

CMP - 3850

52Wk H/L 3,292

3850

4,348

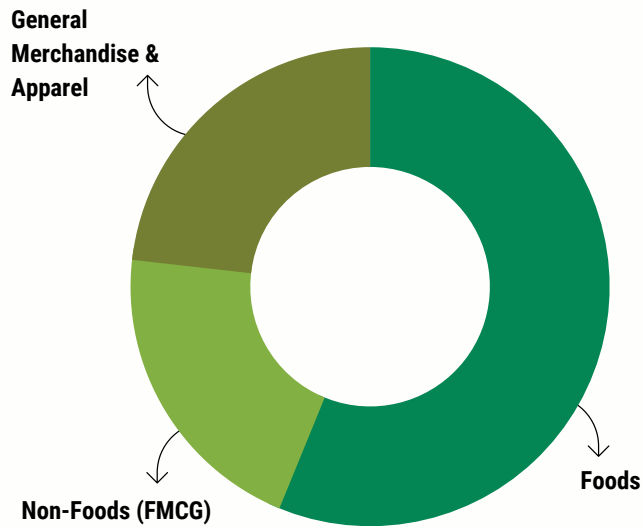
About the Company

Avenue Supermarts Limited is a Mumbai-based company, which owns and operates D-Mart stores. D-Mart is a national supermarket chain that offers customers a range of home and personal products under one roof. The Company offers a wide range of products with a focus on Foods, Non-Foods (FMCG) and General Merchandise & Apparel product categories. The Company offers its products under various categories, such as grocery and staples, dairy and frozen, fruits and vegetables, home and personal care, bed and bath, crockery, footwear, toys and games, kids' apparel, apparel for men & women and daily essentials. The Company opened its first store in Mumbai, Maharashtra in 2002. As of September 30, 2023, the Company had 336 operating stores with Retail Business Area of 13.9 million sq. ft across Maharashtra, Gujarat, Daman, Andhra Pradesh, Karnataka, Telangana, Tamil Nadu, Madhya Pradesh, Rajasthan, NCR, Chhattisgarh and Punjab.

Recent Quarter Highlights

- Compared to the same period last year, when total revenue was Rs. 10,638 crore, the quarter that concluded on September 30, 2023 saw total revenue of Rs. 12,624 crore. EBITDA was Rs. 1,005 crore in Q2FY24 as opposed to Rs. 892 crore in the same period last year. In Q2FY24, EBITDA margin was 8.0% compared to 8.4% in Q2FY23.
- In the second quarter of FY24, net profit was Rs. 623 crore as opposed to Rs. 686 crore in the same quarter of FY23. PAT margin decreased from 6.4% in Q2FY23 to 4.9% in Q2FY24.
- In comparison to Q2FY23, basic earnings per share (EPS) for Q2FY24 were Rs. 9.58 as opposed to Rs. 10.58.
- The total revenue for the first half of FY24 was Rs 24,490 crore, up from Rs 20,676 crore during the same period in FY23. EBITDA (earnings before interest, taxes, depreciation, and amortization) was Rs. 2,040 crore in H1FY24 as opposed to Rs. 1,900 crore in H1FY23. EBITDA margin decreased from 9.2% in H1FY23 to 8.3% in H1FY24.

REVENUE MIX



KEY PRODUCT CATEGORIES

Foods

Groceries, Dairy, Snacks, Staples, Frozen products, cooking oil, Vegetables etc...

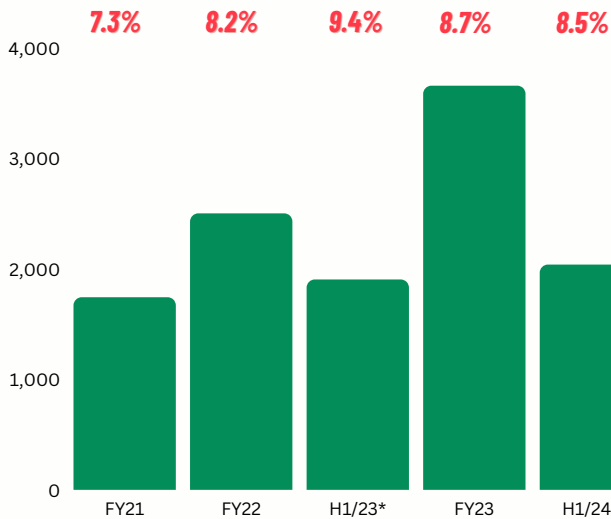
Non-Foods (FMCG)

