INSTITUTIONAL RESEARCH

Avenue Supermarts

Growth-capital allocation calls remain measured

Our takeaways from DMART's FY26 annual analyst meet were threefold – (1) <u>store expansion plans remain measured (to add 15% of its store base annually)</u> as securing viable real estate remains the sole bottleneck to store rollout; (2) <u>DMART Ready remains in right-sizing mode</u> – operations rationalized to 11 core cities (down from 25 cities at FY25) as it exited *'tail markets'* plagued by sub-optimal order density; and (3) <u>The velocity of scaling needs to inch up for <2 year old stores (132 out of 503 stores) to protect medium-term SSSG</u> as many mature metro cohorts are operating at near peak capacity. Note: We have cut our FY28/29 EPS estimates by ~4% each to account for lower SSSG (8.5% now vs ~10% earlier) and lower store additions. We build in revenue/PAT CAGR of ~18/21% respectively over FY26-29 and maintain ADD on DMART with a DCF-based TP of INR 4,100/sh, implying 58x Jun-28 P/E.

- **Management remains measured on store rollout:** Real estate acquisition continues to be the sole bottleneck to network expansion, with management confirming that neither capital nor manpower is a constraint. To overcome real estate availability challenges, the company remains open to long-term leases (especially in hard-to-acquire markets like NCR) as well as adding sub-40k sq. ft. stores. As on FY26, 68 of Dmart's 500 stores operate on leases. Management reiterated its long-term target of expanding the store network by ~15% of its store base annually. Mature stores in legacy metro markets are operating at near peak footfalls and capacity; consequently, the company continues to open nearby stores to improve customer experience, even at the cost of deliberate cannibalization and lower SSSG. Tier 1/2 cities continue to scale well on throughput/SSSG. <u>We've revised our store addition pace to 75-85 stores annually (vs 80-85 stores earlier) and avg. SSSG to 8.5% vs ~10% earlier. We build in 18% revenue CAGR over FY26-29.</u>
- **DMART Ready – trimming the tail to defend unit economics:** Dmart Ready reported 16.9% YoY revenue growth to INR 40.9bn in FY26, though net losses widened to INR 3.06bn (up from INR 2.47bn loss in FY25). The online offering has been aggressively rationalized in presence to just 11 core cities, down from 18 in FY26 (25 in FY25) to optimize for order density and unit economics. Strategy within the remaining 11 markets centers on (1) tailoring product assortments specifically for online stock-up buyers, (2) holding a reliable six-hour slotted delivery standard, and (3) enhancing digital platform engagement. Management remains clear that it does not intend to compete in the QC space and focus remains on large, planned monthly/fortnightly stock-up purchases where its value proposition is strongest.
- **On margins and category performance:** Dmart's FY26 category mix remained largely stable YoY, with Foods/Non-foods (FMCG)/GM&A contributing 57.9/19.8/22.3%, respectively. Management expects the GM&A contribution to settle within the 22–23% range, noting it is unlikely to return to historical peak levels. We build in a ~50 bps EBITDAM improvement to 8% by FY29 (largely gross margin-led). Management has guided that GM/PATM should hold steady in the historical 14–15%/5% band respectively. Management highlighted that it will not expand margin at the cost of the value proposition.
- **Outlook:** Growth and capital allocation calls across DMART's portfolio (store expansion, SSSG, DMART Ready's rationalization) remain measured. We have toned down our FY28/29 EPS estimates by ~4% each but maintain ADD on DMART with a DCF-based TP of INR 4,100/sh, implying 58x Jun-28 P/E.

ADD

CMP *(as on 03 Aug 2026)*	INR 4,015
Target Price	INR 4,100
NIFTY	24,774

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 4,150	INR4,100
	FY28E	FY29E
EPS %	-4.2	-3.6

KEY STOCK DATA	
Bloomberg code	DMART IN
No. of Shares (mn)	652
MCap (INR bn) / ($ mn)	2,619/27,468
6m avg traded value (INR mn)	2,400
52 Week high / low	INR 4,950/3,529

STOCK PERFORMANCE (%)	3M	6M	12M
Absolute (%)	(12.4)	6.3	(4.3)
Relative (%)	(14.7)	12.4	(1.9)

SHAREHOLDING PATTERN (%)	Mar-26	Jun-26
Promoters	74.51	74.48
FIs & Local MFs	8.85	8.74
FPIs	9.00	9.23
Public & Others	7.64	7.55
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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Financial Summary (INR mn)

