

**CMP: INR 432**

**Rating: Accumulate**

**Target Price: INR 486**

**Stock Info**

BSE	541403
NSE	DOLLAR
Bloomberg	DOLLAR IN
Reuters	DOLL.NS
Sector	Textile
Face Value (INR)	2
Equity Capital (INR Cr)	11
Mkt Cap (INR Cr)	2,456
52w H/L (INR)	660/ 380
Avg Daily Vol (in 000')	125

**Shareholding Pattern %**

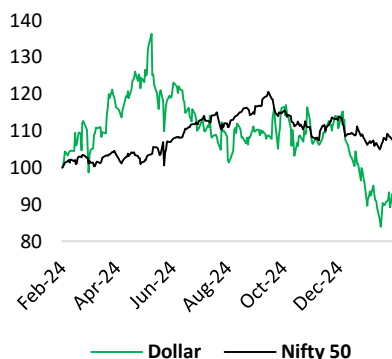
**(As on Dec 2024)**

Promoters	72.21
FII	2.01
DII	0.95
Public & Others	24.83

**Stock Performance (%)** 1m 3m 12m

Dollar Industries	2.7	(14.3)	(7.9)
Nifty 50	(0.2)	(2.2)	5.9

**DIL Vs Nifty 50**



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Dollar delivered an impressive performance, largely in line with estimates. Good time to add alongside Rupa. Revenue INR 380 Cr (+15% YoY, -15% QoQ), marginally missing our estimate of INR 390 Cr. EBITDA INR 42 Cr (+27% YoY, -15% QoQ), meeting our estimate of INR 42 Cr. EBITDA Margin 10.9% vs 9.85% in Q3FY24 and 10.94% in Q2FY25, beating our estimate of 10.8% PAT INR 20 Cr (+13% YoY, -25% QoQ), marginally missing our estimate of INR 22 Cr. Volume grew by 8.2% YoY in Q3FY25.

**Modern channels and premium wear:** MT and e-commerce revenue grew by 34.9% YoY in Q3 and 55.2% in 9M, contributing 8.9% to revenue. In Q3, Force NXT YoY grew 13.8% YoY in value and 23.3% in volume. Thermals grew 20.8% YoY, reaching INR 10 Cr in 9M FY25. In quick commerce, though they are engaging with several platforms, contribution remains minimal, but potential growth is anticipated.

**Success of Project Lakshya:** There was an increase in the contribution of Lakshya Distributors from 26.3% in FY24 to 30.7% in 9MFY25. The number of Lakshya Distributors increased from 290 as FY24 to 315 as on 9MFY25. The goal of 65-70% revenue contribution by FY26 remains intact.

**Guidance:** The company aims for 12-13% revenue growth for FY25 with an 11% EBITDA Margin and INR 2,000 crores in revenue by FY26 with a margin of 13-14%. Concerns include increased working capital days and competition in the economy segment. They also aim to be debt-free by FY27. The target reduction in WC days is to 140-145 by FY26 and 135 by FY27. The management anticipates reducing inventory days to 95-97 by FY26. The Southern regions contribution is expected to increase to 13-15% in 2-3 years.

**Valuation & Outlook:** There are concerns regarding increased NWC days from 155 to 171 due to inventory build ups, however, that is temporary for the quarter. They company is doing well by its geographic expansion across Madhya Pradesh, Himachal Pradesh, and Jharkhand. The Southern region's contribution to income grew to 8.3% after onboarding actor Mahesh Babu as the brand ambassador. There are also ongoing challenges in the economy segment, but the company has circumvented them by necessitating focus on premiumization and new product launches. We assign a TP of INR 486 valued at a P/E multiple of 25x the FY26E EPS of INR 20, yielding an upside of 13%, and an 'ACCUMULATE' rating.

