

# UltraTech Cement

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	UTCSEM IN
Equity Shares (m)	289
M.Cap.(INRb)/(USDb)	3297.2 / 38.1
52-Week Range (INR)	12145 / 9250
1, 6, 12 Rel. Per (%)	2/4/7
12M Avg Val (INR M)	3817

## Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	897	1,001	1,118
EBITDA	176	211	243
Adj. PAT	90	113	136
EBITDA Margin (%)	20	21	22
Adj. EPS (INR)	306	383	461
EPS Gr. (%)	47	25	20
BV/Sh. (INR)	2,608	2,873	3,206
<b>Ratios</b>			
Net D:E	0.2	0.1	0.0
RoE (%)	12.2	14.0	15.2
RoCE (%)	10.8	12.3	13.3
Payout (%)	31.9	30.7	27.7
<b>Valuations</b>			
P/E (x)	41.1	32.8	27.3
P/BV (x)	4.8	4.4	3.9
EV/EBITDA(x)	21.5	17.8	15.2
EV/ton (USD)	220	203	210
Div. Yield (%)	0.8	0.9	1.0
FCF Yield (%)	1.3	2.8	3.2

## Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	59.2	60.0	60.0
DII	16.9	15.2	14.3
FII	15.9	17.7	18.4
Others	8.0	7.1	7.3

FII includes depository receipts

**CMP: INR12,577** **TP: INR14,600 (+16%)** **Buy**

## Earnings in line; positive outlook on cement demand

### FY26 volume growth guidance in double digits

- UltraTech Cement (UTCSEM)'s 1QFY26 earnings were in line with our estimates. EBITDA grew ~46% YoY to INR44.1b. EBITDA/t increased ~33% YoY to INR1,197 (estimated INR1,186). OPM surged 4.7pp YoY to ~21%. Adj. PAT increased ~44% YoY to INR22.5b.
- Management highlighted that healthy demand momentum was driven by a pickup in government-led infrastructure projects. It expects a pickup in rural markets, and urban housing is likely to fuel cement demand over the next few quarters. UTCSEM guided a double-digit volume growth in FY26. Further, the integration of acquired assets (ICEM and Kesoram) is progressing well, with more focus on efficiency and productivity improvement. Management reiterated its long-term growth outlook driven by operational efficiency, capacity expansions, and maintenance of a strong balance sheet.
- We broadly retain our earnings estimates for FY26/FY27. We also introduce our FY28 estimates with this note. The stock trades at 22x/18x FY26E/FY27E EV/EBITDA. We value UTCSEM at 20x Jun'27E EV/EBITDA to arrive at our TP of INR14,600. **Reiterate BUY.**

### Volume rises ~10% YoY; EBITDA/t at INR1,197 (est. INR1,186)

- UTCSEM's consol. revenue/EBITDA/adj. PAT stood at INR212.8b/INR44.1b/ INR22.5b (+13%/+46%/+44% YoY; -3%/+1%/+2% vs. our estimates). Volume grew ~10% YoY to 36.8mt (in line). RMC revenue was up 23% YoY, while white cement revenue declined ~3% YoY. Other operating income/t stood at INR64 vs. INR57/INR67 in 1QFY25/4QFY25.
- Blended realization improved ~3% YoY/QoQ. The grey cement realization increased ~2% QoQ (while, excluding India Cements, the grey cement realization was up ~3% QoQ). Opex/t was down 3% YoY (up 2% QoQ), with variable cost/t declining ~1% YoY. Freight/other costs per ton declined 4%/ 9% YoY. However, staff cost/t rose ~14% YoY. EBITDA/t rose ~33% YoY to INR1,197. OPM surged 4.7pp YoY to ~21% for the quarter.
- Depreciation/interest expenses rose ~21%/33% YoY, and other income grew ~7% YoY. ETR stood at 26.1% vs. 19.6%/20.1% in 1QFY25/4QFY25.

