

Research Report

Avenue Supermarts Limited



Prepared By-

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About

Avenue Supermarts Limited (DMart) is a national supermarket chain, with a focus on value-retailing. We offer a wide range of products with a focus on the Foods, Non-Foods (FMCG) and General Merchandise & Apparel product categories. The company operates the DMart retail chain, first launched in Mumbai in 2002. It follows the "Everyday Low Cost - Everyday Low Price" strategy, focusing on competitive procurement, operational efficiency, and cost-effective distribution to offer value-for-money pricing to customers.

Business Segments

Product Offerings:

The company offers a range of products focusing on **Foods, Non-Foods (FMCG), and General Merchandise & Apparel** product categories. Its product portfolio includes grocery and staples, dairy and frozen, fruits and vegetables, home and personal care, bed and bath, crockery, footwear, toys and games, kids' apparel, apparel for men & women, and daily essentials.

Revenue Mix 9M FY26^[4]

Foods: 57%

General Merchandise & Apparel: 23%

Non-Foods (FMCG): 20%

Synopsis of Financials

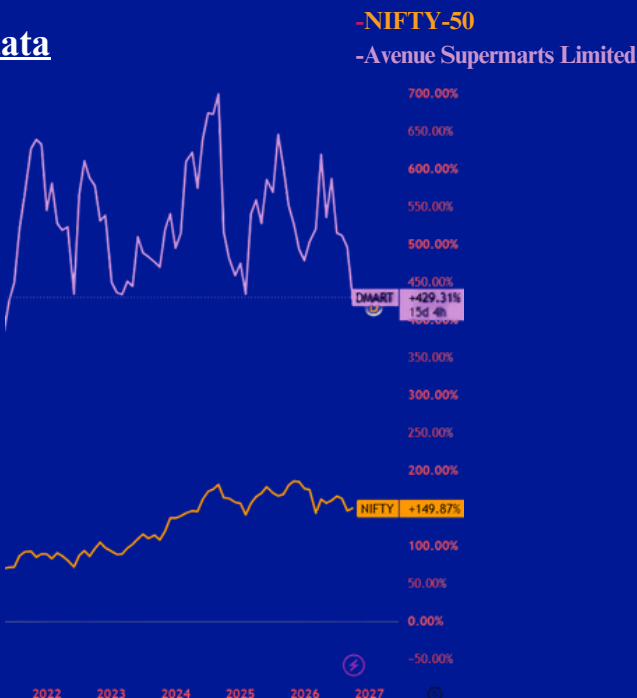
Financial and operating performance (FY26 unless stated)

- Turnover: ~INR 67,000 cr.
- EBITDA margin: ~7.8%.
- PAT margin: ~4.8%; PAT: INR 3,224 cr.
- Cash from operations: INR 4,168 cr.
- Asset turns / returns: Fixed asset turnover 3.2x; inventory turnover 12.8x; RoNW 13.5%, ROCE 17.1% (both slightly lower YoY, linked to higher inventory days/turnover impact).

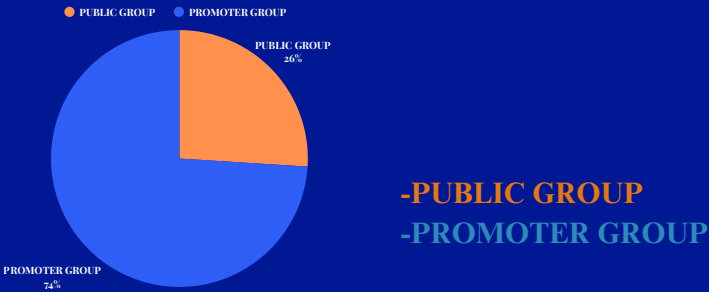
Stock data (as 15th October 2026)

Nifty Price	: 22,955.70
52 week High (in Rs.)	: 4,644.00
52 week Low (in Rs.)	: 3,345.90
Market Cap. (in Crore)	: 2,20,780.68
NSE Code	: INE192R01011

Stock data



Shareholding Pattern (June 2026)



Financial Summary

Particular	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Sales -	30,976	42,840	50,789	59,358	68,821
Sales Growth %	28.30%	38.30%	18.56%	16.87%	15.94%
Expenses +	28,474	39,201	46,683	54,864	63,632
Operating Profit	2,502	3,639	4,106	4,495	5,189
OPM %	8%	8%	8%	8%	8%
Net Profit +	1,492	2,378	2,536	2,707	2,970
EPS in Rs	23.04	36.69	38.97	41.61	45.56
Dividend Payout %	0%	0%	0%	0%	0%

