

## Retail | Q1FY26 Result Update

CMP: Rs.4,064 | TP: Rs 4,065 | Upside 0%

### Soft earnings growth nearing trough!

- Dmart's Q1FY26 results were inline and soft. Standalone Revenue/GP /EBITDA/APAT were at 16.2/14.1/7.6/2.3% YoY. Earnings growth was in single digit for four consecutive quarters and ~9% over FY23-25.
- The business model remains strong to deliver 14-16% Revenue/ EPS CAGR over the long-term, led by sizeable opportunity in large F&G space. Accelerated store expansion, soft base, category-mix improvement, new launches & built-up in Dmart Ready are potential triggers. While increased competition from Qcom presents a short-term challenge, we believe this pressure will ease within 2-4 quarters due to weak profitability and funding crunch (after which Dmart shall benefit even more). In the interim Dmart is competing effectively.
- We trim our FY26/27E APAT by 1/3% to factor weak margins. Reiterate 'Reduce' rating with revised TP of Rs 4,065 (incl. Rs 200 for Dmart Ready) valuing at 65x FY27E standalone EPS (earlier Rs 4,150 @ 65x FY27). Our rating reflects near-term weak performance, competition from Qcom and rich valuations; bias remains positive.

### A tad soft, yet healthy revenue growth.....

Dmart's standalone revenue growth was a tad soft at 16.2% YoY. Growth was impacted by 100-150bps due to deflation in many staples and non-food products. The SSSG for 2-year and older stores (~327 or 77% of stores) was 7.1% YoY. Yet, Rev/sqft growth was 1.5% and Rev/store 1.9% YoY. This implies softer revenue contribution from newer stores in our view.

### ....margins hit by competitive pressures

GP growth was soft at 14.1% YoY (-27bps YoY to 14.6%). This is due to continued competitive intensity in the FMCG space (~20% of revenues). EBITDA was muted at 7.6% led by higher employee costs (+31%) on account of inflation in entry level wages and other opex (+21%) due to efforts on improving service levels and capacity buildings. APAT was 2.3% due to the lower D&A costs QoQ offset by higher finance costs.

### Dmart's playbook for sustainable growth

DMart's long-term growth in our view shall be driven by (1) accelerated store openings (2) higher SSSG (3) mix improvements and (4) pick-up in Qcom. It has geared well to capitalize on the above with necessary investments in the trailing two years. Store expansion in non-metro and underpenetrated metro will serve as key growth catalyst. These regions face lower competition from Qcom and are well suited to DMart's value proposition. While QCom competition remains intense it also accelerates the unorganized to organized shift. Also, Qcom's hyper-competition too seems unsustainable.

#### Key Data

Nifty	25,150
Equity / FV	Rs 6,507mn / Rs 10
Market Cap	Rs 2,645bn
	USD 30.8bn
52-Week High/Low	Rs 5,485/ 3,340
Avg. Volume (no)	5,87,588
Bloom Code	DMART IN

	Current	Previous
Rating	Reduce	Reduce
Target Price	4,065	4,150

#### Change in Estimates

(Rs.bn)	Current	Chg (%)/bps		
	FY26E	FY27E	FY26E	FY27E
Revenue	676	794	(0.1)	(1.0)
EBITDA	52	62	(1.0)	(1.9)
EBITDA (%)	7.7	7.9	(7)	(7)
APAT	33	39	(0.8)	(2.2)
EPS (Rs)	50.3	59.5	(0.8)	(2.2)

#### Valuation (x)

	FY25A	FY26E	FY27E
P/E	91.5	80.9	68.3
EV/EBITDA	58.3	50.6	42.6
ROE (%)	13.9	14.4	16.3
RoACE (%)	13.1	13.7	15.5

#### Q1FY26 Result (Rs Mn)

Particulars	Q1FY26	YoY (%)	QoQ (%)
Revenue	1,59,321	16.2	10.2
Total Expense	1,46,188	17.0	8.4
EBITDA	13,133	7.6	33.8
Depreciation	2,096	22.6	(3.0)
EBIT	11,037	5.1	44.2
Other Income	341	(34.3)	(12.8)
Interest	266	101.8	66.5
EBT	11,113	2.1	40.9
Tax	2,815	1.9	37.4
RPAT	8,297	2.1	42.2
APAT	8,297	2.1	42.2
		(bps)	(bps)
Gross Margin	14.6	(27)	117
EBITDA (%)	8.2	(66)	146
NPM (%)	5.2	(72)	117
Tax Rate (%)	25.3	(5)	(64)
EBIT (%)	6.9	(73)	164

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**Exhibit 1: Actual vs. Estimates – Q1FY26**

Particulars (Rs mn)	Actual	Estimate	Variance (%/bps)	Remarks
Revenue	1,59,321	1,59,321	-	Inline
Gross Profit	23,323	23,350	(0.1)	
GP Margin (%)	14.6	14.7	(2)	
EBITDA	13,133	13,159	(0.2)	
EBITDA Margin (%)	8.2	8.3	(2)	
APAT	8,297	8,321	(0.3)	
APAT Margin (%)	5.2	5.2	(1)	
AEPS (Rs)	12.8	12.8	(0.3)	

