

December 30, 2025

Avenue Supermarts (DMART IN)

Rating: HOLD | CMP: Rs3,788 | TP: Rs4,111

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	5,93,581	6,95,038	8,33,414	9,91,145
EBITDA (Rs. m)	44,870	50,760	59,430	69,916
Margin (%)	7.6	7.3	7.1	7.1
PAT (Rs. m)	27,066	29,173	32,916	38,208
EPS (Rs.)	41.6	44.8	50.6	58.7
Gr. (%)	6.8	7.8	12.8	16.1
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	13.5	12.7	12.7	12.9
RoCE (%)	18.0	17.0	16.3	16.3
EV/Sales (x)	4.1	3.6	3.0	2.5
EV/EBITDA (x)	54.8	48.8	42.0	35.9
PE (x)	91.1	84.5	74.9	64.5
P/BV (x)	11.5	10.1	8.9	7.8

QC pricing dynamics to curtail MT/Ecom

We conducted a price comparison on select products for D'Mart Ready against peers such as Blinkit, Instamart and Zepto across key categories like packaged foods, beverages, personal care, dairy and home care. We note that QC platforms are reducing the price gap with D'Mart ready steadily. D'Mart still has price advantage over peers, but the price gap has reduced by 100-500bps. The price gap has vanished in personal care and zepto has even lower prices than D'Mart Ready. Zepto seems most aggressive in product pricing amongst QC platforms with price lead of 4-6% over Blinkit and Instamart.

We believe availability of cheap gig workers, closeness to last mile delivery, instant service, strong cash position and reducing price gap with Modern retail and Ecom does pose a shadow on the growth prospects of non-QC players in the industry. We believe rising clout of QC industry in groceries will prevent any meaningful margin recovery for both modern trade and Ecom players like D'Mart. We believe lower cost dark stores (versus modern trade) and higher inventory turns will enable superior ROCE for QC player's over medium term.

We expect D'Mart to report sales/EBITDA/ PAT growth of 14.5/12.7/10% for 3QFY26. We have HOLD rating on the stock with a TP of Rs4111.

Rising Competition from Quick Commerce: We observed that the price differential across the given categories narrowed from approximately 6–7% in August 2025 to around 3–4% in December 2025. This coincides with intensifying competition from quick-commerce players, driven by rapid dark-store expansion and rising consumer adoption of grocery and food delivery. Over the past few quarters, platforms such as Zepto, Instamart, and Blinkit have significantly strengthened their network presence by adding new dark stores across urban and semi-urban markets. Blinkit plans to expand its dark-store network from 1,816 to 3,000 by March 2027, while Swiggy has raised ₹100,000 million through a QIP to support further expansion. This enhanced infrastructure, combined with faster delivery, aggressive pricing, and frequent promotional offers, has enabled quick-commerce players to capture incremental market share from traditional e-commerce and modern trade channels. Consequently, Dmart's historical price advantage appears to be eroding, and a sustained continuation of this trend could pose a structural challenge to its core value proposition.

Food – Price gap narrows, Blinkit has edge in bigger kitchen items

We analyzed 8 products in foods across major online/ QC platforms. These included Tea, Atta, rice, Noocles, Sugar, refined oil, Honey etc. we noted that the gap between prices of D'Mart Ready and other QC platforms for similar products is coming down between August 25 and Dec25.

- The simple average price of difference between Blinkit and D'Mart ready has declined from 5.7% to 4.3%. In 50% of products, the prices are either at par or lower than D'Mart ready in comparison to 25% in August25.

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- Zepto has increased price gap from -0.2% to -0.7%, with 3 out of 6 products having lower prices at zepto.
- Price gap between Instamart and D'Mart ready has declined from 8.4% to 6.9% with lower prices being in just 1 out of 8 products.
- Zepto remains the most aggressive on pricing, especially in high-velocity SKUs. Blinkit has moderated prices selectively but stays above Zepto, while Instamart continues to price at a premium.
- Blinkit has lower/ at prices in big grocery items like Atta, Rice and Refined oil which gives it an edge over rivals including zepto, which otherwise has lower prices.

