAT declined by 0.1% YoY to Rs7.7bn (PLe:Rs8.0bn). LFL (>2 years old stores) growth came at 7.1% YoY Sales/store grew by 1.9% to Rs380mn, while sales/ft increased by 1.5% YoY to Rs8779. Bill cuts came at 97mn while bills/store/day declined 1.1% to 2513. Average bill value increased by 3.1% which seems positive in a deflationary scenario

High competitive intensity impacted margins: In Q1, revenue was impacted by 100–150 basis points due to significant deflation across several staples and non-food products. Gross margins were also impacted, as the FMCG space continued to experience rising competitive intensity. We believe margins are likely to remain under pressure in the near term, driven by 1) sustained competitive intensity in the FMCG sector and 2) higher overheads and wages to support growth.

Adds 9 stores in 1Q, store size higher QoQ: D'Mart added 9 stores (1st UP store in Agra) in 1QFY26 vs 6 stores in 1Q25 taking the total store count to 424 with retail business area of 17.6mn sq. ft vs 17.2mn sqft in 4QFY25. The average area/ new store is 44.4k in Q1FY26 versus 39.2k sq ft in 4Q25 and 50k in 1Q25.

Share of GM&A stabilized: Share of Foods/Non FMCG/ GM&A came at 55.6%/19.67%/24.73% in Q1FY26 vs 54.81%/20.3%/24.89% in Q1FY25. Gen Merchandise share has stabilized, however pressure persist, and we believe loss in GM&A is structural in nature and QC shift towards nonfood and grocery will further add to competition and growth challenges.

Exhibit 1: Consolidated Revenues grew by 16.3% YoY, Gross margin down 28 bps YoY

Y/e March	1QFY26	1QFY25	YoY gr. (%)	4QFY25	FY25	FY24	YoY gr. (%)
Net Sales	1,63,597	1,40,691	16.3	1,48,719	5,93,585	5,07,890	16.9
Gross Profit	25,047	21,933	14.2	21,061	88,068	75,145	17.2
% of NS	15.3	15.6	(0.279)	14.2	14.8	14.8	0.0
Other Expenses	12,057	9,720	24.0	11,510	43,190	34,105	26.6
% of NS	7.4	6.9	0.5	7.7	7.3	6.7	0.6
EBITDA	12,990	12,213	6.4	9,551	44,877	41,040	9.4
Margins (%)	7.9	8.7	(0.7)	6.4	7.6	8.1	(0.5)
Depreciation	2,317	1,928	20.2	2,409	8,695	7,308	19.0
Interest	293	160	83.6	190	695	581	19.5
Other Income	194	416	(53.3)	251	1,243	1,465	(15.1)
PBT	10,575	10,541	0.3	7,203	36,731	34,615	6.1
Tax	2,847	2,805	1.5	1,695	9,652	9,257	4.3
	26.9	26.6	0.3	23.5	26.3	26.7	(0.5)
Adjusted PAT	7,728	7,737	(0.1)	5,508	27,081	25,363	6.8

Source: Company, PL

Exhibit 2: Added 9 stores in 1QFY26; Cost of retail increased by ~50bps YoY

Rs mn	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
No. of Stores	336	341	365	371	377	387	415	424
Area (mn Sq.ft.)	14	14	15.1	15.4	15.8	16.1	17.2	17.6
Sales/store	371	391	351	373	376	407	361	380
% growth	6.5%	5.2%	7.0%	4.7%	1.2%	4.1%	2.7%	1.9%
Sales/Ft	8,984	9,429	8,460	8,991	9,007	9,759	8,686	9,156
% growth	6.0%	4.3%	6.4%	4.4%	0.3%	3.5%	2.7%	1.8%
Gross Profit/Ft	1255	1339	1160	1340	1277	1372	1170	1340
EBIDTA/FT	731	798	642	801	708	774	589	755
Cost of retail %	6.7	6.6	7.0	6.9	7.3	7.1	7.7	7.4

Source: Company, PL

Exhibit 3: Gross Profit/Ft and EBITDA/Ft sustain growth, cost of retail to remain range bound

	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	FY2027E
Sales/Ft	32879	27306	27454	31096	32941	33896	35538	37177
Gross Profit/Ft	5500	4318	4507	5185	5273	5436	5591	5837
EBIDTA/FT	3107	2098	2459	2922	2880	2769	2814	2910
Capex/Ft	10338	9586	9898	11512	13552	13146	13565	14313
Cost of retail %	6.6%	7.6%	6.7%	6.6%	6.7%	7.3%	7.3%	7.3%
Working Cap/Ft	2194	1813	1890	1904	1785	2358	2198	2313