Source: Dolat Capital, Company

**Exhibit 2: Change in Estimates**

Particulars (Rs mn)	FY26E			FY27E			Remarks
	Old	New	Chg %/bps	Old	New	Chg %/bps	
Revenue	676,826	6,76,275	(0.1)	801,629	7,93,509	(1.0)	Trim estimates to factor near-term headwinds from hyper competition
Gross Profit	95,951	95,754	(0.2)	115,249	1,13,943	(1.1)	
EBITDA	52,818	52,307	(1.0)	63,531	62,333	(1.9)	
APAT	32,958	32,710	(0.8)	39,571	38,695	(2.2)	
AEPS (Rs)	50.6	50.3	(0.7)	60.8	59.5	(2.2)	
<b>Margin (%)</b>							
GP Margin (%)	14.2	14.2	(2)	14.4	14.4	(4)	
EBITDA (%)	7.8	7.7	(7)	7.9	7.9	(4)	
APAT Margin (%)	4.9	4.8	(3)	4.9	4.9	(2)	
<b>Operating KPIs</b>							
Stores (No)	475	478	0.6	541	547	1.1	
S. Area (Mn Sq ft)	19.6	19.8	0.8	22.2	22.5	1.4	
<b>Avg Per Sq Ft –Rs</b>							
Revenue	36,784	36,595	(0.5)	38,319	37,536	(2.0)	
Gross Profit	5,215	5,181	(0.6)	5,509	5,390	(2.2)	
EBITDA	2,871	2,830	(1.4)	3,037	2,949	(2.9)	
Net Profit	1,791	1,770	(1.2)	1,892	1,830	(3.3)	

Source: Dolat Capital, Company

**Exhibit 3: Revenue Mix – Annual trend (%)**

Particulars	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q1FY25	Q1FY26	Remarks
Food	51.3	52.4	57.4	56.9	56.0	57.0	57.7	54.8	55.6	High-margin GM&A has been stable YoY but with lower margins in our view
FMCG	20.5	20.3	19.7	19.7	21.0	20.7	20.0	20.3	19.7	
GM&A	28.3	27.3	22.9	23.4	23.0	22.4	22.3	24.9	24.7	
<b>Total</b>	<b>100.0</b>									

Source: Dolat Capital, Company

**Exhibit 4: Category-wise Revenues – Annual Trend (Rs Bn)**

Particulars	FY20	FY21	FY22	FY23	FY24	FY25	FY17-20 CAGR %	FY23-25 CAGR %
Food	129.3	136.6	172.6	234.4	282.1	333.6	26.8	19.3
FMCG	50.1	46.8	59.9	87.6	102.4	115.6	28.5	14.9
GM&A	67.4	54.5	71.0	96.4	110.8	128.6	28.3	15.5
<b>Total</b>	<b>246.8</b>	<b>237.9</b>	<b>303.5</b>	<b>418.3</b>	<b>495.3</b>	<b>577.9</b>	<b>27.6</b>	<b>17.5</b>
<b>Chg YoY %</b>								
Food	26.7	5.6	26.4	35.8	20.4	18.2		
FMCG	22.9	(6.4)	27.9	46.1	17.0	12.9		
GM&A	19.6	(19.2)	30.4	35.7	14.9	16.1		
<b>Total</b>	<b>23.9</b>	<b>(3.6)</b>	<b>27.6</b>	<b>37.8</b>	<b>18.4</b>	<b>16.7</b>		
<b>Mix %</b>								
Food	52.4	57.4	56.9	56.0	57.0	57.7		
FMCG	20.3	19.7	19.7	20.9	20.7	20.0		
GM&A	27.3	22.9	23.4	23.0	22.4	22.3		
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>		

