

CMP: INR 403

Rating: BUY

Target Price: INR 580

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)	2,287
52w H/L (INR)	660/ 350
Avg Daily Vol (in 000')	103

Shareholding Pattern %

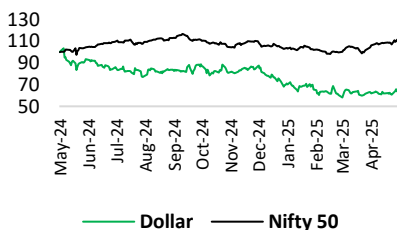
(As on Mar 2025)

Promoters	72.21
FII	1.86
DII	0.00
Public & Others	25.93

Stock Performance (%)

	1m	6m	12m
Dollar Industries	2.43	(21.2)	(37.5)
Nifty 50	3.71	6.68	11.1

DIL Vs Nifty 50



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Dollar Industries Limited posted a solid performance in Q4 FY25, aligning closely with expectations. Q4 revenue reached INR 549.13 Cr (+9.8% YoY, +44.2% QoQ), slightly below our estimate of INR 565 Cr. EBITDA stood at INR 56.52 Cr (Flat YoY, +34.6% QoQ), missing our estimate of INR 65 Cr, with an EBITDA margin of 10.3% versus 9.5% in Q4 FY24 and 9.8% in Q3 FY25, meeting our estimate of 10.3%. PAT was INR 29.25 Cr (-10.55% YoY, +47.6% QoQ), missing our estimate of INR 39Cr. FY25 volume grew by 4.6% YoY, driven by premium segments like Dollar Protect (+40.3% YoY) and Force NXT (+13.4% YoY). Strong modern trade and e-commerce growth (63% YoY value) and optimism for 11-12% volume growth in FY26.

Modern Trade and E-commerce Channels: MT and e-com revenues grew 63% YoY in value and 67% in volume. These channels contributed 8.2% to total revenue, up 274 bps YoY, with quick commerce playing a key enabling role. Expansion across these platforms supported SKU growth and ASP improvement. Regionally, North India accounted for 47% of revenue, followed by East (24%), West (21%), and South (8%). South India remains a key focus area.

Pepe JV Turned Profitable; New Category Expansion Underway: The Pepe Inner Fashion JV reported a PAT of INR 5 crore in FY25, reversing an INR 5 crore loss in FY24. Revenue rose to INR 34 crore, supported by a strategic shift toward e-commerce and modern retail channels. The company plans to expand the product portfolio under this JV in FY26. Dollar also initiated market testing for kidswear from 0–3 years in Punjab, Haryana, and Rajasthan, with a commercial rollout planned for FY26. The company will appoint dedicated distributors for this category and expects incremental revenue contribution starting in H2FY26.

Valuation & Outlook: We are expecting 11–12% volume growth with an EBITDA margin of 12–13%, supported by premiumization, cost control, and stable raw material costs. Advertising spend will be limited to ~INR 90 crore (5–5.5% of revenue). with the expectation of a 50–100 bps gross margin improvement and aims to reduce net working capital by 10–12 days, targeting 125–130 days within two years. Inventory days will improve to 95–100, and debtor days to 80–85. Minimal capex is planned to achieve net debt-free status by FY27–28. We maintain TP of INR 580 valued at a P/E multiple of 20x the FY27E EPS of INR 29, yielding an upside of 44%, and upgrade to a 'BUY' rating.

INR Cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,394	1,572	1,710	1,928	2,168
YoY growth (%)	3.2	12.8	8.8	12.7	12.4
EBITDA	98	159	183	238	285
EBITDA Margin%	7.0	10.1	10.7	12.4	13.1
Reported PAT	53	91	92	133	165
YoY growth (%)	(64.1)	72.1	0.9	43.8	24.5
EPS (Rs)	9.4	16.1	16.3	23.4	29.1
P/E (x)	42.9	25.0	24.7	17.2	13.8
Price/Book (x)	3.2	2.9	2.7	2.3	2.0
EV/EBITDA (x)	25.2	16.6	14.5	9.6	7.8
Debt/Equity (x)	0.3	0.4	0.4	0.4	0.3
RoE (%)	7.5	12.3	11.3	14.5	15.8

Source: Arihant Research, Company Filings

INR Cr (Consolidated)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Net Revenue	549	381	500	44.23%	9.83%
Raw Material Costs	282	163	244	72.78%	15.60%
Gross Profit	267	217	256	22.79%	4.33%
<i>Gross Margin</i>	48.62%	57.11%	51.19%	-849bps	-256bps
Employee costs	26	27	24	-0.62%	11.30%
Other Expenses	81	67	72	19.60%	11.52%
EBITDA	57	42	57	35.81%	-1.12%
<i>EBITDA margin %</i>	10.29%	10.93%	11.43%	-64bps	-114bps
Other Income	2	2	2	3.58%	-13.86%
Depreciation	11	9	7	13.01%	60.59%
EBIT	48	34	53	40.53%	-9.43%
Finance costs	7	7	6	-5.55%	10.93%
Share of equity	0.3323	1	-1	-40.44%	-166.06%
PBT	41.0146	27	46	51.37%	-10.49%
Tax Expense	11	7	13	56.26%	-11.96%
<i>Effective tax rate %</i>	27%	26%	28%	85bps	-45bps
PAT	29.8510	20	33	49.62%	-9.93%
<i>PAT margin %</i>	5.44%	5.24%	6.63%	20bps	-119bps
Basic EPS (INR)	5.26	3.52	5.84	49.62%	-9.93%

Source: Arihant Research, Company Filings

Lakshya Project Continued to Scale with Improved Metrics: Project Lakshya gained momentum with revenue contribution rising from 26% in FY24 to 30% in FY25. The distributor base expanded from 290 to 317. Management remains committed to achieving a 65–70% contribution by FY26. Lakshya distributors demonstrated higher growth and superior credit metrics compared to non-Lakshya partners. The project also enabled deeper data visibility, improved market coverage, and optimized dealer engagement. The company currently services ~78,000 active retailers and plans to accelerate digital targeting and outreach in FY26.

