

January 12, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	3,783		3,736	
Sales (Rs. m)	8,08,242	9,59,716	8,17,930	9,73,408
% Chng.	(1.2)	(1.4)		
EBITDA (Rs. m)	59,968	69,690	58,424	68,026
% Chng.	2.6	2.4		
EPS (Rs.)	51.0	58.1	49.3	56.2
% Chng.	3.5	3.3		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	5,93,581	6,81,851	8,08,242	9,59,716
EBITDA (Rs. m)	44,870	51,797	59,968	69,690
Margin (%)	7.6	7.6	7.4	7.3
PAT (Rs. m)	27,066	29,877	33,179	37,777
EPS (Rs.)	41.6	45.9	51.0	58.1
Gr. (%)	6.8	10.4	11.0	13.9
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	13.5	13.0	12.7	12.8
RoCE (%)	18.0	17.4	16.3	16.0
EV/Sales (x)	4.2	3.6	3.1	2.6
EV/EBITDA (x)	55.0	48.0	41.7	36.2
PE (x)	91.4	82.8	74.6	65.5
P/BV (x)	11.5	10.1	8.9	7.8

Key Data AVEU.BO | DMART IN

52-W High / Low	Rs.4,950 / Rs.3,337
Sensex / Nifty	83,576 / 25,683
Market Cap	Rs.2,474bn / \$ 27,435m
Shares Outstanding	651m
3M Avg. Daily Value	Rs.1573.64m

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	(2.8)	(9.3)	(0.3)
Relative	(1.5)	(9.3)	(7.4)

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Tepid store metrics, Rich valuations limit upside

Quick Pointers:

- LFL at 5.6%, Bill cuts/store/day declines 2.1% while Av. Bill value up 1.2%
- GM&A share at 22.98% for 9MFY26 vs 23.3% in 1HFY26

We raise our FY26/FY27/FY28 EPS estimates by 4.6%/3.5%/3.3% as 3Q26 profits beat estimates led by higher gross margins and benefits of cost control. D'Mart's Q3FY26 results beat our estimates at the EBITDA/PAT level by 9.2%/10.2%, led by lower overheads and healthy gross margins, despite 11bps YoY increase in cost of retailing and 36bps QoQ decline in GM&A contribution.

Operating parameters continue to remain weak with sales/store down 1.1%, sales/ft down 0.3%, bills cuts/store/day decline of 2.1% YoY (flat in last 2 years) and flattish average bill value YoY. Interest burden also increased from Rs505mn to Rs1011bn in 9mFY26, in line with our expectations, which makes D'Mart an ideal candidate for equity dilution.

The company added 10 stores in Q3FY26; we expect store additions to accelerate in Q4, with total openings of 57/65/70 in FY26/FY27/FY28. For Q4FY26, we forecast GM/EBITDA margins of 14.2%/7.1% on a low base, translating into healthy double-digit PAT growth.

However, intensifying competition from quick commerce across FMCG/non-FMCG, deteriorating mix and volatile store economics raise concerns over the long-term sustainability of these margins. We estimate 12.5% EPS CAGR over FY26–28 and arrive at DCF based TP of Rs3783 (Rs3736 earlier, roll over to FY28) Given rich valuations at 65.5x FY28E EPS, we maintain HOLD, with back ended returns.

Consol Revenues Consol Revenues grew by 13.3% YoY to Rs181bn. Gross margins expanded by 58bps YoY to 15.3% (PLe:14.8%). EBITDA grew by 20.2% YoY to Rs14.6bn (PLe:Rs13.39bn). Margins expanded by 46bps YoY to 8.1%. (PLe:7.4%). Cost of Retail expanded by 11bps YoY to 7.2%. Adj PAT grew by 18.3% YoY to Rs8.6bn (PLe:Rs7.7bn). Dmart Ready: Imputed Revenues grew by 19.9% YoY to Rs4.9bn. LFL came in at 5.6% (lowest in last 5 quarters) while bill cuts grew by 12% YoY to 103mn with sales/ft remaining largely flat YoY at Rs9290

