

Avenue Supermarts

India | Consumer Discretionary | Result Update



11 October 2026

Healthy LFL; new store productivity weak

In Q2, Avenue Supermarts (DMart IN) posted an 18.4% YoY sales growth, supported by healthy 9.5% LFL growth. However, weaker new-store-throughput remains a concern, while store additions are progressing in line with expectations. EBITDA margin declined 28bps YoY despite stable gross margins. We pare FY28E-29E EPS estimates by 4-5% and thus lower our TP to INR 4,200 from INR 4,700 – Retain Accumulate.

LFL growth healthy; new-store throughput disappoints: DMart reported healthy LFL growth of 9.5% YoY, with 'overall bill cuts' up 14.4% YoY and 'revenue per bill cut' up 3.5% YoY. Reported LFL and revenue per bill cut imply a transaction growth of ~6% YoY. We believe FMCG price hikes supported the expansion in basket-value. However, weaker throughput from newer stores is a negative surprise. Store additions were in line, with 18 stores added in H1FY27 (total 518 stores, +19.9% YoY), representing 20% of our FY27E estimate of 90 store additions, broadly in line with historical contribution in H1. We expect healthy store additions in H2FY27, supporting revenue growth. LFL growth should remain healthy, supported by festival season demand and FMCG inflation. Another round of FMCG price hikes could offer further upside. Nevertheless, monitor sustained weakness in new-store throughput. In H1FY27, Foods, FMCG and GMA grew 18.2%, 17.4% and 19.8% YoY, respectively.

Gross margin stable; operating leverage weighs: Gross margin was flat YoY at 14.1%, suggesting that pricing pressure from quick-commerce has moderated. However, EBITDA margin declined 28bps YoY to 7.3%, below our estimates, primarily due to higher employee expenses and other operating costs. We believe the latter could partly reflect operating leverage from weaker new-store productivity. PAT growth moderated to 7.6% YoY, impacted by higher depreciation and interest expenses. Consequently, earnings growth continues to lag revenue growth despite improving LFL momentum.

Store addition in H2 critical: Monitor store additions in H2FY27, given DMart's historically back-ended expansion trajectory. With H1 addition in line, we anticipate healthy store expansion in H2, supporting stronger revenue growth. Expect FY27E revenue to grow 18.4%, led by accelerated store additions and sustained LFL momentum. While revenue estimates remain largely unchanged, we cut FY28E-29E EBITDA estimates by ~2% and PAT estimates by 4–5%, factoring in operating leverage, higher debt and increased interest costs.

Retain Accumulate with a lower TP of INR 4,200: DMart has a long-term store expansion opportunity and can co-exist with quick commerce. However, metro LFL growth remains under pressure, while persistently weak new-store throughput could constrain EPS delivery. Although stronger store additions may support revenue growth and valuations, much of this benefit appears priced in. We lower our FY27E-29E EPS CAGR estimate to 16% from 18%, warranting a reduction in our target valuation multiple from 66x to 62x. We consequently revise our TP to INR 4,200 (62x June-28E) from INR 4,700, retaining Accumulate. Better-than-expected margin recovery should continue, and robust store expansion are key upside catalysts, while continued operating leverage represents the key downside risk.

Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	577,898	669,680	792,902	918,029	1,061,561
YoY (%)	16.7	15.9	18.4	15.8	15.6
EBITDA (INR mn)	45,427	52,552	61,147	69,930	82,178
EBITDA margin (%)	7.9	7.8	7.7	7.6	7.7
Adj PAT (INR mn)	29,272	32,239	36,634	41,823	48,982
YoY (%)	8.6	10.1	13.6	14.2	17.1
Fully DEPS (INR)	45.0	49.5	56.2	64.2	75.1
RoE (%)	14.1	13.5	13.4	13.4	13.7
RoCE (%)	17.7	17.0	16.7	16.6	17.0
P/E (x)	78.2	71.0	62.6	54.8	46.8
EV/EBITDA (x)	51.0	44.1	37.9	33.1	28.2

Note: Pricing as on 9 October 2026; Source: Company, Elara Securities Estimate

Rating: [Accumulate](#)
 Target Price: [INR 4,200](#)
 Upside: [19%](#)
 CMP: [INR 3,517](#)
 As on 9 October 2026

