

January 13, 2024

Q3FY24 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|---------------------|--------------|----------|--------------|----------|
| | FY25E | FY26E | FY25E | FY26E |
| Rating | BUY | | BUY | |
| Target Price | 4,484 | | 4,484 | |
| Sales (Rs. m) | 6,17,738 | 7,59,810 | 6,17,738 | 7,59,810 |
| % Chng. | - | - | - | - |
| EBITDA (Rs. m) | 50,885 | 63,976 | 50,885 | 63,976 |
| % Chng. | - | - | - | - |
| EPS (Rs.) | 49.4 | 63.0 | 49.4 | 63.0 |
| % Chng. | - | - | - | - |

Key Financials - Consolidated

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|----------------|----------|----------|----------|----------|
| Sales (Rs. m) | 4,28,396 | 5,06,128 | 6,17,738 | 7,59,810 |
| EBITDA (Rs. m) | 36,373 | 40,822 | 50,885 | 63,976 |
| Margin (%) | 8.5 | 8.1 | 8.2 | 8.4 |
| PAT (Rs. m) | 23,785 | 25,297 | 32,043 | 40,862 |
| EPS (Rs.) | 36.7 | 39.0 | 49.4 | 63.0 |
| Gr. (%) | 59.2 | 6.4 | 26.7 | 27.5 |
| DPS (Rs.) | - | - | - | 10.0 |
| Yield (%) | - | - | - | 0.3 |
| RoE (%) | 16.0 | 14.6 | 15.9 | 17.4 |
| RoCE (%) | 20.2 | 19.2 | 20.9 | 22.9 |
| EV/Sales (x) | 5.8 | 4.9 | 4.0 | 3.3 |
| EV/EBITDA (x) | 68.0 | 60.8 | 48.8 | 38.8 |
| PE (x) | 104.7 | 98.4 | 77.7 | 60.9 |
| P/BV (x) | 15.5 | 13.4 | 11.4 | 9.9 |

Key Data

AVEU.BO | DMART IN

| | |
|---------------------|-------------------------|
| 52-W High / Low | Rs.4,206 / Rs.3,292 |
| Sensex / Nifty | 72,568 / 21,895 |
| Market Cap | Rs.2,499bn / \$ 30,142m |
| Shares Outstanding | 651m |
| 3M Avg. Daily Value | Rs.1490.94m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 74.65 |
| Foreign | 8.28 |
| Domestic Institution | 7.67 |
| Public & Others | 9.37 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|-------|-------|--------|
| Absolute | (5.8) | 0.9 | (1.8) |
| Relative | (9.7) | (9.1) | (18.9) |

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Hasti Savla

hastisavla@plindia.com |

Avenue Supermarts (DMART IN)

Rating: BUY | CMP: Rs3,841 | TP: Rs4,484

On a recovery path; patience will pay off

Quick Pointers:

- Gen. merchandise & Apparel sales stabilized in Q3, post Diwali trends positive
- Non-FMCG sales suffer in festival season due to sustained inflation in non-edible oil FMCG
- Q3 sees tepid store addition with just 5 new stores, 23 store openings needed in 4Q to reach our estimate of 40 store addition

D'Mart 3Q results are in line on Sales, EBITDA and PBT (16.9% growth YoY) amid gains from festive season despite inflationary impact. Operating parameters improved led by strong festive season. Sales/store grew by 5.0% YoY/QoQ, while sales/sq ft. showed growth of 4.4%/5.1% YoY/QoQ. Cost of retail inched up by 7/13bps in standalone and Consol numbers.

Although General merchandise and apparel have stabilized in Q3, but loss of sales in Apparel is structural and value formats like Zudio and Reliance Trends have reduced the consumer appeal of Hypermarkets. We note that store openings have been tepid in Q3 and had cut store openings to 40/45 for FY24/25. We believe the drag in the performance of Non-FMCG product is temporary and should bounce back with easing inflation over next 1-2 quarters. We estimate 6% EPS growth in FY24 but 20% CAGR over FY23-26. D'Mart has a huge runway to grow with 1500+ store potential in duopoly market and scale up in D'Mart Ready. We assign a DCF based target price of Rs4484 (had cut EPS by 3.6-5% and target from Rs4724 in preview). Maintain BUY, although expect returns to be back ended.

