

# HSIE Results Daily

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- **Avenue Supermarts:** DMART reported a standalone revenue of INR 162.2bn in Q2 (15.4% YoY growth). Q2FY26 SSSG stood at 6.8%. The company added eight new stores in Q2, totaling 17 in H1FY26. We expect store expansion to accelerate in H2FY26, supported by increased borrowings. Sales density grew ~2% YoY to INR37.7k/sq. ft. annualized. GM remained largely flat YoY at 14.2% (HSIE: 14.1%). However, EBITDAM contracted 28bps YoY to 7.6% (in-line). We suspect inflation on entry-level wages and expansion-led front loading of costs have impacted EBITDAM. We maintain our FY26/27/28 EPS estimates and our ADD rating, with a DCF-based TP of INR4,000/sh, implying 60x Sep-27 P/E.

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# Avenue Supermarts

## In-line print; expansion pace remains a key monitorable

DMART reported a standalone revenue of INR 162.2bn in Q2 (15.4% YoY growth). Q2FY26 SSSG stood at 6.8%. The company added eight new stores in Q2, totaling 17 in H1FY26. We expect store expansion to accelerate in H2FY26, supported by increased borrowings. Sales density grew ~2% YoY to INR37.7k/sq. ft. annualized. GM remained largely flat YoY at 14.2% (HSIE: 14.1%). However, EBITDAM contracted 28bps YoY to 7.6% (in-line). We suspect inflation on entry-level wages and expansion-led front loading of costs have impacted EBITDAM. We maintain our FY26/27/28 EPS estimates and our ADD rating, with a DCF-based TP of INR4,000/sh, implying 60x Sep-27 P/E.

- **Q2FY26 highlights:** DMART's revenue grew 15.4% YoY to INR162.2bn in Q2FY26. SSSG stood at 6.8% for Q2 (vs 7.1% in Q1FY26). It added eight new stores in Q2 (store count: 432). Focus on north India for expansion is rising (three store additions in Q2 in north India). Dmart Ready reinforced its metro focus by adding 10 fulfilment centers in core markets, while exiting five cities (city count: 19). The company highlighted that it has passed on the GST rate cut benefits to the customers. In H1FY26, Food category growth (17.1% YoY) outpaced the rest of the portfolio (overall growth 15.8% YoY; revenue mix: Food/FMCG/GM&A in H1FY26 stood at 57.01/19.65/23.34% vs. 56.4/20.15/23.45% in H1FY25). Revenue/EBITDA density came in at INR37.7k/2.9k per sq. ft. in Q2 (up 1.6%/down 2.1% YoY resp). GM remained largely flat YoY at 14.2% (HSIE: 14.1%). However, EBITDAM contracted 28bps YoY to 7.6% (in-line). We suspect inflation on entry-level wages and expansion-led front loading of costs have impacted EBITDAM. EBITDA/APAT grew 11.3/5.1% YoY to INR 12.3/7.5bn (in-line). The core cash conversion cycle increased marginally to 26 days in H1FY26 (vs. 25 days in H1FY25). The company raised INR 2.65bn in borrowings by Q2-end, with an additional INR 2bn raised post-Q2. Capex for H1FY26 stood at INR 17bn.
- **Outlook:** DMART continues to navigate a challenging competitive landscape (courtesy QC players). Store addition pace and margin improvement will be the key monitorables. We maintain our FY26/27/28 EPS estimates and our ADD rating, with a DCF-based TP of INR4,000/sh, implying 60x Sep-27 P/E.

### Quarterly financial summary

(Rs mn)	2QFY26	2QFY25	YoY (%)	1QFY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	1,62,188	1,40,503	15.4	1,59,321	1.8	4,95,330	5,77,898	6,73,327	7,97,426	9,46,330
EBITDA	12,300	11,051	11.3	13,133	(6.3)	39,406	43,406	49,637	60,921	74,027
APAT	7,465	7,104	5.1	8,297	(10.0)	26,949	29,272	31,580	38,711	47,351
EPS (Rs)	11.5	10.9	5.1	12.8	(10.0)	41.4	45.0	48.5	59.5	72.8
P/E (x)						104.3	96.0	89.0	72.6	59.4
EV/EBITDA (x)						71.2	64.7	56.6	46.2	37.9
Core RoCE(%)						16.3	14.6	13.5	14.2	14.9

Source: Company, HSIE Research, Standalone Financials

### Change in estimates

(Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	6,73,327	6,73,327	-	7,97,426	7,97,426	-	9,46,330	9,46,330	-
Gross Profit	94,798	94,798	-	1,14,556	1,14,556	-	1,36,750	1,36,750	-
Gross Profit Margin (%)	14.1	14.1	0 bps	14.4	14.4	0 bps	14.5	14.5	0 bps
EBITDA	49,637	49,637	-	60,921	60,921	-	74,027	74,027	-
EBITDA margin (%)	7.4	7.4	0 bps	7.6	7.6	0 bps	7.6	7.6	0 bps
APAT	31,580	31,580	-	38,711	38,711	-	47,351	47,351	-
APAT margin (%)	4.7	4.7	0 bps	4.9	4.9	0 bps	5.0	5.0	0 bps
EPS (Rs)	48.5	48.5	-	59.5	59.5	-	72.8	72.8	-

Source: Company, HSIE Research

## ADD

CMP(as on 10 Oct 2025)	INR 4,320
Target Price	INR 4,000
NIFTY	25,285

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,000	INR 4,000
EPS %	FY26E	FY27E
	-	-

### KEY STOCK DATA

Bloomberg code	DMART IN
No. of Shares (mn)	651
MCap (INR bn) / (\$ mn)	2,811/31,698
6m avg traded value (INR mn)	2,620
52 Week high / low	INR 4,950/3,340

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	3.6	4.4	(6.2)
Relative (%)	4.5	(7.3)	(7.3)

### SHAREHOLDING PATTERN (%)

	Mar-24	Jun-25
Promoters	74.65	74.65
FIs & Local MFs	9.15	9.29
FPIs	8.18	8.25
Public & Others	8.02	7.81
Pledged Shares	0	0

Source : BSE

-Pledged shares as % of total shares

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**Rating Criteria**

BUY: &gt;+15% return potential

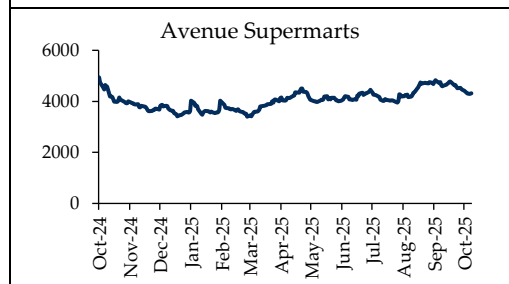
ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: &gt; 10% Downside return potential

**Disclosure:**

Analyst	Company Covered	Qualification	Any holding in the stock
Jay Gandhi	Avenue Supermarts	MBA	NO
Vedant Mulik	Avenue Supermarts	CA	NO

**1 Yr Price movement**

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