Pee Aar™
The Financial People

AUG 2025

INVESTMENT THESIS

Prepared by :
Tanmay Monga
(Junior Analyst)

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

CMP	Nifty 50	BSE
4699	4694.30	540376

Company's Data

Mcap	₹ 3,05,766 Cr.
Sales	₹ 61,649 Cr.
EPS	41.6.
Return On Equity	13.4 %

PROS

- Company is almost debt free.
- Company's median sales growth is 26.4% of last 10 years

CONS

- Stock is trading at 14.3 times its book value
- Though the company is reporting repeated profits, it is not paying out dividend

DMart is a popular supermarket chain in India, designed to serve as a convenient, one-stop destination for all household needs. Whether you're shopping for daily groceries, personal care items, kitchen essentials, home appliances, or even clothing and furnishings, DMart brings a wide variety of quality products under one roof — all at highly competitive prices. The core philosophy behind DMart is simple: to deliver reliable products at great value, helping customers save money on their everyday shopping.

The journey of DMart began in 2002 with the opening of its very first store in Powai, Mumbai. It was founded by Mr. Radhakishan Damani, a respected investor and entrepreneur, along with his family. Their goal was to cater to the evolving needs of Indian households by offering a shopping experience that combines affordability, variety, and convenience.

From its modest beginnings, DMart has grown into a trusted household name. Today, it operates over 424 stores across several states in India, including Maharashtra, Gujarat, Andhra Pradesh, Madhya Pradesh, Karnataka, Telangana, Chhattisgarh, NCR, Tamil Nadu, Punjab, and Rajasthan. And the expansion continues, with plans to open more stores in new cities across the country.

DMart is owned and operated by Avenue Supermarts Ltd. (ASL), a company headquartered in Mumbai. Over the years, ASL has also introduced a range of in-house brands to meet the diverse needs of customers. These include D Mart, D Mart Minimax, D Mart Premia, D Homes, Dutch Harbour, and more — all focused on delivering quality at the best possible prices.

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart's Growth Journey (2013-2022)

1 — 2013

DMart reported having 65 stores across Maharashtra and Gujarat, along with one store each in Hyderabad and Bangalore as it began expanding to other states. At the time, DMart became the third largest retail company by revenue, after Reliance Retail and Future Group.

2 — 2016

In October 2016, DMart had 112 stores, having expanded to Telangana, Andhra Pradesh, Karnataka, Madhya Pradesh and Chhattisgarh. In December 2016, the company started its e-commerce venture called DMart Ready, allowing users to order groceries and household products online.

3 — 2017

The company launched its initial public offering (IPO) in March 2017 and got listed on the National Stock Exchange and Bombay Stock Exchange. On its listing date 22 March 2017, it became the 65th most valuable Indian firm.

4 — 2018

By 2018, it entered Tamil Nadu, Rajasthan, Punjab, Delhi NCR and Daman.

5 — 2021

In 2021, The Ken noted that DMart's newer stores ranged between 50,000 and 60,000 sq ft, nearly twice the average size of its existing stores.

6 — 2022

In 2022, DMart surpassed 300 stores, with three-fourths located in its cluster-states of Maharashtra, Gujarat, Telangana, Andhra Pradesh and Karnataka.

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

What DMart Does

Wide Product Range

It offers a variety of everyday items including food staples, cleaning supplies, apparel, and home essentials.

Affordable Shopping

DMart focuses on keeping prices lower than most competitors, which makes it a trusted choice for families looking for quality at reasonable rates.

Different Formats

Its network includes hypermarkets, supermarkets, and smaller stores to reach customers in different areas.

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

How DMart Works

Cost Efficiency Model

The company's business model is built around cost efficiency. By cutting down on unnecessary expenses, managing inventory tightly, and maintaining strong relationships with suppliers, DMart is able to pass on savings directly to customers in the form of discounts.

Employee Investment

Another noteworthy aspect is its focus on employees – the company invests in training and offers growth opportunities, which in turn helps improve customer service and store efficiency.

Operational Efficiency

Reducing unnecessary expenses

Inventory Management

Tight control of stock levels

Supplier Relationships

Strong partnerships for better pricing

Customer Savings

Discounts passed directly to shoppers

Customer Service Pledge

At DMart, we place strong emphasis on excellence in customer service. Our employees believe in the values of Action, Care and Truth (ACT) to get the job done, with Dedication and Determination.

Action

Focus: To be focused about what I do.
Motivated: To be clear of achieving my goal.
Enthusiastic: To love what I do.

Care

Respect: To respect every individual in the organisation and provide her/him with the dignity and attention to make her/him believe that she/he makes a difference to the organisation.
Listen: To listen and resolve any employee / customer grievance quickly and fairly.

Truth

Integrity: By being open, honest and fair in all our relationships and being respectful and trustful to others.

