

## United Breweries

Estimate change	
TP change	
Rating change	

Bloomberg	UBBL IN
Equity Shares (m)	264
M.Cap.(INRb)/(USDb)	533.3 / 6.2
52-Week Range (INR)	2300 / 1810
1, 6, 12 Rel. Per (%)	3/-11/-3
12M Avg Val (INR M)	496

Financials & Valuations (INR b)			
Y/E March	FY25	FY26E	FY27E
Net Sales	89.1	101.9	115.0
Sales Gr. (%)	9.7	14.5	12.8
EBITDA	8.4	10.4	13.7
Margin (%)	9.4	10.2	11.9
Adj. PAT	4.7	6.3	8.8
Adj. EPS (INR)	17.7	23.8	33.4
EPS Gr. (%)	13.6	34.6	40.4
BV/Sh. (INR)	164.9	177.6	195.5
Ratios			
RoE (%)	10.9	13.9	17.9
RoCE (%)	11.0	14.2	18.0
Valuations			
P/E (x)	114.4	85.0	60.5
P/BV (x)	12.3	11.4	10.3
EV/EBITDA (x)	63.1	49.6	38.5

Shareholding Pattern (%)			
As On	Jun-25	Mar-25	Jun-24
Promoter	70.8	70.8	70.8
DII	17.5	17.3	17.5
FII	6.7	6.9	6.4
Others	4.9	4.9	5.2

FII includes depository receipts

**CMP: INR2,020**   **TP: INR2,000 (-1%)**   **Neutral**

### Beat in volume growth; pressure on margins

- United Breweries (UBBL) delivered strong revenue growth of 16% YoY (est. 10%) in 1QFY26. Volume growth was 11% YoY (est. 4%, 5% in 4Q, 6% in FY25), aided by share gain and a low base from the election-impacted quarter last year. Of the overall growth, 2-2.5% was attributed to the low base. The premium portfolio continued its strong momentum, growing 46% YoY in 1QFY26 (vs. 32% in FY25), and now contributes 10% to overall volumes.
- Regionally, North, West, and South posted growth of 8%, 13%, and 16%, respectively, while the East declined 1%. Volume growth was led by Andhra Pradesh, Assam, and Uttar Pradesh, though partly offset by declines in Karnataka and West Bengal. A favorable price mix supported revenue, aided by hikes in Telangana, UP, Orissa, and Rajasthan, along with continued premiumization.
- Gross margin contracted by 50bp YoY to 42.5% (vs. est. 43.7%) due to temporary pressures from inter-state transfers and an adverse state mix, partially offset by revenue management and cost controls. EBITDA margin declined 70bp YoY to 10.8% (vs. est. 12.1%), with the majority of the impact stemming from weakness in Karnataka. However, underlying margin trends remain healthy, supported by stable raw material costs and improved bottle returns. The company reiterated its focus on achieving double-digit EBITDA margins over the medium term. We model EBITDA margins of 10.2% in FY26 and 11.9% in FY27.
- UBBL remains focused on volume-led growth and further market share gains in the premium segment. However, the ongoing shortage of cans (which account for 20-22% of the portfolio) remains a key near-term headwind. To address long-term supply chain risks, the company is prioritizing backward integration in both bottles and cans to improve scalability and resilience.
- We expect a ~14% revenue CAGR over FY25-27, led by high single-digit volume growth and a steady recovery in margins, which have been under pressure for the past five years. However, given the rich valuations and lingering regulatory headwinds, we maintain our Neutral stance on the stock with a TP of INR2,000 (55x Jun'27E EPS).

### Strong volume growth despite seasonal headwinds; miss on margin

- Beat on revenue:** UBBL's standalone net sales grew 16% YoY to INR28.6b (est. INR27.2b). Volume growth stood at 11% YoY (est. 4%), with premium segment's volume posting a sharp 46% YoY growth.
- Regional performance:** The North, West, and South regions posted 8%, 13%, and 16% growth, respectively, while the East reported a 1% drop. Volume growth, mainly driven by Andhra Pradesh, Assam, and Uttar Pradesh, was partially offset by declines in Karnataka and West Bengal. The positive price mix was driven by price increases in Telangana, Uttar Pradesh, Orissa, and Rajasthan, coupled with a favorable mix, mainly from premiumization.

**Naveen Trivedi – Research Analyst** (Naveen.Trivedi@motilaloswal.com)

**Research Analyst: Amey Tiwari** (Amey.Tiwari@motilaloswal.com) | **Tanu Jindal** (Tanu.Jindal@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

- **Miss on margins:** Gross margin contracted 50bp YoY to 42.5% (est. 43.7%; 42.1% in 4QFY25). Employee expenses grew 9% YoY and other expenses were up 19% YoY. EBITDA margin contracted 70bp YoY to 10.8% (est. 12.1%, 8% in 4QFY25).
- EBITDA increased 9% YoY to INR3.1b (est. INR3.3b). Interest cost jumped ~600% YoY to INR112m (est. INR24m). APAT rose 6% YoY to INR1.8b (est. INR2.1b).