Source: Dolat Capital, Company

**Exhibit 5: Standalone Operating and Financial Parameters**

Particulars	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
No of stores	110	131	155	176	214	234	284	324	365	415
- Net Additions	21	21	24	21	38	20	50	40	41	50
Retail Area (Mn Sq ft)	3.3	4.1	4.9	5.9	7.8	8.8	11.5	13.4	15.1	17.2
- Inc Area (Mn Sq ft)	0.6	0.8	0.8	1.0	1.9	1.0	2.7	1.9	1.7	2.1
Area/Store (Sq ft)	30,000	31,298	31,613	33,523	36,449	37,692	40,493	41,235	41,370	41,494
- Inc Area/Store (Mn Sq ft)	28,571	38,095	33,333	47,619	50,000	51,000	53,600	47,500	41,463	42,400
Total bills (Mn)	85.0	108.5	134.4	171.8	201.0	152.0	181.0	258.0	303.0	353.0
- Inc Bills (Mn)	18.0	23.5	25.9	37.4	29.2	(49.0)	29.0	77.0	45.0	50.0
Basket Size (Rs)	1,009	1,095	1,117	1,159	1,228	1,565	1,677	1,621	1,635	1,637
LTL growth (2 years old stores) (%)	21.5	21.2	14.2	17.8	10.9	(13.1)	16.7	24.2	9.9	8.4
Revenue/Sq ft (Rs)	28,136	31,120	32,719	35,647	32,879	27,306	27,454	31,096	32,941	33,896
<b>No of days</b>										
- Inventory	29.7	28.8	30.0	29.3	30.4	36.5	33.3	28.8	29.2	31.4
- Payables	8.4	8.4	8.4	8.3	7.9	9.1	7.7	6.3	7.1	7.2
Total Debt	11,770	14,810	4,390	6,950	2,800	2,960	4,160	4,390	4,640	6,930
Equity	15,120	38,370	46,430	55,940	111,360	123,050	139,240	165,030	192,810	2,22,300
Debt/Equity	0.78	0.39	0.09	0.12	0.03	0.02	0.03	0.03	0.02	0.03
Fixed Asset T/O ratio	4.0	4.4	4.4	4.3	4.1	3.1	3.1	3.7	3.6	3.4
Inventory T/O ratio	14.4	14.9	14.4	14.6	14.2	11.7	12.8	14.8	14.6	13.6
ROE (%)	23.5	27.7	13.4	18.3	16.1	9.9	12.3	16.8	15.1	14.1
ROCE (%)	23.8	27.6	17.6	25.9	20.4	11.5	15.6	20.1	19.1	17.8
CF from Operations (Rs Mn)	4,240	6,200	9,340	11,530	16,740	15,400	20,500	31,130	33,430	37,240

Source: Dolat Capital, Company

**Exhibit 6: Capex Trend – rising capex, moderating growth**

Particulars		FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Cumulative
Capex	A	5,808	8,867	11,287	11,947	10,833	22,250	24,310	26,902	33,569	1,55,773
Chg in CWIP	B	712	(58)	2,295	(146)	6,443	669	(2,442)	1,011	1,605	10,088
Chg in ROU	C	-	-	-	6,470	2,003	2,992	1,371	1,113	2,046	15,994
<b>Total</b>	<b>D</b>	<b>6,520</b>	<b>8,809</b>	<b>13,581</b>	<b>18,270</b>	<b>19,278</b>	<b>25,912</b>	<b>23,239</b>	<b>29,026</b>	<b>37,219</b>	<b>1,81,855</b>
No of stores added	E	21	24	21	38	20	50	40	41	50	305
Mn Sqft added	F	0.8	0.8	1.0	1.9	1.0	2.7	1.9	1.7	2.1	14.0
Capex/store (Mn)	(A+C)/E	277	369	537	485	642	505	642	683	712	563
Capex/sqft (Mn)	(A+C)/F	7,260	11,084	11,287	9,693	12,584	9,419	13,516	16,479	16,799	12,340
<b>Cash capex</b>	<b>G</b>	<b>6,422</b>	<b>8,968</b>	<b>13,800</b>	<b>16,831</b>	<b>19,699</b>	<b>22,832</b>	<b>21,313</b>	<b>26,870</b>	<b>33,503</b>	<b>1,36,734</b>

Source: Dolat Capital, Company

**Exhibit 7: Quarterly Operating Performance**

Particulars (Rs Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
Revenue (Rs mn)	1,37,119	1,40,503	1,55,652	1,44,624	1,59,321	16.2	10.2
No of Stores	371	377	387	415	424	14.3	2.2
Net new stores	6	6	10	28	9	50.0	(67.9)
Avg stores	368	374	382	401	420	14.0	4.6
Retail Area (Mn Sq ft)	15.4	15.8	16.1	17.2	17.6	15.0	2.3
Avg business area	15.3	15.6	16.0	16.7	17.4	14.5	4.5
Size/store (Sq ft)	41,509	41,910	41,602	41,494	41,509	0.7	0.2
Revenue/Sq Ft (Rs) – computed	8,991	9,007	9,759	8,652	9,156	1.5	5.4
LTL growth (%)*	9.1	5.5	8.3	8.1	7.1		
Rev./Retail Business Area sq ft (Rs)	8,648	8,582	9,317	8,313	8,779	1.5	5.6

Source: Dolat Capital, Company \* LTL growth and Rev./Retail Business Area is for 2-years and older stores