Consol Revenues grew by 17.3% YoY to Rs135.7bn. Gross margins expanded by 4bps YoY to 14.9% (PLe:15.0%). EBITDA grew by 16% YoY to Rs11.2bn (PLe:Rs11.28bn). Margins contracted by -9bps YoY to 8.3%. (PLe:8.3%). Cost of Retail increased by 13bps YoY to 6.6%. PBT at Rs9.49bn (est Rs9.5bn) is in line while Adj. PAT grew 17.1% YoY to Rs6.9bn (PLe: Rs7.03bn). operational parameters are stable as sale/store increased by 5% YoY, now hovering between 4-6% band, sales/ft increased by 4.4%, lower than 6% in 2Q but 3rd quarter of positive growth now. D'Mart Ready: Imputed Revenues grew by 22.9% YoY to Rs3.3bn. Sub losses declined from Rs514mn to Rs462mn YoY.

Discretionary segment stabilized: The contribution from general merchandise and apparel stabilized in Q3, led by festive season. Sales in the non-FMCG segment were lower than expected, amid sustained inflationary pressure, particularly with FMCG/staples (excl edible oil). We note that the share of general merchandise and apparel in sales, as of 2QFY24, is 23.2%, down 154bps YoY and 180 bps lower than the 1HFY23 level of 24.8%.

Adds 5 stores in 3Q, store size lower both YoY and QoQ: D'Mart added 5 stores in 3QFY24 vs 9/4 stores in 2QFY24/3QFY23 taking the total store count to 341 with retail business area of 14.1mn sq. ft. the average area per new store opened is 40.0k versus 44.4k sq ft in 2Q24 and 50.0k in 3Q23. All 5 stores were added in the clusters of Andhra Pradesh, Gujarat & Rajasthan.

**Exhibit 1: Consolidated Revenues grew by 17.3% YoY, EBITDA margin Flat YoY**

| Y/e March | 3QFY24 | 3QFY23 | YoY gr. (%) | 2QFY24 | 9MFY24 | 9MFY23 | YoY gr. (%) |
|-----------------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|
| Net Sales | 1,35,725 | 1,15,691 | 17.3 | 1,26,244 | 3,80,625 | 3,22,455 | 18.0 |
| Gross Profit | 20,202 | 17,177 | 17.6 | 18,526 | 56,751 | 49,673 | 14.2 |
| % of NS | 14.9 | 14.8 | 0.0 | 14.7 | 14.9 | 15.4 | (0.5) |
| Other Expenses | 9,003 | 7,525 | 19.6 | 8,476 | 25,148 | 21,018 | 19.6 |
| % of NS | 6.6 | 6.5 | 0.1 | 6.7 | 6.6 | 6.5 | 0.1 |
| EBITDA | 11,199 | 9,653 | 16.0 | 10,050 | 31,603 | 28,655 | 10.3 |
| Margins (%) | 8.3 | 8.3 | (0.1) | 8.0 | 8.3 | 8.9 | (0.6) |
| Depreciation | 1,893 | 1,681 | 12.6 | 1,744 | 5,259 | 4,748 | 10.8 |
| Interest | 146 | 170 | (14.3) | 156 | 447 | 519 | (13.8) |
| Other Income | 329 | 316 | 4.3 | 369 | 1,086 | 963 | 12.8 |
| PBT | 9,489 | 8,118 | 16.9 | 8,519 | 26,983 | 24,351 | 10.8 |
| Tax | 2,585 | 2,221 | 16.4 | 2,286 | 7,257 | 5,169 | 40.4 |
| Tax rate (%) | 27.2 | 27.4 | (0.1) | 26.8 | 26.9 | 21.2 | 5.7 |
| Adjusted PAT | 6,906 | 5,897 | 17.1 | 6,236 | 19,731 | 19,184 | 2.9 |

Source: Company, PL

Exhibit 2: Added 5 stores in 3QFY24; Cost of retail increased by ~10bps YoY

| | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 |
|------------------|-------|-------|-------|-------|-------|-------|-------|------|
| No of Stores | 284 | 294 | 302 | 306 | 324 | 327 | 336 | 341 |
| Area (mn Sq.ft.) | 11.5 | 12.1 | 12.4 | 12.6 | 13.4 | 13.5 | 13.9 | 14.1 |
| Sales/store | 314.7 | 339.3 | 348.5 | 371.9 | 328.2 | 355.9 | 371.3 | 391 |
| % growth | -2.0% | 59.2% | 10.2% | 4.4% | 4.3% | 4.9% | 6.5% | 5.0% |
| Sales/Ft | 7,895 | 8,311 | 8,477 | 9,044 | 7,952 | 8,613 | 8,951 | 9445 |
| % growth | -8.3% | 47.0% | 2.0% | -1.7% | 0.7% | 3.6% | 6.0% | 4.4% |
| Gross Profit/Ft | 1132 | 1314 | 1228 | 1292 | 1067 | 1254 | 1250 | 1344 |
| EBIDTA/FT | 678 | 854 | 728 | 772 | 593 | 770 | 729 | 801 |
| Cost of retail % | 6.5 | 6.3 | 6.7 | 6.5 | 6.8 | 6.5 | 6.7 | 6.6 |

