

Avenue Supermarts (DMART IN)

**Q4FY26 Result
Update**

May 03, 2026

 Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Hold		Hold	
Target Price	4,410		4,362	
Sales (INR mn)	836,345	989,500	836,909	994,727
% Chng.	(0.1)	(0.5)		
EBITDA (INR mn)	61,075	69,763	60,436	70,289
% Chng.	1.1	(0.7)		
EPS (INR)	52.7	59.2	51.0	59.0
% Chng.	3.3	0.3		

Key Data

AVEU.BO | DMART IN

BSE Code	540376
NSE Code	DMART
52-W High / Low	INR 4,949 / INR 3,528
Face Value	10
Sensex / Nifty	76,914 / 23,998
Market Cap	INR 2,991 bn / \$ 31,507 mn
Shares Outstanding	652.12 mn
3M Avg. Daily Value	INR 2,535.77 mn

Shareholding Pattern (%)

Promoters	74.65
FIs	8.71
Mutual Funds	6.69
Domestic Institutions	2.20
Public & Others	7.75
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	15.9	24.3	10.4	9.2
Relative	8.4	33.0	20.5	13.9

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	593,581	688,207	836,345	989,500
EBITDA (INR mn)	44,870	51,866	61,075	69,763
Margin (%)	7.6	7.5	7.3	7.1
PAT (INR mn)	27,066	29,692	34,374	38,640
EV (INR mn)	2,980,588	2,996,418	3,006,678	3,013,187
Total Debt (INR mn)	-	9,653	23,000	30,000
C&C Eq. (INR mn)	3,555	2,837	4,572	5,409
EPS (INR)	41.6	45.5	52.7	59.3
Gr. (%)	6.8	9.5	15.8	12.4
DPS (INR)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	13.5	12.9	13.1	13.0
RoCE (%)	18.0	17.7	17.6	17.1
EV/Sales (x)	5.0	4.4	3.6	3.0
EV/EBITDA (x)	66.4	57.8	49.2	43.2
PE (x)	110.3	100.7	87.0	77.4
P/BV (x)	13.9	12.2	10.7	9.4

Quick commerce to continue dent growth prospects

Quick Pointers

- EBITDA/PAT were beat on our estimates by 3.6%/5.4% led by lower cost of retail
- Food share increased by 70bps YoY amidst panic buying by consumer led by geopolitical crisis
- LFL at 10.8% in Q4 is likely to get moderated in coming quarters as panic buying normalizes

We raise our FY27/FY28 EPS estimates by 3.3%/0.3%, factoring in the 4QFY26 EBITDA/PAT beat of 3.6%/5.4% driven by lower cost of retail. However, operating metrics in Q4FY26 remain weak, with sales/store up 1.3%, sales/ft up 1.8%, and bill cuts/store/day declining 5.5% YoY (due to increase in store openings). D'Mart highlighted some impact of pantry stocking due to geopolitical uncertainty in March, we believe this could have an impact of ~4% on sales and 40bps on cost of retail, excluding which margins could have been lower as mix deteriorated due to lower GMA sales due to panic buying for essentials.

While D'Mart could gain from benign base in 1H27, repeating performance like 4Q26 looks unlikely as the pantry loading unwinds and overheads related to 58 new stores opened in 4Q26 and entry into 5 new states will curtail margins. We expect higher interest cost as overall debt levels have increased from Rs6.7bn to Rs22.7bn (including financial leases and in line with expectations).

We believe rising competition from quick commerce, are likely to limit growth across Modern trade and D'Mart Ready. We note D'Mart has exited 7 cities in last 1 year and now is confined to 18 cities. Accordingly, we build in EBITDA margins of 7.3%/7.1% for FY27/FY28 versus 7.5% in FY26. We expect the store addition pace to remain elevated with ~75 additions each in FY27/FY28. We estimate an EPS CAGR of 14.1% over FY26-28 and arrive at a DCF-based TP of Rs4410 (vs Rs4362 earlier). We retain hold with a negative bias given rich valuations of 77.4x FY28E EPS and sharp run up in stock price recently.