**Exhibit 8: Standalone Quarterly P&L**

Particulars (Rs Mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (%)	Chg QoQ (%)
<b>Revenue</b>	<b>1,37,119</b>	<b>1,40,503</b>	<b>1,55,652</b>	<b>1,44,624</b>	<b>1,59,321</b>	<b>16.2</b>	<b>10.2</b>
COGS	1,16,680	1,20,579	1,33,762	1,25,142	1,35,998	16.6	8.7
<b>Gross Profit</b>	<b>20,439</b>	<b>19,924</b>	<b>21,890</b>	<b>19,482</b>	<b>23,323</b>	<b>14.1</b>	<b>19.7</b>
Employee costs	2,311	2,483	2,660	2,679	3,018	30.6	12.7
Other expenses	5,917	6,391	6,879	6,989	7,172	21.2	2.6
Total Expenses	8,228	8,874	9,539	9,668	10,190	23.8	5.4
<b>EBITDA</b>	<b>12,210</b>	<b>11,051</b>	<b>12,351</b>	<b>9,814</b>	<b>13,133</b>	<b>7.6</b>	<b>33.8</b>
D&A	1,710	1,849	2,039	2,160	2,096	22.6	(3.0)
EBIT	10,500	<b>9,201</b>	<b>10,313</b>	<b>7,654</b>	<b>11,037</b>	<b>5.1</b>	<b>44.2</b>
Finance costs	132	134	152	160	266	101.8	66.5
Other income	520	465	364	391	341	(34.3)	(12.8)
PBT	10,888	<b>9,533</b>	<b>10,525</b>	<b>7,885</b>	<b>11,113</b>	<b>2.1</b>	<b>40.9</b>
Tax expense	2,763	2,429	2,680	2,048	2,815	1.9	37.4
Eo (inc)/exp	-	-	-	(360)	-	-	(100.0)
<b>APAT</b>	<b>8,125</b>	<b>7,104</b>	<b>7,845</b>	<b>5,837</b>	<b>8,297</b>	<b>2.1</b>	<b>42.2</b>
<b>EPS (Rs)</b>	<b>12.5</b>	<b>11.0</b>	12.1	9.0	12.8	2.1	42.2

Source: Dolat Capital, Company

**Exhibit 9: Margin Analysis**

(% of revenue)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Chg YoY (bps)	Chg QoQ (bps)
COGS	85.1	85.8	85.9	86.5	85.4	27	(117)
<b>Gross Profit</b>	<b>14.9</b>	<b>14.2</b>	<b>14.1</b>	<b>13.5</b>	<b>14.6</b>	<b>(27)</b>	<b>117</b>
Employee costs	1.7	1.8	1.7	1.9	1.9	21	4
Other expenses	4.3	4.5	4.4	4.8	4.5	19	(33)
Total Expenses	6.0	6.3	6.1	6.7	6.4	39	(29)
<b>EBITDA</b>	<b>8.9</b>	<b>7.9</b>	<b>7.9</b>	<b>6.8</b>	<b>8.2</b>	<b>(66)</b>	<b>146</b>
EBIT	7.7	6.5	6.6	5.3	6.9	(73)	164
BT	7.9	6.8	6.8	5.5	7.0	(97)	152
APAT	<b>5.9</b>	<b>5.1</b>	<b>5.0</b>	<b>4.0</b>	<b>5.2</b>	<b>(72)</b>	<b>117</b>
Tax as % of PBT	25.4	25.5	25.5	26.0	25.3	(4)	(64)

