

May 6, 2024

Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	BUY		BUY	
Target Price	5,031		4,704	
Sales (Rs. m)	6,15,494	7,44,013	6,20,176	7,62,599
% Chng.	(0.8)	(2.4)		
EBITDA (Rs. m)	50,923	62,241	51,127	64,261
% Chng.	(0.4)	(3.1)		
EPS (Rs.)	49.3	61.0	49.8	63.5
% Chng.	(1.0)	(4.0)		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	4,28,396	5,07,888	6,15,494	7,44,013
EBITDA (Rs. m)	36,373	41,037	50,923	62,241
Margin (%)	8.5	8.1	8.3	8.4
PAT (Rs. m)	23,785	25,350	32,086	39,707
EPS (Rs.)	36.7	39.0	49.3	61.0
Gr. (%)	59.2	6.2	26.6	23.8
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	16.0	14.6	15.8	16.7
RoCE (%)	20.2	19.4	20.9	22.0
EV/Sales (x)	6.9	5.9	4.9	4.0
EV/EBITDA (x)	81.8	73.0	58.8	48.0
PE (x)	125.7	118.4	93.5	75.6
P/BV (x)	18.6	16.1	13.8	11.6

Key Data

AVEU.BO | DMART IN

52-W High / Low	Rs.4,890 / Rs.3,352
Sensex / Nifty	73,878 / 22,476
Market Cap	Rs.3,001bn/ \$ 35,975m
Shares Outstanding	651m
3M Avg. Daily Value	Rs.1974.53m

Shareholding Pattern (%)

Promoter's	74.65
Foreign	8.26
Domestic Institution	8.59
Public & Others	8.50
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	3.4	26.4	29.8
Relative	3.4	10.1	7.5

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Avenue Supermarts (DMART IN)

Rating: BUY | CMP: Rs4,612 | TP: Rs5,031

Back to a steady growth path

Quick Pointers:

- Gen. merchandise & Apparel sales continue to hold positive post Diwali trends, however contribution reduced to ~21.65% for 2HFY24 up 27bps YoY
- Q4 sees rapid store addition with 24 new stores, most of them were in Tier-2& Tier-3 cities, LTL sales growth (2 year old stores) remained impressive at 9.9%

D'Mart 4Q/FY24 results indicated stabilization after erratic performance in operating parameters, as FY24 LTL was 9.9%, Bills/store/day steady and 2H average bill value being 1.1% higher than 1H24. Sales/store grew by 7.0% YoY, while sales/sq ft. increased 6.8%. Cost of retail inched up by 27bps as D'Mart added 24 stores in 4Q24. 4Q24 reported sales and Adj. PAT growth of 20.1/22.4% YoY while the same in 2H24 stands at 18.6% and 19.4% respectively. With 41 store additions in FY24, D'Mart seems slowly getting its act together to accelerate store openings in coming years.

General merchandise and apparel improved in 4Q, 2H sales proportion at 21.65% improved by 27bps YoY, although it declined 67bps for FY24. We continue to believe that loss of sales in Apparel is structural, value formats like Zudio, and Reliance Trends have reduced the consumer appeal of Hypermarts. We factor in 45/50 store additions, 20.2% CAGR in sales, 25 bps margin expansion, which will enable 24% PAT CAGR over FY24-26. D'Mart LT growth story remains intact with 1500+ store potential in duopoly market and gradual scale up in D'Mart Ready. We increase 12 month DCF based target price to Rs5031 (1-4% EPS cut) as we rollover to FY26. Maintain Buy.