Source: Company, PL

Exhibit 3: Gross Profit/Ft and EBITDA/Ft sustain growth, cost of retail to remain range bound

| | FY19 | FY20 | FY21 | FY22 | FY23 | FY24E | FY25E | FY26E |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales/Ft | 35647 | 32879 | 27306 | 27454 | 31096 | 33502 | 35722 | 38552 |
| Gross Profit/Ft | 5542 | 5500 | 4318 | 4507 | 5185 | 5202 | 5585 | 6058 |
| EBIDTA/FT | 3013 | 3107 | 2098 | 2459 | 2922 | 2845 | 3109 | 3435 |
| Capex/Ft | 9974 | 10338 | 9586 | 9898 | 10264 | 11407 | 11510 | 11786 |
| Cost of retail % | 6.9% | 6.6% | 7.6% | 6.7% | 6.6% | 6.7% | 6.6% | 6.4% |
| Working Cap/Ft | 1705 | 2194 | 1813 | 1890 | 1904 | 1640 | 1902 | 1876 |

Source: Company, PL

Exhibit 4: Bill cuts grew by 36% in 1HFY24 to 147mn, bill cuts move up sharply in 1H, ABV declined 13% in 1H

| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | 1HFY24 | FY24E | FY25E | FY26E |
|------------------------------|------|------|------|------|-------|------|--------|-------|-------|-------|
| D'Mart Bills (mn) | 134 | 172 | 201 | 152 | 181 | 258 | 147 | 354 | 418 | 486 |
| Growth | | 28% | 17% | -24% | 19% | 43% | 36% | 37% | 18% | 16% |
| Number of Stores | 155 | 176 | 214 | 234 | 284 | 324 | 336 | 364 | 409 | 459 |
| Addition | 24 | 21 | 38 | 20 | 50 | 40 | 12 | 40 | 45 | 50 |
| Bills/Store/Day | 2575 | 2847 | 2824 | 1859 | 1915 | 2325 | 2430 | 2581 | 2684 | 2792 |
| Growth | | 4% | 11% | -1% | -34% | 3% | 21% | 11% | 4% | 4% |
| Average Bill Value (Rs/Bill) | 1117 | 1158 | 1228 | 1565 | 1677 | 1621 | 1625 | 1518 | 1579 | 1658 |
| Growth | | 2.0% | 3.7% | 6.0% | 27.5% | 7.2% | -3.3% | -13% | -6.4% | 4.0% |

Source: Company, PL

Exhibit 5: Store expansion in emerging cluster continues, Emerging cluster see lower addition in 1HFY24

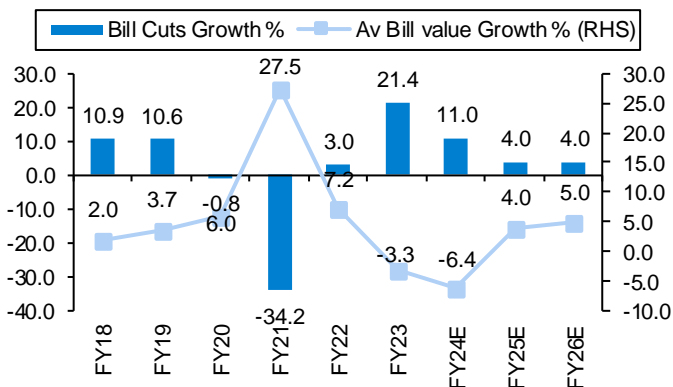
| Stores | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | 1HFY24 |
|--------------------------------|------|------|------|------|------|------|------|------|------|--------|
| Total Stores | 89 | 110 | 131 | 155 | 176 | 214 | 234 | 284 | 324 | 336 |
| Addition | 14 | 21 | 21 | 24 | 21 | 38 | 20 | 50 | 40 | 12 |
| Mature Clusters (Top 5 States) | 87 | 106 | 120 | 133 | 152 | 174 | 185 | 219 | 250 | 259 |
| Addition | 12 | 19 | 14 | 13 | 19 | 22 | 11 | 34 | 31 | 9 |
| % of Total | 85.7 | 90.5 | 66.7 | 54.2 | 90.5 | 57.9 | 55.0 | 68.0 | 77.5 | 75.0 |
| Total States | 7 | 7 | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Stores in Emerging Clusters | 2 | 4 | 11 | 22 | 24 | 40 | 49 | 65 | 74 | 77 |
| % of Total | 2.2 | 3.6 | 8.4 | 14.2 | 13.6 | 18.7 | 20.9 | 22.9 | 22.8 | 23.0 |
| Emerging Cluster Addition | 2 | 2 | 7 | 11 | 2 | 16 | 9 | 16 | 9 | 3 |
| % of Total | 14.3 | 9.5 | 33.3 | 45.8 | 9.5 | 42.1 | 45.0 | 32.0 | 22.5 | 25.0 |