Financial Highlights

Consol Revenues grew by 18.9% YoY to Rs176.8bn. Gross margins expanded by 39bps YoY to 14.6% (PL:14.8%). EBITDA grew by 26.7% YoY to Rs12.1bn (PL: Rs11.68bn). Margins expanded by 42bps YoY to 6.8%. (PL: 6.6%) mainly as cost of retail contracted by 3bps (50bps est increase) despite opening 58 stores in 4Q26 as pantry loading providing operating leverage. Adj PAT grew by 19.2% YoY to Rs6.6bn (PL: Rs6.2bn). Bill cuts in Q4 grew by 11% YoY to 101mn, while average bill value came at Rs1751 vs Rs1634 in Q4FY25, but was flattish QoQ.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	1,76,145	1,76,839	0.4	1,48,719	18.9
EBITDA (INR mn)	11,685	12,105	3.6	9,551	26.7
Margin (%)	6.6	6.8	20 bps	6.4	40 bps
PAT (INR mn)	6,227	6,564	5.4	5,508	19.2

Source: Company, PL

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D'Mart added 85 stores in FY26 (58 in 4Q26) and entered 5 new states. It entered UP, Haryana, Uttarakhand, Goa and Odisha in FY26. The store additions were broad based with states like Punjab, NCR and Karnataka reporting a smart increase. We believe with entry in UP, Haryana and Odisha, expect store addition to gather pace.

D'Mart Ready continues to face pressure from quick commerce with Amazon, Flipkart, Big Basket and Jio also becoming aggressive in the segment. D'Mart ready exited 7 cities (1 in 4Q26) and is operating in 18 cities with more focus on home delivery. We believe the business model is in a state of flux and we don't expect any visibility of any major turnaround in near term.

Cost control lifts profitability: Q4 sales were partly impacted by deflation in staples, however, earnings were beat on out estimates led by 50bps lower cost of retail as pantry loading and expected increase in prices of many consumer products provided higher throughput. Sales mix saw significant changes in Q4 with Foods share increasing by 70bps QoQ amidst stocking by consumer while GM&A share decreased by 70bps with Non-food FMCG seeing no change. Debt levels increased to Rs22.7bn (including financial leases). That said, we remain cautious on the medium-term outlook, as intensifying competition from quick commerce in urban markets, along with a narrowing price gap, is likely to structurally cap growth and margins.

Adds 58 stores in 4Q, store size declines QoQ: D'Mart added 58 stores in 4QFY26 (vs. 10 stores in 3QFY26), taking the total store count to 500 with retail area expanding to 20.6 mn sq. ft (vs. 18.3 mn sq. ft in 3QFY26). The average area per new store declined to ~39.6k sq. ft in 4QFY26, compared to 40k sq. ft in 3QFY26.

Exhibit 1 : Revenue increased by 18.9%, EBITDA margin up by ~40bps YoY, pantry loading led bump up provided operating leverage

(INR mn)	4QFY26	4QFY25	YoY gr. (%)	4QFY26E	% Var.	3QFY26	FY26	FY25	YoY gr. (%)
Net Sales	1,76,839	1,48,719	18.9	1,76,145	0.4%	1,81,009	6,88,211	5,93,583	15.9
Gross Profit	25,733	21,061	22.2	26,075	-1.3%	27,698	1,03,614	88,066	17.7
% of NS	14.6	14.2	0.390	14.8	-1.7%	15.3	15.1	14.8	0.2
Other Expenses	13,627	11,510	18.4	14,389	-5.3%	13,064	51,744	43,190	19.8
% of NS	7.7	7.7	(0.0)	8.2%		7.2	7.5	7.3	0.2
EBITDA	12,105	9,551	26.7	11,685	3.6%	14,634	51,870	44,875	15.6
Margins %	6.8	6.4	0.4	6.6		8.1	7.5	7.6	(0.0)
Depreciation	2,836	2,409	17.7	2,832		2,683	10,370	8,695	19.3
Interest	410	190	116.1	483		368	1,421	695	104.5
Other Income	182	251	(27.5)	186.0		169	741	1,243	(40.4)
PBT	9,042	7,203	25.5	8,557	5.7%	11,752	40,820	36,729	11.1
Tax	2,478	1,695	46.2	2,330		3,194	11,118	9,652	15.2
Tax rate %	27.4	23.5	3.9	27.2		27.2	27.2	26.3	1.0
Adjusted PAT	6,564	5,508	19.2	6,227	5.4%	8,558	29,704	27,079	9.7

Source: Company, PL

Exhibit 2 : Sales/ft to grow by ~3.9% CAGR over FY26-FY28

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027E	FY2028E
Sales/Ft	27306	27454	31096	32941	33896	33422	34715	36073
Gross Profit/Ft	4318	4507	5185	5273	5453	5482	5610	5757
EBIDTA/FT	2098	2459	2922	2880	2778	2744	2750	2743
Capex/Ft	9586	9898	11512	13908	12003	12418	11975	12547
Cost of retail %	7.6%	6.7%	6.6%	6.7%	7.3%	7.5%	7.6%	7.7%
Working Cap/Ft	1813	1890	1904	1785	2366	2304	2307	2436