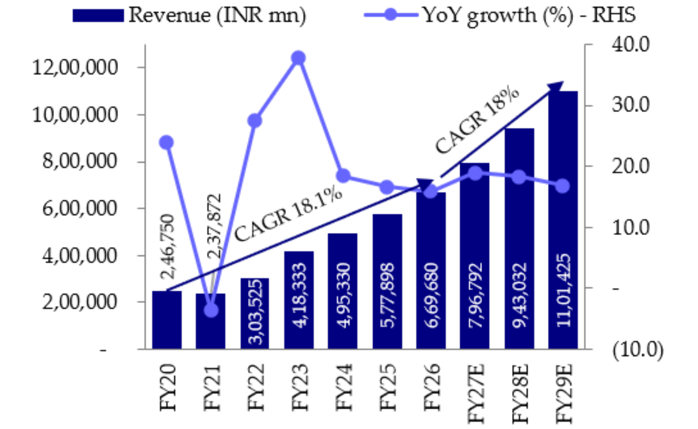
(Rs mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	4,95,330	5,77,898	6,69,680	7,96,792	9,43,032	11,01,425
EBITDA	39,406	43,406	50,031	62,013	74,135	87,997
APAT	26,949	29,272	32,239	39,112	47,390	57,245
EPS (Rs)	41.4	45.0	49.4	60.0	72.7	87.8
P/E (x)	96.6	89.0	80.9	66.7	55.1	45.6
EV/EBITDA (x)	65.9	59.9	52.3	42.2	35.2	29.5
Core RoCE(%)	16.3	14.6	13.9	14.4	15.0	15.7

Estimate Changes

(INR mn)	FY27E			FY28E			FY29E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	7,96,792	7,99,182	*(0.3)*	9,43,032	9,66,183	*(2.4)*	11,01,425	11,36,100	*(3.1)*
Gross Profit	1,16,616	1,16,968	*(0.3)*	1,38,611	1,42,001	*(2.4)*	1,62,861	1,67,971	*(3.0)*
Gross Profit Margin (%)	14.6	14.6	***0 bps***	14.70	14.7	***0 bps***	14.79	14.8	***0 bps***
EBITDA	62,013	61,634	*0.6*	74,135	76,449	*(3.0)*	87,997	90,639	*(2.9)*
EBITDA margin (%)	7.8	7.7	***7 bps***	7.9	7.9	***-5 bps***	8.0	8.0	***1 bps***
APAT	39,112	38,972	*0.4*	47,390	49,328	*(3.9)*	57,245	59,225	*(3.3)*
APAT margin (%)	4.9	4.9	***3 bps***	5.0	5.1	***-8 bps***	5.2	5.2	***-2 bps***
EPS (Rs)	60.0	59.9	*0.1*	72.7	75.8	*(4.2)*	87.8	91.0	*(3.6)*

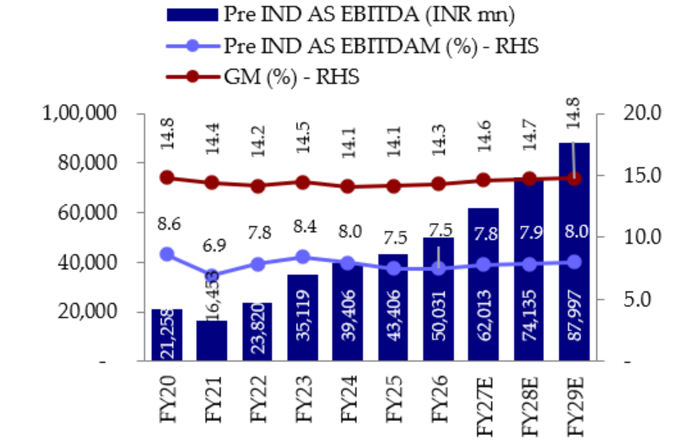
Story in Charts

We expect Dmart to continue its growth trajectory and grow at 18% CAGR over FY26-29…



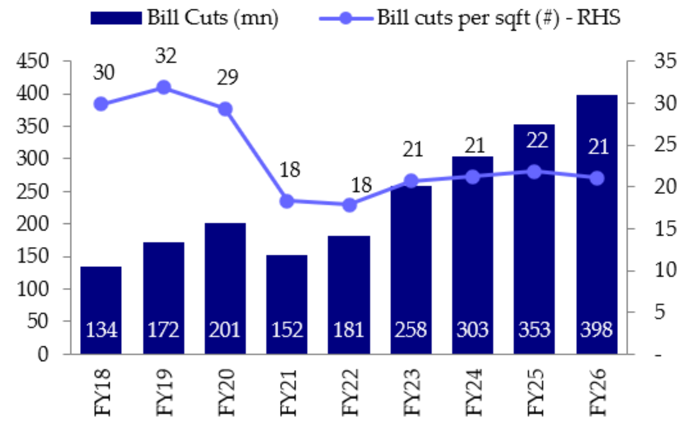
Source: Company, HSIE Research

…we build in ~50bps EBITDAM improvement to 8% by FY29 (largely GM-led)

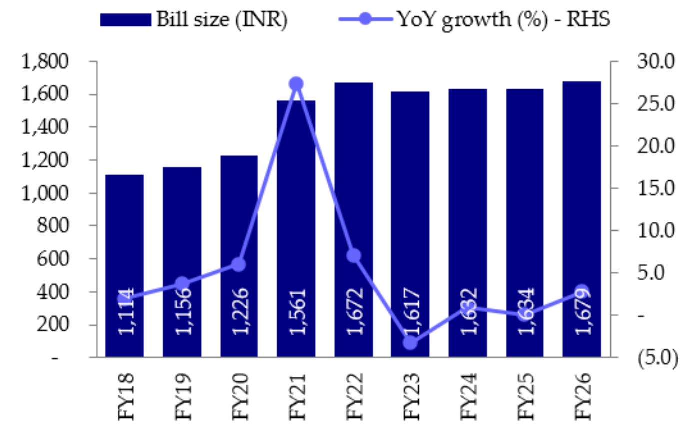


Source: Company, HSIE Research

While bill cuts per sq. ft. optically declined in FY26, this was largely a function of back-ended store expansion. Encouragingly, average bill size growth remains healthy.