Source: Dolat Capital, Company

**Exhibit 10: Key Assumptions**

<b>Rs mn)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>
Store count (Nos)	155	176	214	234	284	324	365	415	478	547
New Stores (Nos)	24	21	38	20	50	40	41	50	63	69
Store Area (Mn Sq ft)	4.9	5.9	7.8	8.8	11.5	13.4	15.1	17.2	19.8	22.5
Area/Store (Sq Ft)	31,613	33,523	36,449	37,692	40,493	41,358	41,370	41,446	41,339	41,170
Inc Area/Store (Sq Ft)	33,333	47,619	50,000	51,000	53,600	47,500	41,463	42,000	40,635	40,000
<b>Financial Parameters</b>										
Revenue	1,50,089	1,99,163	2,46,750	2,37,872	303,525	4,18,333	4,95,330	5,77,898	676,275	793,509
Gross Profit	23,600	29,363	36,591	34,309	42,998	60,580	69,863	81,735	95,754	113,943
EBITDA	13,373	16,422	21,221	17,417	25,015	36,594	40,994	45,426	52,307	62,333
APAT	7,847	9,363	13,499	11,653	16,162	24,156	26,949	28,911	32,710	38,695
YE No of shares (Mn)	624	624	648	648	648	648	651	651	651	651
EPS (Rs)	12.6	15.0	20.8	18.0	24.9	37.3	41.4	44.4	50.3	59.5
<b>Margin %</b>										
Gross Profit	15.7	14.7	14.8	14.4	14.2	14.5	14.1	14.1	14.2	14.4
EBITDA	8.9	8.2	8.6	7.3	8.2	8.7	8.3	7.9	7.7	7.9
APAT	5.2	4.7	5.5	4.9	5.3	5.8	5.4	5.0	4.8	4.9
<b>Avg Per Sq Ft (Rs)</b>										
Revenue	33,353	36,882	36,022	28,625	29,875	33,601	34,760	35,783	36,595	37,536
Gross Profit	5,244	5,438	5,342	4,129	4,232	4,866	4,903	5,061	5,181	5,390
EBITDA	2,972	3,041	3,098	2,096	2,462	2,939	2,877	2,813	2,830	2,949
APAT	1,744	1,734	1,971	1,402	1,591	1,940	1,891	1,790	1,770	1,830
<b>Avg/Store (Rs Mn)</b>										
Revenue	1,050	1,203	1,265	1,062	1,172	1,376	1,438	1,482	1,515	1,548
Gross Profit	165	177	188	153	166	199	203	210	214	222
EBITDA	94	99	109	78	97	120	119	116	117	122
APAT	55	57	69	52	62	79	78	74	73	76
<b>Growth %</b>										
Store count (Nos)	18.3	13.5	21.6	9.3	21.4	14.1	12.7	13.7	15.2	14.4
Area (Mn Sq ft)	19.5	20.4	32.2	13.1	30.4	16.5	12.7	13.9	14.9	14.0
Revenue	26.3	32.7	23.9	(3.6)	27.6	37.8	18.4	16.7	17.0	17.3
Gross Profit	32.2	24.4	24.6	(6.2)	25.3	40.9	15.3	17.0	17.2	19.0
EBITDA	38.8	22.8	29.2	(17.9)	43.6	46.3	12.0	10.8	15.1	19.2
APAT	62.6	19.3	44.2	(13.7)	38.7	49.5	11.6	7.3	13.1	18.3
EPS (Rs)	46.7	19.3	38.8	(13.7)	38.7	49.5	11.1	7.3	13.1	18.3
<b>Avg Per Sq Ft</b>										
Revenue	3.9	10.6	(2.3)	(20.5)	4.4	12.5	3.4	2.9	2.3	2.6
Gross Profit	8.7	3.7	(1.8)	(22.7)	2.5	15.0	0.8	3.2	2.4	4.0
EBITDA	14.1	2.3	1.9	(32.3)	17.5	19.4	(2.1)	(2.2)	0.6	4.2
APAT	33.7	(0.6)	13.6	(28.8)	13.4	22.0	(2.5)	(5.3)	(1.1)	3.4
<b>Avg/Store</b>										
Revenue	6.4	14.7	5.2	(16.1)	10.4	17.4	4.5	3.1	2.2	2.2
Gross Profit	11.4	7.5	5.8	(18.4)	8.4	20.0	1.8	3.3	2.3	3.7
EBITDA	16.9	6.1	9.7	(28.6)	24.2	24.6	(1.1)	(2.1)	0.6	3.8
APAT	37.0	3.1	22.4	(24.8)	19.9	27.3	(1.6)	(5.2)	(1.2)	3.1