Healthy GM, cost control lifts profitability: Q3 sales were partly impacted by deflation in staples, however, earnings surprised positively, supported by healthy gross margins and lower than expected overheads, thus driving profitability. Sales mix remained largely stable, with an 18/18 bps QoQ increase in Food/Non-Food share to 57.19%/19.83%. We believe continued cost discipline, coupled with superior purchasing power, could help D'Mart sustain PAT over the coming 2 quarters. However, we hold our view that the competitive intensity from quick-commerce players coupled with urban slowdown remains a key risk and could weigh on sales in the near to medium term.

Adds 10 stores in 3Q, store size up QoQ: D'Mart added 10 stores in 3QFY26 (vs. 8 stores in 2QFY26), taking the total store count to 442 with retail business area expanding to 18.3 mn sq. ft (vs. 17.9 mn sq. ft in 2QFY26). The average area per new store increased to ~40k sq. ft in 3QFY26, compared to 37.5k sq. ft in 2QFY26 and 39.3k sq. ft in 3QFY25.

Exhibit 1: Consolidated Revenues grew by 13.3% YoY, EBITDA margin expanded by 46bps YoY

Y/e March	3QFY26	3QFY25	YoY gr. (%)	2QFY26	9MFY26	9MFY25	YoY gr. (%)
Net Sales	1,81,009	1,59,726	13.3	1,66,763	5,11,371	4,44,862	15.0
Gross Profit	27,698	23,522	17.8	25,133	77,880	67,003	16.2
% of NS	15.3	14.7	0.575	15.1	15.2	15.1	0.2
Other Expenses	13,064	11,349	15.1	12,996	38,117	31,680	20.3
% of NS	7.2	7.1	0.1	7.8	7.5	7.1	0.3
EBITDA	14,634	12,172	20.2	12,137	39,763	35,323	12.6
Margins (%)	8.1	7.6	0.5	7.3	7.8	7.9	(0.2)
Depreciation	2,683	2,281	17.6	2,535	7,535	6,287	19.9
Interest	368	182	102.2	350	1,011	505	100.2
Other Income	169	241	(29.9)	196	559	993	(43.7)
PBT	11,752	9,950	18.1	9,448	31,777	29,524	7.6
Tax	3,194	2,715	17.6	2,599	8,640	7,957	8.6
Tax rate (%)	27.2	27.3	(0.1)	27.5	27.2	27.0	0.2
Adjusted PAT	8,558	7,236	18.3	6,850	23,138	21,569	7.3

Source: Company, PL

Exhibit 2: D'Mart added 10 stores in 3QFY26; Cost of retail increased by ~11bps YoY

Rs mn	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26
No. of Stores	365	371	377	387	415	424	432	442
Area (mn Sq.ft.)	15.1	15.4	15.8	16.1	17.2	17.6	17.9	18.3
Sales/store	351	373	376	407	361	380	379	403
% growth	7.0%	4.7%	1.2%	4.1%	2.7%	1.9%	0.9%	-1.1%
Sales/Ft	8,460	8,991	9,007	9,759	8,686	9,156	9,137	9,731
% growth	6.4%	4.4%	0.3%	3.5%	2.7%	1.8%	1.5%	-0.3%
Gross Profit/Ft	1160	1340	1277	1372	1170	1340	1301	1417
EBIDTA/FT	642	801	708	774	589	755	693	818
Cost of retail %	7.0	6.9	7.3	7.1	7.7	7.4	7.8	7.2

Source: Company, PL

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

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E	FY2027E	FY2028E
Sales/Ft	27306	27454	31096	32941	33896	34408	35574	37141
Gross Profit/Ft	4318	4507	5185	5273	5453	5600	5768	5978
EBIDTA/FT	2098	2459	2922	2880	2778	2813	2853	2913
Capex/Ft	9586	9898	11512	13908	14597	14973	15415	15849
Cost of retail %	7.6%	6.7%	6.6%	6.7%	7.3%	7.5%	7.6%	7.6%
Working Cap/Ft	1813	1890	1904	1785	2158	2368	2526	2663