Source: Company, PL

Exhibit 3 : Bill cut to grow at 17.2% CAGR over FY26-FY28, while ABV to grow at 2% CAGR over FY26-FY28

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027E	FY2028E
D'Mart Bills (mn)	152	181	258	303	353	398	472	546
Growth	-24.4%	19.1%	42.5%	17.4%	16.5%	12.7%	18.7%	15.7%
Number of Stores	234	284	324	365	415	500	575	650
Addition	20	50	40	41	50	85	75	75
Bills/Store/Day	1859	1915	2325	2410	2480	2383	2407	2443
Growth	-34.2%	3.0%	21.4%	3.6%	2.9%	-3.9%	1.0%	1.5%
Average Bill Value (Rs/Bill)	1565	1677	1621	1635	1637	1683	1716	1751
Growth	27.5%	7.2%	-3.3%	0.8%	0.1%	2.8%	2.0%	2.0%

Source: Company, PL

Exhibit 4 : D'Mart saw higher addition in top 5 states in FY26, Enters 5 new states in FY26 (UP, Goa, Uttarakhand, Odisha and Haryana)

Stores	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Total Stores	155	176	214	234	284	324	365	415	500
Addition	24	21	38	20	50	40	41	50	85
Mature Clusters (Top 5 States)	133	152	174	185	219	248	276	308	348
Addition	13	19	22	11	34	29	28	32	40
% of Total	54.2	90.5	57.9	55.0	68.0	72.5	41.4	64.0	47.1
Total States	12	12	12	12	12	12	12	12	17
Stores in Emerging Clusters	22	24	40	49	65	76	89	107	152
% of Total	14.2	13.6	18.7	20.9	22.9	23.5	24.3	25.8	30.4
Emerging Cluster Addition	11	2	16	9	16	11	13	18	45
% of Total	45.8	9.5	42.1	45.0	32.0	27.5	31.7	36.0	52.9

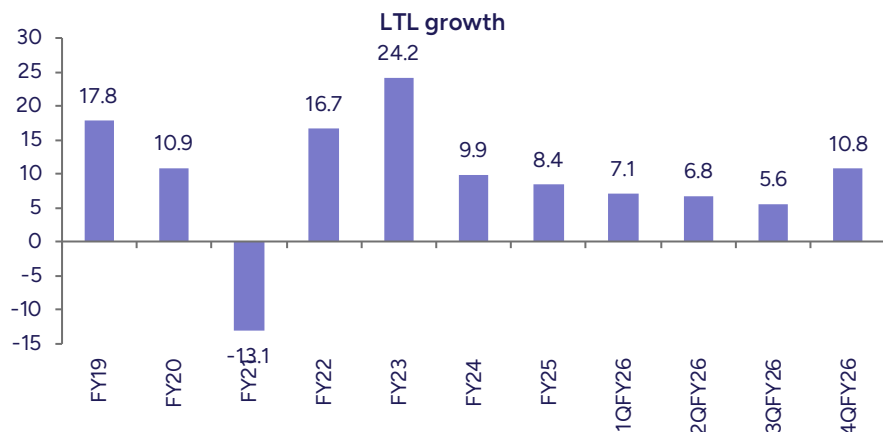
Source: Company, PL

Exhibit 5 : Foods share increased by 20bps YoY

Sales Mix	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Foods	51.6%	51.3%	52.4%	57.4%	56.9%	56.0%	57.0%	57.7%	57.9%
Non Foods	20.0%	20.5%	20.3%	19.7%	19.7%	20.9%	20.7%	20.0%	19.8%
General merchandise & Apparel	28.4%	28.3%	27.3%	22.9%	23.4%	23.0%	22.4%	22.6%	22.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, PL