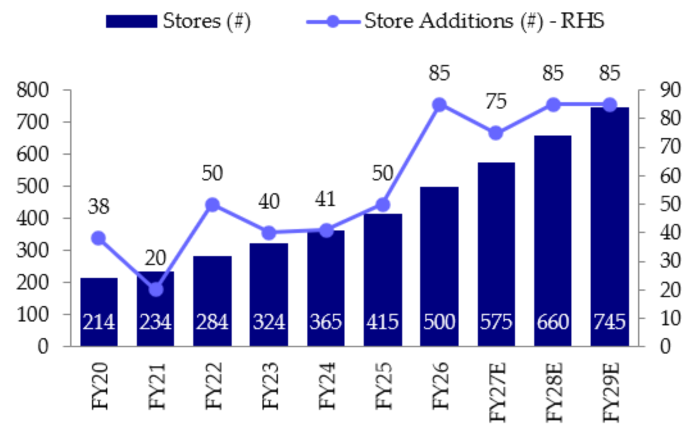


Source: Company, HSIE Research



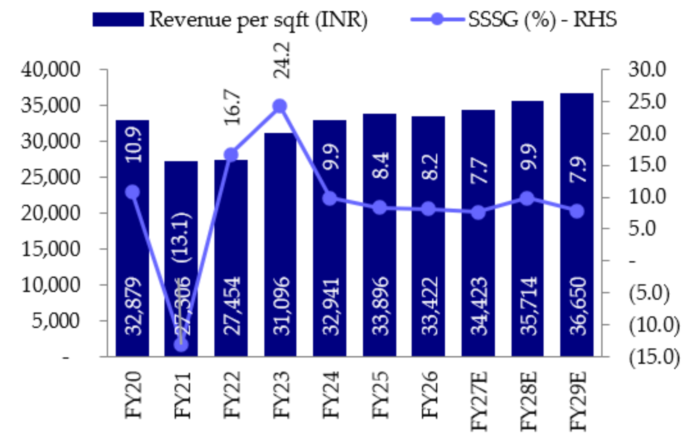
Source: Company, HSIE Research

While store additions accelerated in FY26, the pace is expected to remain measured going forward. We have built-in 75-85 stores over FY27-29.



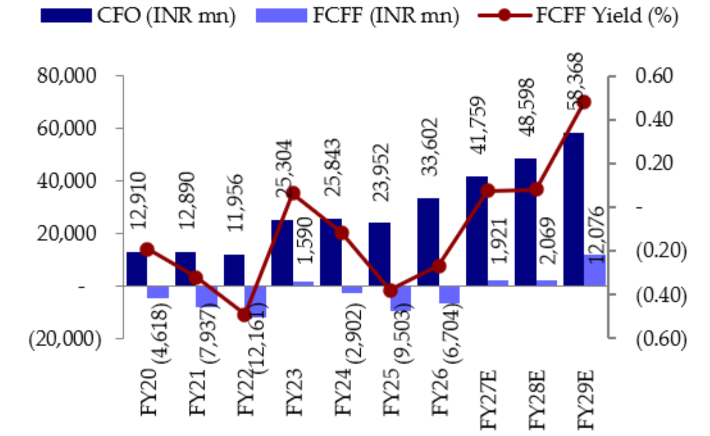
Source: Company, HSIE Research

…we expect an avg. SSSG of 8.5% over FY27-29



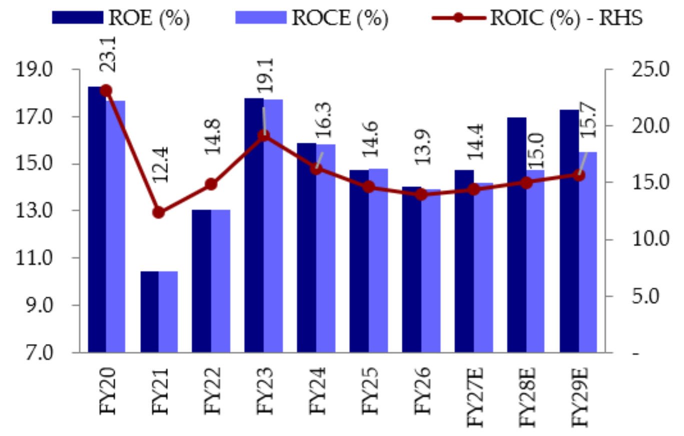
Source: Company, HSIE Research

Stores generate sufficient internal accruals for long-term funding



Source: Company, HSIE Research. Pre-Ind AS Cash flow

…return ratios moderating due to capital-intensive expansion



Source: Company, HSIE Research. Pre-Ind AS ratios

Rising employee expenses (courtesy capability build up) weighed heavy on profitability in FY26