Source: Company, PL

Exhibit 4: Bill cuts to grow by 15.8% YoY to 460mn in FY26

	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
D'Mart Bills (mn)	172	201	152	181	258	303	262	353	397	460
Growth	28.0%	16.9%	-24.4%	19.1%	42.5%	17.4%	15.9%	16.5%	12.6%	15.8%
Number of Stores	176	214	234	284	324	365	387	415	472	537
Addition	21	38	20	50	40	41	22	50	57	65
Bills/Store/Day	2847	2824	1859	1915	2325	2410	2618	2480	2455	2499
Growth	10.6%	-0.8%	-34.2%	3.0%	21.4%	3.6%	3.2%	2.9%	-1.0%	1.8%
Average Bill Value (Rs/Bill)	1158	1228	1565	1677	1621	1635	1736	1637	1665	1698
Growth	3.7%	6.0%	27.5%	7.2%	-3.3%	0.8%	1.10%	0.1%	1.7%	2.0%

Source: Company, PL

Exhibit 5: Store expansion in mature cluster came at 55.6% in 9MFY26 vs 64% in FY25

Stores	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	9MFY26
Total Stores	131	155	176	214	234	284	324	365	415	442
Addition	21	24	21	38	20	50	40	41	50	27
Mature Clusters (Top 5 States)	120	133	152	174	185	219	248	276	308	323
Addition	14	13	19	22	11	34	29	28	32	15
% of Total	66.7	54.2	90.5	57.9	55.0	68.0	72.5	41.4	64.0	55.6
Total States	11	12	12	12	12	12	12	12	12	12
Stores in Emerging Clusters	11	22	24	40	49	65	76	89	107	119
% of Total	8.4	14.2	13.6	18.7	20.9	22.9	23.5	24.3	25.8	26.9
Emerging Cluster Addition	7	11	2	16	9	16	11	13	18	12
% of Total	33.3	45.8	9.5	42.1	45.0	32.0	27.5	31.7	36.0	44.4

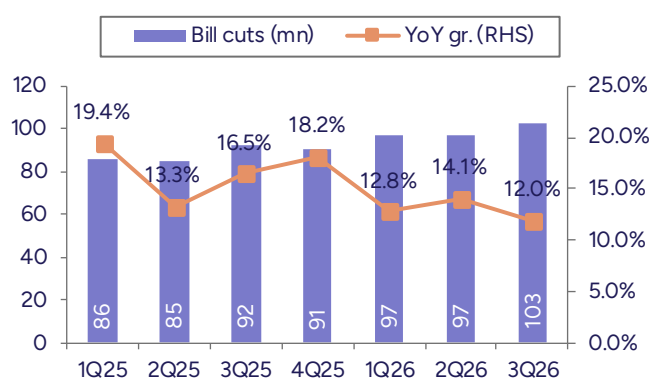
Source: Company, PL

Exhibit 6: General merchandise & Apparel share declined by 36bps QoQ

Sales Mix	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	1H FY26	9M FY26
Foods	53.1%	53.7%	51.6%	51.3%	52.4%	57.4%	56.9%	56.0%	57%	57.7%	57.0%	57.19%
Non-Foods	20.6%	20.0%	20.0%	20.5%	20.3%	19.7%	19.7%	20.9%	20.7%	20%	19.7%	19.83%
General merchandise & Apparel	26.4%	26.4%	28.4%	28.3%	27.3%	22.9%	23.4%	23.0%	22.4%	22.26%	23.3%	22.98%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