Source: Company, PL

Exhibit 4: Bill cuts to grow by 17.4% YoY to 414mn in FY26

	FY18	FY19	FY20	FY21	FY22	FY23E	FY24	FY25	FY26E	FY27E
D'Mart Bills (mn)	134	172	201	152	181	258	303	353	414	485
Growth		28.0%	16.9%	-24.4%	19.1%	42.5%	17.4%	16.5%	17.2%	17.2%
Number of Stores	155	176	214	234	284	324	365	415	475	540
Addition	24	21	38	20	50	40	41	50	60	65
Bills/Store/Day	2575	2847	2824	1859	1915	2325	2410	2480	2548	2619
Growth	4%	10.6%	-0.8%	-34.2%	3.0%	21.4%	3.6%	2.9%	2.8%	2.8%
Average Bill Value (Rs/Bill)	1117	1158	1228	1565	1677	1621	1635	1635	1663	1702
Growth	2.0%	3.7%	6.0%	27.5%	7.2%	-3.3%	0.8%	0.0%	1.8%	2.3%

Source: Company, PL

Exhibit 5: Store expansion picks up in mature cluster as the ratio moves up from 41% to 64%

Stores	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24	FY25
Total Stores	110	131	155	176	214	234	284	324	365	415
Addition	21	21	24	21	38	20	50	40	41	50
Mature Clusters (Top 5 States)	106	120	133	152	174	185	219	248	276	308
Addition	19	14	13	19	22	11	34	29	28	32
% of Total	90.5	66.7	54.2	90.5	57.9	55.0	68.0	72.5	41.4	64.0
Total States	7	11	12	12	12	12	12	12	12	12
Stores in Emerging Clusters	4	11	22	24	40	49	65	76	89	107
% of Total	3.6	8.4	14.2	13.6	18.7	20.9	22.9	23.5	24.3	25.8
Emerging Cluster Addition	2	7	11	2	16	9	16	11	13	18
% of Total	9.5	33.3	45.8	9.5	42.1	45.0	32.0	27.5	31.7	36.0

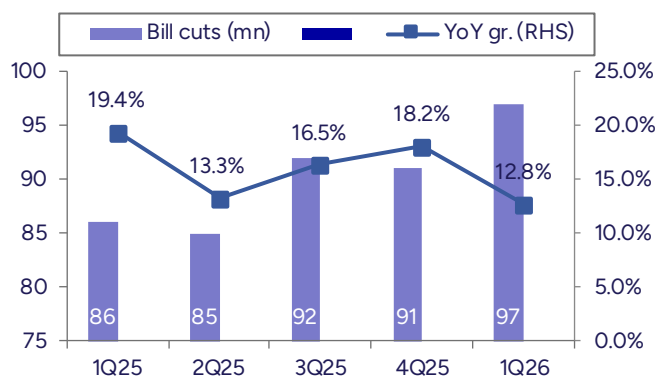
Source: Company, PL

Exhibit 6: General merchandise & Apparel share improve from 22.26% in FY25 to 24.7% in 1QFY26

Sales Mix	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1QFY26
Foods	53.1%	53.7%	51.6%	51.3%	52.4%	57.4%	56.9%	56.0%	57%	57.7%	55.6%
Non-Foods	20.6%	20.0%	20.0%	20.5%	20.3%	19.7%	19.7%	20.9%	20.7%	20%	19.7%
General merchandise & Apparel	26.4%	26.4%	28.4%	28.3%	27.3%	22.9%	23.4%	23.0%	22.4%	22.6%	24.7%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