Particulars (INR per bill)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Bill Cuts (mn)	**201**	**152**	**181**	**258**	**303**	**353**	**398**
Revenue	**1,228**	**1,565**	**1,677**	**1,621**	**1,635**	**1,637**	**1,683**
COGS	1,046	1,339	1,439	1,387	1,404	1,406	1,442
Gross Profit	**182**	**226**	**238**	**235**	**231**	**232**	**241**
Employee Expense	21	33	30	25	26	29	34
Contract Labour Charges	27	40	33	31	31	36	36
Electricity	9	11	11	11	12	12	11
Rent	4	6	7	6	5	6	7
Other Expenses	15	27	25	25	26	26	27
Operating Cost	**76**	**117**	**106**	**99**	**101**	**109**	**115**
Pre Ind AS EBITDA	**106**	**108**	**132**	**136**	**130**	**123**	**126**
Pre Ind AS EBIT	**98**	**90**	**114**	**120**	**114**	**106**	**108**
Pre Ind AS PBT	**100**	**103**	**122**	**126**	**120**	**111**	**110**

Source: Company, HSIE Research

Of the 181 stores added since FY24, around 17% stores were opened in North India, while the south and west accounted for the remaining additions.

States	Andhra Pradesh	Gujarat	Karnataka	Madhya Pradesh	Maharashtra	Punjab	Rajasthan	Tamil Nadu	Telangana	NCR	Uttar Pradesh	Haryana	Goa	Uttarakhand	Chattisgarh	Orissa	Total
FY24																	
Q1	1		1		1												**3**
Q2		2		1	3		1	1		1							**9**
Q3	2	1					1		1								**5**
Q4	2	2	2	1	6	2	3	2	4								**24**
FY25																	
Q1	1	1	1		1			1	1								**6**
Q2	2		1	1	2												**6**
Q3		2	1		1	2	3		1								**10**
Q4	4	3	5	2	3	4	2	3	2								**28**
FY26																	
Q1		2	1	2	1	1		1			1						**9**
Q2	1				3	1	1			1	1						**8**
Q3	3	3	1				2	1									**10**
Q4	2	4	8	3	8	3	4	7	3	1	6	4	1	1	2	1	**58**
FY27																	
Q1		1						1		1							**3**
Q2 (as of 28 July 2026)							1				1						**2**
Total	**18**	**21**	**21**	**10**	**29**	**13**	**18**	**17**	**12**	**4**	**9**	**4**	**1**	**1**	**2**	**1**	**181**

Source: Company, HSIE Research

Avenue e-commerce losses widened in FY26; however, with operations aggressively rationalized to core 11 cities, the focus now is on improving unit economics within the remaining footprint

Subsidiary	**Revenue (INR mn)**								
	FY18	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Align Retail Trades Pvt Ltd	7,019	9,201	11,776	12,962	15,871	22,113	27,965	33,224	38,713
Avenue Food Plaza Pvt Ltd	178	236	324	149	433	1,244	1,771	2,265	3,069
Avenue E-commerce Ltd	441	1,436	3,540	7,913	16,672	22,020	28,992	35,024	40,936
Nahar Seth & Jogani Developers Pvt Ltd	8	8	8	8	8	8	8	8	8
Reflect Healthcare and Retail Pvt Ltd	-	-	-	-	-	0	32	129	256

Subsidiary	**PAT (INR mn)**								
	FY18	**FY19**	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Align Retail Trades Pvt Ltd	57	101	248	158	172	231	332	376	465
Avenue Food Plaza Pvt Ltd	42	57	63	(19)	3	(20)	(58)	(97)	94
Avenue E-commerce Ltd	(481)	(508)	(797)	(806)	(1,421)	(1,937)	(1,848)	(2,474)	(3,065)
Nahar Seth & Jogani Developers Pvt Ltd	5	5	5	5	6	6	1	7	7
Reflect Healthcare and Retail Pvt Ltd	-	-	-	-	-	(1)	(7)	(25)	(49)

Source: Company, HSIE Research

Investments in Avenue E-commerce continue to rise

Investment in Subsidiary (INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Align Retail Trades Pvt Ltd	20	343	343	343	343	546	546	546	546
Avenue Food Plaza Pvt Ltd	0	0	0	0	50	50	171	519	519
Avenue E-commerce Ltd	1,274	1,775	2,528	3,678	4,928	7,129	8,879	11,381	14,881
Nahar Seth & Jogani Developers Pvt Ltd	1	1	1	1	1	1	1	1	1
Reflect Healthcare and Retail Pvt Ltd	-	1	1	1	1	21	45	85	104

