Arihant Capital
Generating Wealth

Q4FY26 Result Update
26th May 2026

Dollar Industries Ltd

CMP: INR 273

Rating: BUY

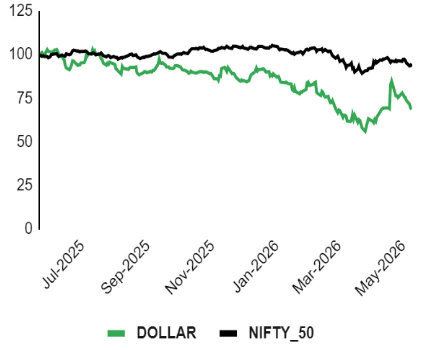
Target Price: INR 570

Stock Info	
BSE	541403
NSE	DOLLAR
Bloomberg	DOLLAR IN
Reuters	DOLL.NS
Sector	Textile
Face Value (INR)	2
Equity Capital (INR Cr)	11.34
Mkt Cap (INR Cr)	1,548
52w H/L (INR)	430/221
Avg Daily Vol (in 000')	149

Shareholding Pattern % *(As on Mar 2026)*	
Promoters	72.48
FII	4.98
DII	0.97
Public & Others	21.57

Stock Performance (%)	1m	3m	12m
Dollar Industries	(13)	(23.3)	(31.6)
Nifty 50	(0.25)	(7.16)	(3.88)

DIL Vs Nifty 50



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Dollar Industries reported a strong performance in Q4FY26, with revenue from operations growing 13.19% YoY and 60.01% QoQ to INR 621.55 Cr. EBITDA increased 2.04% YoY and 48.53% QoQ to INR 57.67 Cr, while EBITDA margin stood at 9.28%. PAT rose sharply by 10.57% YoY and 88.31% QoQ to INR 33.01 Cr, supported by strong operating leverage and lower finance costs. EPS for the quarter came in at INR 5.74 compared to INR 5.16 in Q4FY25. This growth was fundamentally supported by a healthy 9.8% full-year volume expansion, which showed significant momentum toward the end of the year with Q4 volume growth accelerating to 12%.

Successful Omni-channel Pivot and Digital Traction: The company is successfully adapting to evolving retail formats, with non-traditional channels (modern trade, e-commerce, and quick commerce) recording a 24.2% YoY growth. Most notably, the quick commerce segment delivered an exceptional 437% revenue surge, increasing its revenue contribution from 0.5% to 2.5% within a single fiscal year.

Premiumization and Brand Up-laddering Momentum: While the economy segment remains a core pillar, there is significant traction in high-margin, super-premium categories. The Force NXT brand delivered a 26.2% volume expansion for the full year, and the specialized Dollar Protect segment saw a 49.9% volume surge in Q4. This shift indicates a successful strategy in capturing the "second skin" consumer shift toward differentiated products.

Valuation & Outlook: The company maintains a constructive outlook for FY27, targeting double-digit growth in both volume and value, supported by a robust 12% volume exit rate in Q4 FY26. While margins faced temporary pressure from a higher mix of economy products and volatile raw material costs, the proactive execution of 4% to 6% price hikes in early FY27, combined with stabilizing yarn prices, is expected to drive EBITDA margins back toward double-digit levels. The company is strategically pivoting toward high-growth avenues, leveraging a 24.2% expansion in non-traditional channels led by a massive 437% surge in quick commerce and initiating Phase 2 of Project Lakshya to deepen retail penetration in stronghold markets. Furthermore, the firm's commitment to a debt-free balance sheet by April 2028, fueled by high-quality operating cash flows representing 70% of EBITDA, provides the financial flexibility to accelerate its growth trajectory while navigating competitive dynamics and sector formalization. We maintain TP of INR 570 valued at a P/E multiple of 17x the FY29E EPS of INR 33.6, yielding an upside of 45%, and upgrade to a 'BUY' rating.

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Revenue	1,710	1,881	2,091	2,340	2,635
YoY growth (%)	8.8	10.0	11.2	11.9	12.6
EBITDA	183	200	228	262	308
EBITDA Margin%)	10.7	10.6	10.9	11.2	11.7
Reported PAT	92	107	130	157	190
YoY growth (%)	0.9	16.1	21.1	21.3	20.9
EPS (Rs)	16.3	18.9	22.9	27.7	33.6
P/E (x)	16.2	14.0	11.5	9.5	7.9
Price/Book (x)	1.7	1.6	1.4	1.2	1.1
EV/EBITDA (x)	10.2	9.1	7.7	6.4	5.1
Debt/Equity (x)	0.4	0.3	0.2	0.1	0.1
RoE (%)	11.3	11.9	12.9	13.9	14.8

