

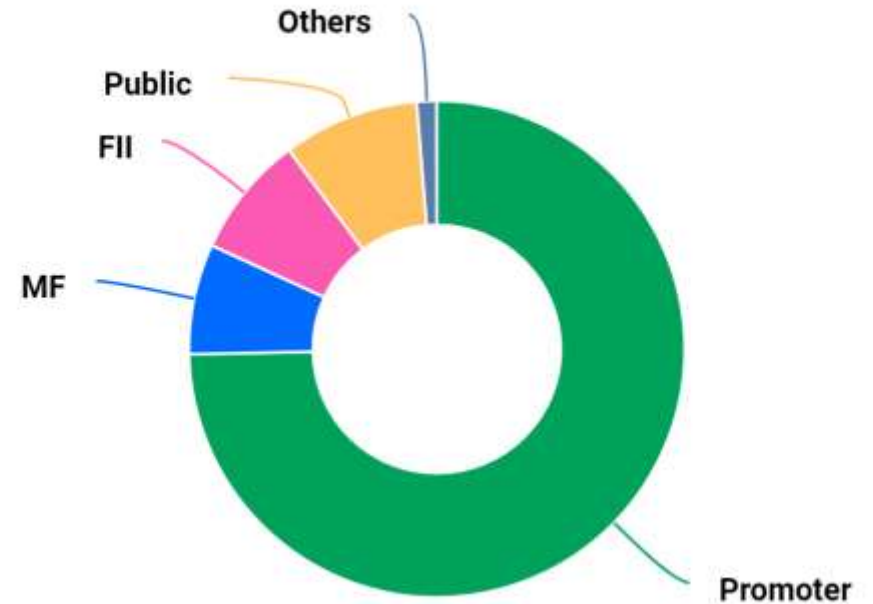
D⁺MartTM

- D-mart is a retail supermarket chain which has a mission & vision of opening its stores in every state of India by 2030.
- They have the supermarket store which has products ranging from FMCG(oil, sugar, chips etc) to electrical appliances and beauty products . Basically, they don't want their customers to return empty-handed . They want to fulfill needs right from children to adults.
- This retail supermarket chain industry is extremely competitive with players like reliance(jio)mart, Blinkit , bigbasket, local supermarkets of cities etc. Due to this, margin per product often becomes extremely low so they earn from volumes.
- Due to this competitive landscape, customer looks for differentiation among players which is provided by the company in the form of basic discount apart from various offers and schemes . D-mart provides a basic 7% discount on MRP on its products . So the supply chain should be really robust and frugal for them to atleast make 5-8% from common FMCG products.

- The business model of D-Mart is solely dependent on the supply-chain and wholesale-matrix for the products . Better the supply chain , more attractive the offer becomes for the end customer and better discounts could be provided.
- But the main problem in this business is the shelf life of the products and how quickly it is cleared up for them to generate more working capital. For example , breads usually have the shelf life of 3-5 days so if its not sold in between then they have to book loss for that . Frozen R2C(ready to cook) product is another example for the same.
- So to make profits, these businesses lie on volumes of goods sold and attractive schemes. The stores are often in the malls where rents are just too high + the area should be really large and fully air-conditioned for proper shopping experiences . The fixed costs per store is really high.

The shareholding pattern for D-mart is as follow: promoters:74.8%,FII/FPI-7.96%,MF-7.2%,Public-8.87%,Others-1%.One thing to note is very high promoters stake which infers that the company has very strong future predictions regarding its growth,market-capitalisations and sustainability . Companies with high promoters stake generally grow faster and has stronger vision toward its future . Second inference is high Mutual Funds stake which gives confidence to public investors about its future returns.There is also around 8% stake of foreign portfolio investor/foreign institution investor.

SHAREHOLDING SUMMARY



Financial Yearly	Mar-2023	Mar-2022	Mar-2021
Share Capital	648	648	648
Reserves & Surplus	15,430	13,030	11,536
Minority Interest	0	0	0
Non Current Liabilities	561	576	366
Current Liabiltiies	1,467	1,218	1,106
Total Liabiltiies	18,106	15,473	13,656
Fixed Assets	11,340	9,260	7,009
CWIP	829	1,129	1,020
Investments	202	6	3
Other Assets	5,734	5,077	5,625
Total Assets	18,106	15,473	13,656

Financial Yearly	Mar-2023	Mar-2022	Mar-2021	Mar-2020	Mar-2019
Sales	42,840	30,976	24,143	24,870	20,005
Expenses	39,203	28,478	22,400	22,742	18,371
Operating Profit	3,637	2,498	1,743	2,128	1,633
OPM %	8%	8%	7%	9%	8%
Other Income	129	117	196	60	48
Interest	67	54	42	69	47
Other Income	129	117	196	60	48
Interest	67	54	42	69	47
Depreciation	639	498	414	374	212
Profit Before Tax	3,060	2,064	1,483	1,745	1,422
Tax %	22%	28%	26%	25%	37%
Net Profit	2,378	1,492	1,099	1,301	902

- As reflected from the data the revenue has almost doubled up from FY19-FY23 due to increase in store number from 176 to 341 currently.
- FY-21 being covid year the revenue dipped a bit but not very largely due to increase in stores . Net profit also decreased significantly in that period. One of the unsaid factors why net profit decreased was also that around 40-50 stores were in pipeline at that time meaning they have paid the amount for that store but due to covid it couldn't open immediately . Now after covid with significant expansion the business has well and truly recovered with FY-23 net profit of 2378 crores. This financial year is also expected to come out strong.
- One more thing to note that the company doesn't have any loans to pay out instead it has retained earnings to help out its future growth(Reserves & Surplus) while value of assets is increasing . Depreciation per year is also less with FY-23's being 640 crores.
- At time of making this report , market cap is around 2,90,000 crores with stock price near all time high at 4409rs. But one more thing to note is the EPS(Earnings per share) value which is at 39 for FY-23 and P/E(price to earnings ratio) at 120 which is bit high.
- With the increasing net profit and revenue growth , the company has also started its grocery-delivering business D-Mart READY which is expected to be EBITDA positive by FY-2027.
- The stock price trend for D-Mart is currently very bullish because of strong FY-24 results expected . The stock has given a 34 % return from previous year and is expected to increase albeit slowly . The stock price was also listed at around 114% premium to IPO price . Given high promoter's stake also works in the favour of bright future prospects with company predicting stores in almost every state by 2030 . The company also has a very strong and robust supply chain and credit line period of just 14 days which further strengthens its supply chain . D-Mart also avoids to open its store in malls due to extreme high rent and mainly attracts customers from tier-2,tier-3 cities.
- D-mart stock has a high potential to grow and I would definitely invest in it. The company overall has very strong fundamentals and very strong cash flow system and aspires to be Walmart of India or even bigger than that.