Source: Company, HSIE Research

Con call key takeaways

- **Expansion:**
  1. The company maintains an internal annual store expansion target of ~15% of its store base, which provides the necessary operational bandwidth to execute property rollouts properly.
  2. Store expansion plans are aligned with internal targets but remain dependent on real estate availability.
  3. The actual number of stores opened in any given year can fluctuate above or below 15% due to real estate readiness (e.g., higher additions last year occurred because several properties reached completion early).
  4. Stores in established markets ramp up quickly due to brand awareness, whereas stores in newly entered cities take longer to build throughput and achieve productivity.
  5. Land acquisition remains a complex, time-consuming procedure. It takes 2–3 years post-acquisition to build and launch a store, although timelines may extend for larger or multiple ongoing projects.
  6. While buying land and owning assets remains the core preference, the company is open to long-term leases in geographies where land acquisition is difficult (e.g., NCR).
  7. As of FY26, 68 out of Dmart's 500 stores operate on long-term leases. Out of 85 stores added last year, 15 were taken on lease.
  8. Both owned and leased models yield strong economics; lease costs are amortized over long periods, causing minimal relative distortion to margins.
  9. The company is open to opening smaller store formats (under 40,000 sq. ft.) where real estate availability requires smaller footprints.
  10. Stores in Tier 1 and Tier 2 cities are performing above management expectations.
  11. While initial throughput in smaller towns is lower than in metros, the capex and COR is also lower, allowing store productivity to scale up profitably over time.
  12. Expansion into smaller markets is driven by market opportunity, not an exit from metros; new stores continue to be added in high-density metros like Mumbai and Bangalore.
  13. Management confirmed that neither capital availability nor availability of people as a bottleneck for store network rollout.

- **Category mix:**

  1. Variations in category mix recovery are attributed purely to general inflation and product mix shifts, rather than any impact from GST structure.
  2. The GM&A category is performing well and is expected to hover in the 22–23% mix range, though management does not expect a return to historical peak levels.
  3. Although Dmart Ready has expanded its GM&A catalog over the last couple of years, management acknowledges it will likely never match the GM&A sales mix proportion seen in physical hypermarkets.
  4. Dmart continually monitors market trends to identify emerging products and D2C brands that achieve scale on other channels, bringing them into Dmart's physical assortment once validated.

- **Margins:**

  1. Management intends to maintain gross margins in the steady 14–15% band.
  2. Net margins are expected to remain in the ~5% ballpark range over time.
  3. Management explicitly stated they will not expand operating margins at the cost of compromising the customer value proposition; operational savings are passed back to consumers.
  4. Increasing retail competition may exert slight pressure on gross margins, but management plans to offset this through operational efficiencies.
  5. Management does not track or chase store-level margin metrics; as long as a store runs productively with high throughput.
  6. SSSG is expected to hover in the 7–8% range and is unlikely to move drastically higher due to store maturity and network density.
  7. High-throughput maturing stores in dense metros (such as Mumbai and Bangalore) face deliberate cannibalization as the company opens new stores nearby to relieve store pressure.

- **Dmart Ready:**

  1. Dmart Ready made a conscious strategic choice to double down exclusively on 11 core markets, exiting 7 peripheral cities where revenue contribution was minimal.
  2. Exited markets suffered from sub-optimal capacity utilization, low order density, and excessive cost inflation.
  3. Consolidating the digital footprint removes delivery complexity across non-dense networks, with financial efficiencies set to reflect from FY27 onwards.
  4. While Dmart Ready's EBITDA declined due to capability building investments, management is now strictly focused on proving model sustainability and achieving profitability within the 11 core cities.
  5. Dmart Ready focuses on large-basket, 6-hour slotted deliveries that offer maximum savings for planned monthly/fortnightly stock-up needs, deliberately avoiding the quick commerce sub-hour delivery model.
  6. Avenue Supermarts (ASL) and Avenue E-Commerce (AEL) will continue to operate as separate businesses without merging into a single omnichannel model, preserving operational focus.
  7. Dmart Ready operates 165 pick-up points

8. Minimum order value thresholds are calibrated per city based on local customer acceptance and basket tolerance for stock-up orders.
9. Whilst ad monetization remains a key lever over the long term, management currently does not intend to monetize this lever as the focus remains on improving the value proposition.

- **Competition from Quick Commerce:**

1. Management acknowledges that QC competition has intensified with more active market players compared to the prior year.
2. Consumer preference for hyper-fast delivery and smaller basket sizes is a structural shift in dense metros that is expected to persist over the next few years.
3. QC competition is heavily concentrated in dense metro markets, impacting physical footfalls and SSSG in those specific store clusters.
4. The company has not seen a structural decline in monthly/weekly grocery stock-up purchases, reporting strong traction across Tier 1 and Tier 2 markets.
5. Management sees no structural threat to the physical Brick & Mortar (B&M) model, given that total organized retail in India remains in the early teens as a percentage of total retail.
6. Low overall organized retail penetration in non-metros ensures ample runway for all organized models (B&M, E-Commerce, and QC) to expand simultaneously.
7. Dmart's core defense remains its EDLP proposition, providing a strong economic incentive for shoppers to complete physical store visits.
8. Dmart's AOV stands at ~INR 1,600, with management confident that customers save strictly more than 10% per visit compared to competitors across an entire basket.
9. QC's rise has not impacted Dmart's vendor partnerships, as FMCG manufacturers continue to double down on Dmart's massive physical volume.

- **Other key points:**

1. The board approved INR10bn NCD to lock in longer-term fixed interest rates, reducing exposure to quarterly interest rate fluctuations in the CP market.
2. Total borrowings may scale to ~INR20bn by FY27 to fund ongoing capex, though mature stores generate sufficient internal accruals for long-term funding.
3. The company is modernizing its overall tech and data stack, starting with a core ERP upgrade.
4. Dmart offline stores refrain from collecting customer personal data at POS counters to maintain operational simplicity, speed up checkouts, and eliminate friction.
5. Inventory levels expanded slightly due to the commissioning of new distribution centers/warehouses.
6. The Food Plaza in-store format, which posted operating losses in the previous fiscal year, has achieved a financial turnaround in FY26.