Source: Company, PL

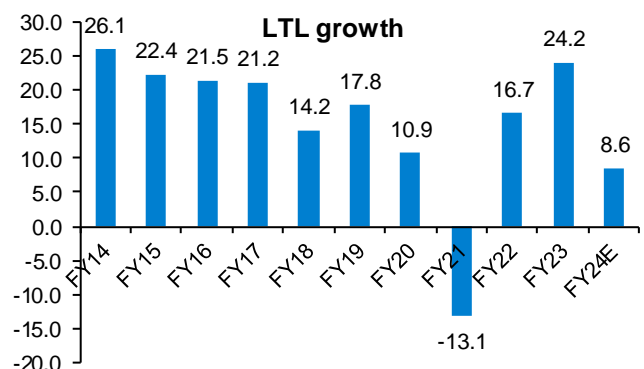
Exhibit 6: General merchandise & Apparel continue to underperform, 1H witnesses pressure

| Sales Mix | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | 1H24 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Foods | 53.3% | 52.8% | 53.1% | 53.7% | 51.6% | 51.3% | 52.4% | 57.4% | 56.9% | 56.0% | 56.2% |
| Non Foods | 21.5% | 21.2% | 20.6% | 20.0% | 20.0% | 20.5% | 20.3% | 19.7% | 19.7% | 20.9% | 20.6% |
| General merchandise & Apparel | 25.2% | 25.9% | 26.4% | 26.4% | 28.4% | 28.3% | 27.3% | 22.9% | 23.4% | 23.0% | 23.2% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company, PL

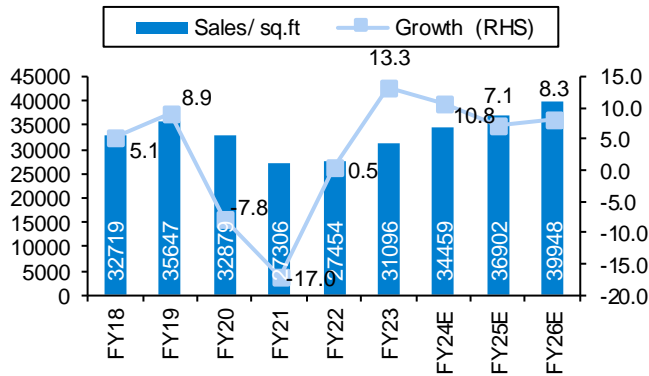
Exhibit 7: Bill Cut to grow by 11% in FY24