Exhibit 6 : Q4FY26 LFL growth came at 10.8%



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	593,581	688,207	836,345	989,500
YoY gr. (%)	16.9	15.9	21.5	18.3
Cost of Goods Sold	505,517	584,597	711,730	843,054
Gross Profit	88,064	103,610	124,615	146,446
Margin (%)	14.8	15.1	15.0	15.0
Employee Cost	11,659	15,415	18,206	21,911
Other Expenses	31,534	36,330	45,334	54,772
EBITDA	44,870	51,866	61,075	69,763
YoY gr. (%)	9.3	15.6	17.8	14.2
Margin (%)	7.6	7.5	7.3	7.1
Depreciation and Amortization	8,695	10,370	12,302	14,454
EBIT	36,175	41,495	48,773	55,310
Margin (%)	6.1	6.0	5.8	5.6
Net Interest	695	1,421	1,845	2,683
Other Income	1,243	741	299	462
Profit Before Tax	36,724	40,816	47,227	53,088
Margin (%)	6.2	5.9	5.6	5.4
Total Tax	9,652	11,118	12,846	14,440
Effective Tax Rate (%)	26.3	27.2	28.0	27.2
Profit After Tax	27,072	29,698	34,382	38,648
Minority Interest	6	6	7	8
Share Profit from Associate	-	-	-	-
Adjusted PAT	27,066	29,692	34,374	38,640
YoY gr. (%)	6.8	9.7	15.8	12.4
Margin (%)	4.6	4.3	4.1	3.9
Extra Ord. Income / (Exp)	(88)	(55)	-	-
Reported PAT	26,978	29,637	34,374	38,640
YoY gr. (%)	6.8	9.9	16.0	12.4
Margin (%)	4.5	4.3	4.1	3.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	26,978	29,637	34,374	38,640
Equity Shares O/s (m)	651	652	652	652
EPS (INR)	41.6	45.5	52.7	59.3

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	174,285	210,431	250,360	288,502
Tangibles	173,137	209,169	248,972	286,975
Intangibles	1,148	1,263	1,389	1,528
Acc: Dep / Amortization	30,420	34,125	46,625	56,739
Tangibles	29,562	33,226	45,581	55,589
Intangibles	858	898	1,044	1,151
Net Fixed Assets	143,865	176,307	203,735	231,763
Tangibles	143,575	175,942	203,390	231,386
Intangibles	290	364	345	377
Capital Work In Progress	10,994	13,000	14,300	15,730
Goodwill	783	783	783	783
Non-Current Investments	1,701	1,987	4,700	5,417
Net Deferred Tax Assets	(1,125)	(1,219)	(1,030)	(817)
Other Non-Current Assets	21,864	28,322	32,514	36,047
Current Assets				
Investments	13	20	15	17
Inventories	50,444	59,006	70,974	83,804
Trade Receivables	1,538	1,493	2,177	2,575
Cash & Bank Balance	3,582	3,038	6,130	6,620
Other Current Assets	3,137	4,021	4,252	5,021
Total Assets	243,203	295,243	342,507	391,240
Equity				
Equity Share Capital	6,507	6,520	6,520	6,520
Other Equity	207,770	238,121	271,822	310,478
Total Network	214,278	244,640	278,341	316,997
Non-Current Liabilities				
Long Term Borrowings	-	-	23,000	30,000
Provisions	127	147	202	267
Other Non Current Liabilities	5,558	11,425	10,931	10,343
Current Liabilities				
ST Debt / Current of LT Debt	-	9,653	-	-
Trade Payables	10,708	13,382	15,198	17,974
Other Current Liabilities	11,414	14,788	13,817	14,853
Total Equity & Liabilities	243,203	295,243	342,507	391,240

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	36,724	40,816	47,227	53,088
Add. Depreciation	8,695	10,370	12,302	14,454
Add. Interest	695	1,421	1,845	2,683
Less Financial Other Income	1,243	741	299	462
Add. Other	(166)	(748)	(7,530)	(4,980)
Op. Profit before WC Changes	45,947	51,859	53,845	65,245
Net Changes-WC	(12,772)	(5,344)	(7,695)	(10,720)
Direct Tax	(9,652)	(11,118)	(12,846)	(14,440)
Net Cash from Op. Activities	23,523	35,397	33,305	40,086
Capital Expenditures	(36,245)	(44,818)	(41,031)	(43,911)
Interest / Dividend Income	-	-	-	-
Others	966	(62)	5	(2)
Net Cash from Inv. Activities	(35,279)	(44,880)	(41,026)	(43,913)
Issue of Share Cap. / Premium	310	713	(688)	-
Debt Changes	-	9,653	13,347	7,000
Dividend Paid	-	-	-	-
Interest Paid	(695)	(1,421)	(1,845)	(2,683)
Others	(6)	(6)	-	-
Net Cash from Fin. Activities	(390)	8,939	10,814	4,317
Net Change in Cash	(12,146)	(544)	3,092	490
Free Cash Flow	(12,722)	(9,421)	(7,726)	(3,825)