### Highlights from the management commentary

- The company is facing major headwinds due to the shortage of cans, which account for 20-22% of the portfolio. The government has also imposed BIS regulations on the import of cans.
- In Telangana, receivables have improved compared to the prior quarter; old dues have been cleared, though some new payments are still pending.
- With the recent hike in excise duty on spirits, retailers in Maharashtra have stocked up in anticipation of further price hikes. However, spirit companies protest the hike, but if the state maintains the current policy, it could help to drive double-digit volume growth for beer.
- Karnataka saw a 16-17% volume decline, largely in line with the contraction in the overall category due to a steep hike in excise duties. Importantly, the company retained its market share.
- West Bengal witnessed a double-digit category decline, exacerbated by price competition, as some players did not pass on tax increases in the economy segment.

### Valuation and view

- We cut our estimates by ~5% for FY26 and 4% for FY27, factoring in the miss on EBITDA margin in 1Q.
- The company is facing numerous challenges, including stiff competition from both local and international brands in India and state regulatory issues in the industry.
- UBBL posted 6% volume growth in FY25, while its premium volume grew ~32%, maintaining its robust growth momentum. We estimate a CAGR of 14%/28%/37% in revenue/EBITDA/adj. PAT over FY25-27.
- We estimate EBITDA margin recovery in FY26 and FY27; any delay in margin recovery could lead to further earnings cuts. We maintain our Neutral rating on the stock. **Our TP of INR2,000 is based on 55x Jun'27E EPS.**

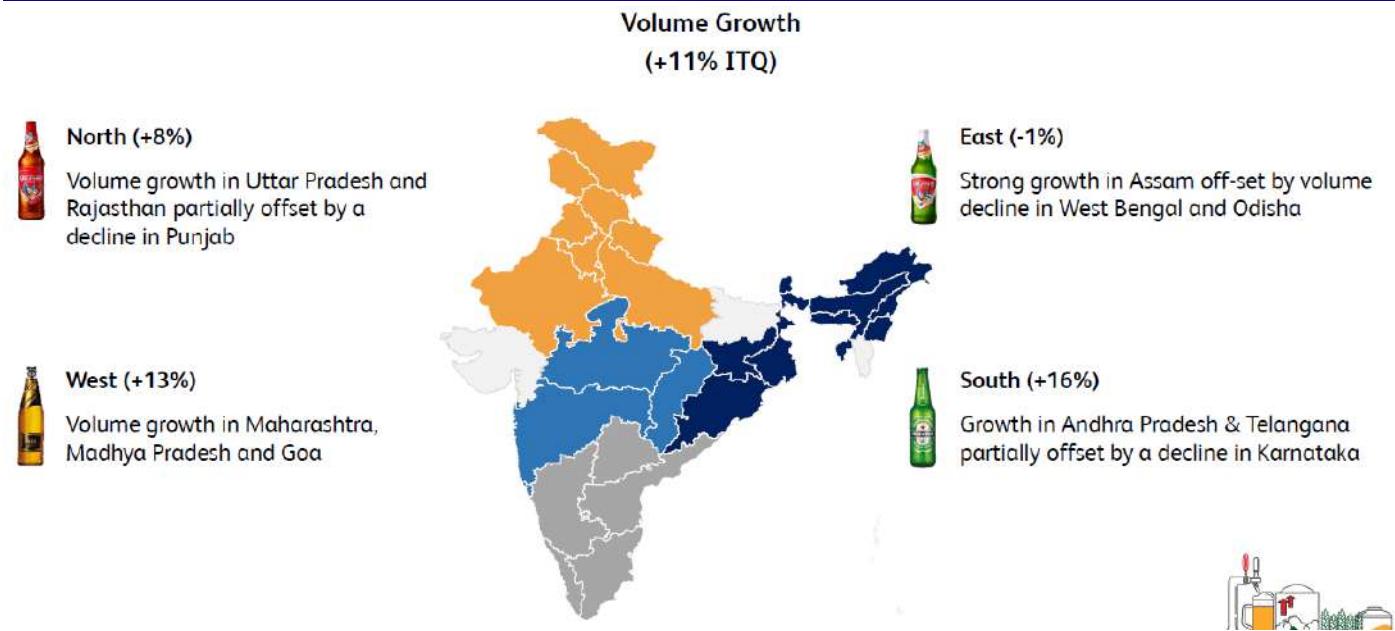
## Standalone Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Variance	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE					
<b>Volume growth (%)</b>	5	5	8	5	11	8	8	9	6	7	4		
<b>Net Sales</b>	<b>24,730</b>	<b>21,147</b>	<b>19,984</b>	<b>23,214</b>	<b>28,624</b>	<b>24,107</b>	<b>22,781</b>	<b>26,432</b>	<b>89,074</b>	<b>1,01,945</b>	<b>27,202</b>	5.2%	
YoY Change (%)	8.8	12.0	9.6	8.9	15.7	14.0	14.0	13.9	9.7	14.5	10.0		
<b>Gross Profit</b>	<b>10,642</b>	<b>9,272</b>	<b>8,619</b>	<b>9,772</b>	<b>12,176</b>	<b>10,438</b>	<b>9,864</b>	<b>11,868</b>	<b>38,305</b>	<b>44,346</b>	11,887	2.4%	
Margin (%)	43.0	43.8	43.1	42.1	42.5	43.3	43.3	44.9	43.0	43.5	43.7		
<b>EBITDA</b>	<b>2,847</b>	<b>2,268</b>	<b>1,411</b>	<b>1,862</b>	<b>3,105</b>	<b>2,628</b>	<b>1,800</b>	<b>2,908</b>	<b>8,390</b>	<b>10,440</b>	3,291	-5.7%	
YoY Change (%)	27.8	22.9	-3.0	31.2	9.1	15.8	27.5	56.1	20.5	24.4	15.6		
Margins (%)	11.5	10.7	7.1	8.0	10.8	10.9	7.9	11.0	9.4	10.2	12.1		
Depreciation	577	571	613	567	628	594	613	515	2,327	2,349	582		
Interest	16	22	32	59	112	26	26	11	129	175	24		
Other Income	73	105	101	79	110	116	119	120	357	464	109		
<b>PBT before EO expense</b>	<b>2,327</b>	<b>1,781</b>	<b>867</b>	<b>1,316</b>	<b>2,475</b>	<b>2,124</b>	<b>1,280</b>	<b>2,502</b>	<b>6,291</b>	<b>8,380</b>	2,794		
Tax	595	458	227	342	638	531	320	607	1,622	2,095	699		
Rate (%)	25.5	25.7	26.2	26.0	25.8	25.0	25.0	24.2	26.9	25.0	25.0		
<b>Reported PAT</b>	<b>1,733</b>	<b>1,322</b>	<b>383</b>	<b>974</b>	<b>1,837</b>	<b>1,593</b>	<b>960</b>	<b>1,895</b>	<b>4,412</b>	<b>6,285</b>	<b>2,096</b>	-12.3%	
<b>Adj PAT</b>	<b>1,733</b>	<b>1,322</b>	<b>640</b>	<b>974</b>	<b>1,837</b>	<b>1,593</b>	<b>960</b>	<b>1,895</b>	<b>4,669</b>	<b>6,285</b>	2,096	-12.3%	
YoY Change (%)	27.3	22.9	-24.5	20.5	6.0	20.4	50.0	94.6	13.6	34.6	20.9		
Margins (%)	7.0	6.3	3.2	4.2	6.4	6.6	4.2	7.2	5.2	6.2	7.7		