Quarterly Results

Particular	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Sales -	14,872	16,360	16,676	18,101	17,684	18,795
YOY Sales Growth %	16.86%	16.28%	15.45%	13.32%	18.91%	14.88%
Expenses -	13,917	15,061	15,463	16,638	16,473	17,295
Material Cost %	86%	85%	85%	85%	85%	84%
Employee Cost %	2%	2%	2%	2%	2%	2%
Operating Profit	955	1,299	1,214	1,463	1,211	1,499
OPM %	6%	8%	7%	8%	7%	8%
Other Income -	25	19	20	17	18	26
Other income normal	25.05	19.43	19.57	16.93	18.17	25.78
Interest	19	29	35	37	41	54
Depreciation	241	232	253	268	284	288
Profit before tax	720	1,057	945	1,175	904	1,183
Tax %	24%	27%	28%	27%	27%	27%
Net Profit +	551	773	685	856	656	860

Source: Screener

Key Ratios

Key Financial Ratios

	FY 2026	FY 2025
(i) Operating Profit Margin (%)	6.64%	6.82%
(ii) Net Profit Margin (%)	4.81%	5.07%
(iii) Interest Coverage Ratio*	34.24	68.24
(iv) Debtors Turnover	148.67	121.84
(v) Inventory Turnover (Based on sales)	11.00	13.60
(vi) Current Ratio	2.01	3.02
(vii) Debt Equity Ratio	0.09	0.03
(viii) Return on Net Worth	13.50%	14.10%

*Interest coverage ratio decreased due to increase in finance cost on account of borrowings & lease liabilities. Current ratio decreased due to increase in borrowings & lease liabilities. Debt Equity ratio increased due to borrowings & lease liabilities

Yearly Results

Particulars	March 2022	March 2023	March2024	March2025	March2026
Equity Capital	648	648	651	651	652
Reserves	13,030	15,430	18,047	20,777	23,812
Borrowings	647	643	592	820	2,425
Other Liabilities	1,146	1,383	1,882	2,065	2,629
Total Liabilities	15,471	18,105	21,172	24,313	29,518
Fixed Assets	9,260	11,340	13,415	16,206	20,090
CWIP	1,129	829	935	1,099	1,300
Investments	6	202	107	3	4
Other Assets	5,076	5,733	6,716	7,004	8,123
Total Assets	15,471	18,105	21,172	24,313	29,518

Synopsis Quarter Results

Concall Notes - Aug-2026: Key Highlights

Financial and operating performance (FY26 unless stated)

P&L / cashflow

- Turnover: ~INR 67,000 cr.
- EBITDA margin: ~7.8%.
- PAT margin: ~4.8%; PAT: INR 3,224 cr.
- Cash from operations: INR 4,168 cr.

Working capital, leverage, returns

- Inventory days: 33.2 (up) attributed to more warehouses to improve service.
- Payables days: 7.2 (flat), consistent with strategy of paying vendors quickly.
- Total debt: INR 2,267 cr (includes Ind AS 116). “Actual” net borrowing: ~INR 965 cr.
- Asset turns / returns: Fixed asset turnover 3.2x; inventory turnover 12.8x; RoNW 13.5%, ROCE 17.1% (both slightly lower YoY, linked to higher inventory days/turnover impact).

Margins: drivers and stance

- Sales +~16%; gross margin +16 bps; employee cost +27 bps (capability/service investment); other expenses -9 bps → EBITDA ~flat at 7.85%.
- Management reiterated steady-state margin philosophy: gross margin “14% to 15%” and net margin “around a 5%... range” as a “North Star,” and not pursuing margin expansion at the expense of value.

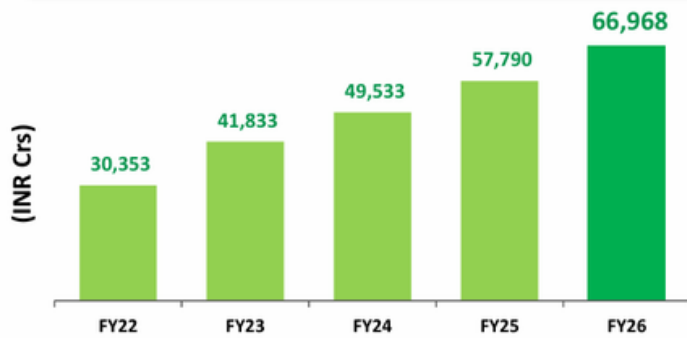
Operating scale / productivity

- Bill cuts: ~40 crore (healthy growth).
- Like-for-like growth (stores >2 years): 8.1%.
- Retail business area: 20.6 mn sq ft (Mar-26).
- Revenue per sq ft (all stores): INR 33,422, “about flat.”