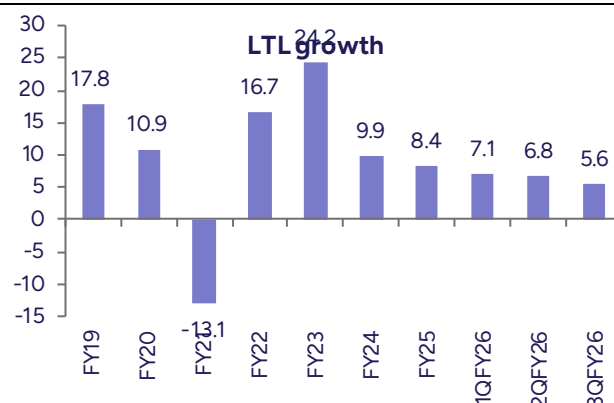
Source: Company, PL

Exhibit 7: Bill Cuts grew by 14.1% YoY in 2QFY26



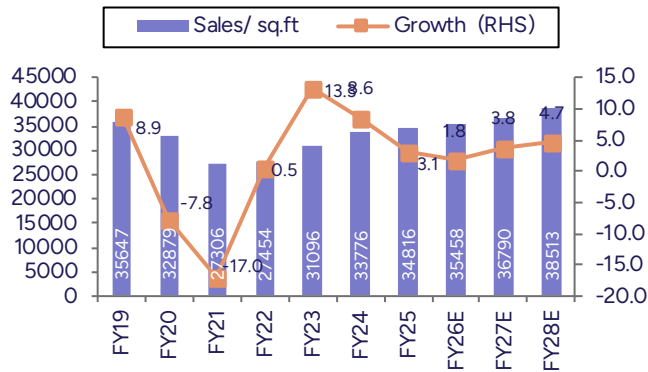
Source: Company, PL

Exhibit 8: LTL sales growth at 5.6% in 3QFY26



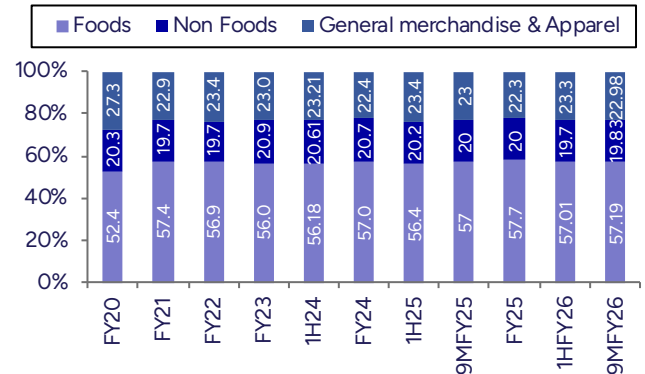
Source: Company, PL

Exhibit 9: Sales/Sq.ft to grow by 4.25% CAGR over FY26-28



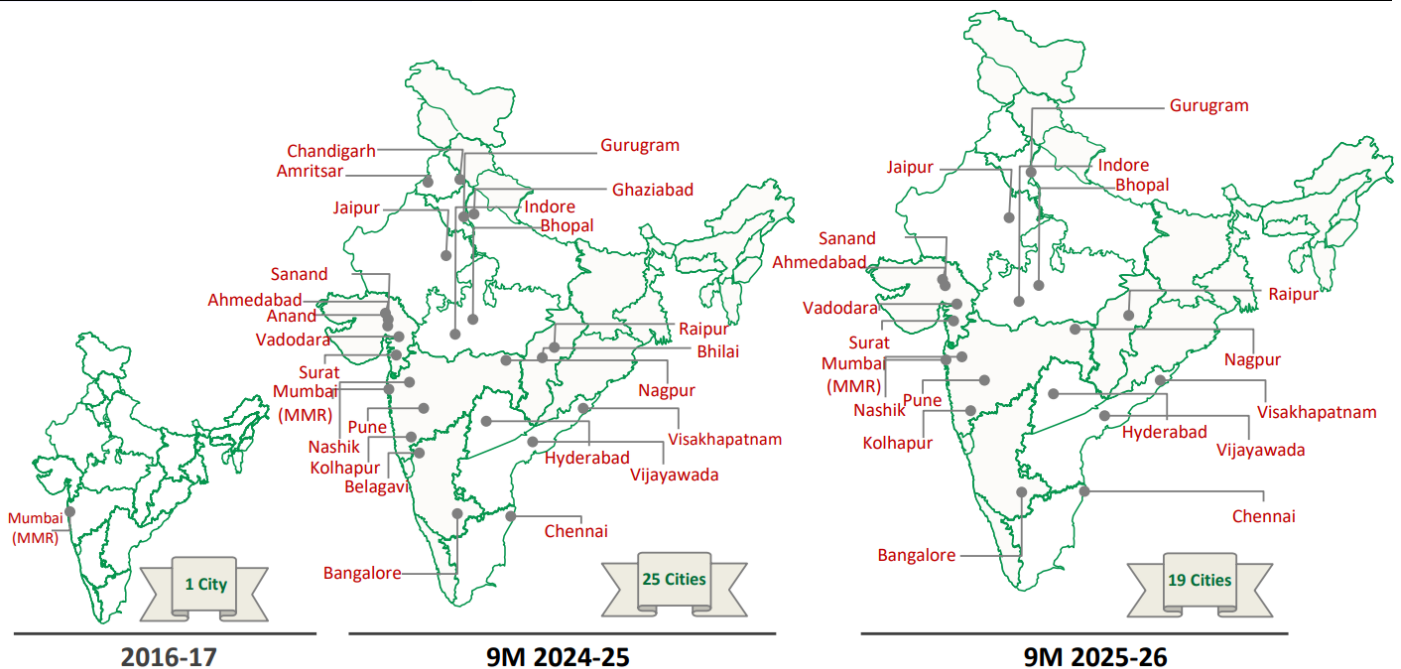
Source: Company, PL

Exhibit 10: Foods continue to remain highest contributor



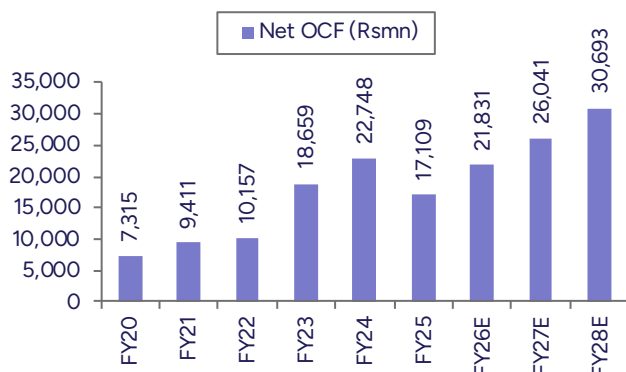
Source: Company, PL

Exhibit 11: D'Mart Ready number of cities remain unchanged QoQ at 19



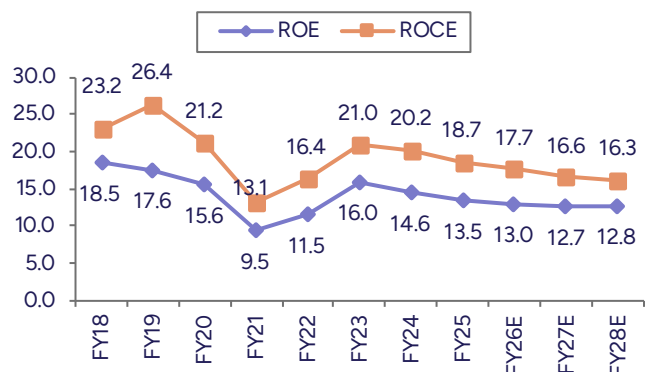
Source: Company, PL

Exhibit 12: CFO declined by 40% in FY25



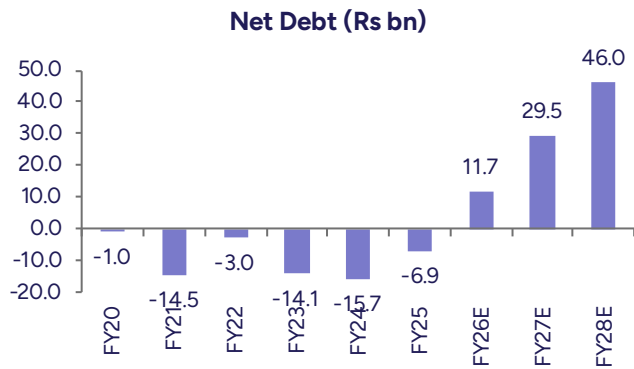
Source: Company, PL

Exhibit 13: ROE, ROCE slides gradually



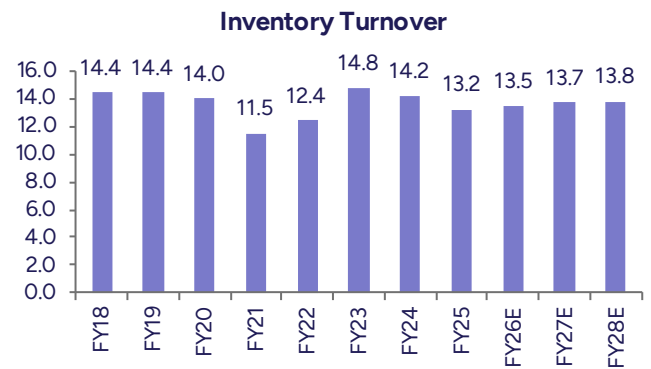
Source: Company, PL

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



Source: Company, PL

Exhibit 15: Inventory turnover to remain stable at 13.5-13.8



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	5,93,581	6,81,851	8,08,242	9,59,716
YoY gr. (%)	16.9	14.9	18.5	18.7
Cost of Goods Sold	5,05,517	5,78,755	6,87,005	8,16,718
Gross Profit	88,064	1,03,096	1,21,236	1,42,998