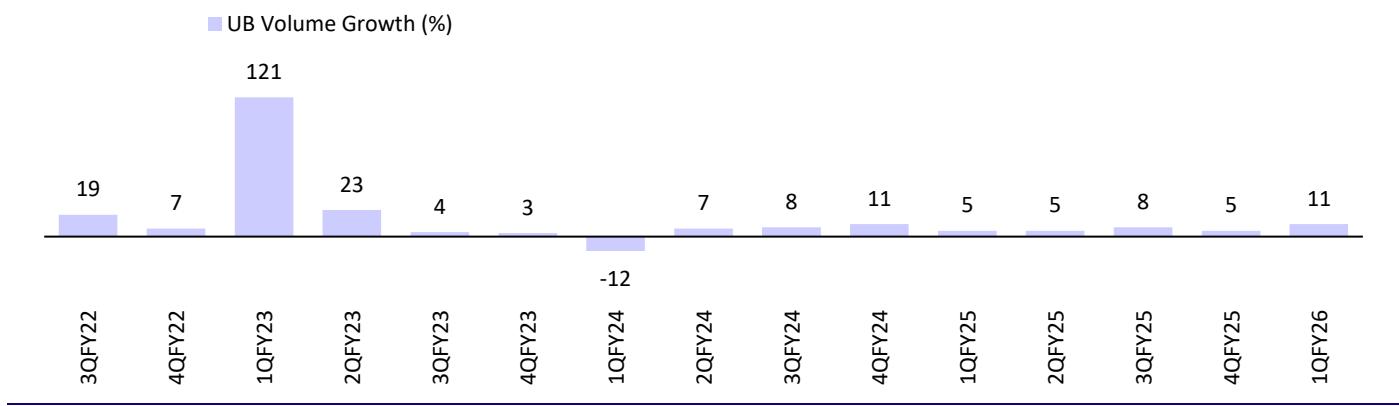
E: MOSL Estimates

**Exhibit 1: Regional volume performance**

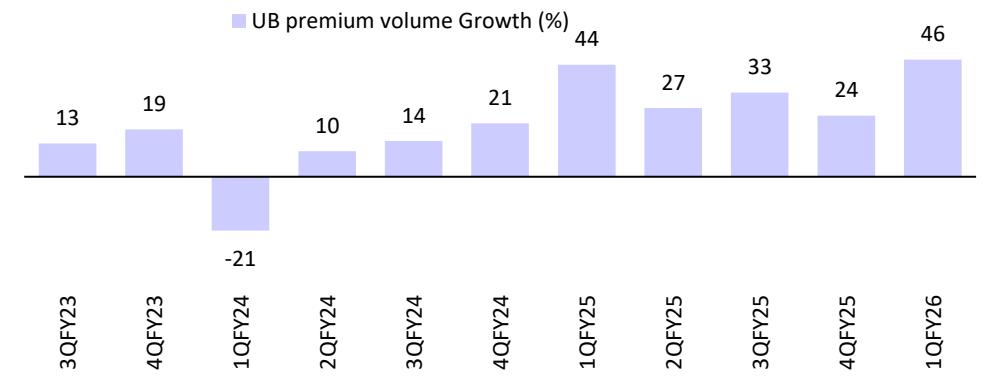


Source: Company presentation

**Exhibit 2: Volume rose 11% YoY in 1QFY26**



**Exhibit 3: UBBL's premium portfolio delivered 46% YoY volume growth in 1QFY26**





## Conference call highlights

### Business operations and environment

- Volume grew by 11% in 1Q on a low base of last year (the impact of elections during the peak season). Volume growth was led by Andhra Pradesh, Uttar Pradesh, and Telangana, though offset by declines in Karnataka and West Bengal. Around 2-2.5% of volume growth was attributed to the low base effect.
- The company gained market share during the quarter, outperforming the industry by over 300bp.
- Premium brands now account for 10% of the total portfolio.
- The premium portfolio grew 46% YoY, ahead of the category, led by robust growth in Kingfisher Ultra, Amstel Grande, and Heineken Silver.
- Amstel Grande was introduced in Karnataka after a strong consumer response in Maharashtra, West Bengal, and Uttar Pradesh.
- Continued investments in premiumization, localization, and supply chain are aimed at capturing long-term growth opportunities.
- 1Q capex stood at INR1.36b, primarily focused on enhancing sales and supply chain infrastructure.
- A greenfield brewery project has been announced in Uttar Pradesh, with operations expected to commence in 1QFY27.
- The Mangalore unit was closed to streamline operations and focus on the expanded Mysore brewery.
- The company remains committed to reinvesting in capacity and market development, driven by increasing disposable incomes, a younger demographic, and rising demand for premium beer.
- The company is facing major headwinds due to the shortage of cans, which make up 20-22% of the portfolio. The government has also imposed BIS regulations on the import of cans.
- The reliance on cans is even higher in certain states, such as Uttar Pradesh and Madhya Pradesh, where they represent 75-80% of the portfolio.
- With limited brewery capacity, the company has leased additional facilities and localized premium beer production in six locations to improve supply agility.
- A dual-bottle strategy is being implemented—new bottles for premium SKUs and recycled ones for mass-market offerings—to control packaging costs.
- The company is actively addressing SKU-specific glass bottle shortages, particularly for premium products.
- In Telangana, the receivables situation has improved compared to the prior quarter; old dues have been cleared, though some new payments are still pending.