Home Care, Personal Care, other over the counter products

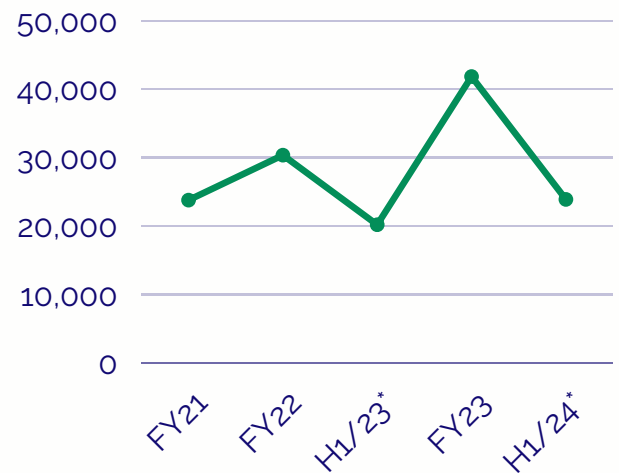
General Merchandise & Apparel

Bed & Bath, Toys & Games, Garments, plastic foods etc...

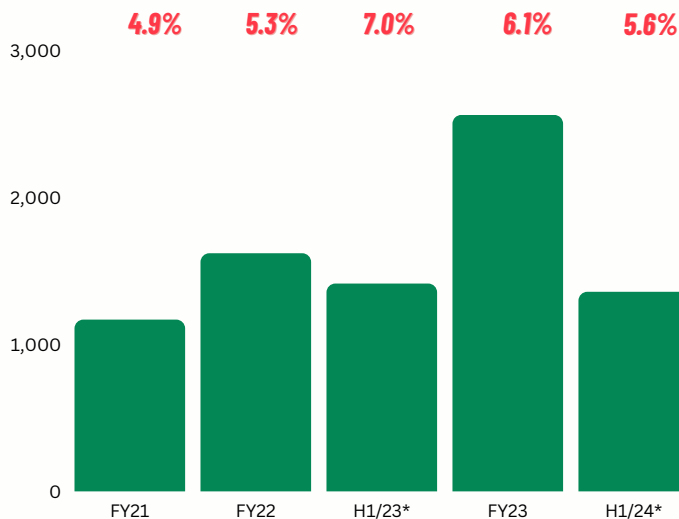
EBITDA VS MARGINS



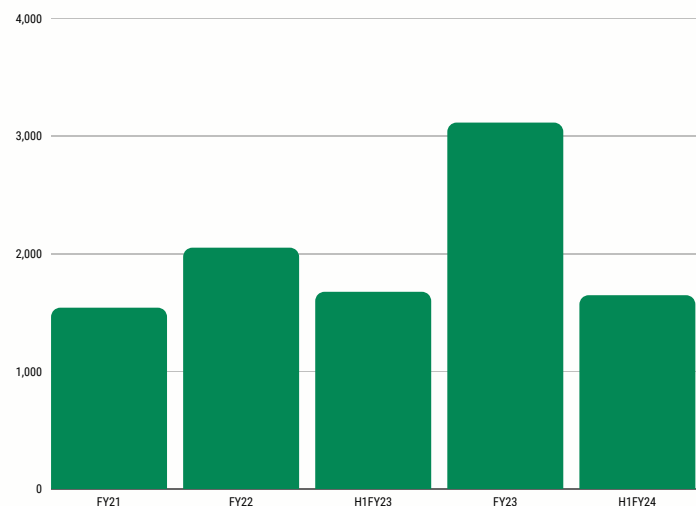
TOTAL REVENUE



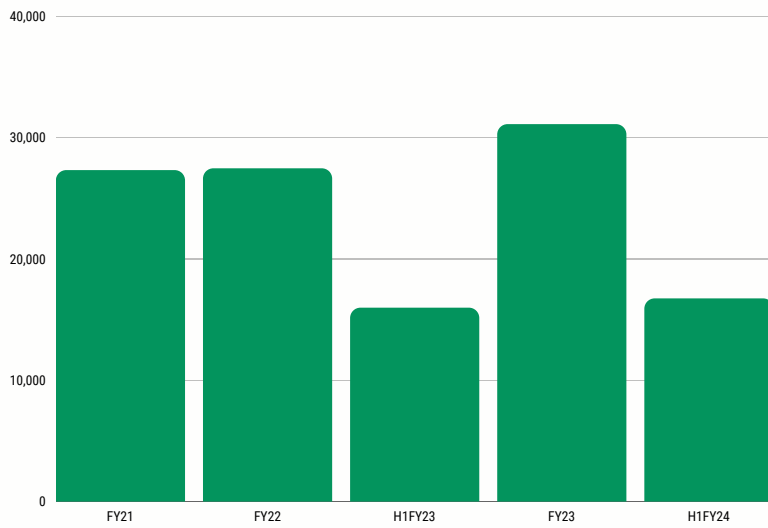
PAT VS MARGINS



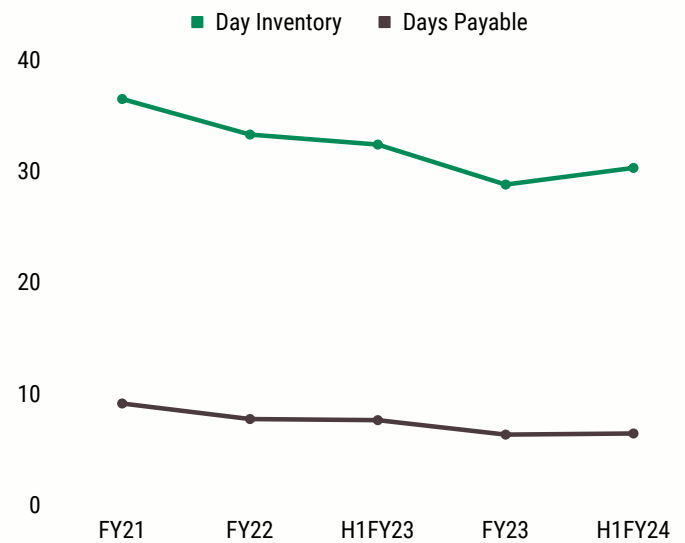
NET CASH FLOW FROM OPERATIONS



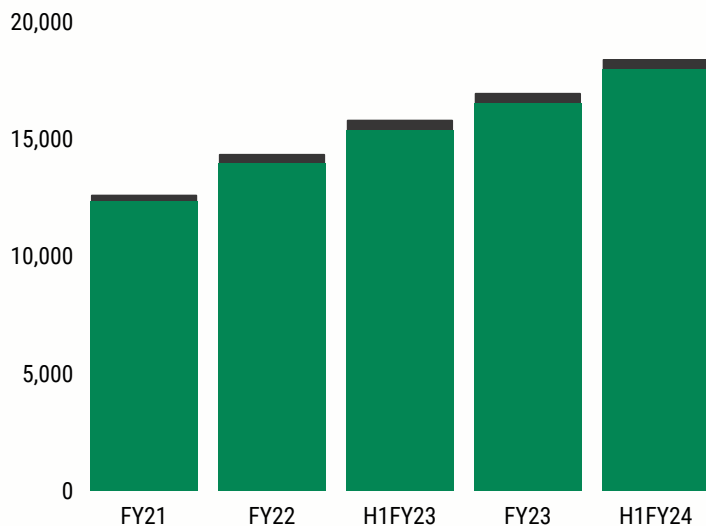
REVENUE FROM SALES PER RETAIL BUSINESS AREA SQ FT