Exhibit 1: Food Portfolio price trend Aug'25 vs Dec'25 – QC narrows gap with D'Mart ready, Blinkit has edge in large grocery items

Particulars (In Rs)	Quantity	Dec-25						Aug-25					
		Dmart Ready	Blinkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart	Dmart Ready	B linkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart
Tata Tea Gold	250g	136	150	10.3%	121	-11.0%	150	136	152	11.8%	124	-8.8%	150
Aashirvaad Superior MP Wheat atta	5kg	283	272	-3.9%	311	9.9%	NA	285	275	-3.5%	320	12.3%	320
Amul Paneer	200g	82	92	12.2%	85	3.7%	92	82	96	17.1%	85	3.7%	95
Dabur Honey	250g	116	115	-0.9%	111	-4.3%	112	116	117	0.9%	114	-1.7%	116
India Gate Basmati Rize (Rozzana)	5kg	404	404	0.0%	429	6.2%	425	404	409	1.2%	NA		425
Fortune Sunlite Refined Oil	4.35kg	825	770	-6.7%	741	-10.2%	840	825	778	-5.7%	754	-8.6%	840
Madhur Sugar	5kg	259	274	5.8%	262	1.2%	283	260	275	5.8%	265	1.9%	285
Maggie Noodle	560g	99	116	17.2%	NA		112	100	118	18.0%	NA		112

Source: Company, PL

Home Care under pressure due to Quick Commerce – we considered 7 products in detergents, liquid detergents, dishwash bar and toilet cleaner.

- Price difference between D'Mart and Blinkit/ Zepto/ Instamart has declined by 240/350/250bps respectively.
- D'Mart Ready has clear advantage over others in all products except Harpic and in detergents and Vim bar, the gap is in good double digits showing huge advantage D'Mart Ready has in this critical category.
- After D'Mart ready Zepto remains most competitive player in pricing in these products. While D'Mart Ready largely maintained stable prices across SKUs between Aug'25 and Dec'25, this approach has led to a large price gap versus Zepto and Blinkit in key detergent and cleaner categories.

Exhibit 2: Home care price trend Aug'25 vs Dec'25 – D'Mart has clear lead over other players

Particulars (In Rs)	Quantity	Dec-25								Aug-25							
		Dmart Ready	Blinkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart	Instamart/D'mart	Dmart Ready	B linkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart	Instamart/D'mart		
Surf Excel Easy Wash Detergent	1kg	137	152	10.9%	152	10.9%	152	10.9%	135	155	14.8%	152	12.6%	152	12.6%		
Vim Bar	500g	40	49	22.5%	46	15.0%	49	22.5%	40	50	25.0%	48	20.0%	52	30.0%		
Harpic Bathroom Lemon	1L	183	183	0.0%	169	-7.7%	183	0.0%	181	188	3.9%	174	-3.9%	188	3.9%		
Surf Excel Liquid Detergent Top Load	1L	200	225	12.5%	NA		225	12.5%	200	230	15.0%	225	12.5%	NA			
Vim Ultrapro Floor Cleaner	1L	190	199	4.7%	195	2.6%	199	4.7%	190	200	5.3%	195	2.6%	200	5.3%		
Ariel Liquid Detergent - Front Load	950ml	198	209	5.6%	207	4.5%	207	4.5%	196	209	6.6%	209	6.6%	209	6.6%		

Source: Company, PL

Personal care - Quick Commerce leads over D'Mart ready – we considered select 7 products in personal care across shampoo, soaps, conditioners and toothpaste.

- Quick commerce has gained ground in pricing with Blinkit and zepto having lower aggregate prices than D'Mart ready.
- 4 out of 7 products considered had lower prices in quick commerce than D'Mart ready.
- Zepto and Blinkit are aggressively positioned in brands such as Dove, Colgate, and L'Oréal, often undercutting D'Mart Ready by a wide margin, particularly in hair care.
- Toothpaste pricing for D'Mart ready remains attractive, except Zepto which has lower prices than all.

Exhibit 3: Personal Care price trend Aug'25 vs Dec'25 – Quick commerce has lead over D'Mart ready

Particulars (In Rs)	Quantity	Dec-25							Aug-25												
		Dmart Ready		Blinkit	Blinkit/D'mart		Zepto	Zepto/D'mart		Instamart	Instamart/D'mart		Dmart Ready		Blinkit	Blinkit/D'mart		Zepto	Zepto/D'mart		Instamart
Dove Daily Shine Shampoo	340ml	335	324	-3.3%	324	-3.3%	324	-3.3%	335	330	-1.5%	333	-0.6%	333	-0.6%						
Pears Pure & gentle Bathing Bar	3x125g	178	175	-1.7%	NA		175	-1.7%	180	177	-1.7%	177	-1.7%	180	0.0%						
Colgate Strong Teeth	150g	92	99	7.6%	84	-8.7%	97	5.4%	92	100	8.7%	88	-4.3%	99	7.6%						
Mama earth Ubtan Face wash	100ml	242	242	0.0%	242	0.0%	242	0.0%	242	245	1.2%	245	1.2%	245	1.2%						
Loreal Total 5 Repair Conditioner	175ml	259	194	-25.1%	194	-25.1%	195	-24.7%	259	194	-25.1%	194	-25.1%	195	-24.7%						
Sensodyne Repair & Protect Toothpaste	100g	194	240	23.7%	245	26.3%	243	25.3%	198	240	21.2%	245	23.7%	243	22.7%						

Source: Company, PL

Masala & Spices saw reduction in price gap – we considered 5 products across 3 brands for comparison.