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

Store Opening Intimation

Opened new store at Gangashahar Road, Bikaner on 21 August 2025; Total Stores 429

Avenue Supermarts Limited
Plot No. B-72 & B-72A, Wagle Industrial Estate, Thane (West), Maharashtra, India - 400 604
Tel.: 91 22 33400500 • e-mail: info@dmartindia.com • Website: www.dmartindia.com

21th August, 2025

To,

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400 001

BSE Scrip Code: 540376

The National Stock Exchange of India Ltd.
Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra – Kurla Complex, Bandra (East),
Mumbai – 400 051

NSE Scrip Symbol: DMART

Sub: Store Opening Intimation

Dear Sir/ Madam,

This is to inform you that the Company has opened a new store at Gangashahar Road, Bikaner (Rajasthan) today. The total number of stores as on date stands at 429.

Request you to kindly take the same on record.

Thanking You,
For Avenue Supermarts Limited

Ashu Gupta Digitally signed by Ashu Gupta Date: 2025.08.21 18:47:05 +05'30'

Ashu Gupta
Company Secretary & Compliance Officer

DMart

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

Board of Directors

Executive Leadership

- **Radhakrishna Damani**
  Founder & Promoter
- **Chandrashekar Bhave**
  Chairman & MD
- **Ignatius Noronha**
  CEO & Whole-time Director

Independent Oversight

- **Manjiri Chandak**
  Non-Executive Director
- **Kalpana Unadkat**
  Independent Director

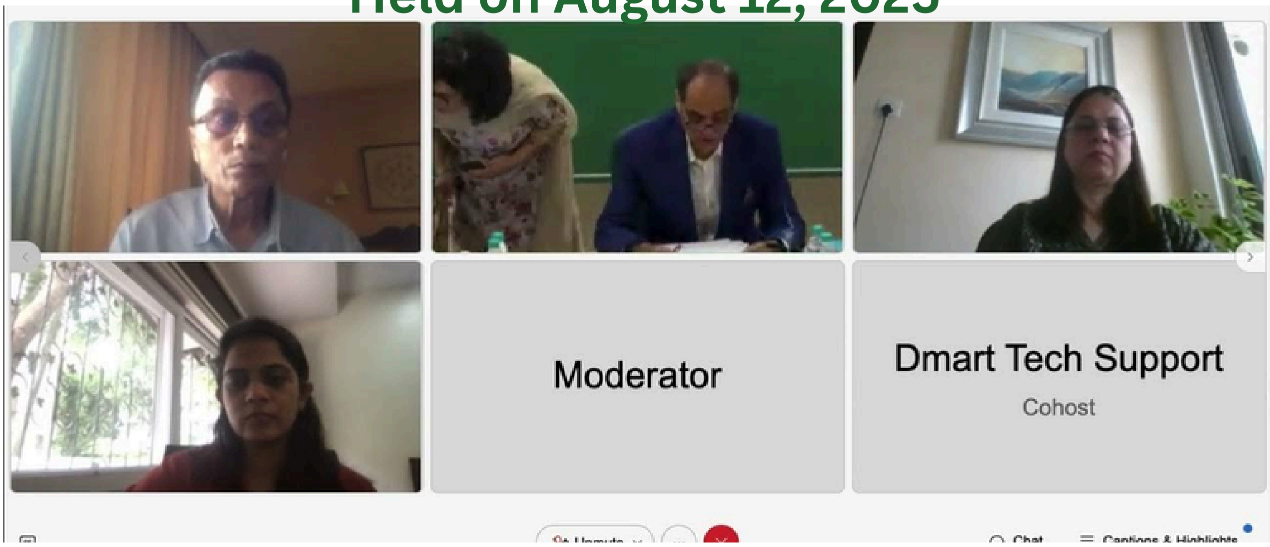
Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

Avenue Supermarts Limited – 25th Annual General Meeting Highlights
Held on August 12, 2025



Avenue Supermarts Limited successfully conducted its 25th Annual General Meeting (AGM) on August 12, 2025, through video conferencing. The meeting was chaired by Mr. Chandrashekhar Bhave and took place from 12:00 PM to 2:18 PM.
During the AGM, shareholders discussed and approved several key resolutions:

Ordinary Business:

- The audited financial statements for the financial year 2024–25 were adopted.
- Directors Mrs. Manjri Chandak and Mr. Ramakant Baheti were re-appointed as part of the Board's regular rotation.

Special Business:

- Ms. Rita Teaotia was appointed as an Independent Director for a term of three years, from June 2025 to June 2028.
- M/s. Rathi and Associates were appointed as Secretarial Auditors for a five-year term, covering FY2025 to FY2030.
- Shareholders approved material related party transactions with Avenue E-Commerce Limited, allowing for the sale of goods up to ₹35,000 crores.
- An additional investment of up to ₹500 crores in Avenue E-Commerce Limited was also approved.

The meeting reflected strong governance and continued focus on strategic partnerships and compliance.

DMart: Expansion Plans and Strategic Outlook

Rapid Store Expansion Plans

DMart plans to **open 50 new stores** in FY26, setting its sights squarely on northern India — especially **Uttar Pradesh and the National Capital Region (NCR)**. The company currently operates **415 stores**, and aims to grow that number to between **600 and 650 by January 2026.**

This marks the company's boldest expansion drive in recent years, aiming to tap into what former CEO Neville Noronha described as **"white spaces"** in North India — regions where DMart's presence is minimal or non-existent but potential demand is strong.