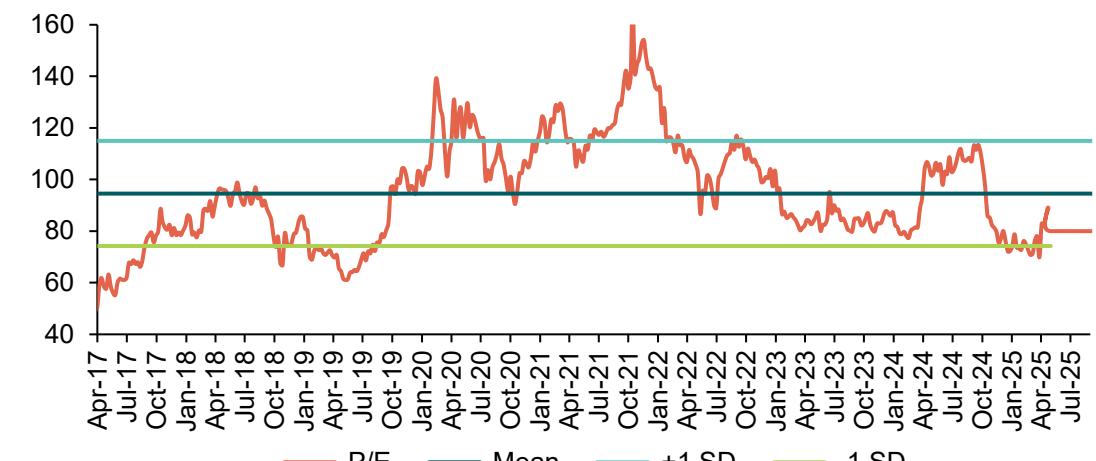
Source: Dolat Capital, Company

**Exhibit 11: Dmart's state-wise store footprint**

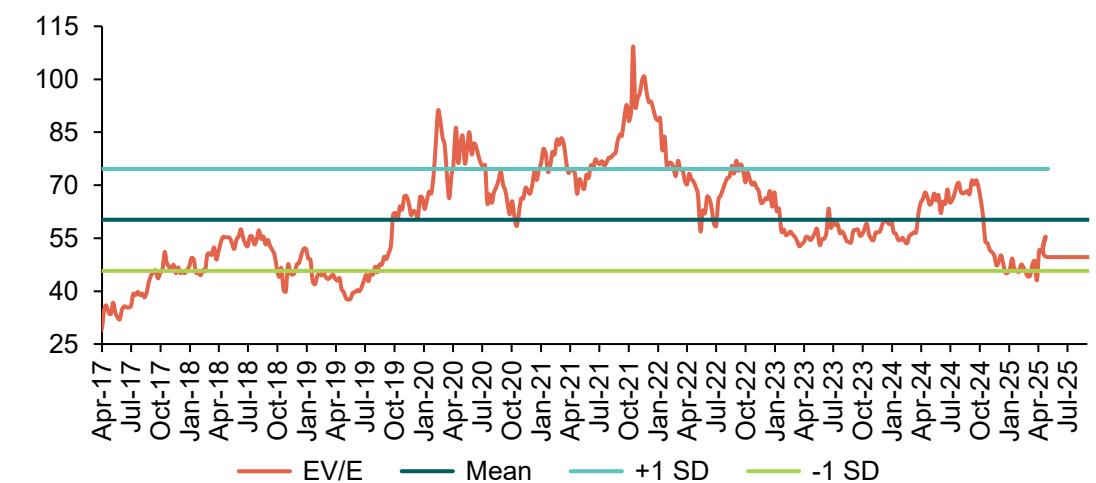
State	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Q1FY26
<b>No. of Stores</b>										
Maharashtra	60	62	70	76	74	88	99	109	115	117
Gujarat	29	30	34	37	42	48	55	60	67	68
Telangana	14	19	21	24	27	31	36	41	45	45
Karnataka	11	12	16	20	21	29	29	32	40	41
Andhra Pradesh	6	10	11	17	21	23	29	34	41	41
Madhya Pradesh	5	6	6	11	14	17	19	21	24	26
Tamil Nadu	1	3	4	10	12	15	19	22	26	27
Rajasthan	3	5	5	7	8	10	12	17	22	22
Punjab	-	3	4	5	7	9	11	13	19	20
NCR	1	1	1	1	2	7	8	9	9	9
Chhattisgarh	-	3	3	5	5	6	6	6	6	6
Daman	1	1	1	1	1	1	1	1	1	1
<b>Uttar Pradesh</b>										1
<b>Total</b>	<b>131</b>	<b>155</b>	<b>176</b>	<b>214</b>	<b>234</b>	<b>284</b>	<b>324</b>	<b>365</b>	<b>415</b>	<b>424</b>
<b>Store Additions</b>										
Maharashtra	2	2	8	6	(2)	14	11	10	6	2
Gujarat	3	1	4	3	5	6	7	5	7	1
Telangana	-	5	2	3	3	4	5	5	4	-
Karnataka	5	1	4	4	1	8	-	3	8	1
Andhra Pradesh	4	4	1	6	4	2	6	5	7	-
Madhya Pradesh	1	1	-	5	3	3	2	2	3	2
Tamil Nadu	1	2	1	6	2	3	4	3	4	1
Rajasthan	3	2	-	2	1	2	2	5	5	-
Punjab	-	3	1	1	2	2	2	2	6	1
NCR	1	-	-	-	1	5	1	1	-	-
Chhattisgarh	-	3	-	2	-	1	-	-	-	-
Daman	1	-	-	-	-	-	-	-	-	-
<b>Uttar Pradesh</b>										1
<b>Total</b>	<b>21</b>	<b>24</b>	<b>21</b>	<b>38</b>	<b>20</b>	<b>50</b>	<b>40</b>	<b>41</b>	<b>50</b>	<b>9</b>
<b>State Mix (%)</b>										
Maharashtra	45.8	40.0	39.8	35.5	31.6	31.0	30.6	29.9	27.7	27.6
Gujarat	22.1	19.4	19.3	17.3	17.9	16.9	17.0	16.4	16.1	16.0
Telangana	10.7	12.3	11.9	11.2	11.5	10.9	11.1	11.2	10.8	10.6
Karnataka	8.4	7.7	9.1	9.3	9.0	10.2	9.0	8.8	9.6	9.7
Andhra Pradesh	4.6	6.5	6.3	7.9	9.0	8.1	9.0	9.3	9.9	9.7
Madhya Pradesh	3.8	3.9	3.4	5.1	6.0	6.0	5.9	5.8	5.8	6.1
Tamil Nadu	0.8	1.9	2.3	4.7	5.1	5.3	5.9	6.0	6.3	6.4
Rajasthan	2.3	3.2	2.8	3.3	3.4	3.5	3.7	4.7	5.3	5.2
Punjab	-	1.9	2.3	2.3	3.0	3.2	3.4	3.6	4.6	4.7
NCR	0.8	0.6	0.6	0.5	0.9	2.5	2.5	2.5	2.2	2.1
Chhattisgarh	-	1.9	1.7	2.3	2.1	2.1	1.9	1.6	1.4	1.4
Daman	0.8	0.6	0.6	0.5	0.4	0.4	0.3	0.3	0.2	0.2
<b>Uttar Pradesh</b>										0.2
<b>Total</b>	<b>100.0</b>									
<b>Top 5</b>	91.6	85.8	86.4	81.3	79.1	77.1	76.5	75.6	74.2	73.6