Consol Revenues grew by 20.1% YoY to Rs127.3bn. Gross margins expanded by 40bps YoY to 14.5% (PLe:14.3%). EBITDA grew by 22.3% YoY to Rs9.4bn (PLe:Rs9.3bn). Margins expanded by 13bps YoY to 7.4%. (PLe:7.4%). Cost of Retail expanded by 27bps YoY to 7%. Adj. PAT grew by 22.4% YoY to Rs5.6bn (PLe:Rs5.7bn). Total bill cuts grew by 17.4% YoY to 303mn in FY24 vs 258mn in FY23, while LFL came at 9.9% for FY24. Bill/store/day came at 2410 for FY24 up by 3.6% YoY. **Dmart Ready:** Imputed Revenues grew by 22.9% YoY to Rs3.3bn, while town presence increased to 23 cities in FY24 as it entered Gurugram.

Discretionary segment stabilize: The contribution from general merchandise and apparel continue to see uptick that it saw post diwali, however the share of GM&A reduced to 21.6% in 2HFY24 vs 23.2% in 1HFY24. GMA share in FY24 reduced by 67bps to 22.37% vs 23.04% in FY24. While food segment continue to see traction with contribution in FY24 up by 93bps to 57.0% vs 56.07% in FY23

Adds 24 stores in 4Q, store size lower both YoY and QoQ: D'Mart added 24 stores in 4QFY24 vs 5/9 stores in 3QFY24/2QFY24 taking the total store count to 365 with retail business area of 15.1mn sq. ft. the average area per new store opened is 46.2k versus 40.0k sq ft in 3Q24 and 44.4k in 2Q23. Most of the stores were opened in Tier-2 & Tier-3 cities.

**Exhibit 1: Consolidated Revenues grew by 17.3% YoY, EBITDA margin Flat YoY**

Y/e March	4QFY24	4QFY23	YoY gr. (%)	3QFY24	FY24	FY23	YoY gr. (%)
Net Sales	1,27,266	1,05,941	20.1	1,35,725	5,07,892	4,28,398	18.6
Gross Profit	18,394	14,883	23.6	20,202	75,147	64,558	16.4
% of NS	14.5	14.0	0.4	14.9	14.8	15.1	(0.3)
Other Expenses	8,958	7,168	25.0	9,003	34,105	28,186	21.0
% of NS	7.0	6.8	0.3	6.6	6.7	6.6	0.1
EBITDA	9,436	7,715	22.3	11,199	41,042	36,372	12.8
Margins (%)	7.4	7.3	0.1	8.3	8.1	8.5	(0.4)
Depreciation	2,049	1,641	24.9	1,893	7,308	6,389	14.4
Interest	134	155	(13.6)	146	581	674	(13.8)
Other Income	379	331	14.5	329	1,465	1,293	13.2
PBT	7,632	6,250	22.1	9,489	34,617	30,603	13.1
Tax	2,001	1,649	21.3	2,585	9,257	6,818	35.8
Tax rate (%)	26.2	26.4	(0.2)	27.2	26.7	22.3	4.5
Adjusted PAT	5,632	4,601	22.4	6,906	25,365	23,787	6.6

Source: Company, PL

Exhibit 2: Added 24 stores in 4QFY24; Cost of retail increased by ~20bps YoY

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24
No of Stores	294	302	306	324	327	336	341	365
Area (mn Sq.ft.)	12.1	12.4	12.6	13.4	13.5	13.9	14.1	15.1
Sales/store	339.3	348.5	371.9	328.2	355.9	371.3	391	351
% growth	59.2%	10.2%	4.4%	4.3%	4.9%	6.5%	5.0%	7.0%
Sales/Ft	8,311	8,477	9,044	7,952	8,613	8,984	9,462	8,489
% growth	47.0%	2.0%	-1.7%	0.7%	3.6%	6.0%	4.6%	6.8%
Gross Profit/Ft	1314	1228	1292	1067	1254	1250	1344	1164
EBIDTA/FT	854	728	772	593	770	729	801	644
Cost of retail %	6.3	6.7	6.5	6.8	6.5	6.7	6.6	7.0