Key data

Bloomberg	DMART IN
Reuters Code	AVEU.NS
Shares outstanding (mn)	652
Market cap (INR bn/USD mn)	2,294/23,715
EV (INR bn/USD mn)	2,315/23,934
ADTV 3M (INR mn/USD mn)	2,752/28
52 week high/low	4,644/3,498
Free float (%)	25

Note: as on 9 October 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q2 FY26	Q3 FY26	Q4 FY26	Q1 FY27
Promoter	74.7	74.7	74.5	74.5
% Pledge	0.0	0.0	0.0	0.0
FII	8.7	8.7	9.0	9.2
DII	9.1	8.9	8.9	8.8
Others	7.5	7.7	7.6	7.6

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(7.0)	(6.4)	(10.9)
Avenue Supermarts	(13.8)	(20.1)	(18.6)
NSE Mid-cap	(6.8)	(1.8)	(4.9)
NSE Small-cap	(3.0)	11.6	2.7

Source: Bloomberg

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Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	577,898	669,680	792,902	918,029	1,061,561
Gross Profit	81,735	95,769	114,178	133,114	154,988
EBITDA	45,427	52,552	61,147	69,930	82,178
EBIT	37,669	43,204	49,740	56,643	66,566
Interest expense	578	1,299	2,113	2,255	2,636
Other income	1,740	1,280	1,348	1,377	1,380
Exceptional/ Extra-ordinary items	-	-	-	-	-
PBT	38,832	43,185	48,975	55,765	65,309
Tax	9,560	10,946	12,342	13,941	16,327
Minority interest/Associates income	-	-	-	-	-
Reported PAT	29,272	32,239	36,634	41,823	48,982
Adjusted PAT	29,272	32,239	36,634	41,823	48,982
Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	222,302	255,184	291,817	333,641	382,623
Minority Interest	-	-	-	-	-
Trade Payables	10,042	12,734	13,017	15,053	17,386
Provisions & Other Current Liabilities	8,488	11,190	12,343	14,703	16,614
Total Borrowings	6,927	22,672	26,487	30,924	36,110
Other long term liabilities	1,157	1,250	1,375	1,512	1,662
Total liabilities & equity	248,915	303,031	345,039	395,834	454,396
Net Fixed Assets	157,023	195,422	240,326	287,376	338,499
Goodwill	-	-	-	-	-
Intangible assets	181	266	266	266	266
Business Investments / other NC assets	29,984	35,431	30,400	26,760	24,116
Cash, Bank Balances & treasury investments	3,313	2,656	1,639	1,530	(407)
Inventories	48,055	56,304	56,715	65,589	75,755
Sundry Debtors	3,485	3,570	4,685	4,872	6,179
Other Current Assets	6,874	9,383	11,008	9,441	9,988
Total Assets	248,915	303,031	345,039	395,833	454,396
Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Cashflow from Operations	25,973	36,123	52,245	56,669	60,869
Capital expenditure	(33,503)	(40,316)	(51,323)	(54,451)	(59,789)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	10,281	(3,935)	1,348	1,377	1,380
Free Cash Flow	(7,530)	(4,193)	922	2,218	1,080
Cashflow from Financing	(5,037)	7,471	(3,287)	(3,704)	(4,397)
Net Change in Cash / treasury investments	(2,286)	(657)	(1,017)	(109)	(1,937)
Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	-	-	-	-	-
Book value per share (INR)	341.6	392.1	447.6	511.8	586.9
RoCE (Pre-tax) (%)	17.7	17.0	16.7	16.6	17.0
ROIC (Pre-tax) (%)	18.0	17.2	16.8	16.7	17.0
ROE (%)	14.1	13.5	13.4	13.4	13.7
Asset Turnover (x)	4.0	3.8	3.6	3.5	3.4
Net Debt to Equity (x)	0.0	0.1	0.1	0.1	0.1
Net Debt to EBITDA (x)	0.1	0.4	0.4	0.4	0.4
Interest cover (x) (EBITDA/ int exp)	78.7	40.4	28.9	31.0	31.2
Total Working capital days (WC/rev)	29.4	28.1	24.3	22.0	21.2
Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	78.2	71.0	62.6	54.8	46.8
P/Sales (x)	4.0	3.4	2.9	2.5	2.2
EV/ EBITDA (x)	51.0	44.1	37.9	33.1	28.2
EV/ OCF (x)	89.1	64.1	44.3	40.9	38.0
FCF Yield	(0.3)	(0.2)	0.0	0.1	0.1
Price to BV (x)	10.3	9.0	7.9	6.9	6.0
Dividend yield (%)	-	-	-	-	-