Revenue contributions: Premium segments, including Force NXT, Dollar Protect, and Thermals, delivered strong volume growth of 13.4%, 40.3%, and 21%, respectively, with premium and high-margin products contributing 29% to overall revenue. Brand-wise, Dollar Always and Dollar Man (Big Boss) each contributed 39%, Dollar Woman (Missy) 8%, Thermals 6%, Force NXT 4.2%, Dollar Protect (rainwear) 2%, and Socks and others the remaining 2%.

Renewables: Power generation capacity remained at 8 MW as of FY25, with no new capacity additions reported in Q4.

EBOs: Plans to open 7-10 EBOs in FY26, using a mix of FOFO and FICO models. New stores are planned in Telangana and Karnataka, with a focus on high-street locations (~1,000 sq. ft.).

Income statement (INR cr)	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,394	1,572	1,710	1,928	2,168
Net Raw Materials	981	1066	1143	1269	1427
Advt & Promotion	223	341	357	402	451
Employee Cost	77	89	102	112	130
Other Expenses	238	258	283	309	326
EBITDA	98	159	183	238	285
EBITDA %	7.0	10.1	10.7	12.4	13.1
Depreciation	(18)	(21)	(38)	(40)	(41)
Interest expense	(14)	(18)	(28)	(30)	(32)
Other income	5	4	5	6	7
Share of profits associate & JV	(6)	(2)	2	2	3
Profit before tax	66	122	124	177	221
Taxes	(13)	(30)	(32)	(44)	(56)
Reported Net profit	52	91	92	133	165
EPS	9.1	16.1	16.3	23.4	29.1
Balance sheet Consolidated (INR cr)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	11	11	11	11	11
Reserves	696	770	845	960	1,102
Net worth	707	781	856	971	1,114
Debt	201	349	374	344	314
Other non-current liabilities	11	12	10	10	10
Total Liabilities	920	1,145	1,244	1,329	1,443
Fixed assets	83	212	258	100	59
Capital Work In Progress	88	17	1	1	1
Other non current assets	45	49	31	0	0
Net working capital	698	859	949	892	1,005
Inventories	358	487	544	494	555
Sundry debtors	428	493	559	562	632
Loans & Advances	0	0	0	0	0
Other current assets	65	81	77	102	114
Sundry creditors	(138)	(182)	(208)	(258)	(288)
Other current liabilities & Provisions	(16)	(20)	(24)	(8)	(9)
Cash	1	2	0	331	371
Other Financial Assets	5	3	4	5	6
Total Assets	920	1,145	1,244	1,329	1,445
Cashflow Consolidated (INR cr)	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	66	122	124	177	221
Depreciation	18	21	38	40	41
Tax paid	(13)	(30)	(32)	(44)	(56)
Working capital Δ	43	(161)	(90)	57	(113)
Operating cashflow	113	(48)	40	229	93
Capital expenditure	(55)	(79)	(68)	119	-0.6313
Free cash flow	58	(127)	(29)	348	92
Equity raised	(7)	(0)	(0)	-	(24)
Others	(12)	(5)	20	29	(2)
Debt financing/disposal	(36)	148	25	(30)	(29)
Dividends paid	(10)	(17)	(17)	(17)	-
Other items	8	3	(0)	-	1
Net Δ in cash	1	1	(2)	330	41
Opening Cash Flow	1	1	2	0	331
Closing Cash Flow	1	2	0	331	371

Source: Arihant Research, Company Filings

Ratios	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	3.2	12.8	8.8	12.7	12.4
Operating profit growth	(55.3)	61.5	15.1	30.5	19.4
Net profit growth	(64.3)	74.2	0.9	43.8	24.5
Profitability ratios (%)					
RoCE	7.5	10.4	9.5	12.1	13.7
RoNW	7.5	12.3	11.3	14.5	15.8
RoA	5.6	8.0	7.4	10.0	11.4
Per share ratios					
Dividend per share	1.7	3.0	3.0	3.0	-
Book value per share	124.7	137.7	150.9	171.3	196.2
Valuation ratios					
P/E	42.9	25.0	24.7	17.2	13.8
P/CEPS	32.5	20.2	17.6	13.2	11.1
P/B	3.2	2.9	2.7	2.3	2.0
EV/EBIDTA	25.2	16.6	14.5	9.6	7.8
Payout (%)					
Dividend payout	18.4	18.6	18.5	12.8	-
Tax payout	20.1	24.9	25.5	25.0	25.5
Liquidity ratios					
Debtor days	110.6	112.9	117.7	105.0	-
Inventory days	131.3	164.3	171.4	140.0	-
Creditor days	38.2	46.4	49.1	55.0	-
Leverage ratios					
Interest coverage	6.0	7.7	5.3	6.8	7.8
Net debt / equity	0.3	0.4	0.4	0.0	(0.1)
Net debt / op. profit	2.0	2.2	2.0	0.1	(0.2)
Du-Pont Analysis	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.8	0.8	0.7	0.8	0.7
Interest burden (x)	0.8	0.9	0.8	0.9	0.9
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1
Asset turnover (x)	1.3	1.4	1.3	1.3	1.3
Financial leverage (x)	1.5	1.6	1.7	1.7	1.6
RoE (%)	7.6	12.3	11.3	14.5	15.8

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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