Source: Company, PL

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

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales/Ft	35647	32879	27306	27454	31096	32941	36416	39236
Gross Profit/Ft	5542	5500	4318	4507	5185	5273	5696	6167
EBIDTA/FT	3013	3107	2098	2459	2922	2880	3204	3529
Capex/Ft	9974	10338	9586	9898	11512	12340	12130	12421
Cost of retail %	6.9%	6.6%	7.6%	6.7%	6.6%	6.7%	6.5%	6.4%
Working Cap/Ft	1705	2194	1813	1890	1904	2441	1833	1843

Source: Company, PL

Exhibit 4: Bill cuts grew by 17% in FY24 to 303mn, ABV flat in FY24

	FY18	FY19	FY20	FY21	FY22	FY23	1HFY24	FY24E	FY25E	FY26E
D'Mart Bills (mn)	134	172	201	152	181	258	147	303	418	486
<i>Growth</i>		28%	17%	-24%	19%	43%	36%	17%	38%	16%
Number of Stores	155	176	214	234	284	324	336	365	410	460
Addition	24	21	38	20	50	40	12	41	45	50
Bills/Store/Day	2575	2847	2824	1859	1915	2325	2430	2410	2506	2606
<i>Growth</i>		4%	11%	-1%	-34%	3%	21%	22%	4%	4%
Average Bill Value (Rs/Bill)	1117	1158	1228	1565	1677	1621	1625	1635	1700	1785
<i>Growth</i>		2.0%	3.7%	6.0%	27.5%	7.2%	-3.3%	-13%	0.8%	4.0%

Source: Company, PL

Exhibit 5: Emerging cluster see 31.5% store addition, account for 24.3% of stores

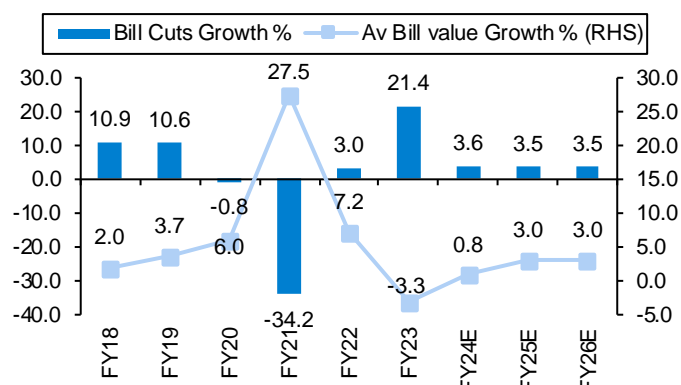
Stores	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	1HFY24	FY24
Total Stores	110	131	155	176	214	234	284	324	336	365
Addition	21	21	24	21	38	20	50	40	12	41
Mature Clusters (Top 5 States)	106	120	133	152	174	185	219	250	259	278
Addition	19	14	13	19	22	11	34	31	9	28
<i>% of Total</i>	90.5	66.7	54.2	90.5	57.9	55.0	68.0	77.5	75.0	41.4
Total States	7	11	12	12	12	12	12	12	12	12
Stores in Emerging Clusters	4	11	22	24	40	49	65	74	77	87
<i>% of Total</i>	3.6	8.4	14.2	13.6	18.7	20.9	22.9	22.8	23.0	24.3
Emerging Cluster Addition	2	7	11	2	16	9	16	9	3	13
<i>% of Total</i>	9.5	33.3	45.8	9.5	42.1	45.0	32.0	22.5	25.0	31.5

Source: Company, PL

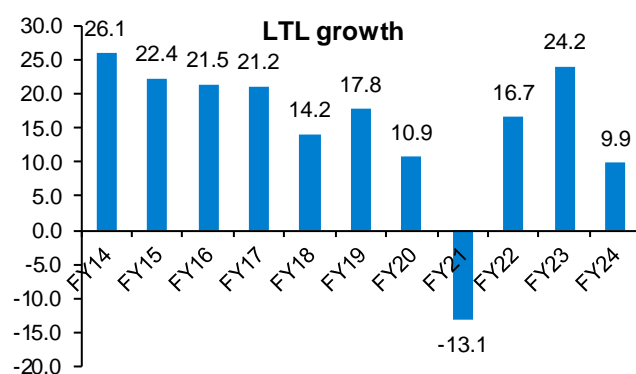
Exhibit 6: General merchandise & Apparel share at 21.65% in 2H24, up 27% YoY, down 100bps for FY24