Store Expansion Snapshot (FY21–FY25)

- **Geographic focus:** Northern India, especially Uttar Pradesh
- **Strategic priority:** Penetrating the NCR region
- **Growth rationale:** Unmet demand and less saturation compared to western and southern markets

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

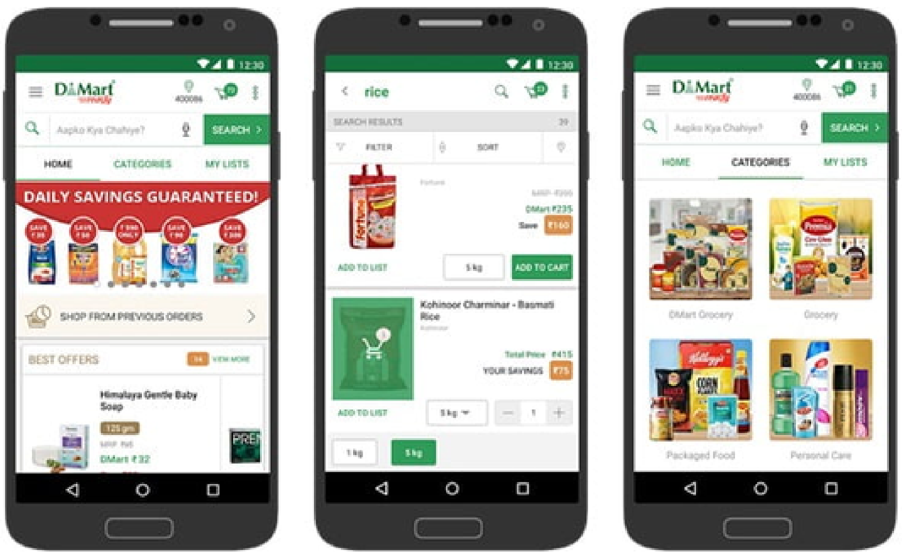
E-Commerce: DMart Ready's Growing Role

DMart Ready, the company's online platform, continues to expand steadily. In FY25, it posted **₹3,502** crore in revenue, up **20.8%** from the previous year, despite a widening loss of **₹247** crores.

Now present in **25 cities**, DMart Ready has prioritised value and reliability over speed, offering **3–6 hour deliveries** rather than quick commerce services.

Key Features of DMart Ready:

- **Delivery Timeline: 86% of orders delivered within 24 hours**
- **Minimum Order: ₹500 with free delivery**
- **Focus: Affordable pricing, not rapid delivery**



Looking Forward: Strategic Focus Under New Leadership

Under Asawa's leadership, DMart is expected to remain true to its core principles while pushing into new territory — literally and digitally.

Key Strategic Priorities for FY26:

1

Expansion

Fast-tracking store launches in northern India

2

Efficiency

Maintaining 2.5-year payback periods (excluding land) for new stores

3

Omnichannel

Deeper integration between DMart Ready and physical stores

4

Value-led approach

Competing on price rather than speed or convenience

Long-Term Vision:

- Expand to 1,800–1,900 outlets over time
- Build a unique, profitable online model
- Sustain growth without compromising the company's cost-conscious ethos