- With the recent hike in excise duty on spirits, retailers in Maharashtra have stocked up in anticipation of further price hikes. However, spirit companies protest the hike, but if the state maintains the current policy, it could help to drive double-digit volume growth for beer.
- Beer is the fourth-largest alcoholic beverage category in Maharashtra, and recent RTM (route-to-market) efforts have expanded distribution, presenting a significant growth opportunity.
- The company is engaging with regulators, distributors, and other stakeholders to build a resilient and scalable business across regions.

- Management remains confident of sustaining 6-7% volume growth annually in the medium term, supported by premiumization, innovation, and expanded market access.
- Strategic focus areas include deepening distribution, scaling the premium portfolio, and proactive state-level policy engagement.

#### **Cost and Margins**

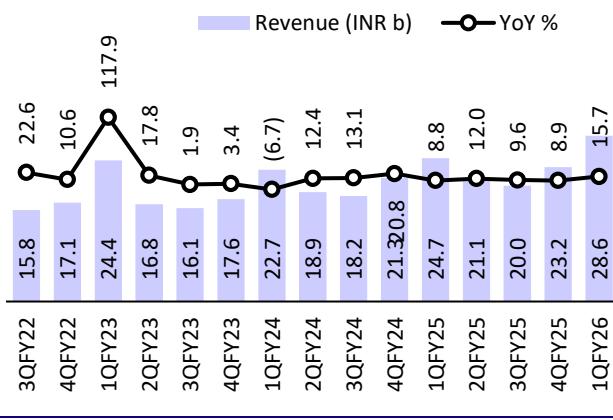
- Gross margin declined 50bp YoY due to temporary pressure from inter-state transfers and an adverse state mix, though partly cushioned by strong revenue management and cost-optimization initiatives.
- The company aims to achieve double-digit EBIT margins over the medium term.
- Barley prices remain stable, with no near-term inflation concerns, as the company has secured supplier contracts.
- Cost efficiency is supported by dual-bottle usage and increased localization of production.
- Management acknowledges the need for backward integration in packaging (both bottles and cans) to mitigate long-term supply chain risks and ensure operational scalability.

#### **State-wise performance**

- Karnataka saw a 16-17% volume decline, largely in line with the overall category contraction due to a steep hike in excise duties. Importantly, the company retained its market share.
- West Bengal witnessed a double-digit category decline, exacerbated by price competition, as some players did not pass on tax increases in the economy segment.
- Uttar Pradesh remains a high-potential market, aided by a favorable policy environment. The company expects 20-25% growth in the state.
- Telangana is showing signs of recovery, with improved collections and stabilization of the prior-year base impact.
- In Maharashtra, recent tax hikes in spirits have created headroom for beer growth. If policies remain unchanged, it could help to drive double-digit volume growth.
- Maharashtra, the fourth-largest beer-consuming state, also presents significant upside due to expanded distribution coverage undertaken last year.
- Premium beer production has been successfully localized across six locations to enhance supply chain agility and improve margins.

