



AUG 2025

INVESTMENT

THESIS

Prepared by :

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(Junior Analyst)



Avenue Supermarts Ltd

Retailing and consumer Discretionary Sector

August 2025



CMP

4699

**Nifty
50**

4694.30

BSE

540376

Company's Data

Mcap ₹ 3,05,766 Cr.

Sales ₹ 61,649 Cr.

EPS 41.6.

**Return On
Equity** 13.4 %

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.

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



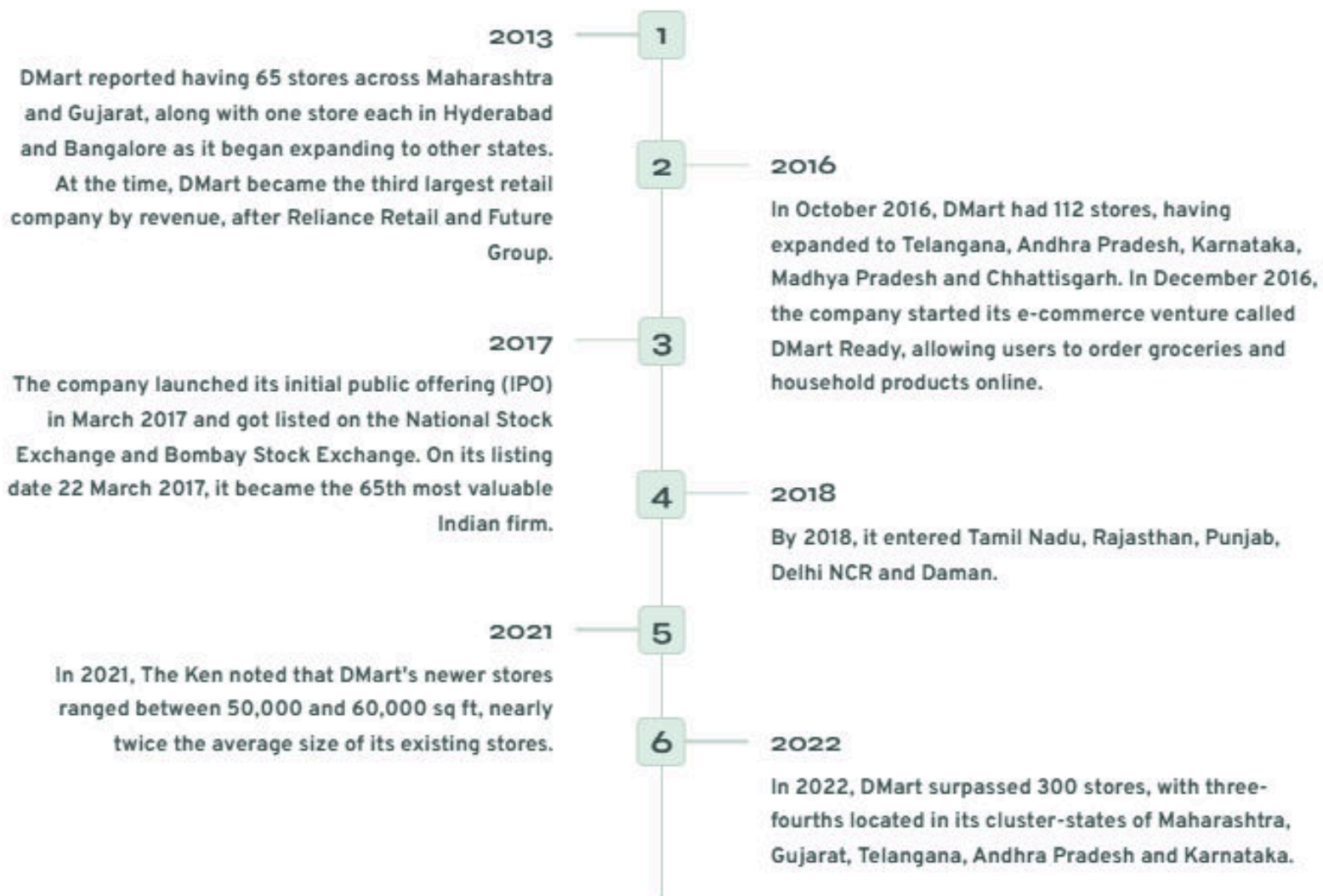
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 DMart

DMart's Growth Journey (2013-2022)



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D[★]Mart



What D[★]Mart Does



Wide Product Range

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



Affordable Shopping

D[★]Mart 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.