### Highlights from the management commentary

- Cement demand in Q1FY26 was steady, supported by strong government capex. Key states driving demand were Bihar, Andhra Pradesh, Gujarat, and Maharashtra, which saw higher YoY spending. Government capex has started improving and would support volume growth going forward.
- Fuel costs increased sequentially in 1QFY26 due to an increase in blended fuel consumption costs. However, management expects fuel costs to decline and remain range-bound unless global shocks hit. Fuel consumption costs stood at INR1.78/Kcal vs. INR2.00/1.73 per kcal in 1QFY25/4QFY25.
- Capex guidance is at INR100b in FY26, with INR20b already incurred in 1QF26. Consolidated net debt stood at INR163.4b vs. INR54.8b in Jun'24, while standalone net debt is at INR137.1b vs. INR33.2b in Jun'24.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst - Mudit Agarwal (Mudit.Agarwal@MotilalOswal.com) | Abhishek Sheth (Abhishek.Sheth@MotilalOswal.com)

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

Motilal Oswal research is available on [www.motilaloswal.com](http://www.motilaloswal.com)/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

### Valuation and view

- UTCEM remains our preferred pick in the cement space given its leadership position in the Indian cement industry, successful integration of acquired assets, cost-saving initiatives, and strong balance sheet (generating strong cash flow to fund its organic expansion and other operational capex). Over the years, the company has balanced out its pan-India presence with all-round capacity expansions. We believe the company should benefit from a recovery in cement demand and a positive pricing trend.
- We estimate a CAGR of 14%/25%/30% in consolidated revenue/EBITDA/PAT over FY25-FY28. We estimate its consolidated volume CAGR at ~12% and EBITDA/t of INR1,160/INR1,250/INR1,290 in FY26/FY27/FY28E vs. INR920 in FY25. UTCEM is estimated to continue gaining market share with its robust capacity expansion and increasing scale of operations. We estimate its net debt to decline to INR30.0b (vs. INR163.4b as of Jun'25) and net debt-to-EBITDA ratio at 0.1x by FY28 (vs. 1.2x as of Jun'25). We value UTCEM at 20x Jun'27E EV/EBITDA to arrive at our TP of INR14,600. **Reiterate BUY.**

### Consolidated quarterly performance

	(INR b)											
	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)	
<b>Net sales</b>	<b>188.2</b>	<b>156.3</b>	<b>177.8</b>	<b>230.6</b>	<b>212.8</b>	<b>193.8</b>	<b>213.3</b>	<b>275.8</b>	<b>759.6</b>	<b>896.7</b>	<b>218.4</b>	<b>(3)</b>
YoY change (%)	6.1	-2.4	6.2	13.0	13.1	23.9	20.0	19.6	7.1	18.1	20.8	
<b>Total expenditure</b>	<b>158.0</b>	<b>136.2</b>	<b>148.8</b>	<b>184.4</b>	<b>168.7</b>	<b>161.4</b>	<b>171.5</b>	<b>218.9</b>	<b>634.0</b>	<b>720.5</b>	<b>174.6</b>	<b>(3)</b>
<b>EBITDA</b>	<b>30.2</b>	<b>20.2</b>	<b>28.9</b>	<b>46.2</b>	<b>44.1</b>	<b>32.4</b>	<b>41.7</b>	<b>56.9</b>	<b>125.6</b>	<b>176.2</b>	<b>43.8</b>	<b>1</b>
YoY Change (%)	-1.1	-20.9	-11.1	12.3	46.2	60.4	44.2	23.2	-3.2	40.3	44.0	
Margins (%)	16.0	12.9	16.3	20.0	20.7	16.7	19.6	20.6	16.5	19.7	20.0	69
Depreciation	9.2	9.0	9.9	11.2	11.1	11.3	11.7	13.6	40.1	47.7	11.1	(4)
Interest	3.3	3.2	4.6	4.8	4.3	4.6	4.7	5.5	16.5	19.2	4.9	(11)
Other income	1.7	2.2	2.5	1.0	1.8	1.9	2.0	1.9	7.4	7.6	1.4	32
<b>PBT before EO expense</b>	<b>19.4</b>	<b>10.2</b>	<b>16.9</b>	<b>31.2</b>	<b>30.5</b>	<b>18.3</b>	<b>27.3</b>	<b>39.7</b>	<b>76.4</b>	<b>116.9</b>	<b>28.7</b>	<b>6</b>
Extra-ord expense	0.88	-	-	0.09	0.38	-	-	-	0.97	-	-	
<b>PBT after EO Expense</b>	<b>18.5</b>	<b>10.2</b>	<b>16.9</b>	<b>31.1</b>	<b>30.1</b>	<b>18.3</b>	<b>27.3</b>	<b>39.7</b>	<b>75.4</b>	<b>116.9</b>	<b>28.7</b>	<b>5</b>
Tax	3.6	1.9	3.3	6.3	7.9	4.2	6.3	8.5	14.9	26.9	6.6	
Prior period tax adjustment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Rate (%)	19.6	18.8	19.4	20.1	26.1	23.0	23.0	21.4	19.7	23.0	23.0	
<b>Reported PAT</b>	<b>14.9</b>	<b>8.3</b>	<b>13.6</b>	<b>24.9</b>	<b>22.3</b>	<b>14.1</b>	<b>21.0</b>	<b>31.2</b>	<b>60.5</b>	<b>90.1</b>	<b>22.1</b>	<b>1</b>
Minority interest	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.1	-0.1	0.0	0.0	
<b>Adj. PAT</b>	<b>15.7</b>	<b>8.2</b>	<b>13.6</b>	<b>24.9</b>	<b>22.5</b>	<b>14.1</b>	<b>21.1</b>	<b>31.1</b>	<b>61.2</b>	<b>90.1</b>	<b>22.1</b>	<b>2</b>
YoY change (%)	-7.3	-36.0	-23.5	7.8	44.0	71.8	54.9	24.9	-13.3	47.2	32.3	