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	163,597	166,763	181,009	176,839
YoY gr. (%)	16.3	15.5	13.3	18.9
Raw Material Expenses	138,550	141,630	153,311	151,106
Gross Profit	25,047	25,133	27,698	25,733
Margin (%)	15.3	15.1	15.3	14.6
EBITDA	12,990	12,137	14,634	12,105
YoY gr. (%)	6.4	11.0	20.2	26.7
Margin (%)	7.9	7.3	8.1	6.8
Depreciation / Depletion	2,317	2,535	2,683	2,836
EBIT	10,673	9,602	11,951	9,270
Margin (%)	6.5	5.8	6.6	5.2
Net Interest	293	350	368	410
Other Income	194	196	169	182
Profit before Tax	10,575	9,448	11,752	9,042
Margin (%)	6.5	5.7	6.5	5.1
Total Tax	2,847	2,599	3,194	2,478
Effective Tax Rate (%)	26.9	27.5	27.2	27.4
Profit After Tax	7,728	6,849	8,558	6,564
Minority Interest	-	(2)	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	7,728	6,850	8,558	6,564
YoY gr. (%)	-	3.8	18.3	19.2
Margin (%)	4.7	4.1	4.7	3.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,728	6,850	8,558	6,564
YoY gr. (%)	-	3.8	18.3	19.2
Margin (%)	4.7	4.1	4.7	3.7
Other Comprehensive Income	(24)	(89)	(26)	83
Total Comprehensive Income	7,705	6,761	8,532	6,648
Avg. Shares O/s (m)	651	651	651	652
EPS (INR)	11.9	10.5	13.2	10.1

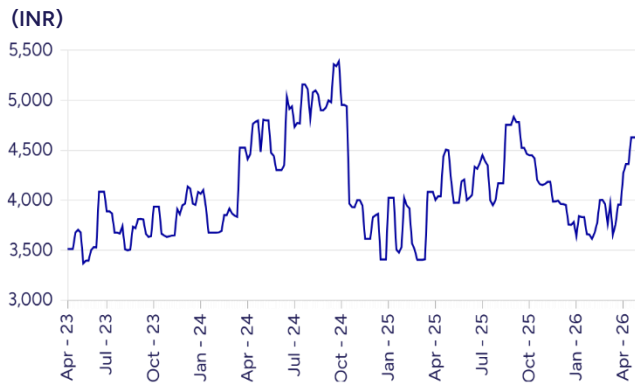
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	41.6	45.5	52.7	59.3
CEPS	55.0	61.4	71.6	81.4
BVPS	329.3	375.2	426.9	486.2
FCF	(19.6)	(14.5)	(11.9)	(5.9)
DPS	-	-	-	-
Return Ratio (%)				
RoCE	18.0	17.7	17.6	17.1
ROIC	15.1	14.2	14.5	14.4
RoE	13.5	12.9	13.1	13.0
Balance Sheet				
Net Debt : Equity (x)	-	-	0.1	0.1
Net Working Capital (Days)	25	25	25	25
Valuation (x)				
PER	110.2	100.6	86.9	77.3
P/B	13.9	12.2	10.7	9.4
P/CEPS	83.4	74.6	64.0	56.3
EV/EBITDA	66.4	57.7	49.2	43.1
EV/Sales	5.0	4.3	3.5	3.0
Dividend Yield (%)	-	-	-	-
FCFF Yield (%)	-	-	-	-
PEG Ratio	16.2	10.6	5.5	6.2

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	Hold	4362	4416
2	12-Jan-26	Hold	3783	3801
3	08-Jan-26	Hold	3736	3842
4	12-Oct-25	Hold	4111	4320
5	08-Oct-25	Hold	4138	4303
6	30-Jul-25	Hold	3994	4281
7	12-Jul-25	Hold	3923	4064
8	09-Jul-25	Hold	4063	4213
9	04-May-25	Hold	3975	4059
10	09-Apr-25	Hold	3942	4054

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Asian Paints	Hold	2355	2270
2	Avenue Supermarts	Hold	4362	4416
3	Britannia Industries	BUY	6792	5475
4	Colgate Palmolive	Hold	2174	1907
5	Dabur India	HOLD	467	429
6	Emami	Accumulate	484	419
7	Hindustan Unilever	Accumulate	2454	2251
8	ITC	Reduce	308	303
9	Jubilant FoodWorks	BUY	584	428
10	Marico	Accumulate	800	747
11	Metro Brands	Accumulate	1156	997
12	Nestle India	Accumulate	1504	1380
13	Pidilite Industries	BUY	1729	1347
14	Restaurant Brands Asia	Accumulate	74	62
15	Titan Company	BUY	5103	4440
16	Westlife Foodworld	Accumulate	552	457

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

ANALYST CERTIFICATION

Indian Clients

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