D[★]Mart

Discounts passed directly to shoppers

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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.



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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

The National Stock Exchange of India Ltd.

Corporate Communications Department
“Exchange Plaza”, 5th Floor,
Bandra – Kurla Complex, Bandra (East),
Mumbai – 400 051

BSE Scrip Code: 540376

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

D[★]Mart

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D⁺Mart

Board of Directors

Executive Leadership

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

Independent Oversight

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



Mr. Ignatius Navil Noronha
Managing Director & CEO



Mr. Ramakant Baheti
Whole-time Director & Group CFO



Mr. Elvin Machado
Whole-time Director



Mr. Bhaskaran N
Chief Operating Officer,
Retail



Mr. Niladri Deb
Chief Financial Officer



Mr. Hitesh Shah
Vice President, Category (FMCG)



Mr. Trivikrama Rao Dasu
CEO, Avenue E-Commerce Limited

Avenue Supermarts Ltd

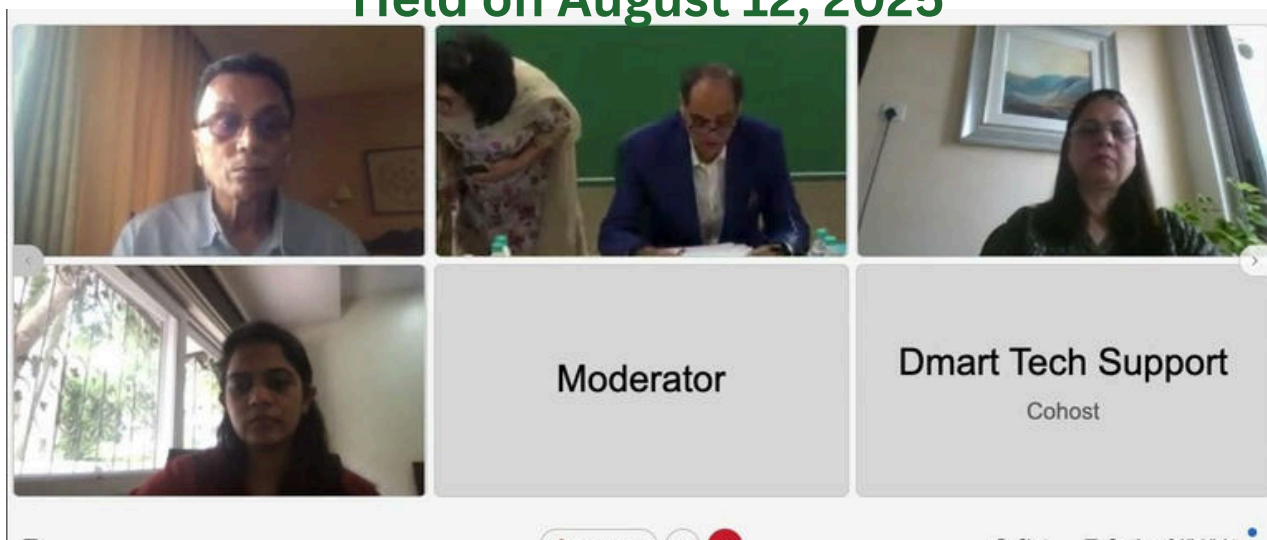
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Avenue Supermarts Limited – 25th Annual General Meeting Highlights

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 Bhawe 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

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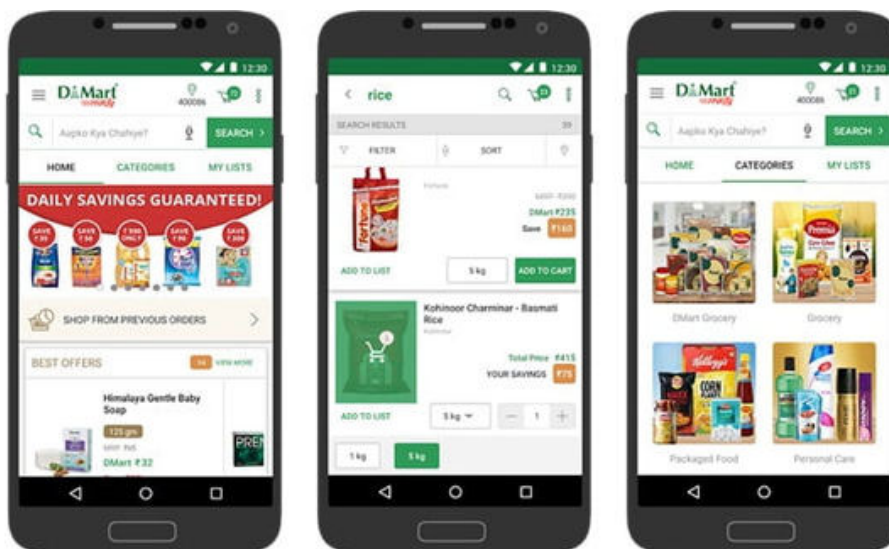
E-Commerce: DMart Ready's Growing Role

