April 30, 2026

Avenue Supermarts Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Commercial paper programme	500.0	800.0	[ICRA]A1+; reaffirmed and assigned for enhanced limits
Total	**500.0**	**800.0**	

**Instrument details are provided in Annexure II*

Rationale

The rating for Avenue Supermarts Limited (ASL) derives strength from its strong market position as the largest organised food and grocery (F&G) retailer in India, operating retail stores under an established brand name of DMart. The rating favourably factors in the company's large supply chain network, strong procurement abilities and competitive pricing, which have resulted in healthy footfall and steady gross margins. Its operating efficiency are evident from its healthy revenue per square feet (sq. ft.) and steady same store sales growth (SSSG) of 7-9%, despite regular store and retail space additions. The financial risk profile of ASL remains robust, characterised by low leverage, healthy debt coverage indicators and strong liquidity position.

ASL (consolidated) has witnessed healthy revenue growth, recording a compounded annual growth rate (CAGR) of 20% between FY2019 and FY2025 to Rs. 59,358 crore in FY2025, driven by store additions and healthy SSSG. In 9M FY2026, the company achieved a healthy year-over-year (YoY) growth of 15% in its consolidated revenues, and it reported a 19% growth in its standalone revenues in Q4 FY2026 (provisional). At the standalone level, more than 77% of revenues in FY2025 were driven by essential products, where demand is largely inelastic. Driven by ASL's 'Everyday Low Cost/Everyday Low Price' (EDLC/EDLP) strategy and a strong supply chain management, its gross margins have remained steady at around 15% and a stable operating profit margin (OPM) of 7-8% was reported over the past six years. ICRA also notes that the company's owned store platform leads to reduced rental expenses.

ASL's store network has grown significantly in the recent years, with a total count of 500 stores as on March 31,2026. It added 85 stores in FY2026 vis-à-vis 50 new stores opened in FY2025. The company follows a cluster-based expansion strategy, i.e. opening multiple stores within a specific geography to maximise its operational efficiency and brand presence, before expanding to new regions. ASL is expected to continue the accelerated store opening over the near-to-medium term. In the offline space, it plans to open 10-20% of the base number of stores every year, which is anticipated to drive healthy revenue growth. Low penetration of organised retail in the Indian F&G space further augurs well for the growth prospects of ASL. Effective management of new stores in new geographies and their timely breakeven will remain a key monitorable. Further, the availability of commercially viable real estate properties at the right price and location is still a challenge. To complement the offline store presence, ASL launched its e-commerce arm, DMart Ready, in FY2014. ICRA notes that this venture is currently loss-making, thereby necessitating regular funding support. Nonetheless, ASL's calibrated expansion approach in this business to reduce the cash burn helps mitigate the concern to some extent.

ASL's financial risk profile is expected to remain healthy over the medium term, driven by its strong cash flows and robust net worth position along with limited reliance on external debt. The coverage indicators have remained healthy with total debt to operating profit before depreciation, interest, taxes and amortisation (OPBDITA) and interest cover of 0.2 times and 64.7 times, respectively in FY2025. Furthermore, interest coverage stood at 39.3 crore in 9M FY2026. Nevertheless, ICRA notes that there is intense competition in the sector from the unorganised segment, particularly from brick-and-mortar kirana/local stores, along with growing competitiveness from the quick commerce segment.

Key rating drivers and their description

Credit strengths

Leadership position in the Indian organised F&G retail industry, with an established brand – ASL is among the leading players in the organised Indian F&G retail industry, offering a wide range of products across foods, non-foods [fast-moving consumer goods (FMCG)] and general merchandise and apparel categories and is operating retail stores under an established brand, DMart. Mr. Radha Kishan Damani, along with his family members, launched ASL's first supermarket store in Mumbai, Maharashtra in 2002. Over the years, the company's store network has grown significantly to 500 stores as on March 31,2026.

Strong operating model, healthy return indicators – The company's strategy is to offer its customers good quality products at great value, based on the EDLC/EDLP principle. Coupled with its large supply chain network and strong procurement abilities, this has led to competitive pricing, translating into healthy footfall and steady gross margins. Its strong market position and operating efficiency are further evident from its increasing revenue per sq. ft. which reached Rs. 33,896 in FY2025 from Rs. 27,306 in FY2021, high inventory turnover and steady SSSG of 7-9%, despite regular store and retail space addition. ASL has witnessed healthy growth in its revenues over the last few years, and its operating income stood at Rs. 59,358 crore in FY2025, growing by 17% compared to FY2024. The revenues increased further by 15% on a YoY basis in 9M FY2026 to Rs.51,136.9 crore. This was driven by store additions, along with expansion in e-commerce through its platform, D-Mart Ready. ASL's gross margins remained steady at around 15%, which coupled with the company-owned store platform (leading to reduced rental expenses), kept the OPM resilient in the range of 7-8% during the last five years. The return on capital employed (RoCE) also stayed healthy in the range of 19-22% during the FY2023-FY2025 period, supported by its efficient working capital cycle management.