Margin (%)	14.8	15.1	15.0	14.9
Employee Cost	11,659	14,166	17,131	20,694
Other Expenses	31,534	37,133	44,137	52,613
EBITDA	44,870	51,797	59,968	69,690
YoY gr. (%)	9.3	15.4	15.8	16.2
Margin (%)	7.6	7.6	7.4	7.3
Depreciation and Amortization	8,695	10,049	12,027	14,282
EBIT	36,175	41,748	47,941	55,408
Margin (%)	6.1	6.1	5.9	5.8
Net Interest	695	1,433	3,164	4,575
Other Income	1,243	734	807	1,070
Profit Before Tax	36,724	41,049	45,585	51,903
Margin (%)	6.2	6.0	5.6	5.4
Total Tax	9,652	11,165	12,399	14,118
Effective tax rate (%)	26.3	27.2	27.2	27.2
Profit after tax	27,072	29,884	33,186	37,785
Minority interest	6	6	7	8
Share Profit from Associate	-	-	-	-
Adjusted PAT	27,066	29,877	33,179	37,777
YoY gr. (%)	6.8	10.4	11.0	13.9
Margin (%)	4.6	4.4	4.1	3.9
Extra Ord. Income / (Exp)	(88)	-	-	-
Reported PAT	26,978	29,877	33,179	37,777
YoY gr. (%)	6.8	10.7	11.0	13.9
Margin (%)	4.5	4.4	4.1	3.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	26,978	29,877	33,179	37,777
Equity Shares O/s (m)	651	651	651	651
EPS (Rs)	41.6	45.9	51.0	58.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,74,285	2,13,717	2,56,313	3,03,654
Tangibles	1,73,137	2,12,455	2,54,925	3,02,126
Intangibles	1,148	1,263	1,389	1,528