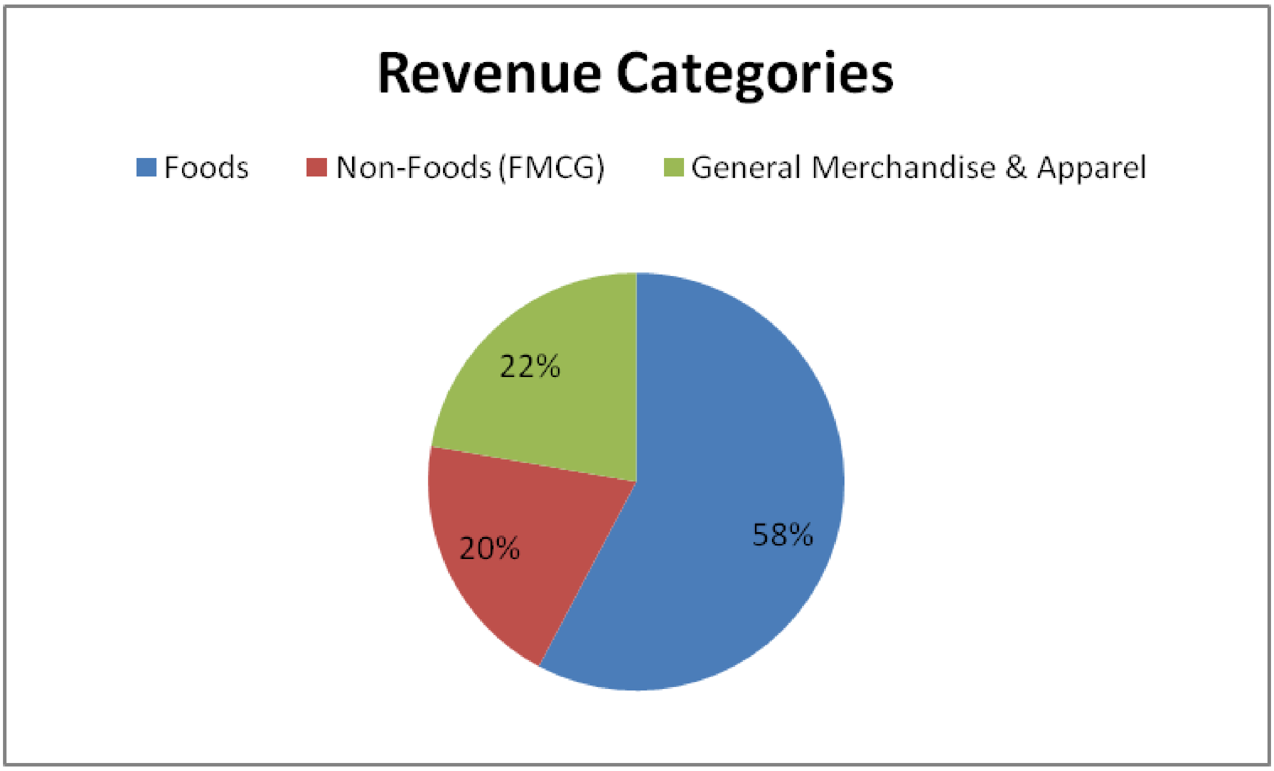
Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

REVENUE CATEGORIES



Revenue Categories		
Foods		58%
Non- Foods (FMCG)		20%
General Merchandise & Apparels		22%

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

Strengths

- 20% CAGR sales growth
- 365 stores across 10 states
- Store ownership model
- Strong vendor relationships

Weaknesses

- Low 5-6% profit margins
- Limited online presence
- Slower digital transformation
- Asset utilisation gaps

Opportunities

- E-commerce expansion
- Rising middle-class income
- Sustainable packaging demand
- Private label growth

Threats

- Quick commerce competition
- Price wars impact
- Economic fluctuations
- Rising real estate costs