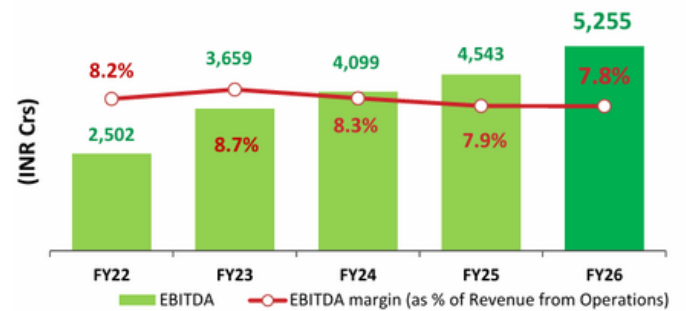
Highlights

Operating & Financial Summary (Cont'd.)

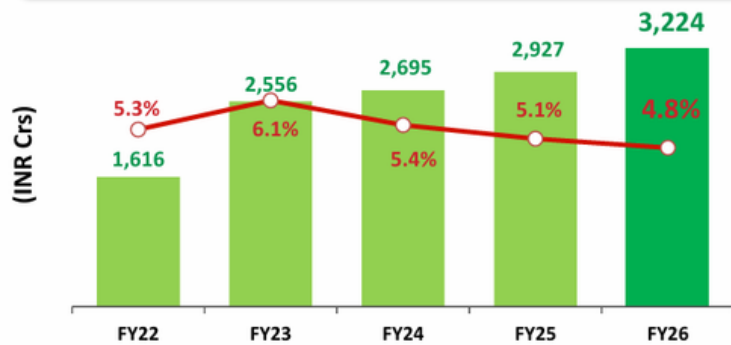
Revenue from Operations



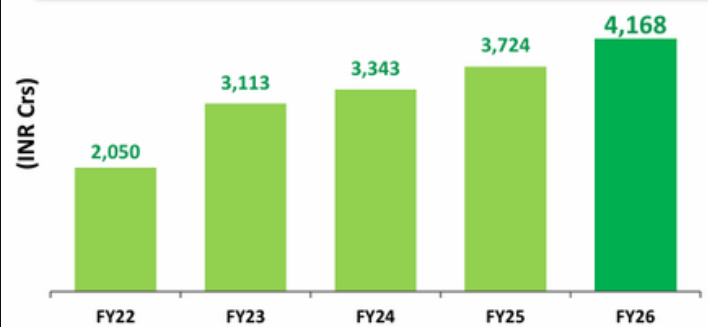
EBITDA^ & EBITDA Margin



PAT & PAT margin*



Net Cash flow from Operations ~



Peer Comparison

Peer Stock Performance (2021-2026) Indexed



Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Avenue Super.	3,366	70.85	220920.93	0	742.98	8.55	19644.01	17.8	17.18
Trent	2934.3	85.55	156466.38	0.13	518.07	20.79	5754.71	17.84	28.34

Note:-
Since there is no directly comparable company with a market capitalization similar to Avenue Supermarts Limited (DMart), Trent Limited has been selected as a peer company for comparative analysis. Both companies operate in the retail sector, making them relevant for evaluating business performance, profitability, growth prospects. The comparison is based on their presence in the retail industry rather than market capitalization alone.

Final Outlook

DMART: HOLD | LTP: 3366,00

Summary

DMart continues to demonstrate consistent revenue growth, rising operating profit and a strong position in value retailing. Its focus on competitive pricing, efficient procurement and everyday essentials supports customer demand. Q1 FY27 revenue increased by 14.88% YoY, while net profit rose from ₹773 crore to ₹860 crore. However, sales growth has moderated compared with earlier years, operating margins remain relatively low, borrowings have increased and inventory efficiency needs monitoring. With the stock trading at approximately 70.85x P/E, valuation remains an important consideration for investors.

Recent Performance – Q1 FY27

- Revenue growth remains healthy: Sales increased by 14.88% YoY, indicating continued customer demand and business expansion.
- Operating profit is improving: Operating profit reached ₹1,499 crore.
- Profitability improved: Net profit increased from ₹773 crore to ₹860 crore, an increase of approximately 11.3%.
- Margins remain stable: The operating margin was around 8%, consistent with DMart's value-retailing business model.

Avenue Supermarts Limited remains a well-established value-retailing business with consistent revenue growth, increasing profits and a business model built around competitive pricing and operational efficiency.

The company has continued to expand its store network and asset base, while its Q1 FY27 results show that revenue and profit are still growing. Its focus on customer value rather than aggressive margin expansion also supports the long-term business strategy.

However, slower sales growth compared with earlier years, higher borrowings, inventory-related efficiency concerns and a relatively high P/E valuation warrant a balanced approach.

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