\*Note: The sum of the four quarters of FY25 and the full year FY25 figures do not match due to consolidation of Kesoram effective from 1<sup>st</sup> Apr'24

### Key operating parameters

Income Statement (INR/t)	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%)	
Volume (mt)	33.6	27.8	30.4	41.0	36.8	34.1	37.4	46.5	135.8	152.3	37.5	(2)
Change (YoY %)	12.0	4.3	11.2	16.9	9.7	22.6	23.2	13.3	14.1	12.1	17.5	
<b>Realization (including RMC)</b>	<b>5,606</b>	<b>5,616</b>	<b>5,854</b>	<b>5,622</b>	<b>5,777</b>	<b>5,679</b>	<b>5,700</b>	<b>5,934</b>	<b>5,592</b>	<b>5,887</b>	<b>5,819</b>	<b>(1)</b>
Change (YoY %)	-5.3	-6.4	-4.5	-3.4	3.0	1.1	-2.6	5.5	-6.1	5.3	2.9	
RM cost	962	1,048	1,055	1,060	1,037	1,040	1,040	1,083	1,009	1,066	965	7
Power and fuel	1,426	1,378	1,411	1,273	1,320	1,285	1,260	1,496	1,356	1,385	1,460	(10)
Staff cost	232	328	293	239	264	316	275	227	265	271	252	5
Freight and forwarding	1,319	1,287	1,329	1,262	1,262	1,270	1,252	1,289	1,285	1,291	1,287	(2)
Other expenditure	767	849	813	662	696	794	743	559	752	716	668	4
<b>Total expenditure</b>	<b>4,707</b>	<b>4,891</b>	<b>4,901</b>	<b>4,497</b>	<b>4,579</b>	<b>4,705</b>	<b>4,571</b>	<b>4,653</b>	<b>4,667</b>	<b>4,730</b>	<b>4,632</b>	<b>(1)</b>
<b>EBITDA</b>	<b>899</b>	<b>725</b>	<b>953</b>	<b>1,126</b>	<b>1,197</b>	<b>974</b>	<b>1,129</b>	<b>1,281</b>	<b>924</b>	<b>1,157</b>	<b>1,186</b>	<b>1</b>
YoY change (%)	(11.7)	(24.1)	(20.0)	(4.0)	33.2	34.3	18.5	13.7	(15.1)	25.1	24.7	