Financials

Income Statement

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Net Revenues	**2,46,750**	**2,37,872**	**3,03,525**	**4,18,333**	**4,95,330**	**5,77,898**	**6,69,680**	**7,96,792**	**9,43,032**	**11,01,425**
Growth (%)	23.9	(3.6)	27.6	37.8	18.4	16.7	15.9	19.0	18.4	16.8
Material Expenses	2,10,159	2,03,563	2,60,527	3,57,752	4,25,467	4,96,163	5,73,911	6,80,175	8,04,421	9,38,563
Employee Expense	4,247	4,951	5,482	6,482	7,857	10,133	13,524	16,187	19,322	22,721
Contract Labour Charges	5,337	6,097	6,030	8,107	9,443	12,594	14,428	17,256	20,202	23,488
Electricity and Fuel Charges	1,836	1,680	1,964	2,925	3,517	4,180	4,536	5,346	6,191	7,152
Other Expenses	3,949	4,162	4,506	6,473	8,052	9,401	10,729	12,890	15,312	17,524
EBITDA	**21,221**	**17,417**	**25,015**	**36,594**	**40,994**	**45,427**	**52,552**	**64,938**	**77,584**	**91,975**
EBITDA Growth (%)	**29.2**	**(17.9)**	**43.6**	**46.3**	**12.0**	**10.8**	**15.7**	**23.6**	**19.5**	**18.5**
EBITDA Margin (%)	**8.6**	**7.3**	**8.2**	**8.7**	**8.3**	**7.9**	**7.8**	**8.1**	**8.2**	**8.4**
Pre IND AS EBITDA	**21,258**	**16,453**	**23,820**	**35,119**	**39,406**	**43,406**	**50,031**	**62,013**	**74,135**	**87,997**
Pre IND AS EBITDA Growth (%)	**30.2**	**(22.6)**	**44.8**	**47.4**	**12.2**	**10.1**	**15.3**	**23.9**	**19.5**	**18.7**
Pre Ind AS EBITDA Margin (%)	**8.6**	**6.9**	**7.8**	**8.4**	**8.0**	**7.5**	**7.5**	**7.8**	**7.9**	**8.0**
Depreciation	2,604	3,714	4,211	5,433	6,328	7,758	9,348	11,819	13,811	15,978
EBIT	**18,618**	**13,704**	**20,805**	**31,161**	**34,666**	**37,669**	**43,204**	**53,119**	**63,773**	**75,997**
EBIT - Pre IND AS	**19,668**	**13,665**	**20,690**	**31,004**	**34,551**	**37,508**	**42,832**	**52,511**	**62,968**	**75,028**
Other Income (Including EO Items)	633	2,089	1,409	1,631	1,891	1,740	1,280	1,560	2,432	2,903
Interest	400	345	396	481	443	578	1,299	2,288	2,726	2,219
Interest - Pre IND AS	111	41	16	9	9	17	212	1,038	1,225	525
PBT	**18,851**	**15,448**	**21,817**	**32,312**	**36,114**	**38,832**	**43,185**	**52,392**	**63,480**	**76,681**
Total Tax	4,330	3,795	5,656	6,748	9,165	9,560	10,946	13,279	16,090	19,436
RPAT	**14,521**	**11,653**	**16,162**	**25,564**	**26,949**	**29,272**	**32,239**	**39,112**	**47,390**	**57,245**
Exceptional Gain/(loss)	-	-	-	-	-	-	-	-	-	-
Adjusted PAT	**14,521**	**11,653**	**16,162**	**25,564**	**26,949**	**29,272**	**32,239**	**39,112**	**47,390**	**57,245**
APAT Growth (%)	**55.1**	**(19.8)**	**38.7**	**58.2**	**5.4**	**8.6**	**10.1**	**21.3**	**21.2**	**20.8**
Adjusted EPS (Rs)	**22.9**	**18.0**	**24.9**	**39.4**	**41.4**	**45.0**	**49.4**	**60.0**	**72.7**	**87.8**