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



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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



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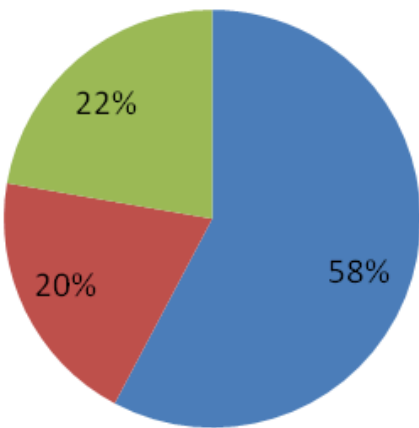
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REVENUE CATEGORIES

Revenue Categories

Foods Non-Foods (FMCG) General Merchandise & Apparel



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



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Strengths

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

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Weaknesses

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

W

Opportunities

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

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Threats

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

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D[★]Mart

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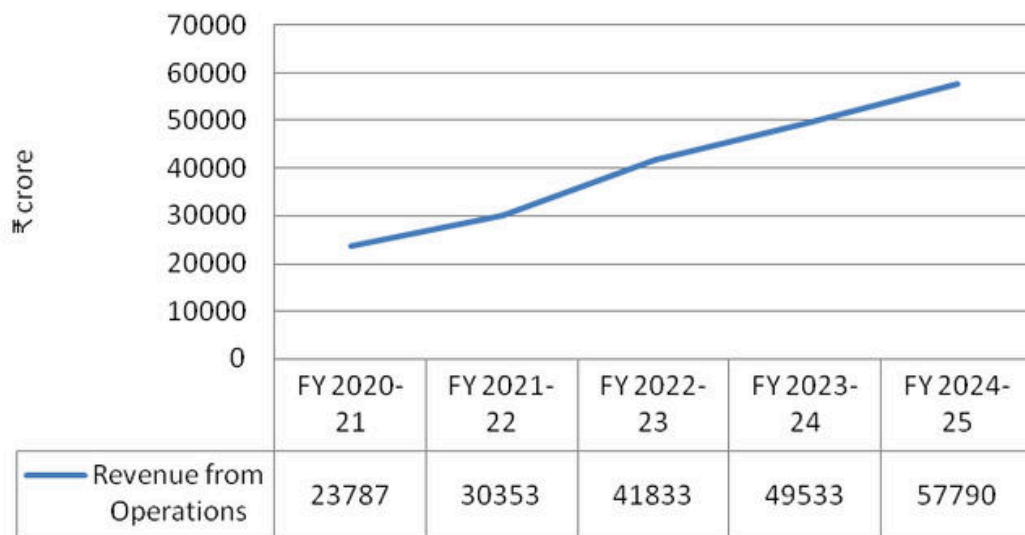
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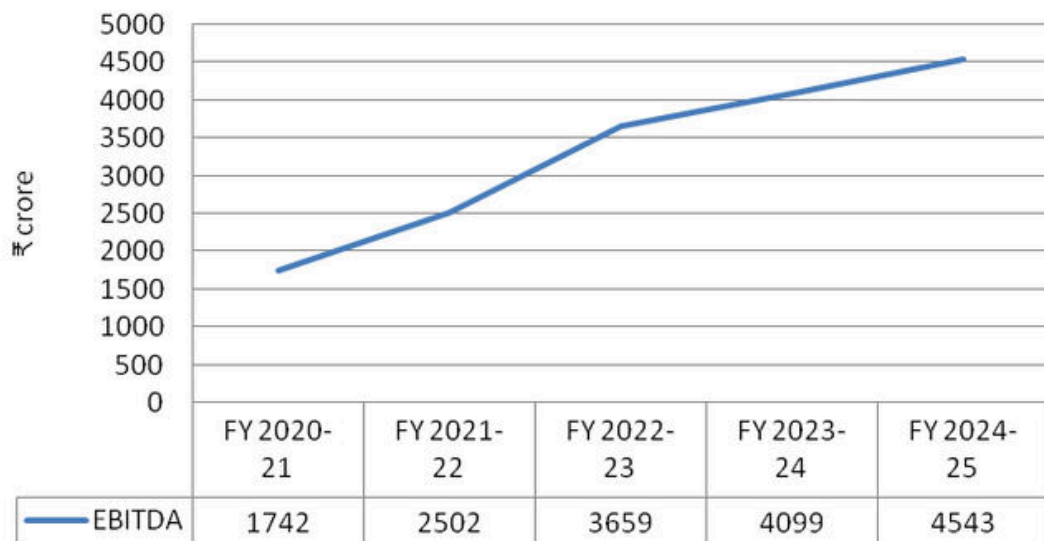
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Financial Metrics