Sources: Company reports, MOFSL estimates



## Highlights from the management commentary

### Demand and pricing

- The overall cement demand in 1QFY26 was steady, supported by strong government capex. Key states driving demand were Bihar, Andhra Pradesh, Gujarat, and Maharashtra, which saw higher YoY spending. Government capex has started improving and would support volume growth going forward.
- Rural markets remained stable and are expected to benefit further as the monsoon spreads. Urban housing was slow in 1HCY25 but new project launches signal a healthy pipeline, and a rebound in cement demand is viable going forward.
- South India, which suffered weak prices in FY25, saw price recovery. South and East regions led price gains, while North and West remained stable. Prices are expected to be stable during the monsoon season, with July prices improving over exit-1Q in a few parts of the country.
- UTCEM aims to maintain double-digit volume growth for FY26, supported by continuous capacity expansions (commissioned 3.5 MTPA capacity in 1QFY26) and an additional ~10 MTPA already in the pipeline.
- South market is getting consolidated and is in a better shape. The market should not see negative reaction. Mega-projects are also coming up in the region which should support demand. Change of state leadership in Andhra Pradesh, green shoots are visible in Telangana market and Tamil Nadu will go for state elections in the next year. Demand is estimated to remain strong in the region going forward.

### Guidance on the operations of Kesoram and ICEM

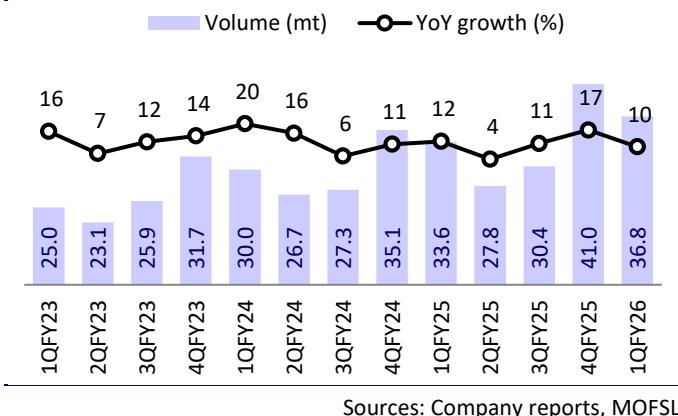
- **Kesoram's operations:** Kesoram Cement's operations have integrated well since the effective takeover in Mar'25. The company aims to gradually ramp up capacity utilization and operational efficiency at Kesoram's plants, supported by planned WHRS installations and process upgrades. Kesoram still has its own brand, and the company is migrating at a faster pace (targeting brand transition program completion before FY27-end). Kesoram is strengthening its footprint in the South and West markets. Management reiterated that the focus remains on aligning Kesoram's cost structure with group benchmarks and unlocking expansion potential through incremental upgrades.
- **India Cements' operations:** For ICEM, UTCEM outlined a clear turnaround plan targeting an increase in EBITDA from INR400/t to over INR1,000/t by FY28. The improvement will be driven by a dedicated capex plan, including 21MW of WHRS and 219MW of renewables, raising green power share to ~86% (currently ~3%), preheater modification, cooler upgrade, and alternative fuel technologies. The entire plan will be funded through internal accruals and debt, with net debt expected to drop below INR500m by the end of the planned capex and effectively be debt-free by FY28. UTCEM retains only an INR10/bag marketing charge on sales of ICEM's products; all other realization benefits are fully passed through to ICEM. Brand migration to UltraTech is progressing and should be completed by FY27, with selective use of the Coromandel name in certain deep South markets if required.

### Operational and other highlights

- Lead distance reduced from 384km to 370km QoQ. C:C ratio improved from 1.44 to 1.49. Green Power mix stood at ~39.5% in 1QFY26 v/s 27.9%/34.4% in 1QFY25/4QFY25.
- Fuel cost increased sequentially in 1QFY26 due to an increase in blended fuel consumption cost. Blended imported fuel consumption (CV: 7500) stood at USD127/t; +5% QoQ and -14% YoY. Fuel consumption cost was at INR1.78/Kcal v/s INR2.00/1.73 per kcal in 1QFY25/4QFY25. Petcoke consumption was at 52% vs. 37%/55% in 1QFY25/4QFY25.
- The average cost of borrowing was ~7% in 1QFY26 and is expected to fall further with recent RBI rate cuts.
- Revenue of the buildings product segment during 1QFY26 was INR1.85b.
- Capex guidance of FY26 is INR100b, with INR20b already spent in 1QFY26. Consolidated net debt stands at INR163.4b vs. INR54.8b in Jun'24, while standalone net debt is at INR137.1b vs. INR33.2b in Jun'24.