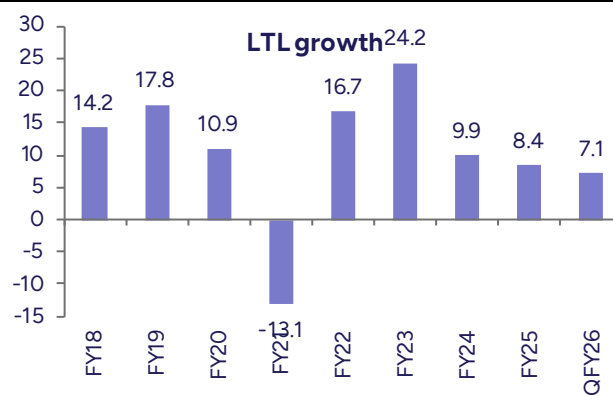
Source: Company, PL

Exhibit 7: Bill Cuts grew by 12.8% YoY in 1QFY26



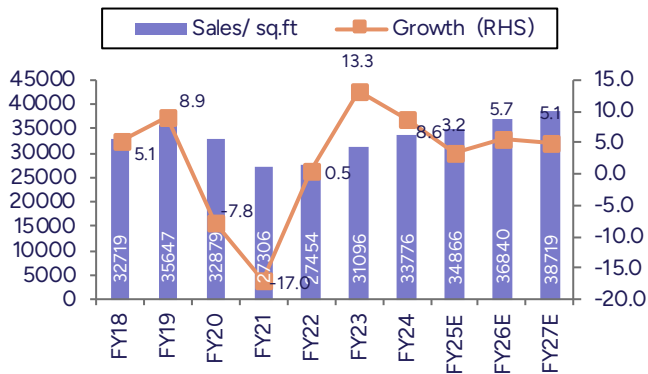
Source: Company, PL

Exhibit 8: LTL sales growth at 7.1% in 1QFY26



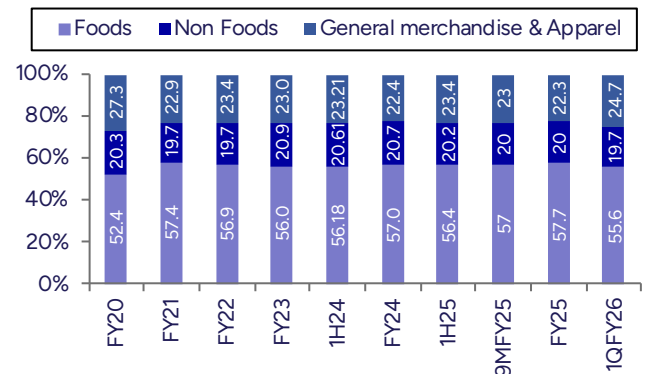
Source: Company, PL