Revenue from Operations



EBITDA



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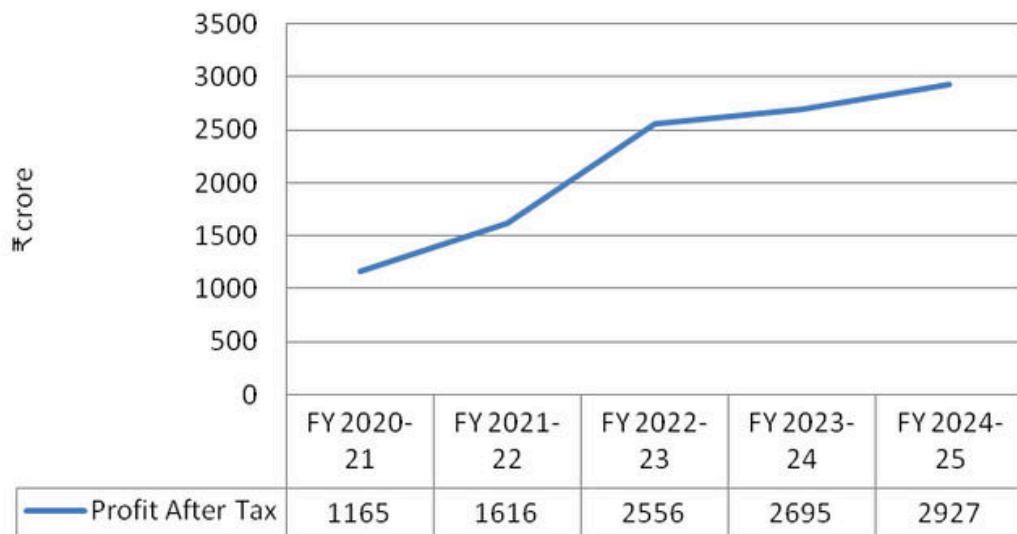
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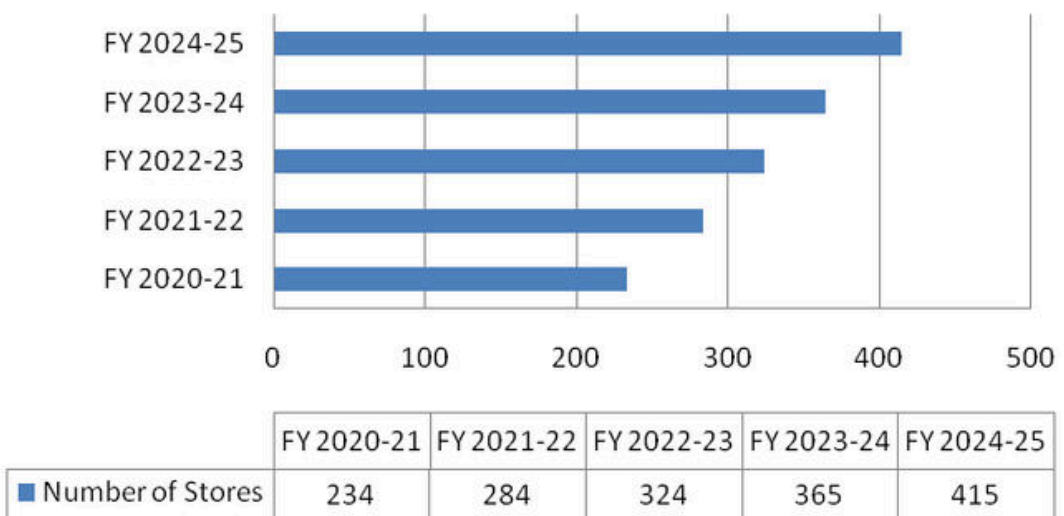
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Profit After Tax