Acc: Dep / Amortization	30,420	37,690	46,334	56,527
Tangibles	29,562	36,744	45,290	55,376
Intangibles	858	946	1,044	1,151
Net fixed assets	1,43,865	1,76,027	2,09,980	2,47,127
Tangibles	1,43,575	1,75,711	2,09,634	2,46,750
Intangibles	290	316	345	377
Capital Work In Progress	10,994	12,093	13,302	14,632
Goodwill	783	783	783	783
Non-Current Investments	1,701	2,918	4,547	5,248
Net Deferred tax assets	(1,125)	(961)	(778)	(571)
Other Non-Current Assets	21,864	26,655	30,909	35,025
Current Assets				
Investments	13	14	15	17
Inventories	50,444	59,850	71,110	83,885
Trade receivables	1,538	1,775	2,104	2,498
Cash & Bank Balance	6,940	10,318	14,547	12,029
Other Current Assets	3,137	3,488	4,124	4,886
Total Assets	2,43,203	2,96,307	3,54,250	4,09,488
Equity				
Equity Share Capital	6,507	6,507	6,507	6,507
Other Equity	2,07,770	2,37,673	2,70,865	3,08,659
Total Network	2,14,278	2,44,180	2,77,373	3,15,166
Non-Current Liabilities				
Long Term borrowings	-	22,000	44,000	58,000
Provisions	127	169	221	283
Other non current liabilities	5,558	5,182	4,901	4,633
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	10,708	12,351	14,664	17,419
Other current liabilities	11,414	11,470	12,320	13,422
Total Equity & Liabilities	2,43,203	2,96,307	3,54,250	4,09,488