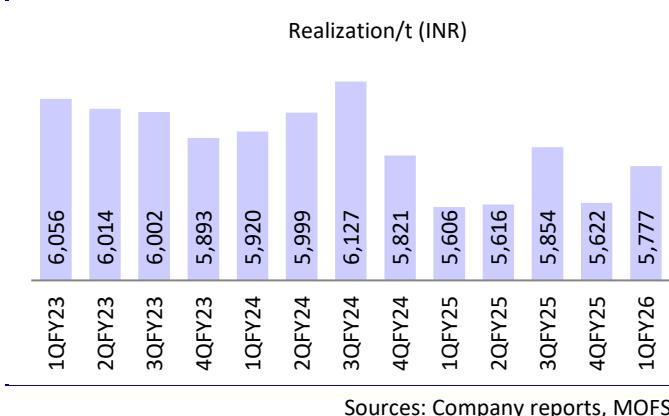
## Story in charts

### Exhibit 1: Sales volume grew ~10% YoY



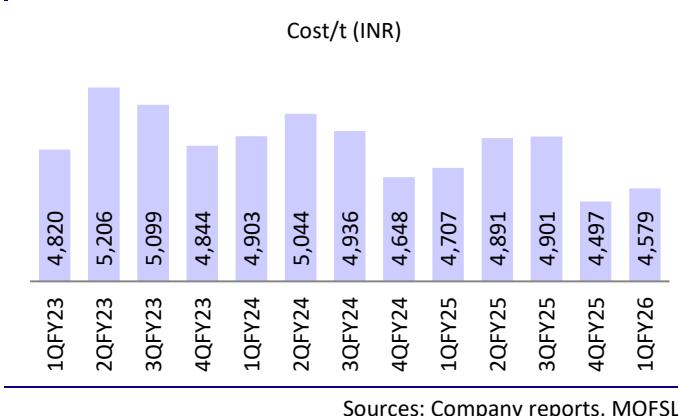
Sources: Company reports, MOFSL

### Exhibit 2: Blended realizations increased 3% YoY/QoQ each



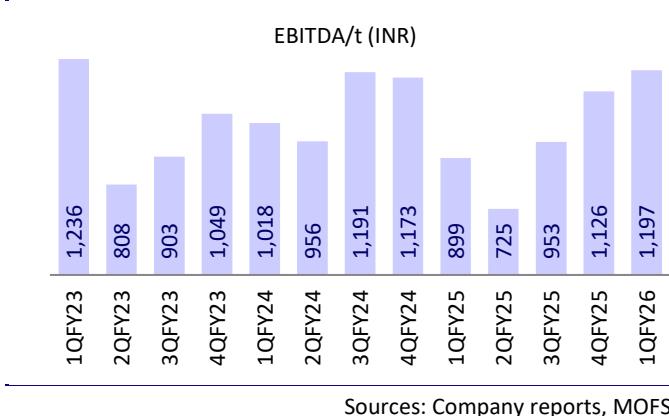
Sources: Company reports, MOFSL

### Exhibit 3: Opex/t declined 3% YoY (up ~2% QoQ)



Sources: Company reports, MOFSL

### Exhibit 4: EBITDA/t increased ~33% YoY/6% QoQ



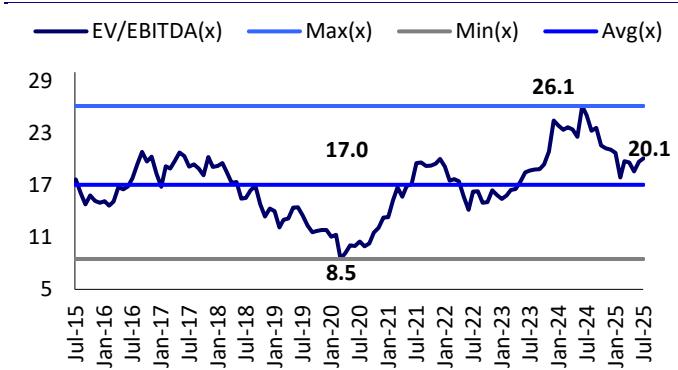
Sources: Company reports, MOFSL

### Exhibit 5: Trends in key operating parameters

INR/t	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)
<b>Realization</b>	<b>5,777</b>	<b>5,606</b>	<b>3%</b>	<b>5,622</b>	<b>3%</b>
RM cost	1,037	962	8%	1,060	-2%
Power and fuel	1,320	1,426	-7%	1,273	4%
Staff cost	264	232	14%	239	10%
Freight and forwarding	1,262	1,319	-4%	1,262	0%
Other expenditure	696	767	-9%	662	5%
<b>Total expenditure</b>	<b>4,579</b>	<b>4,707</b>	<b>-3%</b>	<b>4,497</b>	<b>2%</b>
<b>EBITDA</b>	<b>1,197</b>	<b>899</b>	<b>33%</b>	<b>1,126</b>	<b>6%</b>

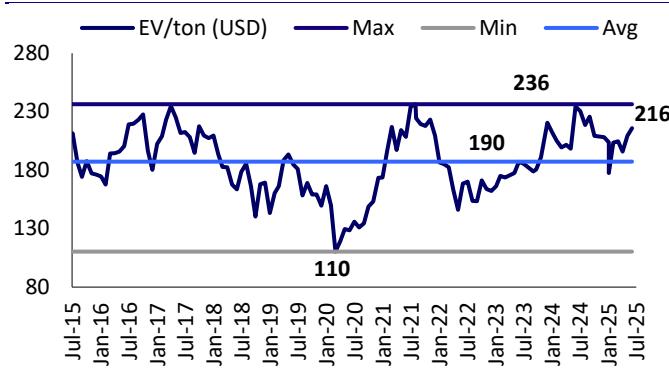
Sources: Company reports, MOFSL

### Exhibit 6: One-year forward EV/EBITDA (x) trend



Sources: Company reports, MOFSL

### Exhibit 7: One-year forward EV/t trend



Sources: Company reports, MOFSL