S

W

O

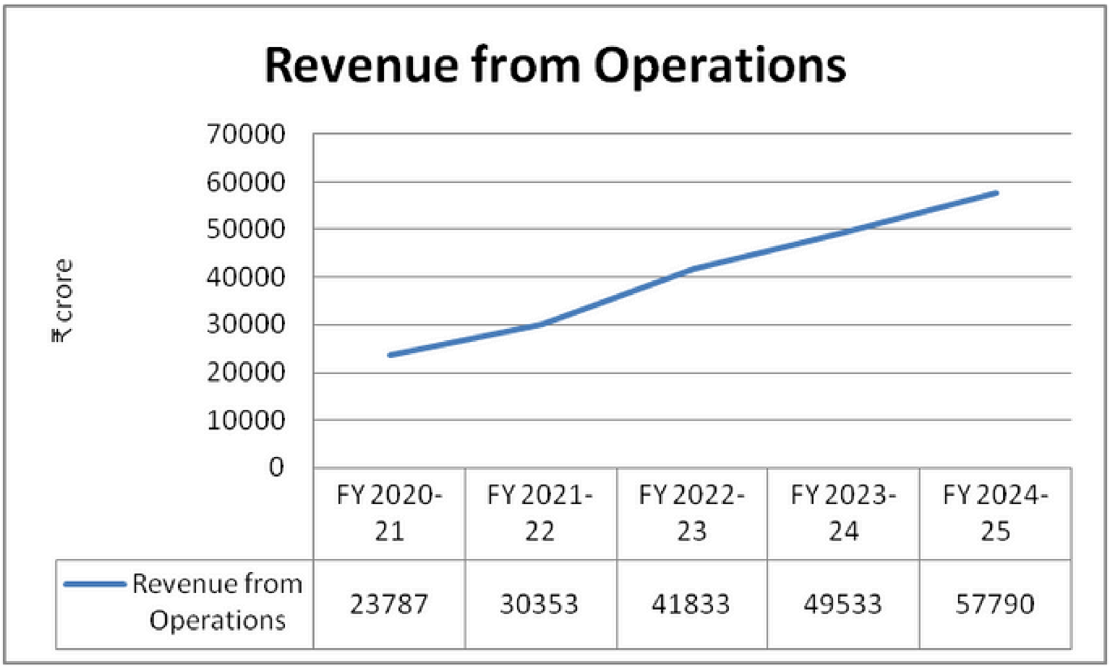
T

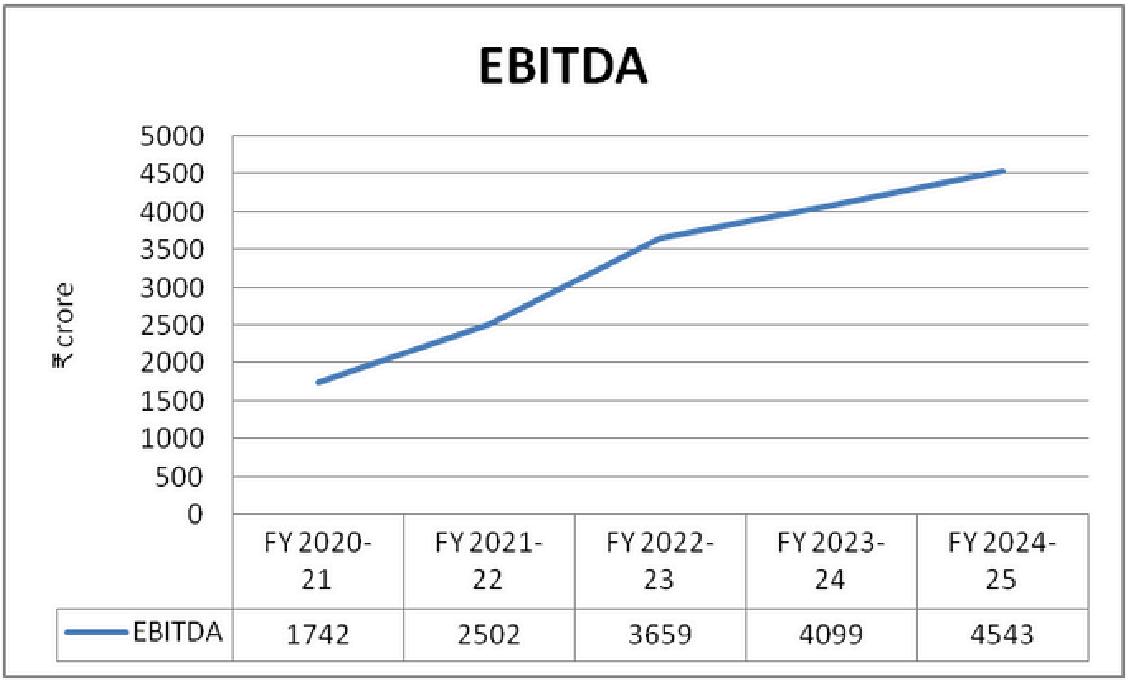
Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