Exhibit 9: Sales/Sq. ft. grew by 3.2% in FY25



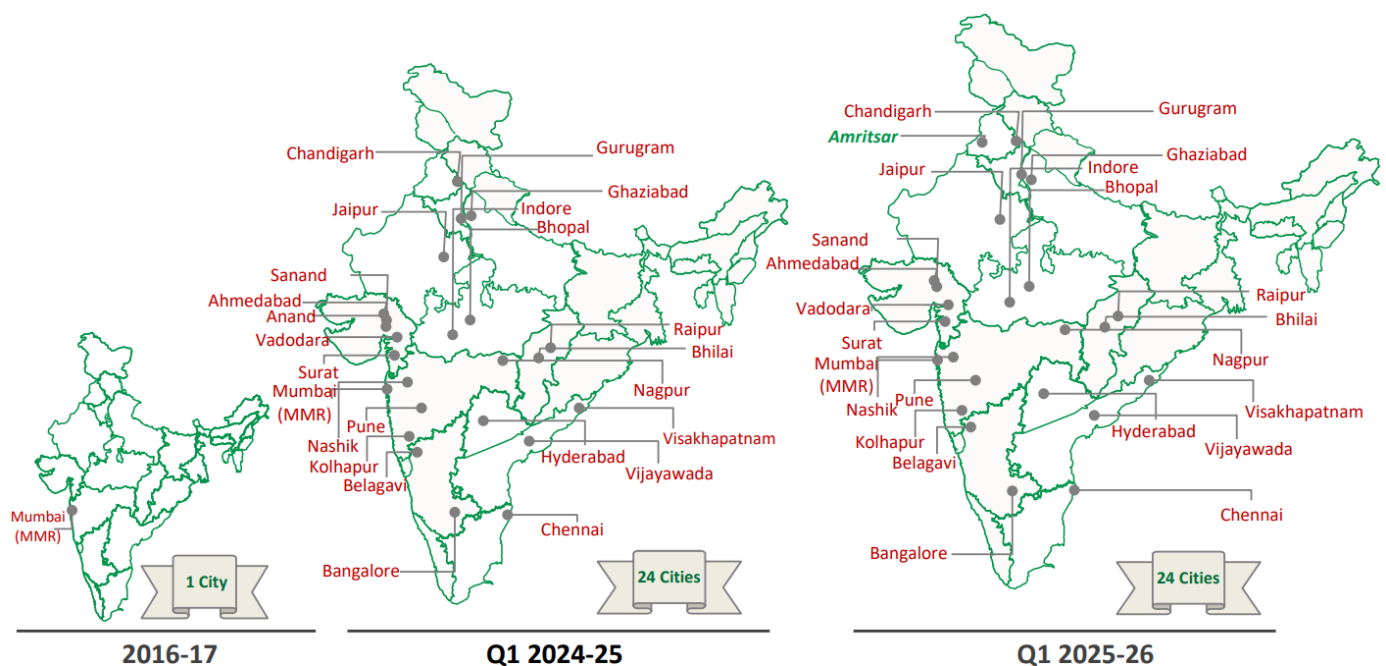
Source: Company, PL

Exhibit 10: Foods continue to remain highest contributor



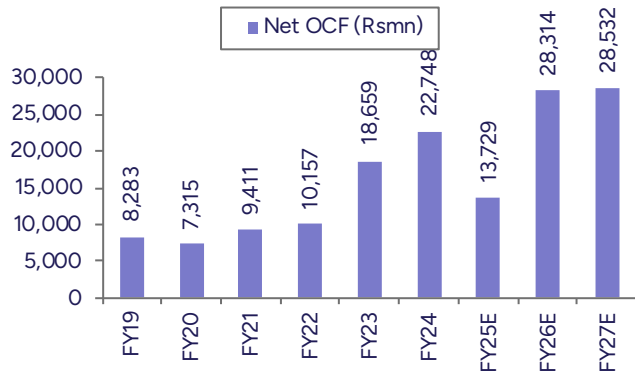
Source: Company, PL

Exhibit 11: D'Mart Ready – Presence in existing 24 cities vs 25 cities in Q4FY25 as it exits Anand