INR Cr	FY23	FY24	FY25E	FY26E
Revenue	1,394	1,572	1,594	1,797
YoY growth (%)	3.2	12.8	1.4	12.8
Operating profit	98	159	167	207
OPM (%)	7.0	10.1	10.5	11.5
Reported PAT	53	91	82	110
YoY growth (%)	(64.1)	72.1	(10.4)	34.8
EPS (Rs)	9.4	16.1	14.4	19.5
P/E (x)	46.1	26.8	29.9	22.2
Price/Book (x)	3.5	3.1	2.9	2.6
EV/EBITDA (x)	27.0	17.6	15.2	12.0
Debt/Equity (x)	0.3	0.4	0.4	0.3
RoE (%)	7.5	12.3	10.1	12.4

Source: Arihant Research, Company Filings

INR Cr (Consolidated)	Q3FY25	Q2FY25	Q3FY24	Q-o-Q	Y-o-Y
<b>Net Revenue</b>	<b>381</b>	<b>447</b>	<b>332</b>	<b>-14.80%</b>	<b>14.83%</b>
Raw Material Costs	163	207	136	-20.99%	19.71%
Gross Profit	217	240	195	-9.47%	11.42%
<i>Gross Margin</i>	<i>57.11%</i>	<i>53.75%</i>	<i>58.86%</i>	<i>336bps</i>	<i>-175bps</i>
Employee costs	27	26	22	1.37%	19.95%
Other Expenses	149	165	140	-9.51%	6.33%
<b>EBITDA</b>	<b>42</b>	<b>49</b>	<b>33</b>	<b>-15.13%</b>	<b>27.55%</b>
<i>EBITDA margin %</i>	<i>10.93%</i>	<i>10.97%</i>	<i>9.84%</i>	<i>-4bps</i>	<i>109bps</i>
Other Income	2	1	1	50.67%	40.61%
Depreciation	9	9	6	5.01%	53.06%
<b>EBIT</b>	<b>34</b>	<b>41</b>	<b>28</b>	<b>-17.70%</b>	<b>22.44%</b>
Finance costs	7	7	5	2.96%	51%
Share of equity	1	0	-0	103.09%	-540%
<b>PBT</b>	<b>27</b>	<b>34</b>	<b>23</b>	<b>-21.04%</b>	<b>19.46%</b>
Tax Expense	7	8	5	-8.27%	45%
<i>Effective tax rate %</i>	<i>26.37%</i>	<i>22.70%</i>	<i>21.67%</i>	<i>367bps</i>	<i>469bps</i>
<b>PAT</b>	<b>20</b>	<b>27</b>	<b>18</b>	<b>-24.78%</b>	<b>12.30%</b>
<i>PAT margin %</i>	<i>5.22%</i>	<i>5.92%</i>	<i>5.34%</i>	<i>-70bps</i>	<i>-12bps</i>
<b>Basic EPS (INR)</b>	<b>3.52</b>	<b>4.67</b>	<b>3.12</b>	<b>-24.63%</b>	<b>12.82%</b>

Source: Arihant Research, Company Filings

**Joint Venture (Pepe Inner Fashion):** Revenue doubled in 9MFY25 to INR 26 cr, with strong profitability and an EBITDA of INR 5 cr.

**Deferred QIP:** Fundraising plans have been deferred due to market condition being unsuitable for shareholder value.

**Renewables:** Power generation capacity rose to 8 MW as of December 2024, a 2 MW increase in H1FY25.

**Brand Wise Contribution:** Dollar Always 39%, Dollar Man 38%, Dollar Woman 8%, Dollar Thermals 9%, Force NXT (Force Gowear and Pepe included) 4%, Dollar Protect (rain wear) 2%, Dollar Junior (0.1%).