Note: Pricing as on 9 October 2026; Source: Company, Elara Securities Estimate

We expect revenue CAGR of 16.9% in FY26-29E

Exhibit 1: Q2FY27 results highlights

DMart- Standalone (INR bn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Elara Est.	Diff (%)	Consensus Est.	Diff (%)
Revenue	192.1	162.2	18.4	183.4	4.7	191.8	0.1	191.8	0.1
Gross margin (%)	14.1	14.2	(0.7)	15.1	(6.3)	14.6	(45)	14.5	(36)
EBITDA	14.0	12.3	14.1	15.3	(8.1)	15.3	(8.2)	14.6	(4.1)
EBITDA margin (%)	7.3	7.6	(3.7)	8.3	(12.2)	8.0	(66)	7.6	(32)
Depreciation	2.9	2.3	25.8	2.6	9.5	2.7			
Interest cost	0.6	0.3	87.0	0.5	17.7	0.5			
Other income	0.2	0.3	(29.3)	0.4	(38.4)	0.4			
PBT	10.8	10.0	7.7	12.5	(13.7)	12.4	(13.1)	11.6	(7.1)
Tax	2.8	2.6	7.8	3.2	(12.6)	3.1	(11.8)	2.9	(3.9)
Effective tax rate (%)	25.6	25.6		25.3		25.2			
PAT	8.0	7.5	7.6	9.4	(14.1)	9.3	(13.6)	8.8	(8.2)
Adj. PAT	8.0	7.5	7.6	9.4	(14.1)	9.3			
Adj. EPS (INR)	12.3	11.5	7.4	14.4	(14.1)	14.3	(13.6)	13.4	(8.3)

Source: Company, Elara Securities Estimate

Exhibit 2: Key metrics in Q2

Key metrics performance	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Retail area (mn sqft)	21.4	17.9	19.6	20.7	3.4
Store count (#)	518	432	19.9	503	3.0
Avg. store size (sqft)	41,313	41,435	(0.3)	41,153	0.4
Avg. new store size (sqft)	46,667	37,500	24.4	33,333	40.0
Revenue per store (INR mn)*	376	379	(0.7)	366	2.9
Revenue per Sqft (INR)*	9,124	9,137	(0.1)	8,883	2.7
TTM Revenue per Sqft (INR)*	36,583	36,739	(0.4)	36,597	-
Revenue per bill cut (INR)	1,730	1,672	3.5	1,668	3.8
No of bill cuts (mn)	111	97	14.4	110	0.9
No of bill cuts per store (mn)	0.21	0.22	(4.6)	0.22	(2.0)
LFL growth (%)	9.5	6.8	39.7	5.5	72.7