Robust financial risk profile, strong liquidity position – ASL's financial risk profile remains robust, driven by its strong cash flows and healthy net worth position, along with limited reliance on external debt. The net worth position of the company remained strong at Rs. 22,889.6 crore as on September 30, 2025 (at the consolidated level), led by healthy accretion to reserves. Against this, it had total debt of Rs. 1,609.2 crore (comprising lease liabilities of Rs. 1,344.2 crore and working capital debt of Rs. 265 crore) as on September 30, 2025. The external debt stood at Rs. 965.3 crore as on March 31,2026. With limited reliance on external debt, the capital structure and debt coverage indicators of ASL have remained strong. The gearing of the company stood healthy at 0.01 times as on March 31, 2025 with total outside liabilities/tangible net worth of 0.1 times, which stayed stable over the FY2019 to FY2025 period. Moreover, the coverage indicators also remained robust with total debt vis-a-vis OPBDITA and interest cover of 0.2 times and 64.7 times, respectively, in FY2025. Furthermore, interest coverage stood at 39.3 crore in 9M FY2026. ICRA expects ASL's financial risk profile to remain healthy going forward. The liquidity position continues to be strong, underpinned by large cash flows, sizeable free cash and bank balance and liquid investments and unutilised bank limits.

Credit challenges

Exposure to intense competition – The organised F&G space faces intense competition from unorganised players, particularly from brick-and-mortar kirana/local stores along with growing competitiveness from the online players such as Blinkit, Big Basket and Zepto, among others where DMart has limited presence. ICRA notes that the company's venture in the e-commerce segment is currently loss-making, necessitating regular funding support. Nonetheless, ASL's calibrated expansion approach in this business to reduce the cash burn help mitigate the concern to some extent.

Environmental and Social Risks

Environmental considerations: ASL has low exposure to environmental risks. The sector, however, faces physical climate risk, which can result in store disruptions and supply chain risk. However, the company's diversified store portfolio mitigates the risk to some extent.

Social considerations: Increasing usage of customer data following growing penetration of e-commerce poses data privacy and legal risks for retail entities. Being a manpower-intensive segment, entities such as ASL are exposed to the risks of business disruption due to inability to properly manage human capital in terms of their safety and overall well-being. As a retailer, the company is also subject to social factors such as responsible sourcing, product and supply chain sustainability, given the high reliance on external suppliers.

Liquidity position: Strong

The liquidity profile of ASL is expected to remain Strong, backed by healthy cash flows, in addition to the unencumbered cash and bank balance and liquid investments of Rs. 189 crore as on September 30, 2025. The company's capex for store addition is anticipated to be comfortably funded from internal sources, given robust cash flow from operations. ICRA estimates capital expenditure (capex) requirement of Rs. 3,000-3,300 crore each in the next two years, against which the cash flows from operations are expected to be Rs. 3,800-4,000 crore per annum. Moreover, the company's average utilisation of its working capital limits of Rs. 1,260 crore (of which Rs. 105 crore is not allotted to any particular bank and can be availed from any of the banks in consortium) remains around 40% during 9M FY2026, with an unutilised amount of around Rs. 300 crore as on March 31, 2026, which further provides liquidity buffer. The working capital limit includes overdrafts against fixed deposits of Rs. 440 crore and an unsecured facility of Rs. 250 crore, which ease the drawing power requirements. The company does not have any long-term debt repayment obligations.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Any significant and sustained weakening in the company's revenues and profitability, caused by emergence of significant competition from brick-and-mortar channels or online platforms, demand slowdown or prolonged underperformance of newly added stores, may trigger a rating downgrade. Besides, any large capex or investment outlay, leading to weakening of its liquidity position and credit metrics on a sustained basis, could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has considered the consolidated financials of ASL. As on December 31, 2025, the company had five subsidiaries.

About the company

Avenue Supermarts Limited (ASL) is engaged in the organised F&G retail business in India through its DMart chain of stores. The company was incorporated in 2000. In 2002, Mr. Radha Kishan Damani along with his family members launched its first supermarket store under the name, DMart, in Mumbai, Maharashtra with the objective of providing a one-stop shopping experience for customers' everyday shopping needs through competitive pricing and an appropriate product assortment. It offers customers a wide range of products across foods, non-foods (FMCG) and general merchandise and apparel product categories. The total store count stood at 500 as on March 31, 2026.

Key financial indicators (audited)

Avenue Supermarts Limited (consolidated)	FY2024	FY2025	9M FY2026*
Operating income (OI)	50,788.8	59,358.1	51,136.9
PAT	2,535.6	2,707.5	2,313.4
OPBDIT/OI	8.1%	7.6%	7.8%
PAT/OI	5.0%	4.6%	4.5%
Total outside liabilities/Tangible net worth (times)	0.1	0.1	-
Total debt/OPBDIT (times)	0.1	0.2	-
Interest coverage (times)	70.6	64.7	39.3

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Unaudited; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	April 30, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial paper programme	Short term	800.0	[ICRA]A1+	Sept 10, 2025	[ICRA]A1+	-	-	-	-
				Jan 05, 2026	[ICRA]A1+	-	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI

Sr. No.	Instrument	FSR
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.
(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Commercial paper programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA*	**Commercial paper programme**	NA	NA	NA	800.0	[ICRA]A1+

*Source: Company *Proposed to be listed; yet to be placed*

Annexure III: List of entities considered for consolidated analysis

Company name	ASL ownership	Consolidation approach
Align Retail Trades Private Limited	100.00%	Full consolidation
Avenue Food Plaza Private Limited	100.00%	Full consolidation
Avenue Ecommerce Limited	99.74%	Full consolidation
Nahar Seth & Jogani Developers Private Limited	90.00%	Full consolidation
Reflect Healthcare and Retail Private Limited	100.00%	Full consolidation

Source: ASL quarterly results 9M FY2026

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