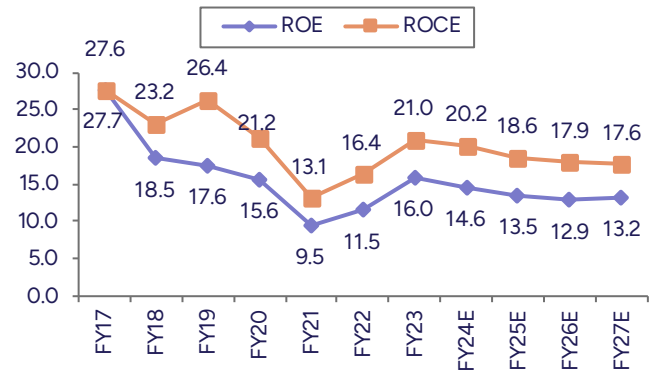
Source: Company, PL

Exhibit 12: CFO declined by 40% in FY25



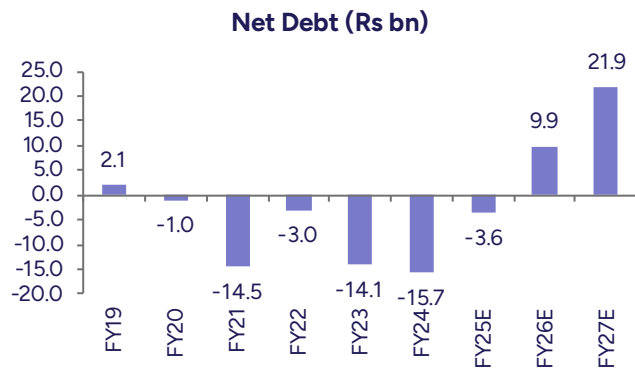
Source: Company, PL

Exhibit 13: ROE, ROCE slides gradually



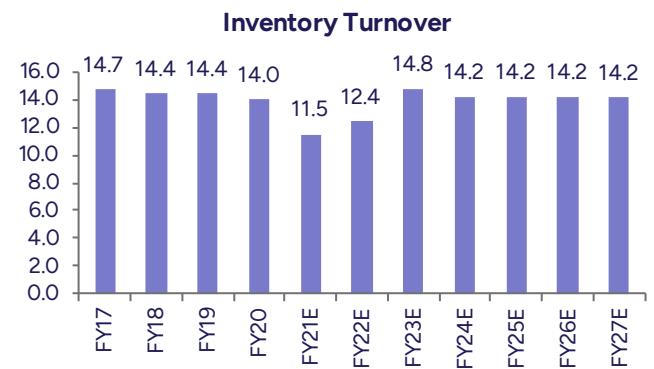
Source: Company, PL

Exhibit 14: D'Mart to turn debt positive in FY26



Source: Company, PL

Exhibit 15: Inventory turnover to remain stable at 14.2



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	5,07,888	5,93,581	7,13,618	8,59,867
YoY gr. (%)	18.6	16.9	20.2	20.5
Cost of Goods Sold	4,32,745	5,05,517	6,09,430	7,34,756
Gross Profit	75,143	88,064	1,04,188	1,25,111
Margin (%)	14.8	14.8	14.6	14.6
Employee Cost	9,061	11,659	14,635	17,869
Other Expenses	25,044	31,554	37,116	44,879
EBITDA	41,038	44,851	52,437	62,363
YoY gr. (%)	12.8	9.3	16.9	18.9
Margin (%)	8.1	7.6	7.3	7.3
Depreciation and Amortization	7,308	8,698	10,494	12,533
EBIT	33,730	36,153	41,943	49,830
Margin (%)	6.6	6.1	5.9	5.8
Net Interest	581	695	2,410	3,920
Other Income	1,465	1,243	921	1,178
Profit Before Tax	34,613	36,702	40,455	47,089
Margin (%)	6.8	6.2	5.7	5.5
Total Tax	9,257	9,652	10,882	12,667
Effective tax rate (%)	26.7	26.3	26.9	26.9
Profit after tax	25,356	27,050	29,572	34,422
Minority interest	6	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	25,351	27,050	29,572	34,422
YoY gr. (%)	6.6	6.7	9.3	16.4
Margin (%)	5.0	4.6	4.1	4.0
Extra Ord. Income / (Exp)	(88)	(88)	-	-
Reported PAT	25,262	26,961	29,572	34,422
YoY gr. (%)	6.4	6.7	9.7	16.4
Margin (%)	5.0	4.5	4.1	4.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	25,262	26,961	29,572	34,422
Equity Shares O/s (m)	651	651	651	651
EPS (Rs)	39.0	41.6	45.4	52.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,42,577	1,74,911	2,10,326	2,51,728
Tangibles	1,41,487	1,73,760	2,09,002	2,50,206
Intangibles	1,090	1,151	1,324	1,522
Acc: Dep / Amortization	24,601	31,046	38,839	48,157
Tangibles	23,814	30,184	37,892	47,111
Intangibles	787	861	947	1,046
Net fixed assets	1,17,976	1,43,866	1,71,487	2,03,571
Tangibles	1,17,673	1,43,576	1,71,110	2,03,095
Intangibles	304	290	376	476
Capital Work In Progress	9,352	10,994	12,093	13,302
Goodwill	783	783	783	783
Non-Current Investments	2,348	1,701	8,816	10,488
Net Deferred tax assets	(919)	(1,125)	(963)	(775)
Other Non-Current Assets	19,246	21,864	26,235	29,499
Current Assets				
Investments	1,067	13	14	15
Inventories	39,273	50,444	57,798	68,914
Trade receivables	1,664	1,538	1,955	2,356
Cash & Bank Balance	15,728	3,582	10,120	15,086
Other Current Assets	2,397	3,137	3,571	4,302
Total Assets	2,11,772	2,43,204	2,96,083	3,52,186
Equity				
Equity Share Capital	6,507	6,507	6,507	6,507
Other Equity	1,80,471	2,07,770	2,37,010	2,71,432
Total Network	1,86,978	2,14,278	2,43,518	2,77,939
Non-Current Liabilities				
Long Term borrowings	-	-	20,000	37,000
Provisions	92	127	171	224
Other non current liabilities	3,992	5,558	5,858	6,397
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	9,848	10,708	13,620	16,409
Other current liabilities	9,943	11,414	11,960	13,447
Total Equity & Liabilities	2,11,772	2,43,203	2,96,083	3,52,186