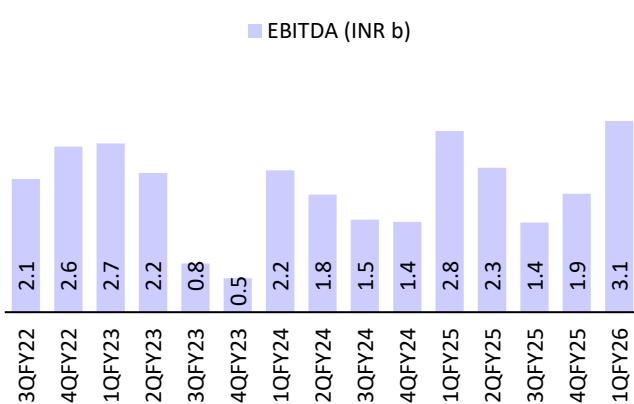
## Key Exhibits

Exhibit 4: Net sales up 16% YoY to INR28.6b



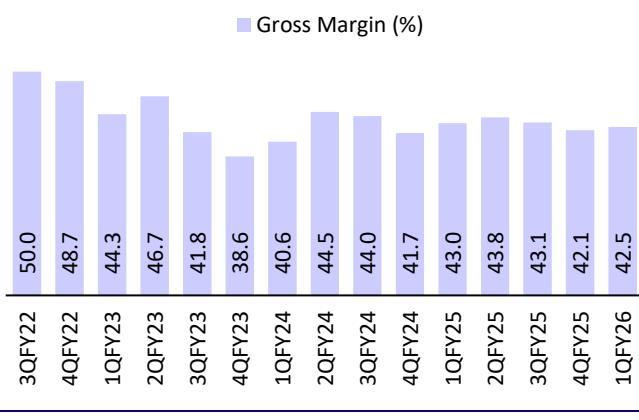
Sources: Company reports, MOFSL

Exhibit 5: EBITDA up 9% YoY to INR3.1b



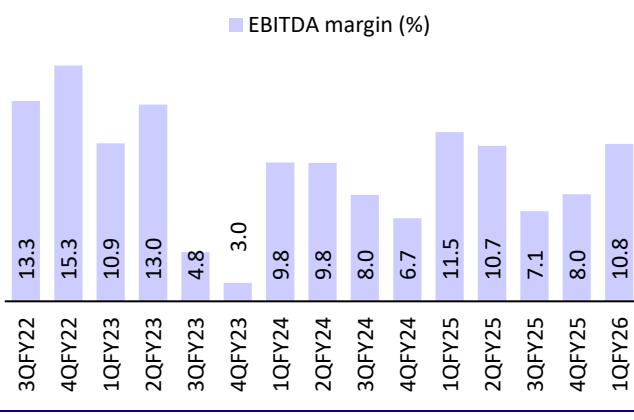
Source: Company reports, MOFSL

Exhibit 6: Gross margin contracted 50bp YoY to 42.5%



Sources: Company reports, MOFSL

Exhibit 7: EBITDA margin contracted 70bp YoY to 10.8%



Source: Company reports, MOFSL

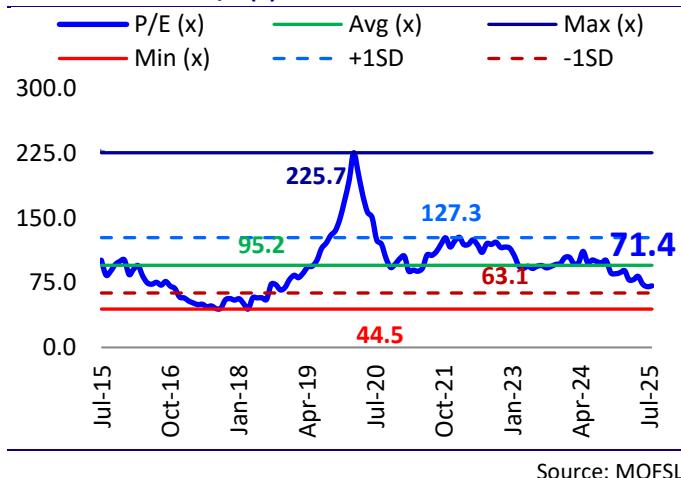
## Valuation and view

- We cut our estimates by ~5% for FY26 and 4% for FY27, factoring in the miss on EBITDA margin in 1Q.
- The company is facing numerous challenges, including stiff competition from both local and international brands in India and state regulatory issues in the industry.
- UBBL posted 6% volume growth in FY25, while its premium volume grew ~32%, maintaining its robust growth momentum. We estimate a CAGR of 14%/28%/37% in revenue/EBITDA/adj. PAT over FY25-27.
- We estimate EBITDA margin recovery in FY26 and FY27; any delay in margin recovery could lead to further earnings cuts. We maintain our Neutral rating on the stock. **Our TP of INR2,000 is based on 55x Jun'27E EPS.**