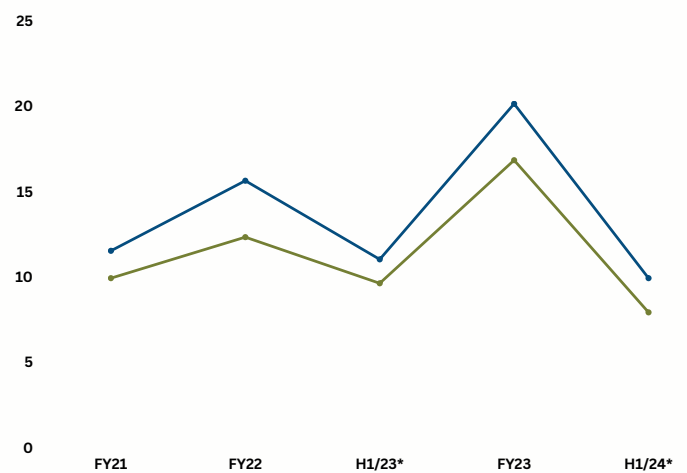
DAYS INVENTORY & DAYS PAYABLES



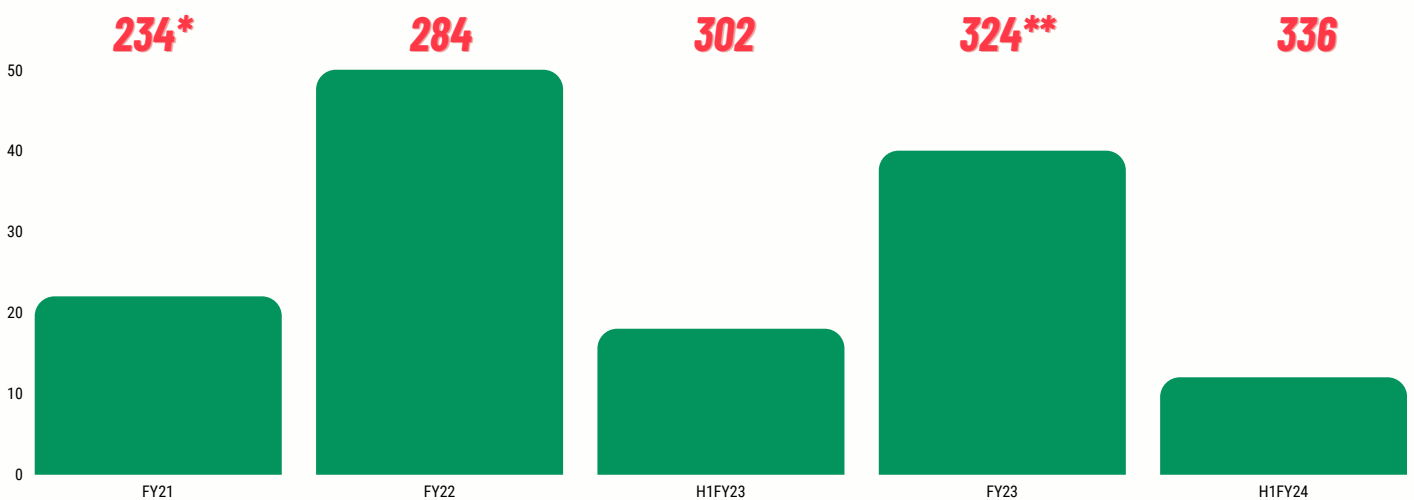
Equity Debt



ROCE & RONW



YEAR WISE STORE ADDITIONS



* During FY21, we opened 22 new stores and converted 2 stores into Fulfilment Centers for Avenue E-Commerce Limited

** During FY23, 1 location was reconverted from Fulfilment Center to DMart Store


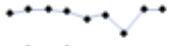

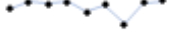
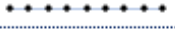

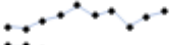
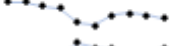


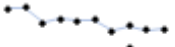
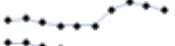


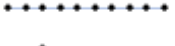
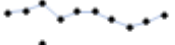
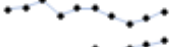


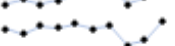
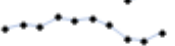





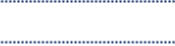


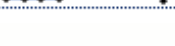
Historical Financial Statement - AVENUE SUPERMARTS LTD