Financial Metrics

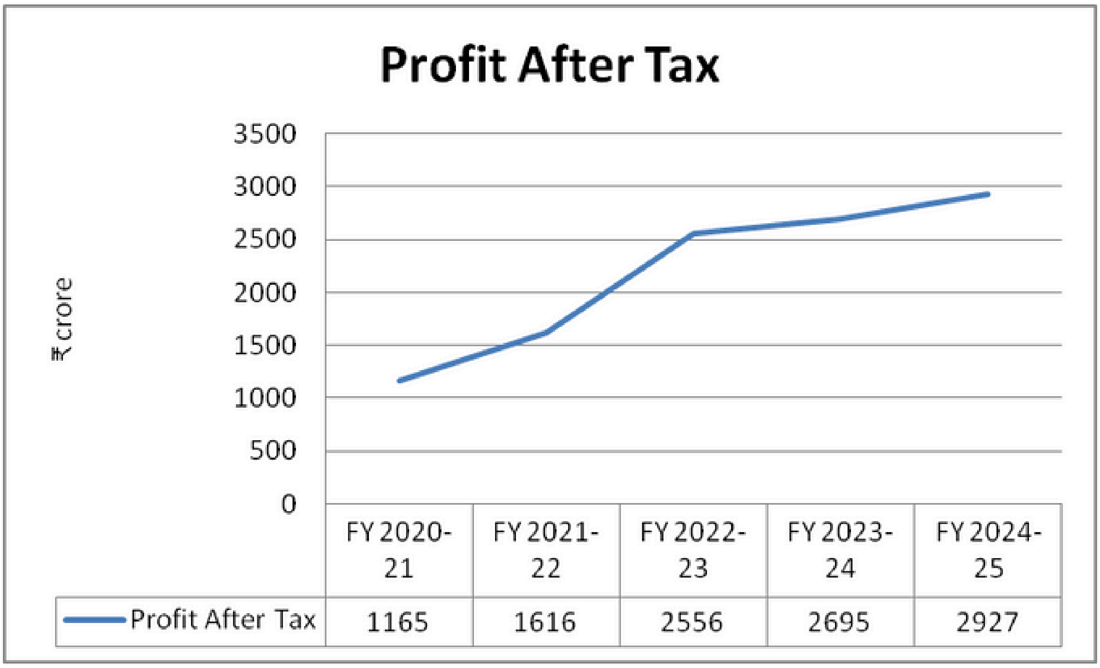


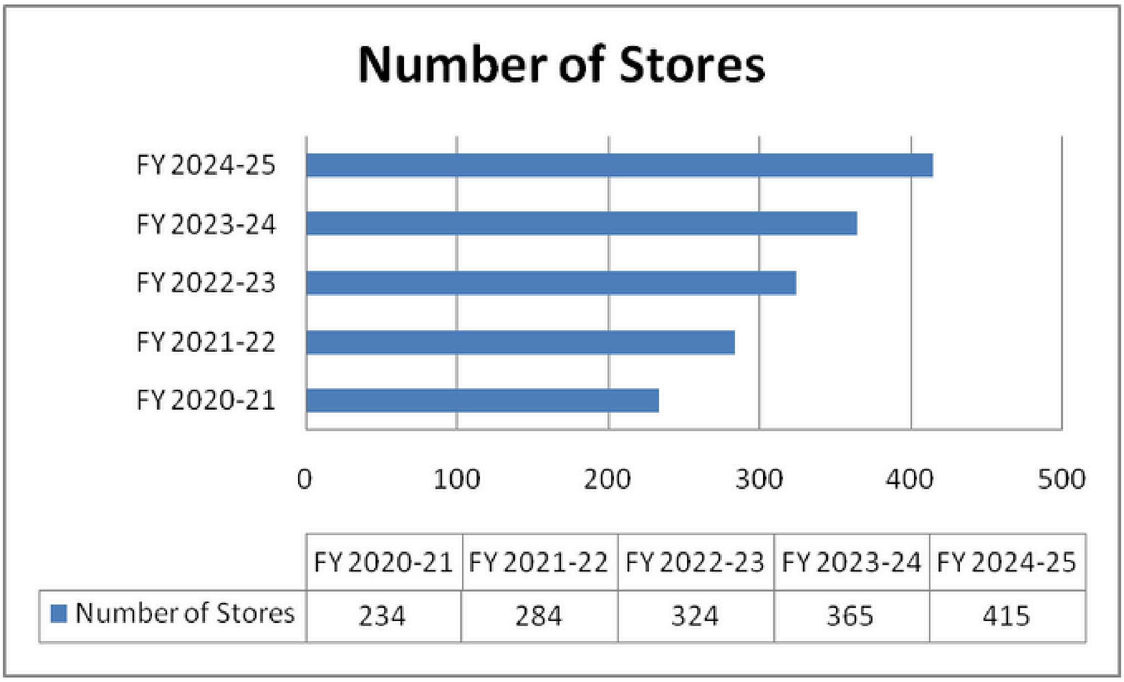


Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025





Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

Ratios

Market Cap	₹ 2,98,544 Cr.	Current Price	₹ 4,581	High / Low	₹ 5,313 / 3,337
Stock P/E	110	Book Value	₹ 329	Dividend Yield	0.00 %
ROCE	18.0 %	ROE	13.4 %	Face Value	₹ 10.0
Sales	₹ 61,649 Cr.	Sales Qtr	₹ 16,360 Cr.	Qtr Profit Var	-0.11 %
EPS	₹ 41.6	Promoter holding	74.6 %	Profit after tax	₹ 2,707 Cr.
PAT Qtr	₹ 773 Cr.	Price to Earning	110	Return on assets	11.9 %
Return on equity	13.4 %	Change in Prom Hold	0.00 %	Mar Cap	₹ 2,98,544 Cr.
Qtr Sales Var	16.3 %	Price to book value	13.9	Debt to equity	0.04
Debt	₹ 820 Cr.	Pledged percentage	0.00 %	ROCE	18.0 %