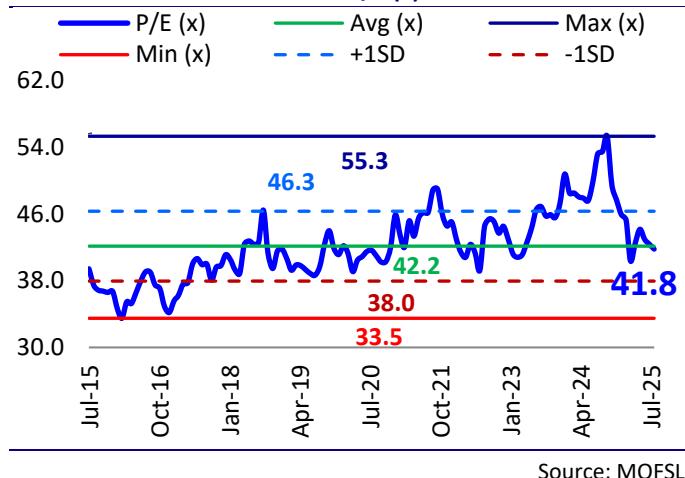
**Exhibit 8: We cut our estimates by ~5% for FY26 and 4% for FY27**

INR m	New		Old		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
<b>Total Income</b>	1,01,945	1,15,034	99,598	1,12,361	2.4	2.4
<b>EBITDA</b>	10,440	13,710	11,006	14,282	(5.1)	(4.0)
<b>Adjusted PAT</b>	6,285	8,825	6,723	9,192	(6.5)	(4.0)

**Exhibit 9: UBBL's P/E (x)**



**Exhibit 10: Consumer sector's P/E (x)**



## Financials and valuations

Consolidated - Income Statement										(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
<b>Revenue</b>	<b>65,092</b>	<b>42,431</b>	<b>58,384</b>	<b>74,999</b>	<b>81,227</b>	<b>89,074</b>	<b>1,01,945</b>	<b>1,15,034</b>	<b>1,28,585</b>	
Less: Excise Duty										
<b>Total Income from Operations</b>	<b>65,092</b>	<b>42,431</b>	<b>58,384</b>	<b>74,999</b>	<b>81,227</b>	<b>89,074</b>	<b>1,01,945</b>	<b>1,15,034</b>	<b>1,28,585</b>	
Change (%)	0.5	-34.8	37.6	28.5	8.3	9.7	14.5	12.8	11.8	
Raw Materials	31,511	20,294	29,261	42,654	46,524	50,768	57,599	64,419	72,008	
% of Sales	48.4	47.8	50.1	56.9	57.3	57.0	56.5	56.0	56.0	
<b>Gross Profit</b>	<b>33,581</b>	<b>22,137</b>	<b>29,123</b>	<b>32,346</b>	<b>34,703</b>	<b>38,305</b>	<b>44,346</b>	<b>50,615</b>	<b>56,578</b>	
Margin (%)	51.6	52.2	49.9	43.1	42.7	43.0	43.5	44.0	44.0	
Employees Cost	5,041	4,855	5,231	5,955	6,474	7,131	7,844	8,550	9,320	
% of Sales	7.7	11.4	9.0	7.9	8.0	8.0	7.7	7.4	7.2	
Other Expenses	19,782	13,472	16,926	20,228	21,268	22,785	26,061	28,354	30,849	
% of Sales	30.4	31.7	29.0	27.0	26.2	25.6	25.6	24.6	24.0	
<b>Total Expenditure</b>	<b>56,334</b>	<b>38,620</b>	<b>51,418</b>	<b>68,837</b>	<b>74,265</b>	<b>80,684</b>	<b>91,504</b>	<b>1,01,324</b>	<b>1,12,177</b>	
% of Sales	86.5	91.0	88.1	91.8	91.4	90.6	89.8	88.1	87.2	
<b>EBITDA</b>	<b>8,758</b>	<b>3,811</b>	<b>6,966</b>	<b>6,162</b>	<b>6,962</b>	<b>8,390</b>	<b>10,440</b>	<b>13,710</b>	<b>16,408</b>	
Margin (%)	13.5	9.0	11.9	8.2	8.6	9.4	10.2	11.9	12.8	
Depreciation	2,851	2,320	2,172	2,106	2,119	2,327	2,349	2,475	2,601	
<b>EBIT</b>	<b>5,907</b>	<b>1,491</b>	<b>4,794</b>	<b>4,056</b>	<b>4,843</b>	<b>6,063</b>	<b>8,091</b>	<b>11,235</b>	<b>13,807</b>	
Int. and Finance Charges	311	227	148	46	69	129	175	95	95	
Other Income	93	503	298	494	737	357	464	627	814	
<b>PBT bef. EO Exp.</b>	<b>5,689</b>	<b>1,766</b>	<b>4,944</b>	<b>4,504</b>	<b>5,511</b>	<b>6,291</b>	<b>8,380</b>	<b>11,766</b>	<b>14,526</b>	
EO Items	0	-72	-263	-248	0	-258	0	0	0	
<b>PBT after EO Exp.</b>	<b>5,689</b>	<b>1,694</b>	<b>4,682</b>	<b>4,257</b>	<b>5,511</b>	<b>6,034</b>	<b>8,380</b>	<b>11,766</b>	<b>14,526</b>	
Total Tax	1,406	556	1,284	1,210	1,403	1,622	2,095	2,942	3,632	
Tax Rate (%)	24.7	32.8	27.4	28.4	25.5	26.9	25.0	25.0	25.0	
<b>Reported PAT</b>	<b>4,277</b>	<b>1,132</b>	<b>3,398</b>	<b>3,047</b>	<b>4,109</b>	<b>4,412</b>	<b>6,285</b>	<b>8,825</b>	<b>10,895</b>	
<b>Adjusted PAT</b>	<b>4,277</b>	<b>1,204</b>	<b>3,661</b>	<b>3,295</b>	<b>4,109</b>	<b>4,669</b>	<b>6,285</b>	<b>8,825</b>	<b>10,895</b>	
Change (%)	-24.0	-71.8	204.0	-10.0	24.7	13.6	34.6	40.4	23.5	
Margin (%)	6.6	2.8	6.3	4.4	5.1	5.2	6.2	7.7	8.5	