Source: Company, Elara Securities Research

Exhibit 3: Key metrics

Particulars	Unit	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27
Revenue growth	(%)	18.5	17.2	19.9	18.4	14.2	17.5	16.7	16.2	15.4	13.2	19.0	15.1	18.4
Gross margin	(%)	14.0	14.2	13.7	14.9	14.2	14.1	13.5	14.6	14.2	14.6	13.8	15.1	14.1
EBITDA margin	(%)	8.1	8.5	7.6	8.9	7.9	7.9	6.8	8.2	7.6	8.4	7.2	8.3	7.3
Retail area	(mn sqft)	13.9	14.2	15.1	15.4	15.8	16.1	17.2	17.6	17.9	18.3	20.6	20.7	21.4
YoY	(%)	12.1	12.6	12.7	14.1	13.7	13.5	13.9	14.3	13.3	13.7	19.8	17.6	19.6
LFL growth	(%)	8.6	7.7	10.3	9.1	5.5	8.3	8.1	7.1	6.8	5.6	8.8	5.5	9.5
Store count	#	336	341	365	371	377	387	415	424	432	442	500	503	518
YoY	(%)	11.3	11.4	12.7	13.5	12.2	13.5	13.7	14.3	14.6	14.2	20.5	18.6	19.9
Avg. store size	(sqft)	41,369	41,613	41,370	41,509	41,910	41,602	41,446	41,509	41,435	41,403	41,200	41,153	41,313
YoY	(%)	0.8	1.1	0.0	0.5	1.3	(0.0)	0.2	-	(1.1)	(0.5)	(0.6)	(0.9)	(0.3)
Avg. new store size	(sqft)	44,444	58,000	37,917	50,000	66,667	30,000	39,286	44,444	37,500	40,000	39,655	33,333	46,667
YoY	(%)	18.5	16.0	(14.7)	50.0	50.0	(48.3)	3.6	(11.1)	(43.8)	33.3	0.9	(25.0)	24.4
Revenue per store*	(INR mn)	371	391	351	373	376	407	361	380	379	403	365	366	376
YoY	(%)	6.5	5.2	7.0	4.7	1.2	4.1	2.7	1.9	0.9	(1.1)	1.3	(3.7)	(0.7)
Revenue per Sqft*	(INR)	8,984	9,432	8,463	8,991	9,007	9,759	8,686	9,156	9,137	9,731	8,846	8,883	9,124
YoY	(%)	6.0	4.3	6.4	4.4	0.3	3.5	2.6	1.8	1.5	(0.3)	1.8	(3.0)	(0.1)
TTM Revenue per Sqft*	(INR)	34,592	34,980	35,491	35,870	35,893	36,219	36,443	36,608	36,739	36,711	36,870	36,597	36,583
YoY	(%)	1.5	1.1	1.5	1.1	0.1	0.9	0.6	0.5	0.4	(0.1)	0.4	(0.7)	(0.0)
Revenue per bill cut	(INR)	1,641	1,677	1,610	1,594	1,653	1,692	1,625	1,642	1,672	1,710	1,703	1,668	1,730
YoY	(%)	-	-	-	(0.9)	0.7	0.9	1.0	3.0	1.2	1.1	4.8	1.5	3.5
No of bill cuts	(mn)	75.0	79.0	77.0	86.0	85.0	92.0	89.0	97.0	97.0	103.0	101.0	110.0	111.0
YoY	(%)	-	-	-	19.4	13.3	16.5	15.6	12.8	14.1	12.0	13.5	13.4	14.4
No of bill cuts per store	(mn)	0.22	0.23	0.21	0.23	0.23	0.24	0.21	0.23	0.22	0.23	0.20	0.22	0.21
YoY	(%)	-	-	-	5.3	1.0	2.6	1.7	(1.3)	(0.4)	(2.0)	(5.8)	(4.4)	(4.6)

Source: Company, Elara Securities Research

Exhibit 4: Valuation

Particulars	Unit	Jun-28E
EPS	INR/share	67.5
Target P/E	x	62
Target Price	INR/share	4,200
CMP	INR/share	3,517
Upside/downside	%	19.4%

Source: Elara Securities Estimate

Exhibit 6: Changes in estimates

(INR mn)	Old			Revised			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	7,93,714	9,33,178	10,94,029	7,94,458	9,22,787	10,70,173	0.1	(1.1)	(2.2)
EBITDA	61,385	71,795	85,010	61,300	70,396	83,039	(0.1)	(1.9)	(2.3)
EBITDA margin (%)	7.7	7.7	7.8	7.7	7.6	7.8	-	(0.1)	-
PAT	37,420	43,796	51,928	36,749	42,173	49,622	(1.8)	(3.7)	(4.4)
EPS (INR)	57.4	67.2	79.6	56.4	64.7	76.1	(1.8)	(3.7)	(4.4)
TP (INR)	4,700			4,200			(10.6)		

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
11-Jun-2026	Accumulate	4,700	3,987
09-Oct-2026	Accumulate	4,200	3,517

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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