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	34,613	36,702	40,455	47,089
Add. Depreciation	7,308	8,698	10,494	12,533
Add. Interest	581	695	2,410	3,920
Less Financial Other Income	1,465	1,243	921	1,178
Add. Other	(2,302)	(172)	(11,253)	(4,530)
Op. profit before WC changes	40,201	45,922	42,106	59,011
Net Changes-WC	(1,725)	(12,772)	(2,746)	(8,631)
Direct tax	(9,257)	(9,652)	(10,882)	(12,667)
Net cash from Op. activities	29,218	23,498	28,477	37,713
Capital expenditures	(28,771)	(36,248)	(39,195)	(45,826)
Interest / Dividend Income	-	-	-	-
Others	867	966	(1)	(1)
Net Cash from Invst. activities	(27,904)	(35,282)	(39,196)	(45,828)
Issue of share cap. / premium	918	338	(332)	-
Debt changes	-	-	20,000	17,000
Dividend paid	-	-	-	-
Interest paid	(581)	(695)	(2,410)	(3,920)
Others	(6)	(6)	-	-
Net cash from Fin. activities	331	(362)	17,258	13,080
Net change in cash	1,645	(12,147)	6,539	4,966
Free Cash Flow	447	(12,751)	(10,718)	(8,113)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	39.0	41.6	45.4	52.9
CEPS	50.2	54.9	61.6	72.2
BVPS	287.3	329.3	374.2	427.1
FCF	0.7	(19.6)	(16.5)	(12.5)
DPS	-	-	-	-
Return Ratio(%)				
RoCE	19.4	18.0	17.6	17.2
ROIC	17.3	15.1	14.7	14.8
RoE	14.6	13.5	12.9	13.2
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	0.0	0.1
Net Working Capital (Days)	22	25	24	23
Valuation(x)				
PER	104.3	97.8	89.4	76.8
P/B	14.1	12.3	10.9	9.5
P/CEPS	81.0	74.0	66.0	56.3
EV/EBITDA	64.0	58.9	50.6	42.8
EV/Sales	5.2	4.4	3.7	3.1
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	1,44,445	1,59,726	1,48,719	1,63,597
YoY gr. (%)	14.4	17.7	16.9	16.3
Raw Material Expenses	1,22,897	1,36,204	1,27,658	1,38,550
Gross Profit	21,548	23,522	21,061	25,047
Margin (%)	14.9	14.7	14.2	15.3
EBITDA	10,938	12,172	9,551	12,990
YoY gr. (%)	8.8	8.7	1.2	6.4
Margin (%)	7.6	7.6	6.4	7.9
Depreciation / Depletion	2,078	2,281	2,409	2,317
EBIT	8,860	9,891	7,142	10,673
Margin (%)	6.1	6.2	4.8	6.5
Net Interest	163	182	190	293
Other Income	335	241	251	194
Profit before Tax	9,032	9,950	7,203	10,575
Margin (%)	6.3	6.2	4.8	6.5
Total Tax	2,438	2,715	1,695	2,847
Effective tax rate (%)	27.0	27.3	23.5	26.9
Profit after Tax	6,594	7,235	5,508	7,728
Minority interest	(2)	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	6,596	7,236	5,508	7,728
YoY gr. (%)	5.8	4.8	(2.2)	(0.1)
Margin (%)	4.6	4.5	3.7	4.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,596	7,236	5,508	7,728
YoY gr. (%)	5.8	4.8	(2.2)	(0.1)
Margin (%)	4.6	4.5	3.7	4.7
Other Comprehensive Income	(63)	(43)	41	(24)
Total Comprehensive Income	6,533	7,193	5,549	7,705
Avg. Shares O/s (m)	648	648	651	651
EPS (Rs)	10.2	11.2	8.5	11.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	4,063	4,213
2	04-May-25	Hold	3,975	4,059
3	09-Apr-25	Hold	3,942	4,054
4	04-Apr-25	Hold	3,942	4,158
5	13-Jan-25	Hold	3,964	3,686
6	08-Jan-25	Hold	4,300	3,843
7	13-Oct-24	Hold	4,748	4,573
8	07-Oct-24	Accumulate	5,166	4,738
9	30-Jul-24	Accumulate	5,104	5,027
10	13-Jul-24	Accumulate	5,104	4,944

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,140	2,485
2	Avenue Supermarts	Hold	4,063	4,213
3	Britannia Industries	BUY	5,941	5,839
4	Colgate Palmolive	Hold	2,528	2,450
5	Dabur India	Hold	501	514
6	Emami	Accumulate	697	573
7	Hindustan Unilever	Accumulate	2,601	2,393
8	ITC	BUY	538	417
9	Jubilant FoodWorks	Hold	689	688
10	Kansai Nerolac Paints	Accumulate	284	251
11	Marico	Accumulate	718	726
12	Metro Brands	Hold	1,195	1,167
13	Mold-tek Packaging	Accumulate	723	704
14	Nestle India	Accumulate	2,550	2,419
15	Pidilite Industries	BUY	3,428	3,060
16	Restaurant Brands Asia	Accumulate	89	82
17	Titan Company	BUY	3,756	3,441
18	Westlife Foodworld	Hold	769	795

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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