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Enlisted with BSE (Enlistment No. 6593, June 12, 2025)

SAMI PRIME RESEARCH

Report Date: 26-Sep-2025
Validity: 12 months or until material change.

Avenue Supermarts Ltd. (DMART)

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. Security / Instrument Details

- Company: Avenue Supermarts Ltd.
- Symbol: DMART
- ISIN: INE192R01011
- Sector/Industry: Consumer Discretionary – Consumer Services – Retailing – Diversified Retail
- CMP (ref.): ₹4518

2. About the Company

India's leading food & staples modern retailer operating DMart stores with a low-cost, everyday value model; strong private label portfolio and efficient supply chain drive traffic and retention.

3. Recommendation (Long-Term)

Verdict: ACCUMULATE ON CORRECTIONS (long-term compounder; low-margin, high-turn model)
Horizon: 5–10 years

4. Rationale for Recommendation

• Fundamental Analysis (brief summary)

Sector: Retail Trade • Industry: Specialty Stores

Metric	2021	2022	2023	2024	2025
Market Cap	1.94T	2.7T	2.21T	2.74T	3.05T
Net Profit (PAT)	10.99B	14.93B	23.79B	25.36B	27.08B
Operating Cash Flow	14.88B	14.16B	26.68B	30.07B	25.64B
ROCE	10.88%	14.27%	18.23%	17.7%	16.53%
ROE	9.45%	11.54%	15.99%	14.59%	13.5%
Profit Margin (%)	4.55%	4.82%	5.55%	4.99%	4.56%
Debt/Equity	0.03	0.05	0.04	0.03	0.04
Debtor Days	1	1	1	1	1
EPS (Basic)	16.97	23.04	36.72	38.99	41.61
Revenue / Employee	5.13M	5.95M	7.03M	6.87M	6.57M

• Technical Analysis

- Chart patterns, support & resistance: Higher-lows structure; resistance zone ~₹5,200; support ~₹3,500–3,600
- Volume trends, momentum indicators: Gradual pickup from lows; trend reversal in progress
- Trend: Long trend intact as per chart — looking constructive for long term
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5. Sectoral & Macro Factors

Key Observations (Price-Impact Factors)

Positive Drivers:

- Formalization of retail and organized share gains in food & staples
- Strong store roll-out pipeline, private labels and supply-chain efficiencies
- Stable inflation and improving consumption sentiment support footfalls

Risks / Concerns:

- Margin pressure from competition and discounting in staples
- Cost inflation (rent, wages) and logistics can compress profitability
- Any slowdown in discretionary categories could weigh on same-store growth

6. Recent Developments & Promoter Activity

- Continued store additions; improving like-for-like trends post 2024
- Promoter holding ~74%; pledge 0%; healthy institutional participation
- Focus on efficiencies and private labels to drive gross margin resilience

7. Sources of Information

- Annual Reports / Financial Statements
- Exchange Filings (BSE/NSE)
- SEBI / RBI / Government Publications
- Reputed Data Providers (Bloomberg, CMIE, etc.)
- Public News Sources

8. Risks

- Thin margin model sensitive to input inflation and pricing competition; execution of store expansion key

Checklist (Post-Risk Summary)

S. no	Particular	Remarks
1	Stock Name	Avenue Supermarts Ltd. (DMART)
2	Sector	Consumer Discretionary – Consumer Services – Retailing – Diversified Retail
3	Business & Top Brand	DMart format; private labels across staples and FMCG
4	Business Type (Cyclical or Evergreen etc .)	Defensive/Regular (Food & Staples)
5	Sector outlook as per Fiscal policy this year 2025	Neutral to positive; consumption focus; GST stable
6	Sector outlook as per Monetary policy this year 2025	Stable rate environment supportive of consumption

7	Credit Rating	Strong balance sheet; negligible debt (company level)
8	Financial Trend	FY21–FY25 revenue CAGR healthy; PAT recovery; margins ~4–6% range
9	Valuation (Cheap or Costly or Looks Permissible)	Premium valuation; accumulate on corrections
10	Management Credibility & Qualification	Strong execution pedigree; conservative capital allocation
11	Geopolitical Impact	Low direct exposure; commodity inflation/FX can affect costs
12	Policy Impact for 2025 & for next 5 years	FMCG/retail policy stable; organized retail tailwinds
13	Final Verdict as of Now	ACCUMULATE ON CORRECTIONS (LT)

9. SEBI-Compliant Disclaimer

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10. Date & Validity

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