Source: Company, PL

Exhibit 8: LTL sales growth at 8.6% in 1HFY24


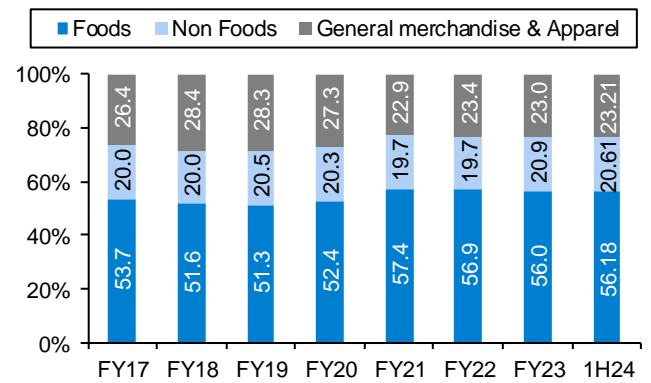
Source: Company, PL

Exhibit 9: Sales/Sq. ft. to grow by 10.8% in FY24



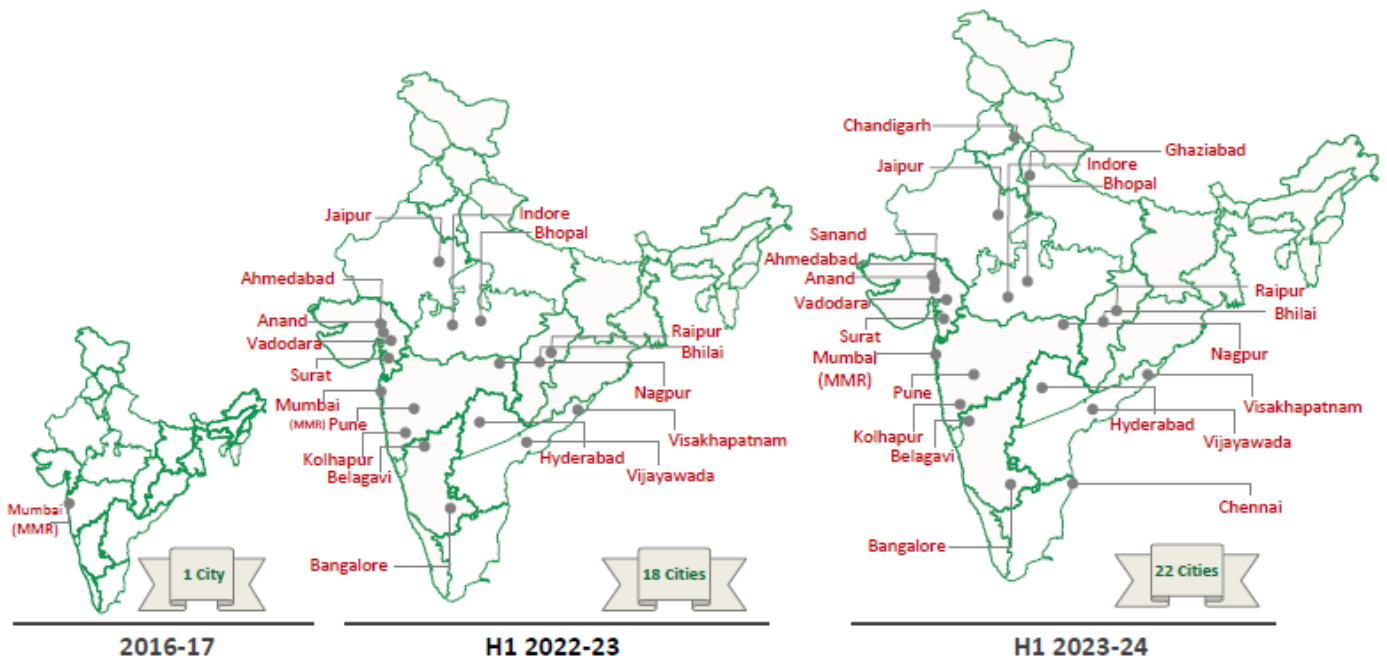
Source: Company, PL

Exhibit 10: Foods continue to remain highest contributor



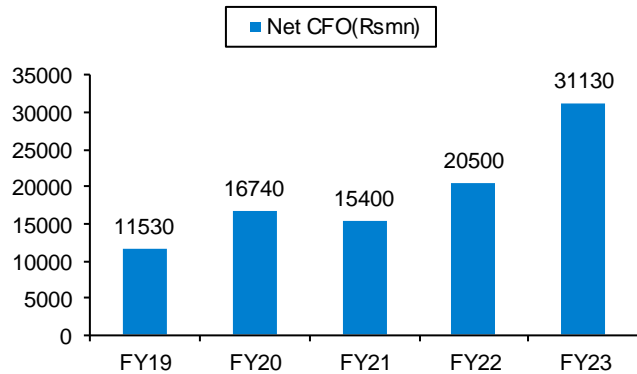
Source: Company, PL

Exhibit 11: D'Mart Ready – Presence continues to be in existing 22 cities



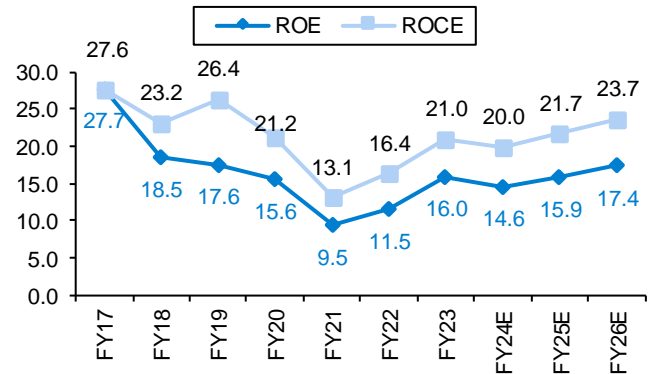
Source: Company, PL

Exhibit 12: CFO saw robust growth in FY23



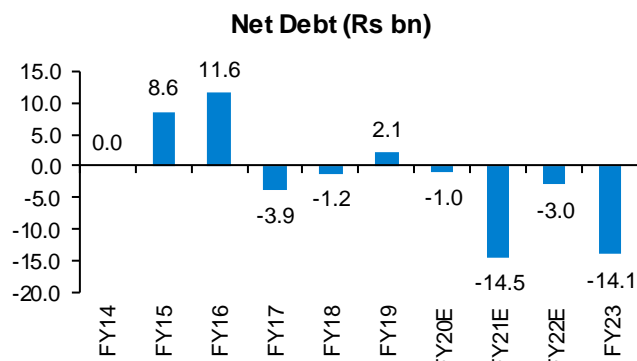
Source: Company, PL

Exhibit 13: ROE, ROCE to improve post FY24



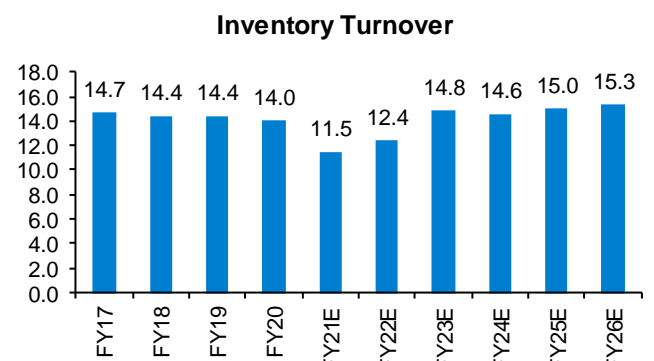
Source: Company, PL

Exhibit 14: D'Mart remains net cash positive



Source: Company, PL

Exhibit 15: Inventory turnover to increased to 15.0 by FY25



Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenues | 4,28,396 | 5,06,128 | 6,17,738 | 7,59,810 |
| YoY gr. (%) | 38.3 | 18.1 | 22.1 | 23.0 |
| Cost of Goods Sold | 3,63,840 | 4,31,474 | 5,26,312 | 6,46,978 |
| Gross Profit | 64,556 | 74,654 | 91,425 | 1,12,832 |
| Margin (%) | 15.1 | 14.8 | 14.8 | 14.9 |
| Employee Cost | 7,470 | 8,943 | 10,588 | 12,625 |
| Other Expenses | 20,713 | 24,888 | 29,952 | 36,231 |
| EBITDA | 36,373 | 40,822 | 50,885 | 63,976 |
| YoY gr. (%) | 45.6 | 12.2 | 24.7 | 25.7 |
| Margin (%) | 8.5 | 8.1 | 8.2 | 8.4 |
| Depreciation and Amortization | 6,389 | 7,458 | 8,657 | 10,024 |
| EBIT | 29,985 | 33,364 | 42,228 | 53,952 |
| Margin (%) | 7.0 | 6.6 | 6.8 | 7.1 |
| Net Interest | 674 | 698 | 757 | 843 |
| Other Income | 1,293 | 1,335 | 1,598 | 1,813 |
| Profit Before Tax | 30,604 | 34,001 | 43,068 | 54,922 |
| Margin (%) | 7.1 | 6.7 | 7.0 | 7.2 |
| Total Tax | 6,818 | 8,704 | 11,025 | 14,060 |
| Effective tax rate (%) | 22.3 | 25.6 | 25.6 | 25.6 |
| Profit after tax | 23,787 | 25,297 | 32,043 | 40,862 |
| Minority interest | 2 | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 23,785 | 25,297 | 32,043 | 40,862 |
| YoY gr. (%) | 59.4 | 6.4 | 26.7 | 27.5 |
| Margin (%) | 5.6 | 5.0 | 5.2 | 5.4 |