Number of Stores



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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 %

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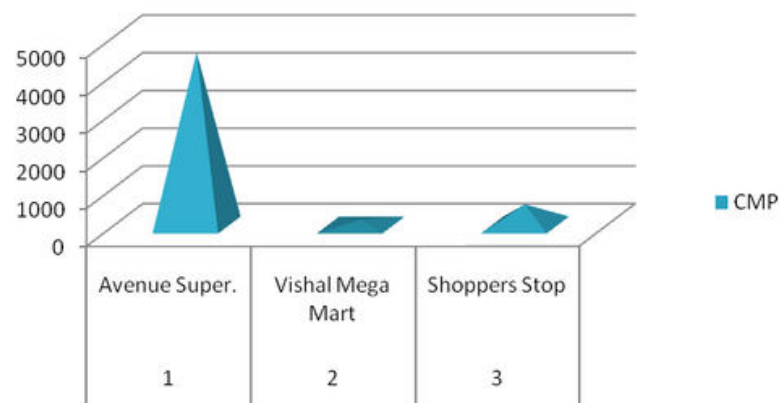
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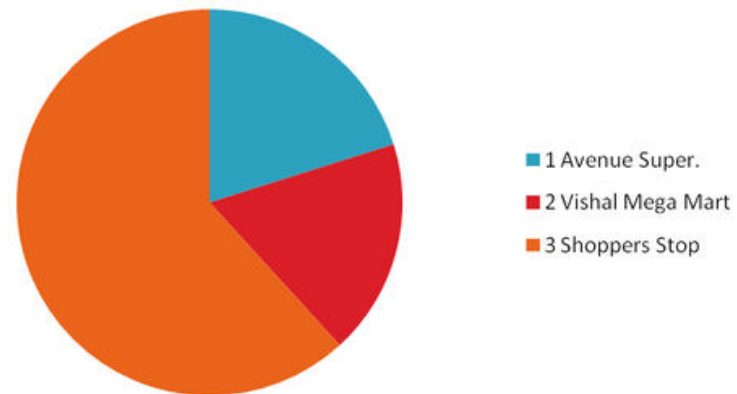
Peer Comparison

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

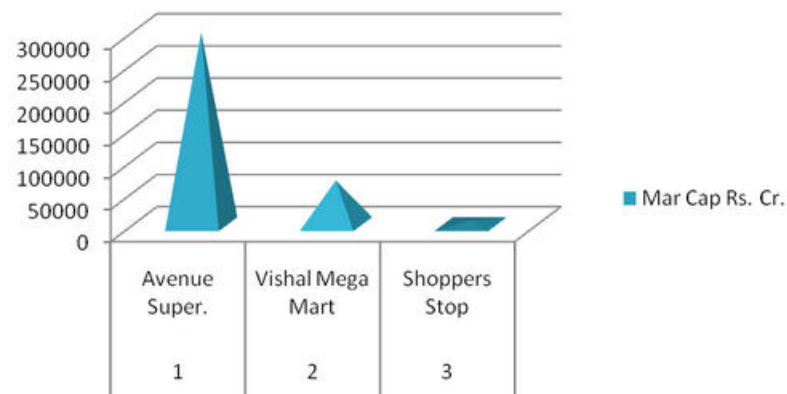
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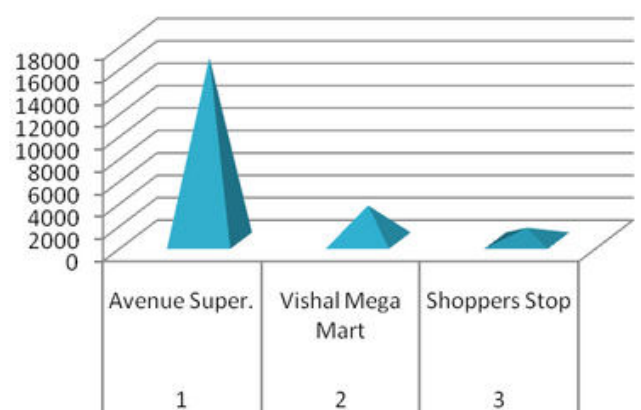
P/E



Mar Cap Rs. Cr.



Sales Qtr.



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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

 D Mart

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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

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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.

DMart