Sales Mix	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	1H24	FY24
Foods	52.8%	53.1%	53.7%	51.6%	51.3%	52.4%	57.4%	56.9%	56.0%	56.2%	57.0%
Non Foods	21.2%	20.6%	20.0%	20.0%	20.5%	20.3%	19.7%	19.7%	20.9%	20.6%	20.7%
General merchandise & Apparel	25.9%	26.4%	26.4%	28.4%	28.3%	27.3%	22.9%	23.4%	23.0%	23.2%	22.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company, PL

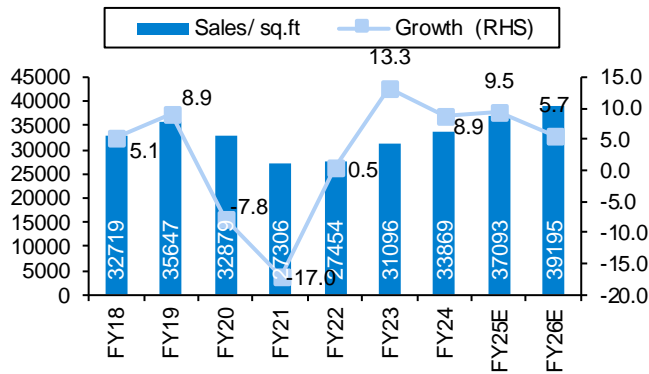
Exhibit 7: Bill Cut to grow by 3.5% in FY25