Years	Mar-19 A	Mar-20 A	Mar-21 A	Mar-22 A	Mar-23 A	Mar-24 E	Mar-24 E	LTM
	6	7	8	9	10	11	12	
Income Statement								
Sales	₹ 20,004.5	₹ 24,870.2	₹ 24,143.1	₹ 30,976.3	₹ 42,839.6	₹ 50,482.1	₹ 55,638.4	₹ 46,653.0
Sales Growth	33.07%	24.32%	-2.92%	28.30%	38.30%	17.84%	10.21%	8.90%
COGS	₹ 18,009.5	₹ 22,394.3	₹ 22,012.9	₹ 28,028.5	₹ 38,563.3	₹ 45,232.6	₹ 50,185.8	₹ 42,876.0
COGS % Sales	90.03%	90.04%	91.18%	90.48%	90.02%	89.60%	90.20%	91.90%
Gross Profit	₹ 1,994.99	₹ 2,475.93	₹ 2,130.17	₹ 2,947.81	₹ 4,276.27	₹ 5,249.54	₹ 5,452.56	₹ 3,777.01
Gross Margins	9.97%	9.96%	8.82%	9.52%	9.98%	10.40%	9.80%	8.10%
Selling & General Expenses	₹ 361.68	₹ 347.62	₹ 385.34	₹ 445.46	₹ 637.50	₹ 720.88	₹ 778.94	
S&G Exp % Sales	1.81%	1.40%	1.60%	1.44%	1.49%	1.43%	1.40%	0.00%
EBITDA	₹ 1,633.31	₹ 2,128.31	₹ 1,744.83	₹ 2,502.35	₹ 3,638.77	₹ 4,528.65	₹ 4,673.62	₹ 3,917.62
EBITDA Margins	8.16%	8.56%	7.23%	8.08%	8.49%	8.97%		8.40%
Interest	₹ 47.21	₹ 69.12	₹ 41.65	₹ 53.79	₹ 67.41	₹ 67.41	₹ 67.41	₹ 62.67
Interest % Sales	0.24%	0.28%	0.17%	0.17%	0.16%	0.20%	0.20%	0.13%
Depreciation	₹ 212.49	₹ 374.41	₹ 414.16	₹ 498.08	₹ 638.87	₹ 698.98	₹ 834.58	₹ 668.71
Depreciation%Sales	1.06%	1.51%	1.72%	1.61%	1.49%	1.38%	1.50%	1.43%
Earnings Before Tax	₹ 1,373.61	₹ 1,684.8	₹ 1,289.0	₹ 1,950.5	₹ 2,932.5	₹ 3,762.3	₹ 3,771.6	₹ 3,186.2
EBT % Sales	6.87%	6.77%	5.34%	6.30%	6.85%	7.45%	6.78%	6.83%
Tax	₹ 519.5	₹ 443.8	₹ 384.0	₹ 571.7	₹ 681.8	₹ 959.4	₹ 942.9	₹ 854.1
Effective Tax Rate	37.82%	26.34%	29.79%	29.31%	23.25%	25.50%	25.00%	26.81%
Net Profit	₹ 854.1	₹ 1,241.0	₹ 905.0	₹ 1,378.8	₹ 2,250.7	₹ 2,839.9	₹ 2,865.7	₹ 2,332.1
Net Margins	4.27%	4.99%	3.75%	4.45%	5.25%	5.63%	5.15%	5.00%
No of Equity Shares	62.41	64.78	64.78	64.78	64.83	64.83	64.83	64.83
Earnings per Share	₹ 13.69	₹ 19.16	₹ 13.97	₹ 21.28	₹ 34.72	₹ 43.81	₹ 44.20	₹ 35.97
EPS Growth %	18.87%	39.98%	-27.07%	52.35%	63.12%	26.18%	0.91%	3.62%

Financial Statement - Balance Sheet

Years	Mar-19 A	Mar-20 A	Mar-21 A	Mar-22 A	Mar-23 A	Mar-24 E	Mar-25 E
Equity Share Capital	₹ 624.1	₹ 647.8	₹ 647.8	₹ 647.8	₹ 648.3	₹ 657.6	₹ 662.5
Reserves	₹ 4,963.4	₹ 10,432.0	₹ 11,535.9	₹ 13,029.9	₹ 15,430.4	₹ 18,137.9	₹ 20,491.1
Borrowings	₹ 700.2	₹ 333.2	₹ 392.7	₹ 646.9	₹ 643.0	₹ 637.0	₹ 696.0
Other Liabilities	₹ 717.9	₹ 663.2	₹ 1,078.6	₹ 1,146.4	₹ 1,382.8	₹ 1,541.7	₹ 1,723.0
Total Liabilities	₹ 7,005.5	₹ 12,076.2	₹ 13,655.1	₹ 15,471.0	₹ 18,104.5	₹ 20,974.3	₹ 23,572.6
Fixed Assets Net Block	₹ 4,400.4	₹ 5,948.0	₹ 7,008.8	₹ 9,260.0	₹ 11,340.5	₹ 12,978.3	₹ 15,218.0
Capital Work in Progress	₹ 376.8	₹ 364.4	₹ 1,019.6	₹ 1,129.3	₹ 829.2	₹ 829.2	₹ 829.2
Investments	₹ 16.5	₹ 14.7	₹ 3.0	₹ 5.9	₹ 202.2	₹ 202.2	₹ 202.2
Other Assets	₹ 319.7	₹ 3,674.2	₹ 1,886.3	₹ 1,967.6	₹ 1,018.7	₹ 1,680.7	₹ 1,649.8
Total Non Current Assets	₹ 5,113.4	₹ 10,001.3	₹ 9,917.6	₹ 12,362.9	₹ 13,390.6	₹ 15,690.4	₹ 17,899.2
Receivables	₹ 64.4	₹ 19.6	₹ 43.6	₹ 66.9	₹ 62.2	₹ 77.6	₹ 99.7
Inventory	₹ 1,608.7	₹ 1,947.4	₹ 2,248.3	₹ 2,742.7	₹ 3,243.5	₹ 4,144.0	₹ 5,296.0
Cash & Bank	₹ 219.1	₹ 107.9	₹ 1,445.6	₹ 298.6	₹ 1,408.3	₹ 1,062.3	₹ 277.7
Total Current Assets	₹ 1,892.1	₹ 2,074.8	₹ 3,737.4	₹ 3,108.1	₹ 4,714.0	₹ 5,283.9	₹ 5,673.4
Total Assets	₹ 7,005.5	₹ 12,076.2	₹ 13,655.1	₹ 15,471.0	₹ 18,104.5	₹ 20,974.3	₹ 23,572.6