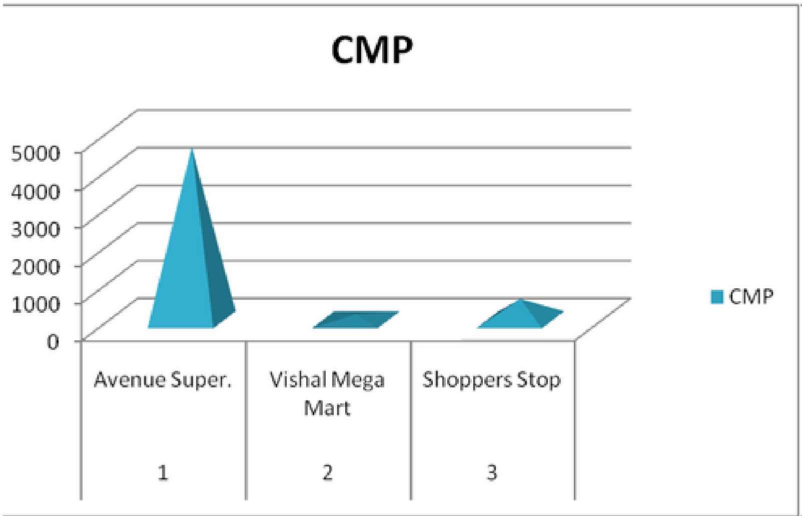
Avenue Supermarts Ltd

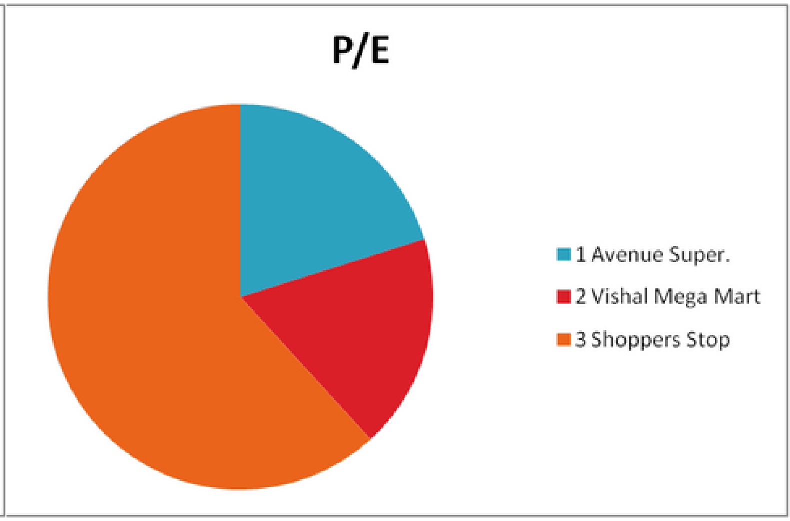
Retailing and consumer Discretionary Sector

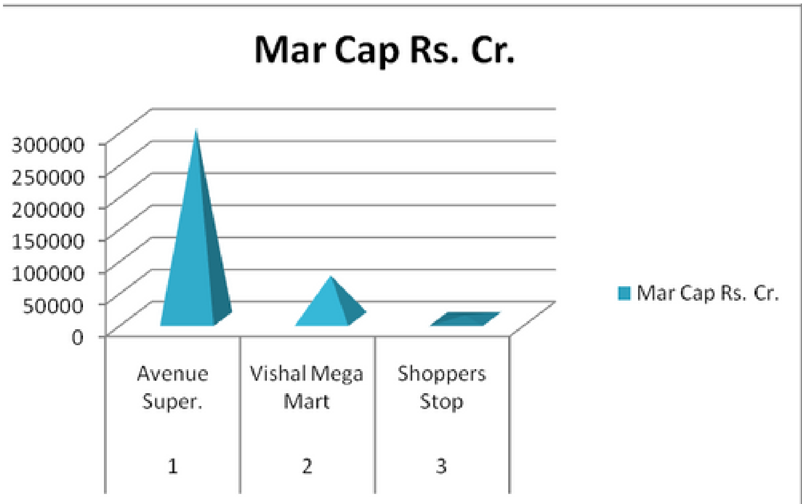
August 2025

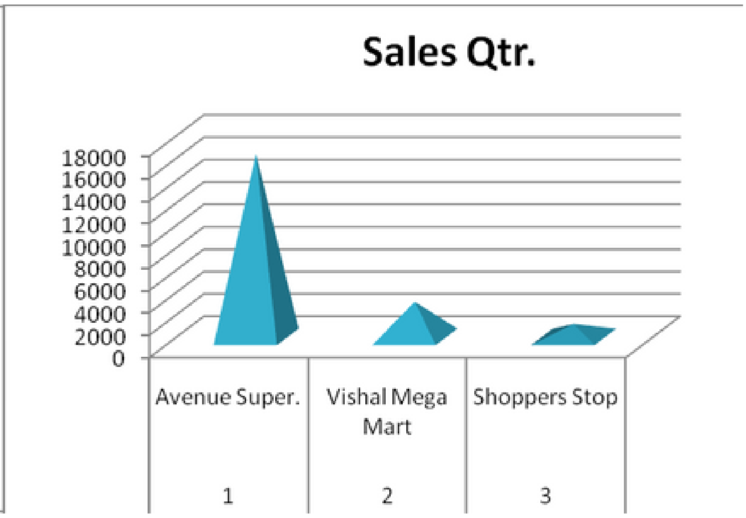
Peer Comparison

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Sales Qtr Rs.Cr.
1.	Avenue Super.	4580.85	110.28	298544.10	16359.70
2.	Vishal Mega Mart	146.10	99.13	68193.43	3140.32
3.	Shoppers Stop	548.10	338.48	6041.85	1161.08









Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

Profit & Loss

Narration	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales	**20,004.52**	**24,870.20**	**24,143.06**	**30,976.27**	**42,839.56**	**50,788.83**	**59,358.05**
Expenses	18,371.21	22,741.89	22,398.23	28,473.92	39,200.79	46,683.19	54,863.54
Operating Profit	**1,633.31**	**2,128.31**	**1,744.83**	**2,502.35**	**3,638.77**	**4,105.64**	**4,494.51**
Other Income	48.33	59.99	194.43	113.64	127.60	144.58	117.13
Depreciation	212.49	374.41	414.16	498.08	638.87	730.76	869.52
Interest	47.21	69.12	41.65	53.79	67.41	58.13	69.45
Profit before tax	1,421.94	1,744.77	1,483.45	2,064.12	3,060.09	3,461.33	3,672.67
Tax	519.48	443.79	384.02	571.72	681.75	925.72	965.22
Net profit	**902.54**	**1,301.08**	**1,099.49**	**1,492.55**	**2,378.51**	**2,536.17**	**2,708.02**
EPS	14.46	20.08	16.97	23.04	36.69	38.98	41.62
Price to earning	101.73	108.91	168.45	173.75	92.70	116.11	98.11
Price	**1,471.10**	**2,187.50**	**2,859.05**	**4,003.35**	**3,401.05**	**4,525.60**	**4,083.20**
RATIOS:							
Dividend Payout	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPM	8.16%	8.56%	7.23%	8.08%	8.49%	8.08%	7.57%