Income statement (INR cr)	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>1,394</b>	<b>1,572</b>	<b>1,594</b>	<b>1,797</b>
Net Raw Materials	981	1066	991	1123
Advt & Promotion	223	341	306	350
Employee Cost	77	89	91	108
Other Expenses	238	258	344	359
<b>EBITDA</b>	<b>98</b>	<b>159</b>	<b>167</b>	<b>207</b>
<b>EBITDA %</b>	<b>7.0</b>	<b>10.1</b>	<b>10.5</b>	<b>11.5</b>
Depreciation	(18)	(21)	(34)	(37)
Interest expense	(14)	(18)	(28)	(27)
Other income	5	4	5	6
Share of profits associate & JV	(6)	(2)	(2)	(2)
<b>Profit before tax</b>	<b>66</b>	<b>122</b>	<b>109</b>	<b>147</b>
Taxes	(13)	(30)	(27)	(37)
<b>Reported Net profit</b>	<b>52</b>	<b>91</b>	<b>82</b>	<b>110</b>
<b>EPS</b>	<b>9.1</b>	<b>16.1</b>	<b>14.4</b>	<b>19.5</b>
Balance sheet Consolidated (INR cr)	FY23	FY24	FY25E	FY26E
Equity capital	11	11	11	11
Reserves	696	770	835	928
<b>Net worth</b>	<b>707</b>	<b>781</b>	<b>846</b>	<b>939</b>
Debt	201	349	319	289
Other non-current liabilities	11	12	12	12
<b>Total Liabilities</b>	<b>920</b>	<b>1,146</b>	<b>1,181</b>	<b>1,244</b>
Fixed assets	83	212	143	134
Capital Work In Progress	88	17	28	31
Other non current assets	45	49	13	15
<b>Net working capital</b>	<b>698</b>	<b>860</b>	<b>771</b>	<b>796</b>
Inventories	358	487	413	437
Sundry debtors	428	493	487	524
Loans & Advances	0	69	18	20
Other current assets	65	81	84	95
Sundry creditors	(138)	(182)	(198)	(243)
Other current liabilities & Provisions	(16)	(88)	(33)	(37)
Cash	1	2	218	260
Other Financial Assets	5	3	4	5
<b>Total Assets</b>	<b>920</b>	<b>1,146</b>	<b>1,181</b>	<b>1,244</b>
Cashflow Consolidated (INR cr)	FY23	FY24	FY25E	FY26E
Profit before tax	66	122	109	147
Depreciation	18	21	34	37
Tax paid	(13)	(30)	(27)	(37)
Working capital Δ	43	(162)	89	(25)
<b>Operating cashflow</b>	<b>113</b>	<b>(49)</b>	<b>204</b>	<b>123</b>
Capital expenditure	(55)	(79)	24	(31)
<b>Free cash flow</b>	<b>58</b>	<b>(128)</b>	<b>228</b>	<b>92</b>
Equity raised	(7)	(0)	-	-
Others	(12)	(5)	34	(2)
Debt financing/disposal	(36)	148	(30)	(30)
Dividends paid	(10)	(17)	(17)	(17)
Other items	8	4	-	-
<b>Net Δ in cash</b>	<b>1</b>	<b>1</b>	<b>215</b>	<b>42</b>
<b>Opening Cash Flow</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>218</b>
<b>Closing Cash Flow</b>	<b>1</b>	<b>2</b>	<b>218</b>	<b>260</b>

Source: Arihant Research, Company Filings

Ratios	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>				
Revenue growth	3.2	12.8	1.4	12.8
Operating profit growth	(55.3)	61.5	5.5	23.5
Net profit growth	(64.3)	74.2	(10.4)	34.8
<b>Profitability ratios (%)</b>				
RoCE	7.5	10.4	9.1	11.0
RoNW	7.5	12.3	10.1	12.4
RoA	5.6	8.0	6.9	8.9
<b>Per share ratios</b>				
Dividend per share	1.7	3.0	3.0	3.0
Book value per share	124.7	137.7	149.2	165.6
<b>Valuation ratios</b>				
P/E	46.1	26.8	29.9	22.2
P/CEPS	35.0	21.8	21.2	16.6
P/B	3.5	3.1	2.9	2.6
EV/EBIDTA	27.0	17.6	15.2	12.0
<b>Payout (%)</b>				
Dividend payout	18.4	18.6	20.8	15.4
Tax payout	20.1	24.9	25.0	25.0
<b>Liquidity ratios</b>				
Debtor days	110.6	112.9	110.0	105.0
Inventory days	131.3	164.3	150.0	140.0
Creditor days	38.2	46.4	50.0	55.0
<b>Leverage ratios</b>				
Interest coverage	6.0	7.7	4.9	6.4
Net debt / equity	0.3	0.4	0.1	0.0
Net debt / op. profit	2.0	2.2	0.6	0.1
<b>Du-Pont Analysis</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>
Tax burden (x)	0.8	0.8	0.8	0.8
Interest burden (x)	0.8	0.9	0.8	0.8
EBIT margin (x)	0.1	0.1	0.1	0.1
Asset turnover (x)	1.3	1.4	1.2	1.3
Financial leverage (x)	1.5	1.6	1.6	1.6
<b>RoE (%)</b>	<b>7.6</b>	<b>12.3</b>	<b>10.1</b>	<b>12.4</b>

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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