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	36,724	41,049	45,585	51,903
Add. Depreciation	8,695	10,049	12,027	14,282
Add. Interest	695	1,433	3,164	4,575
Less Financial Other Income	1,243	734	807	1,070
Add. Other	(166)	(6,503)	(6,293)	(5,225)
Op. profit before WC changes	45,947	46,028	54,483	65,535
Net Changes-WC	(9,414)	(8,752)	(9,501)	(10,598)
Direct tax	(9,652)	(11,165)	(12,399)	(14,118)
Net cash from Op. activities	26,881	26,111	32,583	40,819
Capital expenditures	(36,245)	(43,310)	(47,189)	(52,760)
Interest / Dividend Income	-	-	-	-
Others	966	(1)	(1)	(2)
Net Cash from Invst. activities	(35,279)	(43,312)	(47,190)	(52,762)
Issue of share cap. / premium	310	13	-	-
Debt changes	-	22,000	22,000	14,000
Dividend paid	-	-	-	-
Interest paid	(695)	(1,433)	(3,164)	(4,575)
Others	(6)	-	-	-
Net cash from Fin. activities	(390)	20,579	18,836	9,425
Net change in cash	(8,788)	3,378	4,229	(2,517)
Free Cash Flow	(9,364)	(17,200)	(14,606)	(11,941)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	41.6	45.9	51.0	58.1
CEPS	55.0	61.4	69.5	80.0
BVPS	329.3	375.2	426.2	484.3
FCF	(14.4)	(26.4)	(22.4)	(18.3)
DPS	-	-	-	-
Return Ratio(%)				
RoCE	18.0	17.4	16.3	16.0
ROIC	15.3	14.6	14.1	13.9
RoE	13.5	13.0	12.7	12.8
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	0.1	0.1
Net Working Capital (Days)	25	26	26	26
Valuation(x)				
PER	91.4	82.8	74.6	65.5
P/B	11.5	10.1	8.9	7.8
P/CEPS	69.2	62.0	54.7	47.5
EV/EBITDA	55.0	48.0	41.7	36.2
EV/Sales	4.2	3.6	3.1	2.6
Dividend Yield (%)	-	-	-	-