Cash Flow

Narration	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash from Operating Activity	**806.84**	**1,280.14**	**1,375.14**	**1,372.35**	**2,630.27**	**2,745.84**	**2,462.97**
Cash from Investing Activity	-958.37	-4,656.56	-1,110.00	-1,289.49	-2,313.10	-2,468.23	-2,185.31
Cash from Financing Activity	208.98	3,357.42	-179.50	-179.24	-205.14	-147.64	-259.30
Net Cash Flow	**57.45**	**-19.00**	**85.64**	**-96.38**	**112.03**	**129.97**	**18.36**

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

D Mart

Quarters

Narration	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Sales	**10,594.11**	**11,865.44**	**12,624.37**	**13,572.47**	**12,726.55**	**14,069.14**	**14,444.50**	**15,972.55**	**14,871.86**	**16,359.70**
Expenses	9,822.60	10,830.17	11,619.40	12,452.58	11,782.91	12,847.89	13,350.73	14,755.31	13,916.79	15,060.66
Operating Profit	**771.51**	**1,035.27**	**1,004.97**	**1,119.89**	**943.64**	**1,221.25**	**1,093.77**	**1,217.24**	**955.07**	**1,299.04**
Other Income	33.07	38.74	36.92	32.92	37.87	41.60	33.52	24.14	25.05	19.43
Depreciation	164.08	162.18	174.36	189.33	204.89	192.76	207.78	228.12	240.86	231.70
Interest	15.53	14.57	15.59	14.55	13.42	15.96	16.32	18.21	18.96	29.30
Profit before tax	624.97	897.26	851.94	948.93	763.20	1,054.13	903.19	995.05	720.30	1,057.47
Tax	164.87	238.55	228.59	258.52	200.06	280.45	243.75	271.51	169.51	284.66
Net profit	**460.13**	**658.75**	**623.56**	**690.61**	**563.25**	**773.82**	**659.58**	**723.72**	**550.90**	**772.97**
OPM	**7%**	**9%**	**8%**	**8%**	**7%**	**9%**	**8%**	**8%**	**6%**	**8%**

Balance Sheet

Narration	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	624.08	647.77	647.77	647.77	648.26	650.73	650.73
Reserves	4,963.37	10,431.97	11,535.94	13,029.87	15,430.44	18,047.09	20,777.02
Borrowings	700.15	333.19	392.71	646.94	642.98	592.16	819.62
Other Liabilities	717.90	663.23	1,078.63	1,146.40	1,382.84	1,882.50	2,065.41
Total	**7,005.50**	**12,076.16**	**13,655.05**	**15,470.98**	**18,104.52**	**21,172.48**	**24,312.78**
Net Block	4,400.37	5,948.03	7,008.80	9,260.02	11,340.48	13,415.00	16,206.46
Capital Work in Progress	376.84	364.40	1,019.59	1,129.34	829.16	935.22	1,099.35
Investments	16.53	14.68	2.95	5.94	202.20	106.67	3.26
Other Assets	2,211.76	5,749.05	5,623.71	5,075.68	5,732.68	6,715.59	7,003.71
Total	7,005.50	12,076.16	13,655.05	15,470.98	18,104.52	21,172.48	24,312.78
Working Capital	1,493.86	5,085.82	4,545.08	3,929.28	4,349.84	4,833.09	4,938.30
Debtors	64.37	19.55	43.58	66.89	62.16	166.37	153.79
Inventory	1,608.65	1,947.40	2,248.28	2,742.66	3,243.48	3,927.31	5,044.37
Debtor Days	1.17	0.29	0.66	0.79	0.53	1.20	0.95
Inventory Turnover	12.44	12.77	10.74	11.29	13.21	12.93	11.77
Return on Equity	**16%**	**12%**	**9%**	**11%**	**15%**	**14%**	**13%**
Return on Capital Emp	**26%**	**20%**	**13%**	**16%**	**20%**	**20%**	**18%**

Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025

DMart

Investment Recommendation: HOLD

Executive Summary

Avenue Supermarts Limited (DMart) demonstrates steady topline growth with consistent store expansion, but faces persistent margin pressure and elevated valuation concerns. The stock is currently trading at a PE ratio of 100-110x, significantly higher than the retail sector average of 21-40x, making it one of the most expensive retail stocks in India. While the company maintains its debt-free balance sheet and strong brand positioning, the combination of margin compression, competitive headwinds from quick commerce, and rich valuation warrants a HOLD recommendation for existing investors.