Source: Dolat Capital, Company

**Exhibit 12: 1-year forward P/E multiple**



**Exhibit 13: 1-year forward EV/EBITDA multiple**



**Exhibit 10: Valuation Snapshot**

Parameters	Value	Multiple (x)	Value per share (Rs)
FY27E Standalone EPS (Rs)	59.5	65	3,865
FY27E Subsidiaries revenue* (Rs Mn)	25,709	5	200
			<b>4,065</b>

\* net of inter-company revenues

**Exhibit 14: Exhibit 11: TP sensitivity to Standalone EPS**

EPS (Rs)-----→	50.6	60.8
Tgt PE (x)	FY26E	FY27E
45	2,462	2,875
55	2,964	3,470
65	3,467	4,065
75	3,970	4,659
85	4,472	5,254

Source: Dolat Capital, Company

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>4,95,330</b>	<b>5,77,898</b>	<b>6,76,275</b>	<b>7,93,509</b>
<b>Total Expense</b>	<b>4,54,336</b>	<b>5,32,472</b>	<b>6,23,968</b>	<b>7,31,176</b>
COGS	4,25,467	4,96,163	5,80,521	6,79,566
Employees Cost	7,857	10,133	12,958	15,530
Other expenses	21,012	26,176	30,488	36,081
<b>EBIDTA</b>	<b>40,994</b>	<b>45,426</b>	<b>52,307</b>	<b>62,333</b>
Depreciation	6,328	7,758	8,999	10,922
<b>EBIT</b>	<b>34,666</b>	<b>37,668</b>	<b>43,308</b>	<b>51,411</b>
Interest	443	578	835	854
Other Income	1,891	1,740	1,408	1,383
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>36,114</b>	<b>38,831</b>	<b>43,881</b>	<b>51,940</b>
Tax	9,165	9,920	11,171	13,245
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Profit/Loss share of associates	0	0	0	0
RPAT	26,949	28,911	32,710	38,695
Adjustments	0	0	0	0
<b>APAT</b>	<b>26,949</b>	<b>28,911</b>	<b>32,710</b>	<b>38,695</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	6,507	6,507	6,507	6,507
Minority Interest	0	0	0	0
Reserves & Surplus	1,86,299	2,15,794	2,25,746	2,36,973
<b>Net Worth</b>	<b>1,92,806</b>	<b>2,22,302</b>	<b>2,32,253</b>	<b>2,43,481</b>
Total Debt	4,641	6,932	7,625	8,387
Net Deferred Tax Liability	940	1,152	1,209	1,270
<b>Total Capital Employed</b>	<b>1,98,388</b>	<b>2,30,385</b>	<b>2,41,087</b>	<b>2,53,137</b>

### Applications of Funds

Net Block	<b>1,15,219</b>	<b>1,41,029</b>	<b>1,50,207</b>	<b>1,57,499</b>
CWIP	9,300	10,905	11,178	11,457
Investments	28,288	35,093	36,170	38,850
<b>Current Assets, Loans &amp; Advances</b>	<b>62,855</b>	<b>61,888</b>	<b>60,057</b>	<b>64,394</b>
Current Investments	0	0	0	0
Inventories	37,234	48,055	48,562	56,655
Receivables	3,933	3,485	1,668	1,957
Cash and Bank Balances	7,851	3,474	3,073	(2,156)
Loans and Advances	0	0	0	0
Other Current Assets	13,837	6,874	6,754	7,939
<b>Less: Current Liabilities &amp; Provisions</b>	<b>17,274</b>	<b>18,529</b>	<b>16,525</b>	<b>19,063</b>
Payables	9,528	10,042	10,503	11,998
Other Current Liabilities	7,746	8,488	6,022	7,065
<i>sub total</i>				
Net Current Assets	45,582	43,359	43,532	45,330
<b>Total Assets</b>	<b>1,98,388</b>	<b>2,30,385</b>	<b>2,41,087</b>	<b>2,53,137</b>