Source: Company, PL

Exhibit 8: LTL sales growth at 9.9% in FY24


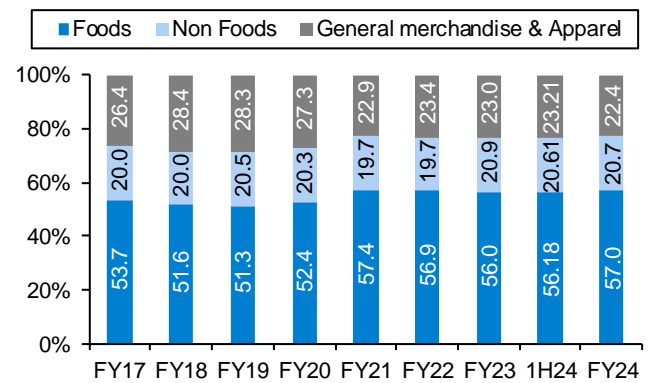
Source: Company, PL

Exhibit 9: Sales/Sq. ft. to grow by 9.5% in FY25



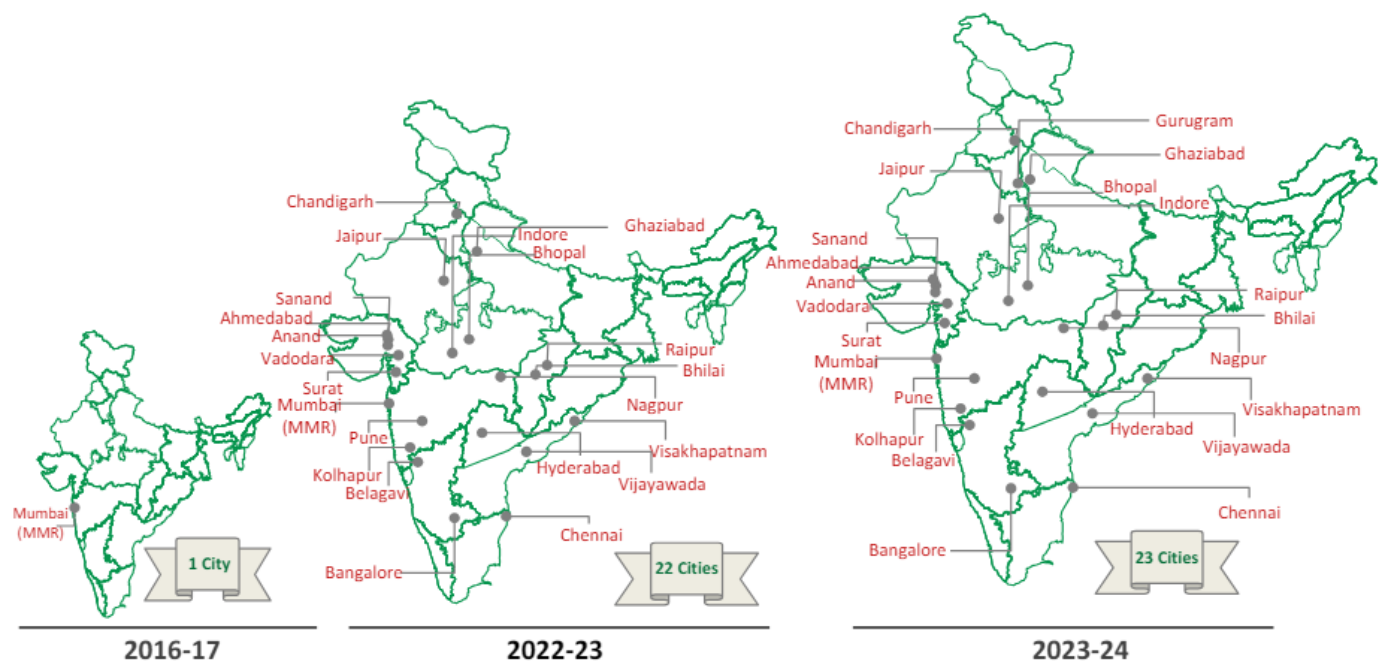
Source: Company, PL

Exhibit 10: Foods continue to remain highest contributor



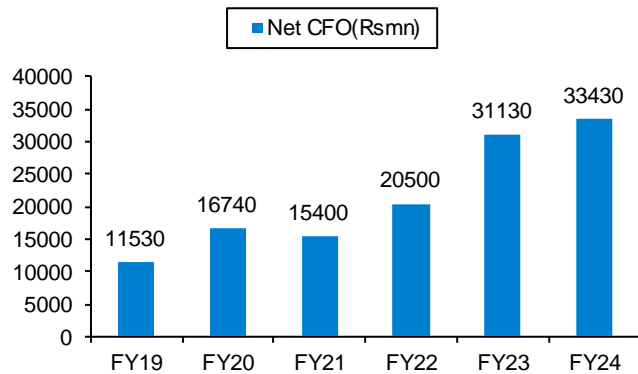
Source: Company, PL

Exhibit 11: D'Mart Ready – Presence increased to 23 cities (added Gurugram in FY24)