RATIO ANALYSIS

Ratio Analysis of Avenue Supermarket (Historical)								
Years	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Trend	Mean	Median
SalesGrowth	33.07%	24.32%	-2.92%	28.30%	38.30%		28.53%	33.07%
EBITDA Growth	20.73%	30.31%	-18.02%	43.42%	45.41%		31.85%	39.59%
EBIT Growth	21.10%	22.65%	-23.49%	51.31%	50.35%		35.60%	50.35%
Net Profit Growth	18.87%	45.29%	-27.07%	52.35%	63.24%		39.01%	48.77%
Dividend Growth	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%
Gross Margin	9.97%	9.96%	8.82%	9.52%	9.98%		9.74%	9.74%
EBITDA Margin	8.16%	8.56%	7.23%	8.08%	8.49%		7.98%	8.11%
EBIT Margin	1.30%	1.78%	1.89%	1.78%	1.65%		1.90%	1.84%
EBT Margin	6.87%	6.77%	5.34%	6.30%	6.85%		6.08%	6.17%
Net Profit Margin	4.27%	4.99%	3.75%	4.45%	5.25%		4.09%	4.03%
SalesExpenses%Sales	1.81%	1.40%	1.60%	1.44%	1.49%		1.76%	1.74%
Depreciation%Sales	1.06%	1.51%	1.72%	1.61%	1.49%		1.31%	1.24%
OperatingIncome%Sales	1.30%	1.78%	1.89%	1.78%	1.65%		1.90%	1.84%
Return on Capital Employed	22.60%	15.37%	10.58%	13.99%	17.94%		17.61%	17.81%
Retained Earnings%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%
Return on Equity%	15.29%	11.20%	7.43%	10.08%	14.00%		13.62%	14.59%
Self Sustained Growth Rate	15.29%	11.20%	7.43%	10.08%	14.00%		13.62%	14.59%
Interest Coverage Ratio	30.10x	25.37x	31.95x	37.26x	44.50x		21.26x	22.71x
Debtor Turnover Ratio	310.77x	1272.13x	553.99x	463.09x	689.18x		672.57x	560.28x
Creditor Turnover Ratio	27.87x	37.50x	22.38x	27.02x	30.98x		26.82x	26.32x
Inventory Turnover	12.44x	12.77x	10.74x	11.29x	13.21x		12.30x	12.49x
Fixed Asset Turnover	4.55x	4.18x	3.44x	3.35x	3.78x		4.06x	4.14x
Capital Turnover Ratio	3.58x	2.24x	1.98x	2.26x	2.66x		3.50x	3.16x
Debtor Days	1	0	1	1	1		1	1
Payable Days	13	10	16	14	12		14	14
Inventory Days	29	29	34	32	28		30	29
Cash Conversion Cycle (in days)	17	19	18	20	16		16	17
CFO/Sales	8.18%	6.26%	10.20%	11.61%	5.13%		9.97%	10.70%
CFO/Total Assets	11.52%	10.60%	10.07%	8.87%	14.53%		11.07%	10.78%
CFO/Total Debt	115.24%	384.21%	350.17%	212.13%	9.75%		135.99%	75.80%

WHAT SHOULD INVESTORS DO?

DMART recorded a 19% revenue CAGR from FY20 to FY23, with a 20% increase in footprint. The majority of the reason for the downbeat SSSG during the past few years was the installation of larger retailers (20% increase in average store size).

the slow recovery of general merchandise sales has been impacting the margins for the last few quarters, DMART's margin pressures as well as store matrix pressures are likely to persist over the short term. Additionally, organized players are becoming more competitive as they expand into smaller towns.

In light of our forecasts and expectations for EPS (43.81 for FY24 and 44.20 for FY25), we are maintaining our **HOLD** recommendation on DMART.



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