| Extra Ord. Income / (Exp) | (50) | - | - | - |
| Reported PAT | 23,735 | 25,297 | 32,043 | 40,862 |
| YoY gr. (%) | 59.6 | 6.6 | 26.7 | 27.5 |
| Margin (%) | 5.5 | 5.0 | 5.2 | 5.4 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 23,735 | 25,297 | 32,043 | 40,862 |
| Equity Shares O/s (m) | 648 | 648 | 648 | 648 |
| EPS (Rs) | 36.7 | 39.0 | 49.4 | 63.0 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-Current Assets | | | | |
| Gross Block | 1,17,038 | 1,45,380 | 1,69,808 | 1,96,111 |
| Tangibles | 1,16,082 | 1,44,281 | 1,68,545 | 1,94,657 |
| Intangibles | 956 | 1,099 | 1,264 | 1,453 |
| Acc: Dep / Amortization | 19,465 | 24,925 | 31,216 | 38,448 |
| Tangibles | 18,741 | 24,130 | 30,339 | 37,477 |
| Intangibles | 724 | 795 | 877 | 972 |
| Net fixed assets | 97,573 | 1,20,455 | 1,38,592 | 1,57,662 |
| Tangibles | 97,342 | 1,20,151 | 1,38,206 | 1,57,181 |
| Intangibles | 232 | 304 | 386 | 481 |
| Capital Work In Progress | 8,292 | 9,121 | 10,033 | 11,036 |
| Goodwill | 783 | 783 | 783 | 783 |
| Non-Current Investments | 1,086 | 8,760 | 13,615 | 24,158 |
| Net Deferred tax assets | (770) | (1,076) | (1,463) | (1,958) |
| Other Non-Current Assets | 18,828 | 20,143 | 22,415 | 24,761 |
| Current Assets | | | | |
| Investments | 2,022 | 2,224 | 2,446 | 2,691 |
| Inventories | 32,435 | 34,974 | 44,759 | 51,092 |
| Trade receivables | 622 | 1,387 | 1,692 | 2,082 |
| Cash & Bank Balance | 14,083 | 7,202 | 6,073 | 4,554 |
| Other Current Assets | 2,172 | 2,534 | 3,092 | 3,802 |
| Total Assets | 1,81,063 | 2,09,859 | 2,46,280 | 2,86,040 |
| Equity | | | | |
| Equity Share Capital | 6,483 | 6,483 | 6,483 | 6,483 |
| Other Equity | 1,54,304 | 1,79,598 | 2,11,640 | 2,46,020 |
| Total Network | 1,60,787 | 1,86,080 | 2,18,123 | 2,52,503 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 64 | 72 | 82 | 93 |
| Other non current liabilities | 4,767 | 4,992 | 5,416 | 6,028 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 7,538 | 10,850 | 13,402 | 16,333 |
| Other current liabilities | 7,132 | 6,783 | 7,788 | 9,120 |
| Total Equity & Liabilities | 1,81,063 | 2,09,859 | 2,46,280 | 2,86,040 |