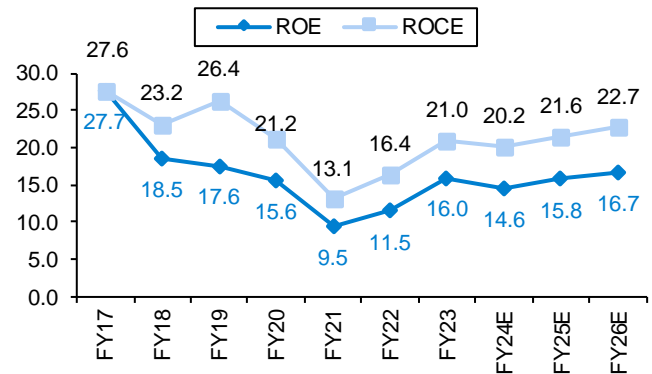
Source: Company, PL

Exhibit 12: CFO saw robust growth in FY24



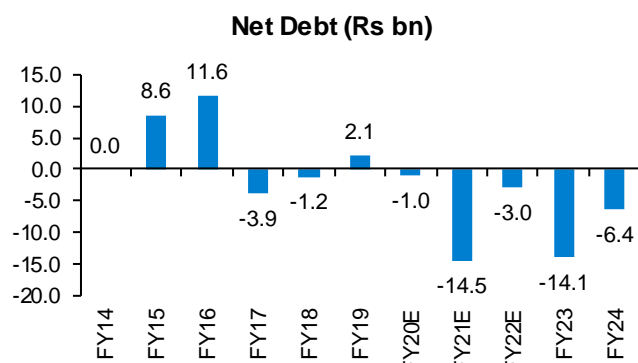
Source: Company, PL

Exhibit 13: ROE, ROCE to improve post FY24



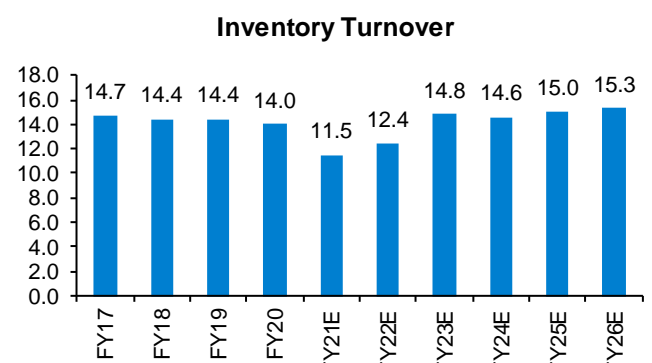
Source: Company, PL

Exhibit 14: D'Mart remains net cash positive



Source: Company, PL

Exhibit 15: Inventory turnover to increased to 15.0 by FY25



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	4,28,396	5,07,888	6,15,494	7,44,013
YoY gr. (%)	38.3	18.6	21.2	20.9
Cost of Goods Sold	3,63,840	4,32,745	5,24,401	6,33,527
Gross Profit	64,556	75,143	91,093	1,10,486
Margin (%)	15.1	14.8	14.8	14.9
Employee Cost	7,470	9,061	10,467	12,497
Other Expenses	20,713	25,044	29,704	35,748
EBITDA	36,373	41,037	50,923	62,241
YoY gr. (%)	45.6	12.8	24.1	22.2
Margin (%)	8.5	8.1	8.3	8.4
Depreciation and Amortization	6,389	7,308	8,529	9,890
EBIT	29,985	33,730	42,393	52,351
Margin (%)	7.0	6.6	6.9	7.0
Net Interest	674	581	753	837
Other Income	1,293	1,465	1,485	1,856
Profit Before Tax	30,604	34,613	43,126	53,370
Margin (%)	7.1	6.8	7.0	7.2
Total Tax	6,818	9,257	11,040	13,663
Effective tax rate (%)	22.3	26.7	25.6	25.6
Profit after tax	23,787	25,356	32,086	39,707
Minority interest	2	6	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	23,785	25,350	32,086	39,707
YoY gr. (%)	59.4	6.6	26.6	23.8
Margin (%)	5.6	5.0	5.2	5.3
Extra Ord. Income / (Exp)	(50)	(88)	-	-
Reported PAT	23,735	25,262	32,086	39,707
YoY gr. (%)	59.6	6.4	27.0	23.8
Margin (%)	5.5	5.0	5.2	5.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	23,735	25,262	32,086	39,707
Equity Shares O/s (m)	648	651	651	651
EPS (Rs)	36.7	39.0	49.3	61.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	1,17,038	1,42,837	1,71,337	1,99,098
Tangibles	1,16,082	1,41,738	1,70,073	1,97,645
Intangibles	956	1,099	1,264	1,453
Acc: Dep / Amortization	19,465	24,861	31,101	38,303
Tangibles	18,741	24,066	30,223	37,331
Intangibles	724	795	877	972
Net fixed assets	97,573	1,17,976	1,40,236	1,60,795
Tangibles	97,342	1,17,673	1,39,850	1,60,314
Intangibles	232	304	386	481
Capital Work In Progress	8,292	9,352	10,287	11,316
Goodwill	783	783	783	783
Non-Current Investments	1,086	2,348	13,562	19,955
Net Deferred tax assets	(770)	(919)	(1,307)	(1,788)
Other Non-Current Assets	18,828	19,246	22,488	24,933
Current Assets				
Investments	2,022	1,067	2,446	2,691
Inventories	32,435	39,273	44,006	49,723
Trade receivables	622	1,664	1,686	2,038
Cash & Bank Balance	14,083	6,382	6,286	12,841
Other Current Assets	2,172	2,397	3,080	3,723
Total Assets	1,81,063	2,11,772	2,47,631	2,92,146
Equity				
Equity Share Capital	6,483	6,507	6,507	6,507
Other Equity	1,54,304	1,80,471	2,11,660	2,51,367
Total Network	1,60,787	1,86,978	2,18,167	2,57,874
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	64	92	82	93
Other non current liabilities	4,767	3,992	5,384	5,985
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	7,538	9,838	13,325	15,981
Other current liabilities	7,132	9,943	9,357	10,417
Total Equity & Liabilities	1,81,063	2,11,772	2,47,631	2,92,146