E – Estimates

**Important Ratios**

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	14.1	14.1	14.2	14.4
EBIDTA Margin	8.3	7.9	7.7	7.9
EBIT Margin	7.0	6.5	6.4	6.5
Tax rate	25.4	25.5	25.5	25.5
Net Profit Margin	5.4	5.0	4.8	4.9
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	85.9	85.9	85.8	85.6
Employee	1.6	1.8	1.9	2.0
Other	4.2	4.5	4.5	4.5
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	78.3	65.2	51.9	60.2
Inventory days	27	30	26	26
Debtors days	3	2	1	1
Average Cost of Debt	9.8	10.0	11.5	10.7
Payable days	7	6	6	6
Working Capital days	34	27	23	21
FA T/O	4.3	4.1	4.5	5.0
<b>(D) Measures of Investment</b>				
AEPS (Rs)	41.4	44.4	50.3	59.5
CEPS (Rs)	51.1	56.4	64.1	76.2
DPS (Rs)	0.0	0.0	0.0	0.1
Dividend Payout (%)	0.1	0.1	0.1	0.1
BVPS (Rs)	296.3	341.6	356.9	374.2
RoANW (%)	15.1	13.9	14.4	16.3
RoACE (%)	14.0	13.1	13.7	15.5
RoAIC (%)	15.0	13.4	13.9	15.5
<b>(E) Valuation Ratios</b>				
CMP (Rs)	4064	4064	4064	4064
Mcap (Rs Mn)	26,44,709	26,44,709	26,44,709	26,44,709
EV	26,41,499	26,48,167	26,49,260	26,55,252
MCap/ Sales	5.3	4.6	3.9	3.3
EV/Sales	5.3	4.6	3.9	3.3
P/E	98.1	91.5	80.9	68.3
EV/EBITDA	64.4	58.3	50.6	42.6
P/BV	13.7	11.9	11.4	10.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	18.4	16.7	17.0	17.3
EBITDA	12.0	10.8	15.1	19.2
EBIT	11.2	8.7	15.0	18.7
PBT	11.8	7.5	13.0	18.4
APAT	11.6	7.3	13.1	18.3
EPS	11.6	7.3	13.1	18.3

E – Estimates

**Cash Flow**

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>36,114</b>	<b>38,831</b>	<b>43,881</b>	<b>51,940</b>
Depreciation & w.o.	6,328	7,758	8,999	10,922
Net Interest Exp	443	578	835	854
Direct taxes paid	(9,165)	(9,920)	(11,171)	(13,245)
Change in Working Capital	(10,311)	(2,154)	(574)	(7,028)
Non Cash	0	0	0	0
<b>(A) CF from Operating Activities</b>	<b>23,409</b>	<b>35,093</b>	<b>41,969</b>	<b>43,443</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(27,953)	(35,154)	(18,495)	(18,541)
<b>Free Cash Flow</b>	<b>(4,544)</b>	<b>(62)</b>	<b>23,474</b>	<b>24,902</b>
(Inc.)/ Dec. in Investments	(1,895)	(2,911)	(628)	(659)
Other	(834)	(1,413)	346	(1,152)
<b>(B) CF from Investing Activities</b>	<b>(30,682)</b>	<b>(39,478)</b>	<b>(18,776)</b>	<b>(20,352)</b>
Issue of Equity/ Preference	14,173	17,850	0	0
Inc./ (Dec.) in Debt	(1)	1	0	0
Interest exp net	(443)	(578)	(835)	(854)
Dividend Paid (Incl. Tax)	(13,341)	(17,265)	(22,759)	(27,467)
Other	0	0	0	0
<b>(C) CF from Financing</b>	<b>388</b>	<b>8</b>	<b>(23,593)</b>	<b>(28,321)</b>
Net Change in Cash	(6,885)	(4,377)	(401)	(5,230)
<b>Opening Cash balances</b>	<b>14,736</b>	<b>7,851</b>	<b>3,474</b>	<b>3,073</b>
<b>Closing Cash balances</b>	<b>7,851</b>	<b>3,474</b>	<b>3,073</b>	<b>(2,156)</b>

E – Estimates

**Notes**

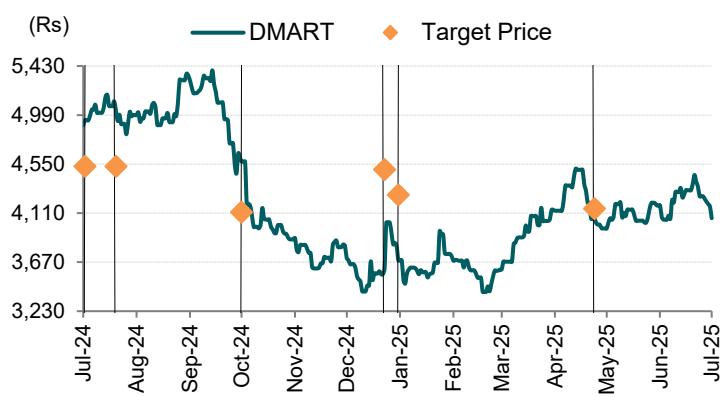
## Stock Info and Rating History

### Price Performance

Particulars	1M	3M	12M
Absolute (%)	(3)	(2)	(17)
Rel to NIFTY (%)	(3)	(12)	(20)

### Shareholding Pattern

Particulars	Dec'24	Mar'25	Jun'25
Promoters	74.7	74.7	74.7
MF/Banks/FIs	7.5	9.2	9.2
FII	10.0	8.2	8.2
Public / Others	7.9	8.0	8.0



Month	Rating	TP (Rs.)	Price (Rs.)
Jul-24	Reduce	4,530	4,944
Jul-24	Reduce	4,530	5,027
Oct-24	Reduce	4,120	4,573
Jan-25	BUY	4,500	3,611
Jan-25	BUY	4,275	3,686
May-25	Reduce	4,150	4,059

\*Price as on recommendation date

### Notes

### Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

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