Source: Company Data, PL Research



Cash Flow (Rs m)

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| PBT | 30,604 | 34,001 | 43,068 | 54,922 |
| Add. Depreciation | 6,389 | 7,458 | 8,657 | 10,024 |
| Add. Interest | 674 | 698 | 757 | 843 |
| Less Financial Other Income | 1,293 | 1,335 | 1,598 | 1,813 |
| Add. Other | 10,202 | (8,435) | (6,306) | (11,770) |
| Op. profit before WC changes | 47,868 | 33,722 | 46,176 | 54,019 |
| Net Changes-WC | (4,508) | 173 | (7,594) | (3,810) |
| Direct tax | (6,818) | (8,704) | (11,025) | (14,060) |
| Net cash from Op. activities | 36,543 | 25,191 | 27,557 | 36,148 |
| Capital expenditures | (23,029) | (31,169) | (27,707) | (30,097) |
| Interest / Dividend Income | - | - | - | - |
| Others | (2,013) | (202) | (222) | (245) |
| Net Cash from Invt. activities | (25,042) | (31,371) | (27,929) | (30,342) |
| Issue of share cap. / premium | 272 | (3) | - | - |
| Debt changes | - | - | - | - |
| Dividend paid | - | - | - | (6,483) |
| Interest paid | (674) | (698) | (757) | (843) |
| Others | (2) | - | - | - |
| Net cash from Fin. activities | (403) | (702) | (757) | (7,325) |
| Net change in cash | 11,098 | (6,882) | (1,129) | (1,519) |
| Free Cash Flow | 13,514 | (5,978) | (149) | 6,051 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY23 | FY24E | FY25E | FY26E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 36.7 | 39.0 | 49.4 | 63.0 |
| CEPS | 46.5 | 50.5 | 62.8 | 78.5 |
| BVPS | 248.0 | 287.0 | 336.5 | 389.5 |
| FCF | 20.8 | (9.2) | (0.2) | 9.3 |
| DPS | - | - | - | 10.0 |
| Return Ratio(%) | | | | |
| RoCE | 20.2 | 19.2 | 20.9 | 22.9 |
| ROIC | 18.2 | 16.6 | 17.8 | 19.4 |
| RoE | 16.0 | 14.6 | 15.9 | 17.4 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.1) | (0.1) | 0.0 | 0.0 |
| Net Working Capital (Days) | 22 | 18 | 20 | 18 |
| Valuation(x) | | | | |
| PER | 104.7 | 98.4 | 77.7 | 60.9 |
| P/B | 15.5 | 13.4 | 11.4 | 9.9 |
| P/CEPS | 82.5 | 76.0 | 61.2 | 48.9 |
| EV/EBITDA | 68.0 | 60.8 | 48.8 | 38.8 |
| EV/Sales | 5.8 | 4.9 | 4.0 | 3.3 |
| Dividend Yield (%) | - | - | - | 0.3 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenue | 1,05,941 | 1,18,654 | 1,26,244 | 1,35,725 |
| YoY gr. (%) | 20.6 | 18.2 | 18.7 | 17.3 |
| Raw Material Expenses | 91,058 | 1,00,633 | 1,07,718 | 1,15,523 |
| Gross Profit | 14,883 | 18,022 | 18,526 | 20,202 |
| Margin (%) | 14.0 | 15.2 | 14.7 | 14.9 |
| EBITDA | 7,715 | 10,353 | 10,050 | 11,199 |
| YoY gr. (%) | 4.4 | 2.7 | 12.7 | 16.0 |
| Margin (%) | 7.3 | 8.7 | 8.0 | 8.3 |
| Depreciation / Depletion | 1,641 | 1,622 | 1,744 | 1,893 |
| EBIT | 6,074 | 8,731 | 8,306 | 9,306 |
| Margin (%) | 5.7 | 7.4 | 6.6 | 6.9 |
| Net Interest | 155 | 146 | 156 | 146 |
| Other Income | 331 | 387 | 369 | 329 |
| Profit before Tax | 6,250 | 8,973 | 8,519 | 9,489 |
| Margin (%) | 5.9 | 7.6 | 6.7 | 7.0 |
| Total Tax | 1,649 | 2,386 | 2,286 | 2,585 |
| Effective tax rate (%) | 26.4 | 26.6 | 26.8 | 27.2 |
| Profit after Tax | 4,601 | 6,587 | 6,234 | 6,904 |
| Minority interest | - | - | (2) | (2) |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 4,601 | 6,588 | 6,236 | 6,906 |
| YoY gr. (%) | 7.8 | 2.5 | (9.1) | 17.1 |
| Margin (%) | 4.3 | 5.6 | 4.9 | 5.1 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 4,601 | 6,588 | 6,236 | 6,906 |
| YoY gr. (%) | 7.8 | 2.5 | (9.1) | 17.1 |
| Margin (%) | 4.3 | 5.6 | 4.9 | 5.1 |
| Other Comprehensive Income | 19 | (13) | (62) | (38) |
| Total Comprehensive Income | 4,620 | 6,574 | 6,173 | 6,868 |
| Avg. Shares O/s (m) | 648 | 651 | 648 | 648 |
| EPS (Rs) | 7.1 | 10.1 | 9.6 | 10.7 |