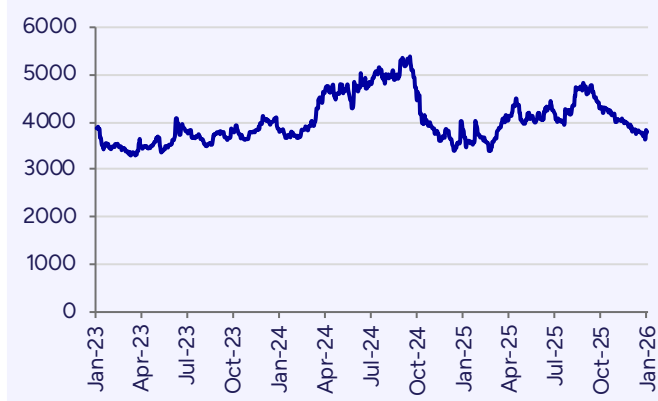
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	1,48,719	1,63,597	1,66,763	1,81,009
YoY gr. (%)	16.9	16.3	15.5	13.3
Raw Material Expenses	1,27,658	1,38,550	1,41,630	1,53,311
Gross Profit	21,061	25,047	25,133	27,698
Margin (%)	14.2	15.3	15.1	15.3
EBITDA	9,551	12,990	12,137	14,634
YoY gr. (%)	1.2	6.4	11.0	20.2
Margin (%)	6.4	7.9	7.3	8.1
Depreciation / Depletion	2,409	2,317	2,535	2,683
EBIT	7,142	10,673	9,602	11,951
Margin (%)	4.8	6.5	5.8	6.6
Net Interest	190	293	350	368
Other Income	251	194	196	169
Profit before Tax	7,203	10,575	9,448	11,752
Margin (%)	4.8	6.5	5.7	6.5
Total Tax	1,695	2,847	2,599	3,194
Effective tax rate (%)	23.5	26.9	27.5	27.2
Profit after Tax	5,508	7,728	6,849	8,558
Minority interest	-	-	(2)	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,508	7,728	6,850	8,558
YoY gr. (%)	(2.2)	(0.1)	3.8	18.3
Margin (%)	3.7	4.7	4.1	4.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,508	7,728	6,850	8,558
YoY gr. (%)	(2.2)	(0.1)	3.8	18.3
Margin (%)	3.7	4.7	4.1	4.7
Other Comprehensive Income	41	(24)	(89)	(26)
Total Comprehensive Income	5,549	7,705	6,761	8,532
Avg. Shares O/s (m)	651	651	651	648
EPS (Rs)	8.5	11.9	10.5	13.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	Hold	3,736	3,842
2	12-Oct-25	Hold	4,111	4,320
3	08-Oct-25	Hold	4,138	4,303
4	30-Jul-25	Hold	3,994	4,281
5	12-Jul-25	Hold	3,923	4,064
6	09-Jul-25	Hold	4,063	4,213
7	04-May-25	Hold	3,975	4,059
8	09-Apr-25	Hold	3,942	4,054
9	04-Apr-25	Hold	3,942	4,158
10	13-Jan-25	Hold	3,964	3,686

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,448	2,809
2	Avenue Supermarts	Hold	3,736	3,842
3	Britannia Industries	BUY	6,761	6,185
4	Colgate Palmolive	Hold	2,355	2,077
5	Dabur India	Hold	506	521
6	Emami	Accumulate	582	526
7	Hindustan Unilever	Accumulate	2,669	2,399
8	ITC	Reduce	348	341
9	Jubilant FoodWorks	BUY	666	537
10	Kansai Nerolac Paints	Accumulate	255	238
11	Marico	Accumulate	801	774
12	Metro Brands	Hold	1,214	1,156
13	Mold-tek Packaging	Accumulate	746	608
14	Nestle India	Hold	1,359	1,315
15	Pidilite Industries	BUY	1,714	1,515
16	Restaurant Brands Asia	Accumulate	81	68
17	Titan Company	BUY	4,600	4,273
18	Westlife Foodworld	Hold	579	525

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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(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Vishwa Solanki- PGDM - Finance, Mr. Parth Thakker- BFM, Passed CFA Level II Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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