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	30,604	34,613	43,126	53,370
Add. Depreciation	6,389	7,308	8,529	9,890
Add. Interest	674	581	753	837
Less Financial Other Income	1,293	1,465	1,485	1,856
Add. Other	10,202	(2,301)	(12,643)	(7,745)
Op. profit before WC changes	47,868	40,200	39,765	56,352
Net Changes-WC	(4,508)	(11,082)	5,933	(3,574)
Direct tax	(6,818)	(9,257)	(11,040)	(13,663)
Net cash from Op. activities	36,543	19,861	34,657	39,115
Capital expenditures	(23,029)	(28,771)	(31,724)	(31,478)
Interest / Dividend Income	-	-	-	-
Others	(2,013)	867	(1,380)	(245)
Net Cash from Invt. activities	(25,042)	(27,904)	(33,104)	(31,723)
Issue of share cap. / premium	272	918	(897)	-
Debt changes	-	-	-	-
Dividend paid	-	-	-	-
Interest paid	(674)	(581)	(753)	(837)
Others	(2)	4	-	-
Net cash from Fin. activities	(403)	341	(1,650)	(837)
Net change in cash	11,098	(7,702)	(96)	6,556
Free Cash Flow	13,514	(8,910)	2,934	7,637

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	36.7	39.0	49.3	61.0
CEPS	46.5	50.2	62.4	76.2
BVPS	248.0	287.3	335.3	396.3
FCF	20.8	(13.7)	4.5	11.7
DPS	-	-	-	-
Return Ratio(%)				
RoCE	20.2	19.4	20.9	22.0
ROIC	18.2	16.5	17.7	18.9
RoE	16.0	14.6	15.8	16.7
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	0.0	(0.1)
Net Working Capital (Days)	22	22	19	18
Valuation(x)				
PER	125.7	118.4	93.5	75.6
P/B	18.6	16.1	13.8	11.6
P/CEPS	99.1	91.9	73.9	60.5
EV/EBITDA	81.8	73.0	58.8	48.0
EV/Sales	6.9	5.9	4.9	4.0
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