Source: Arihant Research, Company Filings

INR Cr (consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Revenue from Operations	**621.55**	**388.43**	**549.13**	***60.01%***	***13.19%***
Raw Material Cost	355.01	159.04	282.14	*123.22%*	*25.83%*
Gross Profit	266.54	229.39	266.99	*16.19%*	*-0.17%*
Gross Margin	42.88%	59.06%	48.62%	*-1617bps*	*-574bps*
Sub - Contract Expenses	92.12	87.67	103.59	*5.08%*	*-11.08%*
Employee cost	31.38	28.24	26.36	*11.12%*	*19.04%*
Other Expenses	85.37	74.66	80.52	*14.35%*	*6.02%*
EBITDA	**57.67**	**38.83**	**56.52**	***48.53%***	***2.04%***
EBITDA margin %	*9.28%*	*10.00%*	*10.29%*	*-72bps*	*-101bps*
Other Income	1.21	0.90	1.79	*35.04%*	*-32.03%*
Depreciation	10.84	9.48	10.68	*14.36%*	*1.47%*
EBIT	**48.05**	**30.25**	**47.63**	***58.83%***	***0.89%***
Finance cost	5.78	6.10	6.94	*-5.30%*	*-16.79%*
Profit/ Loss on equity investment	0.32	0.81	0.33	*-60.22%*	*-3.07%*
PBT	**42.59**	**24.96**	**41.01**	***70.64%***	***3.85%***
Tax Expense	9.59	7.43	11.16	*28.99%*	*-14.13%*
Effective tax rate %	23%	30%	27%	*-727bps*	*-471bps*
PAT	**33.01**	**17.53**	**29.85**	***88.31%***	***10.57%***
PAT margin %	*5.31%*	*4.51%*	*5.44%*	*80bps*	*-13bps*
EPS (INR)	**5.74**	**3.24**	**5.16**	***77.16%***	***11.24%***

Strategic Pricing Power and Margin Resilience: The company has demonstrated the ability to protect margins despite volatility in raw material costs. To offset elevated cotton and yarn prices, the company implemented a calibrated price hike of 4% to 6% in early FY27. With yarn prices currently stabilizing, these hikes are expected to drive EBITDA margins back toward double-digit levels in the coming fiscal.

Distribution Deepening via Project Lakshya Phase 2: The transition to Phase 2 of Project Lakshya serves as a key catalyst for market share gains. While Phase 1 focused on groundwork, the pilot for Phase 2 is specifically designed to deepen presence in stronghold states by increasing the number of active retailers and implementing tailored strategies to penetrate non-dominant territories.

Disciplined Capital Allocation and Deleveraging Roadmap: The company maintains a high-quality earnings profile, with operating cash flows of INR 139 crores representing 70% of operating EBITDA. With no major near-term CAPEX commitments, the company has committed to a clear deleveraging path, aiming to reduce total debt to zero by April 2028.

Improving Working Capital Efficiency: The company is systematically optimizing its balance sheet, successfully reducing its cash conversion cycle from 160 days in FY25 to 154 days in FY26. The company has set a further reduction target of 5 to 7 days for FY27, primarily driven by more efficient receivable management.

High-Growth Strategic Alliances (Pepe Jeans JV): The strategic partnership with Pepe Jeans (Pepe Inner Fashion) is yielding high-margin results. The JV generated INR 49 crores in revenue (up 45% YoY) with a healthy 10% PAT margin. This partnership allows Dollar to leverage premium D2C and modern retail channels without the heavy overhead of traditional trade distribution.

Capturing Sector Formalization in Tier 2/3 Markets: The company is a primary beneficiary of the shift from unorganized to organized players in rural and semi-urban markets. The economy segment's contribution rose to 41.5% in FY26, driven by consumers in Tier 2 and 3 cities who are increasingly aspiring for branded products over local alternatives.

Income statement summary

Income statement (INR cr)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	**1,710**	**1,881**	**2,091**	**2,340**	**2,635**
Net Raw Materials	1143	1259	1395	1556	1742
Advt & Promotion	357	371	412	461	519
Employee Cost	102	117	130	143	158
Other Expenses	283	305	339	379	427
EBITDA	**183**	**200**	**228**	**262**	**308**
EBITDA %	**10.7**	**10.6**	**10.9**	**11.2**	**11.7**
Depreciation	(38)	(40)	(41)	(42)	(43)
Interest expense	(28)	(24)	(16)	(9)	(5)
Other income	5	4	4	4	4
Share of profits associate & JV	2	2	-	-	-
Profit before tax	**124**	**142**	**175**	**216**	**264**
Taxes	(32)	(35)	(46)	(58)	(74)
Reported Net profit	**92**	**107**	**130**	**157**	**190**
EPS	**16.3**	**18.9**	**22.9**	**27.7**	**33.6**