Source: Company, HSIE Research

Balance Sheet

Year End (March)	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
SOURCES OF FUNDS										
Share Capital - Equity	6,478	6,478	6,478	6,483	6,507	6,507	6,520	6,520	6,520	6,520
Reserves	1,04,878	1,16,575	1,32,763	1,58,543	1,86,299	2,15,794	2,48,676	2,89,705	3,39,556	3,99,242
Total Shareholders Funds	**1,11,355**	**1,23,053**	**1,39,241**	**1,65,025**	**1,92,806**	**2,22,302**	**2,55,196**	**2,96,225**	**3,46,076**	**4,05,761**
Minority Interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Debt	**377**	**-**	**-**	**-**	**-**	**-**	**9,653**	**20,000**	**15,000**	**-**
TOTAL SOURCES OF FUNDS	**1,14,643**	**1,26,532**	**1,44,053**	**1,70,210**	**1,98,388**	**2,30,385**	**2,79,119**	**3,31,414**	**3,77,548**	**4,23,300**
APPLICATION OF FUNDS										
Net Block	50,884	58,736	76,823	95,529	1,16,143	1,41,934	1,74,193	2,01,011	2,32,854	2,62,658
CWIP	3,619	10,062	10,731	8,289	9,300	10,905	12,842	12,842	12,842	12,842
RoU Assets	6,470	8,473	11,465	12,836	13,949	15,994	22,000	23,769	26,370	28,562
Other Non-current Assets	5,685	8,499	8,924	11,400	15,667	18,354	22,082	25,601	29,119	32,638
Total Non-current Assets	**66,659**	**85,770**	**1,07,942**	**1,28,054**	**1,55,058**	**1,87,188**	**2,31,118**	**2,63,223**	**3,01,185**	**3,36,700**
Inventories	19,094	21,673	25,869	30,556	37,234	48,055	56,304	65,490	77,510	90,528
Debtors	485	721	2,309	2,466	3,933	3,485	3,570	4,247	5,027	5,871
Other Current Assets	2,421	2,895	2,491	4,603	12,770	6,874	9,395	11,157	13,179	15,362
Cash & Equivalents	**32,182**	**25,405**	**15,429**	**16,758**	**6,665**	**3,313**	**2,656**	**15,873**	**14,597**	**14,641**
Total Current Assets	**54,183**	**50,694**	**46,097**	**54,382**	**60,603**	**61,727**	**71,925**	**96,766**	**1,10,312**	**1,26,402**
Creditors	4,460	5,655	5,312	7,013	9,528	10,042	12,734	15,261	18,191	21,397
Other Current Liabilities & Provns	1,738	4,277	4,675	5,213	7,746	8,488	11,190	13,314	15,758	18,405
Total Current Liabilities	**6,198**	**9,932**	**9,987**	**12,226**	**17,274**	**18,530**	**23,925**	**28,575**	**33,949**	**39,802**
Net Current Assets	47,985	40,762	36,111	42,156	43,329	43,197	48,001	68,191	76,363	86,600
TOTAL APPLICATION OF FUNDS	**1,14,643**	**1,26,532**	**1,44,053**	**1,70,210**	**1,98,388**	**2,30,385**	**2,79,119**	**3,31,414**	**3,77,548**	**4,23,300**

Source: Company, HSIE Research

CASH FLOW STATEMENT

Year ending March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Reported PBT	17,829	15,448	21,817	32,312	36,114	38,832	43,185	52,392	63,480	76,681
Non-operating & EO Items	(436)	(1,887)	(1,261)	(1,430)	(1,661)	(1,387)	(895)	(1,560)	(2,432)	(2,903)
Interest Expenses	628	345	396	481	443	578	1,299	2,288	2,726	2,219
Depreciation	3,398	3,714	4,211	5,433	6,328	7,758	9,348	11,819	13,811	15,978
Working Capital Change	(3,730)	(1,203)	(6,483)	(3,015)	(6,490)	(10,351)	(6,280)	(6,974)	(9,447)	(10,193)
Tax Paid	(4,815)	(2,561)	(5,528)	(7,001)	(7,304)	(9,456)	(10,534)	(13,279)	(16,090)	(19,436)
OPERATING CASH FLOW (a)	**12,874**	**13,855**	**13,152**	**26,780**	**27,430**	**25,973**	**36,123**	**44,684**	**52,047**	**62,346**
Capex	(17,529)	(20,827)	(24,117)	(23,714)	(28,745)	(33,455)	(40,306)	(39,838)	(46,529)	(46,292)
Free Cash Flow (FCF)	(4,655)	(6,972)	(10,966)	3,065	(1,314)	(7,482)	(4,183)	4,847	5,518	16,054
Investments	(29,754)	7,830	10,500	(1,490)	(475)	8,603	(4,992)	-	-	-
Non-operating Income	287	1,442	696	783	3,377	1,630	1,047	1,560	2,432	2,903
INVESTING CASH FLOW (b)	**(46,996)**	**(11,555)**	**(12,922)**	**(24,422)**	**(25,842)**	**(23,222)**	**(44,251)**	**(38,278)**	**(44,097)**	**(43,389)**
Debt Issuance/(Repaid)	(7,244)	(438)	(12)	(4)	(9)	(17)	5,651	8,060	(7,726)	(17,219)
FCFE	(11,899)	(7,410)	(10,978)	3,061	(1,323)	(7,499)	1,469	12,906	(2,208)	(1,165)
Share Capital Issuance	41,869	-	-	155	729	-	374	-	-	-
Dividend	-	-	-	-	-	-	-	-	-	-
Others	(789)	(965)	(1,195)	(1,475)	(1,588)	(2,021)	(2,522)	(1,250)	(1,501)	(1,694)
FINANCING CASH FLOW (c)	**33,835**	**(1,403)**	**(1,208)**	**(1,324)**	**(867)**	**(2,038)**	**3,504**	**6,810**	**(9,226)**	**(18,913)**
NET CASH FLOW (a+b+c)	**(287)**	**897**	**(977)**	**1,034**	**721**	**713**	**(4,624)**	**13,217**	**(1,276)**	**44**