Source: Company Data, PL Research

Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 08-Jan-24 | BUY | 4,484 | 3,804 |
| 2 | 14-Oct-23 | BUY | 4,724 | 3,920 |
| 3 | 07-Oct-23 | BUY | 4,576 | 3,834 |
| 4 | 26-Jul-23 | BUY | 4,574 | 3,678 |
| 5 | 15-Jul-23 | BUY | 4,587 | 3,840 |
| 6 | 06-Jul-23 | BUY | 4,651 | 3,816 |
| 7 | 14-May-23 | BUY | 4,447 | 3,678 |
| 8 | 11-Apr-23 | BUY | 4,561 | 3,451 |
| 9 | 21-Mar-23 | BUY | 4,699 | 3,358 |
| 10 | 14-Jan-23 | BUY | 4,675 | 3,864 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|------------------------|------------|---------|------------------|
| 1 | Asian Paints | Accumulate | 3,466 | 3,298 |
| 2 | Avenue Supermarts | BUY | 4,484 | 3,804 |
| 3 | Britannia Industries | Hold | 5,130 | 5,177 |
| 4 | Colgate Palmolive | Reduce | 2,140 | 2,501 |
| 5 | Dabur India | Accumulate | 617 | 553 |
| 6 | Emami | Accumulate | 565 | 555 |
| 7 | Hindustan Unilever | Hold | 2,786 | 2,578 |
| 8 | ITC | Accumulate | 487 | 466 |
| 9 | Jubilant FoodWorks | Hold | 526 | 534 |
| 10 | Kansai Nerolac Paints | Accumulate | 346 | 337 |
| 11 | Marico | Hold | 556 | 524 |
| 12 | Metro Brands | Accumulate | 1,231 | 1,208 |
| 13 | Mold-tek Packaging | Hold | 918 | 876 |
| 14 | Nestle India | Accumulate | 2,679 | 2,619 |
| 15 | Pidilite Industries | Hold | 2,704 | 2,720 |
| 16 | Restaurant Brands Asia | Accumulate | 145 | 116 |
| 17 | Titan Company | Accumulate | 3,640 | 3,706 |
| 18 | Westlife Foodworld | Hold | 839 | 828 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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