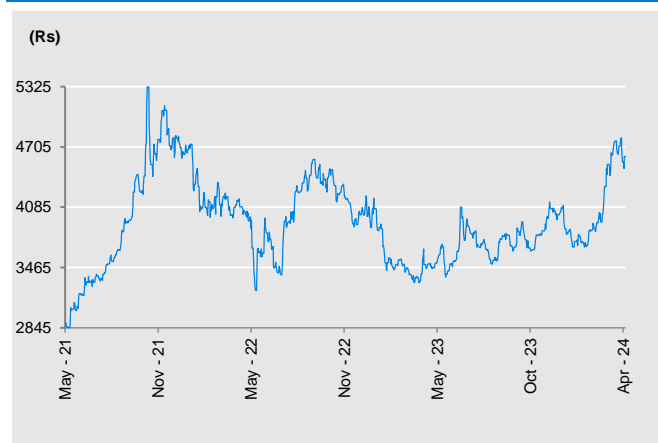
Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	1,18,654	1,26,244	1,35,725	1,27,266
YoY gr. (%)	18.2	18.7	17.3	20.1
Raw Material Expenses	1,00,633	1,07,718	1,15,523	1,08,872
Gross Profit	18,022	18,526	20,202	18,394
Margin (%)	15.2	14.7	14.9	14.5
EBITDA	10,353	10,050	11,199	9,436
YoY gr. (%)	2.7	12.7	16.0	22.3
Margin (%)	8.7	8.0	8.3	7.4
Depreciation / Depletion	1,622	1,744	1,893	2,049
EBIT	8,731	8,306	9,306	7,387
Margin (%)	7.4	6.6	6.9	5.8
Net Interest	146	156	146	134
Other Income	387	369	329	379
Profit before Tax	8,973	8,519	9,489	7,632
Margin (%)	7.6	6.7	7.0	6.0
Total Tax	2,386	2,286	2,585	2,001
Effective tax rate (%)	26.6	26.8	27.2	26.2
Profit after Tax	6,587	6,234	6,904	5,631
Minority interest	-	(2)	(2)	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	6,588	6,236	6,906	5,631
YoY gr. (%)	2.5	(9.1)	17.1	22.4
Margin (%)	5.6	4.9	5.1	4.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,588	6,236	6,906	5,631
YoY gr. (%)	2.5	(9.1)	17.1	22.4
Margin (%)	5.6	4.9	5.1	4.4
Other Comprehensive Income	(13)	(62)	(38)	-
Total Comprehensive Income	6,574	6,173	6,868	5,631
Avg. Shares O/s (m)	651	648	648	-
EPS (Rs)	10.1	9.6	10.7	-

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	BUY	4,704	4,716
2	13-Jan-24	BUY	4,484	3,841
3	08-Jan-24	BUY	4,484	3,804
4	14-Oct-23	BUY	4,724	3,920
5	07-Oct-23	BUY	4,576	3,834
6	26-Jul-23	BUY	4,574	3,678
7	15-Jul-23	BUY	4,587	3,840
8	06-Jul-23	BUY	4,651	3,816
9	14-May-23	BUY	4,447	3,678

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,698	2,857
2	Avenue Supermarts	BUY	4,704	4,716
3	Britannia Industries	Hold	5,157	4,793
4	Colgate Palmolive	Reduce	2,174	2,622
5	Dabur India	Accumulate	563	525
6	Emami	Accumulate	496	457
7	Hindustan Unilever	Accumulate	2,543	2,260
8	ITC	Accumulate	488	426
9	Jubilant FoodWorks	Hold	507	448
10	Kansai Nerolac Paints	Reduce	288	281
11	Marico	Hold	554	510
12	Metro Brands	Hold	1,063	1,038
13	Mold-tek Packaging	Hold	891	871
14	Nestle India	Accumulate	2,695	2,563
15	Pidilite Industries	Accumulate	2,764	3,019
16	Restaurant Brands Asia	Accumulate	137	101
17	Titan Company	Accumulate	3,767	3,534
18	Westlife Foodworld	Hold	820	814

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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