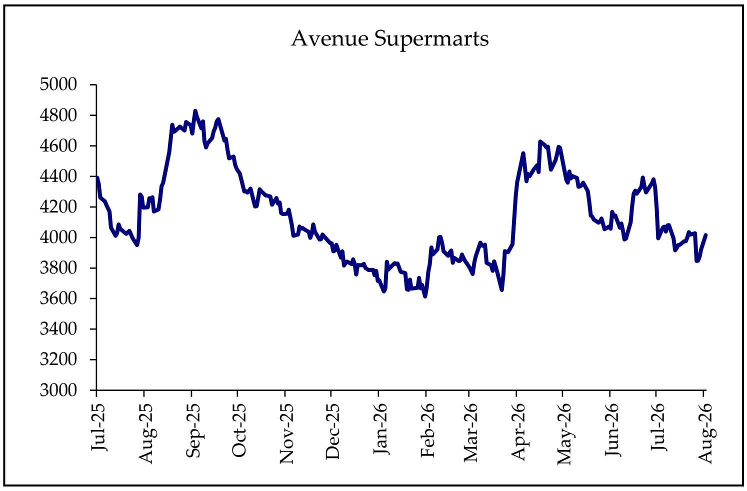
Source: Company, HSIE Research

KEY RATIOS

	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
PROFITABILITY (%)										
GPM	14.8	14.4	14.2	14.5	14.1	14.1	14.3	14.6	14.7	14.8
EBITDA Margin	8.6	7.3	8.2	8.7	8.3	7.9	7.8	8.1	8.2	8.4
EBIT Margin	7.5	5.8	6.9	7.4	7.0	6.5	6.5	6.7	6.8	6.9
APAT Margin	5.9	4.9	5.3	6.1	5.4	5.1	4.8	4.9	5.0	5.2
RoE	17.4	9.9	12.3	16.8	15.1	14.1	13.5	14.2	14.8	15.2
RoIC (or Core RoCE)	19.9	11.3	13.4	17.5	15.0	13.6	12.8	13.4	14.0	14.7
RoCE	16.6	9.9	12.2	16.5	14.8	13.9	13.0	13.4	13.9	14.7
RoE*	18.2	10.4	13.1	17.8	15.9	14.7	14.0	14.7	17.0	17.3
RoIC*	23.1	12.4	14.8	19.1	16.3	14.6	13.9	14.4	15.0	15.7
RoCE*	17.7	10.4	13.1	17.7	15.8	14.8	13.9	14.2	14.7	15.5
EFFICIENCY										
Tax Rate (%)	23.0	24.6	25.9	20.9	25.4	24.6	25.3	25.3	25.3	25.3
Fixed Asset Turnover (x)	4.2	3.5	3.4	3.7	3.6	3.4	3.2	3.3	3.3	3.3
Inventory (days)	28	33	31	27	27	30	31	30	30	30
Debtors (days)	1	1	3	2	3	2	2	2	2	2
Payables (days)	7	9	6	6	7	6	7	7	7	7
Cash Conversion Cycle (days)	23	24	25	22	27	25	25	24	24	24
Net D/E (x)	(0.3)	(0.2)	(0.1)	(0.1)	(0.0)	(0.0)	0.0	0.0	0.0	(0.0)
Interest Coverage (x)	46.6	39.7	52.5	64.8	78.3	65.2	33.3	23.2	23.4	34.2
PER SHARE DATA (Rs)										
EPS	22.9	18.0	24.9	39.4	41.4	45.0	49.4	60.0	72.7	87.8
CEPS	27.0	23.7	31.4	47.8	51.1	56.9	63.8	78.1	94.8	113.4
Dividend	-	-	-	-	-	-	-	-	-	28.0
Book Value	171.9	190.0	215.0	254.6	296.3	341.6	392.2	455.2	531.8	623.5
VALUATION										
P/E (x)	174.4	222.5	160.4	101.5	96.6	89.0	80.9	66.7	55.1	45.6
P/BV (x)	23.3	21.1	18.6	15.7	13.5	11.7	10.2	8.8	7.5	6.4
EV/EBITDA (x)*	117.7	156.0	108.2	73.4	65.9	59.9	52.3	42.2	35.2	29.5
EV/Revenues (x)	10.1	10.8	8.5	6.2	5.2	4.5	3.9	3.3	2.8	2.4
OCF/EV (%)	0.5	0.5	0.5	1.0	1.1	1.0	1.4	1.7	2.0	2.4
FCF/EV (%)	(0.2)	(0.3)	(0.4)	0.1	(0.1)	(0.3)	(0.2)	0.2	0.2	0.6
FCFE/Mkt Cap (%)	(0.5)	(0.3)	(0.4)	0.1	(0.1)	(0.3)	0.1	0.5	(0.1)	(0.0)
Dividend Yield (%)	-	-	-	-	-	-	-	-	-	0.7

Source: Company, HSIE Research

Price Movement



Rating Criteria

BUY:	>+15% return potential
ADD:	+5% to +15% return potential
REDUCE:	-10% to +5% return potential
SELL:	>10% Downside return potential

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