Consolidated - Balance Sheet										(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	
<b>Equity Share Capital</b>	264	264	264	264	264	264	264	264	264	
Total Reserves	34,938	35,558	39,087	39,385	41,519	43,327	46,696	51,426	57,265	
<b>Net Worth</b>	<b>35,203</b>	<b>35,823</b>	<b>39,351</b>	<b>39,649</b>	<b>41,783</b>	<b>43,592</b>	<b>46,960</b>	<b>51,690</b>	<b>57,530</b>	
Minority Interest	33	38	41	46	52	0	0	0	0	
Total Loans	1,691	1,154	0	0	0	0	0	0	0	
<b>Capital Employed</b>	<b>36,927</b>	<b>37,014</b>	<b>39,393</b>	<b>39,695</b>	<b>41,836</b>	<b>43,592</b>	<b>46,960</b>	<b>51,690</b>	<b>57,530</b>	
Gross Block	45,077	47,808	49,615	51,102	52,466	54,440	57,440	60,440	63,440	
Less: Accum. Deprn.	26,058	28,378	30,550	32,656	34,775	37,102	39,451	41,927	44,528	
<b>Net Fixed Assets</b>	<b>19,019</b>	<b>19,430</b>	<b>19,065</b>	<b>18,446</b>	<b>17,691</b>	<b>17,338</b>	<b>17,989</b>	<b>18,513</b>	<b>18,912</b>	
Goodwill on Consolidation	242	65	65	65	65	65	65	65	65	
Capital WIP	1,991	1,288	1,099	771	1,727	2,510	1,402	1,180	1,136	
<b>Total Investments</b>	<b>3</b>	<b>61</b>	<b>84</b>	<b>81</b>	<b>80</b>	<b>155</b>	<b>155</b>	<b>155</b>	<b>155</b>	
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>34,254</b>	<b>37,679</b>	<b>39,182</b>	<b>43,442</b>	<b>50,972</b>	<b>62,049</b>	<b>60,171</b>	<b>74,588</b>	<b>74,531</b>	
Inventory	10,939	11,367	9,358	14,278	13,687	16,149	16,808	20,381	21,189	
Account Receivables	13,504	13,950	12,549	14,073	23,138	28,601	13,853	34,682	19,570	
Cash and Bank Balance	786	4,693	9,097	3,953	2,142	4,419	16,116	5,594	19,285	
Loans and Advances	9,025	7,669	8,178	11,138	12,004	12,879	13,394	13,930	14,487	
<b>Curr. Liability &amp; Prov.</b>	<b>18,582</b>	<b>21,507</b>	<b>20,101</b>	<b>23,109</b>	<b>28,698</b>	<b>38,525</b>	<b>32,821</b>	<b>42,811</b>	<b>37,268</b>	
Account Payables	5,450	6,181	6,380	7,170	9,485	11,492	4,707	13,572	6,860	
Provisions	13,131	15,326	13,721	15,939	19,214	27,032	28,114	29,238	30,408	
<b>Net Current Assets</b>	<b>15,672</b>	<b>16,171</b>	<b>19,081</b>	<b>20,333</b>	<b>22,274</b>	<b>23,524</b>	<b>27,350</b>	<b>31,777</b>	<b>37,263</b>	
<b>Appl. of Funds</b>	<b>36,927</b>	<b>37,014</b>	<b>39,393</b>	<b>39,695</b>	<b>41,836</b>	<b>43,592</b>	<b>46,960</b>	<b>51,690</b>	<b>57,530</b>	

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
EPS	<b>16.2</b>	<b>4.6</b>	<b>13.8</b>	<b>12.5</b>	<b>15.5</b>	<b>17.7</b>	<b>23.8</b>	<b>33.4</b>	<b>41.2</b>
Cash EPS	27.0	13.3	22.1	20.4	23.6	26.5	32.7	42.7	51.0
BV/Share	133.1	135.5	148.8	150.0	158.0	164.9	177.6	195.5	217.6
DPS	2.5	0.5	10.5	7.5	10.0	6.7	9.5	13.4	16.5
Payout (%)	15.5	11.7	81.7	65.1	64.4	40.0	40.0	40.0	40.0
<b>Valuation (x)</b>									
P/E	125	443	146	162	130	114	85.0	60.5	49.0
Cash P/E	74.9	151.5	91.6	98.9	85.8	76.3	61.9	47.3	39.6
P/BV	15.2	14.9	13.6	13.5	12.8	12.3	11.4	10.3	9.3
EV/Sales	8.2	12.5	9.0	7.1	6.5	5.9	5.1	4.6	4.0
EV/EBITDA	61	139	75	86	76	63	49.6	38.5	31.4
Dividend Yield (%)	0.1	0.0	0.5	0.4	0.5	0.3	0.5	0.7	0.8
FCF per share	4.0	17.8	27.5	-10.4	-4.3	-0.8	101.0	-93.2	120.9
<b>Return Ratios (%)</b>									
RoE	12.8	3.4	9.7	8.3	10.1	10.9	13.9	17.9	20.0
RoCE	12.8	3.6	9.7	8.2	10.2	11.0	14.2	18.0	20.1
RoIC	13.5	3.1	11.6	9.1	9.9	11.9	18.4	22.8	25.3
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	1.4	0.9	1.2	1.5	1.5	1.6	1.8	1.9	2.0
Asset Turnover (x)	1.8	1.1	1.5	1.9	1.9	2.0	2.2	2.2	2.2
Inventory (Days)	60	96	65	58	63	61	59	59	59
Debtor (Days)	80	118	83	65	84	106	76	77	77
Creditor (Days)	32	50	39	33	37	43	29	29	29
Working Cap. (Days)	108	164	108	89	109	124	106	107	107
<b>Leverage Ratio (x)</b>									
Current Ratio	1.8	1.8	1.9	1.9	1.8	1.6	1.8	1.7	2.0
Interest Cover Ratio	19.0	6.6	32.4	87.4	70.3	47.2	46.2	118.3	145.3
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

### Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	5,689	1,694	4,944	4,173	5,511	6,291	8,380	11,766	14,526
Depreciation	2,851	2,320	2,172	2,106	2,119	2,327	2,349	2,475	2,601
Interest & Finance Charges	305	224	146	44	67	121	175	95	95
Direct Taxes Paid	-1,903	-823	-1,301	-1,397	-1,388	-1,913	-1,571	-2,206	-2,724
(Inc)/Dec in WC	-2,196	2,976	2,994	-6,160	-5,166	-4,223	20,360	-33,804	20,459
<b>CF from Operations</b>	<b>4,746</b>	<b>6,392</b>	<b>8,956</b>	<b>-1,234</b>	<b>1,144</b>	<b>2,603</b>	<b>29,693</b>	<b>-21,673</b>	<b>34,958</b>
Others	332	-189	40	39	-370	-268	0	0	0
<b>CF from Operating incl EO</b>	<b>5,078</b>	<b>6,203</b>	<b>8,996</b>	<b>-1,196</b>	<b>773</b>	<b>2,335</b>	<b>29,693</b>	<b>-21,673</b>	<b>34,958</b>
(Inc)/Dec in FA	-4,033	-1,498	-1,728	-1,543	-1,907	-2,546	-2,980	-2,980	-2,980
<b>Free Cash Flow</b>	<b>1,045</b>	<b>4,705</b>	<b>7,268</b>	<b>-2,739</b>	<b>-1,134</b>	<b>-211</b>	<b>26,713</b>	<b>-24,653</b>	<b>31,978</b>
(Pur)/Sale of Investments	0	0	13	3	0	0	0	0	0
Others	231	86	-10	515	625	315	-12,640	18,007	-13,584
<b>CF from Investments</b>	<b>-3,802</b>	<b>-1,412</b>	<b>-1,726</b>	<b>-1,025</b>	<b>-1,282</b>	<b>-2,231</b>	<b>-15,620</b>	<b>15,027</b>	<b>-16,564</b>
Inc/(Dec) in Debt	115	61	-2,551	-100	0	0	0	0	0
Interest Paid	-268	-281	-181	-45	-19	-61	-175	-95	-95
Dividend Paid	-800	-663	-134	-2,779	-1,985	-2,644	-2,514	-3,530	-4,358
Others	0	0	0	0	701	4,879	312	-251	-251
<b>CF from Fin. Activity</b>	<b>-952</b>	<b>-884</b>	<b>-2,867</b>	<b>-2,923</b>	<b>-1,302</b>	<b>2,174</b>	<b>-2,377</b>	<b>-3,876</b>	<b>-4,704</b>
<b>Inc/Dec of Cash</b>	<b>324</b>	<b>3,907</b>	<b>4,404</b>	<b>-5,144</b>	<b>-1,811</b>	<b>2,277</b>	<b>11,697</b>	<b>-10,522</b>	<b>13,690</b>
Opening Balance	462	786	4,693	9,097	3,953	2,142	4,419	16,116	5,594
<b>Closing Balance</b>	<b>786</b>	<b>4,693</b>	<b>9,097</b>	<b>3,953</b>	<b>2,142</b>	<b>4,419</b>	<b>16,116</b>	<b>5,594</b>	<b>19,285</b>

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOFSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/list%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal Capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal Capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interest pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

**Analyst Certification**

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Terms & Conditions:**

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no warranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

**Disclaimer:**

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; [www.motilaloswal.com](http://www.motilaloswal.com).

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	<a href="mailto:query@motilaloswal.com">query@motilaloswal.com</a>
Ms. Kumud Upadhyay	022 40548082	<a href="mailto:servicehead@motilaloswal.com">servicehead@motilaloswal.com</a>
Mr. Ajay Menon	022 40548083	<a href="mailto:am@motilaloswal.com">am@motilaloswal.com</a>

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to [query@motilaloswal.com](mailto:query@motilaloswal.com). In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com), for DP to [dpgrievances@motilaloswal.com](mailto:dpgrievances@motilaloswal.com).