Balance sheet summary

Balance sheet Consolidated (INR cr)	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	11	11	11	11	11
Reserves	845	937	1,049	1,187	1,358
Net worth	**856**	**949**	**1,060.3**	**1,199**	**1,369**
Minority Interest	4	6	6	6	6
Debt	374	328	228	128	78
Other non-current liabilities	10	10	10	10	10
Total Liabilities	**1,244**	**1,292**	**1,304.0**	**1,342**	**1,463**
Fixed assets	258	253	222	190	157
Capital Work In Progress	1	6	6	6	6
Other non-current assets	31	45	45	45	45
Net working capital	**949**	**973**	**1,048**	**1,138**	**1,243**
Inventories	544	507	573	628	686
Sundry debtors	559	628	642	692	758
Loans & Advances	0	2	0	0	0
Other current assets	77	88	98	110	124
Sundry creditors	(208)	(228)	(241)	(269)	(301)
Other current liabilities & Provisions	(24)	(24)	(24)	(24)	(24)
Cash	0	0	(32)	(52)	(4)
Other Financial Assets	4	15	15	15	15
Total Assets	**1,244**	**1,292**	**1,304.0**	**1,342**	**1,463**

Cashflow summary

Cashflow Consolidated (INR cr)	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	124	142	175	216	264
Depreciation	38	40	41	42	43
Tax paid	(32)	(35)	(46)	(58)	(74)
Working capital Δ	(90)	(24)	(75)	(90)	(105)
Operating cashflow	**40**	**122**	**96**	**109**	**128**
Capital expenditure	(68)	(40)	(10)	(10)	(10)
Free cash flow	**(28)**	**83**	**86**	**99**	**118**
Equity raised	(0)	3	-	-	-
Others	20	(25)	-	-	-
Debt financing/disposal	25	(46)	(100)	(100)	(50)
Dividends paid	(17)	(17)	(18)	(19)	(20)
Equity Buy back	-	-			
Capital subsidy	-	-	-	-	-
Other items	(0)	1	-	-	-
Net Δ in cash	**(2)**	**(0)**	**(32)**	**(20)**	**48**
Opening Cash Flow	**2**	**0**	**0**	**(32)**	**(52)**
Closing Cash Flow	**0**	**0**	**(32)**	**(52)**	**(4)**
	0	**0**	**(32)**	**(52)**	**(4)**

Source: Arihant Research, Company Filings

Ratio analysis

Ratios	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)					
Revenue growth	8.8	10.0	11.2	11.9	12.6
Operating profit growth	15.1	9.3	14.1	15.0	17.6
Net profit growth	0.9	16.1	21.1	21.3	20.9
Profitability ratios (%)					
RoCE	9.5	9.9	11.0	12.5	14.0
RoNW	11.3	11.9	12.9	13.9	14.8
RoA	7.4	8.3	9.9	11.7	13.0
Per share ratios					
Dividend per share	3.0	3.0	3.0	3.0	3.0
Book value per share	150.9	167.3	187.0	211.3	241.4
Valuation ratios					
P/E	16.2	14.0	11.5	9.5	7.9
P/CEPS	11.5	10.2	8.8	7.5	6.4
P/B	1.7	1.6	1.4	1.2	1.1
EV/EBIDTA	10.2	9.1	7.7	6.4	5.1
Payout (%)					
Dividend payout	18.5	15.9	13.9	12.1	10.5
Tax payout	25.5	24.7	26.0	27.0	28.0
Liquidity ratios					
Debtor days	112	115	112	108	105
Inventory days	110	102	100	98	95
Creditor days	62	63	63	63	63
Leverage ratios					
Interest coverage	5.3	6.7	12.0	25.0	49.2
Net debt / equity	0.4	0.3	0.2	0.2	0.1
Net debt / op. profit	2.0	1.6	1.1	0.7	0.3

Du-Pont Analysis

Du-Pont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax burden (x)	0.7	0.8	0.7	0.7	0.7
Interest burden (x)	0.8	0.9	0.9	1.0	1.0
EBIT margin (x)	0.1	0.1	0.1	0.1	0.1
Asset turnover (x)	1.3	1.3	1.4	1.5	1.6
Financial leverage (x)	1.7	1.6	1.5	1.4	1.3
RoE (%)	**11.3**	**11.9**	**12.9**	**13.9**	**14.8**

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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