- Blinkit/zepto and Instamart have reduced price gap by 440/630/120bps respectively. D'Mart Ready maintaining flat pricing across SKUs between Aug'25 and Dec'25

- zepto is most price competitive in 3 out of these 5 products, it had lower prices than D'Mart ready in just 1 product in August 25. Blinkit has double digit price gap in 4 out of these 5 products.
- The data indicates by Zepto's continued price aggression in high-frequency that competitive intensity has inched up, driven primarily and popular SKUs.

Exhibit 4: Masala & Spices price trend Aug'25 vs Dec'25

Particulars (In Rs)	Quantity	Dec-25						Aug-25							
		Dmart Ready	Blinkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart	Instamart/D'mart	Dmart Ready	B linkit	Blinkit/D'mart	Zepto	Zepto/D'mart	Instamart	Instamart/D'mart
Everest Sambhar Masala	100g	72	86	19.4%	76	5.6%	78	8.3%	72	90	25.0%	80	11.1%	80	11.1%
Baadshah Chaat Masala	100g	65	62	-4.6%	47	-27.7%	NA		65	69	6.2%	52	-20.0%	NA	
Everest Tikhalal Chilli powder	500g	220	270	22.7%	210	-4.5%	254	15.5%	220	283	28.6%	225	2.3%	265	20.5%
Everest Kitchen King Masala	100g	79	96	21.5%	85	7.6%	94	19.0%	79	96	21.5%	89	12.7%	96	21.5%
Tata Sampann Coriander Powder	200g	58	73	25.9%	55	-5.2%	73	25.9%	58	73	25.9%	60	3.4%	70	20.7%

Source: Company, PL

Exhibit 5: Dmart Ready Peer Comparison for Dec'25

Particulars (In Rs)	MRP	D'mart Ready	BB	Jio mart	BB vs D'mart	Jio vs D'mart
Maggie (560gms)	112	106	103	98	-2.8%	-7.5%
Madhur Sugar(5 kg)	315	286	255	259	-10.8%	-9.4%
Fortune kachi ghani mustard oil (1L)	265	229	235	NA	2.6%	NA
Amul taaza toned Milk (1L)	74	72.5	74	72	2.1%	-0.7%
Surf excel front load detergent powder (1kg)	290	275	290	275	-12.7%	-6.7%
Dove daily shine Shampoo (650ml)	760	485	524	485	5.5%	0.0%
Tata Tea Gold (1 Kg)	540	489	427	456	8.0%	0.0%
Lux soap rose (pack of 3)	179	139	143	145	2.9%	4.3%
Vim bar (200gm x 4)	81	76	81	74	6.6%	-2.6%
Colgate Total (280gm)	369	274	NA	277	NA	1.1%
Tata Sampann chana dal (500gms)	75	62	72	70	15.3%	12.9%
Bru Instant Coffee (200g)	500	350	420	350	20.0%	0.0%
Aashirvaad Superior MP Wheat atta (5kg)	306	262	272	262	3.8%	0.0%
Malkisht Cheese Flavored Crunchy crackers (138g)	53	40	53	33	32.5%	-17.5%
Harpic bathroom cleaner (1L)	199	174	183	190	5.2%	9.2%
Sting Energy Drink (250ml)	20	18	20	NA	11.1%	NA
Dairy Milk Silk Chocolate (150g)	230	220	NA	NA	NA	NA

Source: Company, PL

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,448	2,770
2	Avenue Supermarts	Hold	4,111	4,320
3	Britannia Industries	BUY	6,761	6,158
4	Colgate Palmolive	Hold	2,534	2,287
5	Dabur India	Hold	490	502
6	Emami	Accumulate	608	525
7	Hindustan Unilever	Accumulate	2,772	2,602
8	ITC	BUY	530	419
9	Jubilant FoodWorks	BUY	700	574
10	Kansai Nerolac Paints	Accumulate	272	246
11	Marico	Accumulate	787	739
12	Metro Brands	Hold	1,276	1,203
13	Mold-tek Packaging	Accumulate	821	761
14	Nestle India	Hold	1,359	1,277
15	Pidilite Industries	BUY	1,714	1,445
16	Restaurant Brands Asia	Accumulate	87	72
17	Titan Company	BUY	4,397	3,725
18	Westlife Foodworld	Hold	604	583

PL's Recommendation Nomenclature

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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