## Financials and valuations

Consolidated Income Statement								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>4,47,258</b>	<b>5,25,988</b>	<b>6,32,400</b>	<b>7,09,081</b>	<b>7,59,551</b>	<b>8,96,717</b>	<b>10,01,246</b>	<b>11,18,414</b>
Change (%)	5.4	17.6	20.2	12.1	7.1	18.1	11.7	11.7
Raw Materials	70,858	79,650	97,150	1,19,029	1,37,037	1,62,405	1,81,466	2,02,620
Employees Cost	23,530	25,347	27,390	30,376	36,046	41,353	44,959	46,946
Other Expenses	2,37,191	3,05,848	4,01,662	4,29,991	4,60,894	5,16,738	5,63,732	6,26,139
<b>Total Expenditure</b>	<b>3,31,579</b>	<b>4,10,845</b>	<b>5,26,201</b>	<b>5,79,396</b>	<b>6,33,977</b>	<b>7,20,496</b>	<b>7,90,156</b>	<b>8,75,705</b>
As a Percentage of Sales	74.1	78.1	83.2	81.7	83.5	80.3	78.9	78.3
<b>EBITDA</b>	<b>1,15,679</b>	<b>1,15,144</b>	<b>1,06,199</b>	<b>1,29,686</b>	<b>1,25,575</b>	<b>1,76,222</b>	<b>2,11,090</b>	<b>2,42,709</b>
Margin (%)	25.9	21.9	16.8	18.3	16.5	19.7	21.1	21.7
Depreciation	27,002	27,148	28,880	31,453	40,150	47,687	53,932	57,660
<b>EBIT</b>	<b>88,677</b>	<b>87,996</b>	<b>77,319</b>	<b>98,233</b>	<b>85,425</b>	<b>1,28,535</b>	<b>1,57,158</b>	<b>1,85,049</b>
Int. and Finance Charges	14,857	9,447	8,227	9,680	16,505	19,182	19,015	18,333
Other Income	7,342	5,078	5,031	6,170	7,442	7,563	7,678	8,579
<b>PBT bef. EO Exp.</b>	<b>81,162</b>	<b>83,627</b>	<b>74,122</b>	<b>94,722</b>	<b>76,361</b>	<b>1,16,915</b>	<b>1,45,821</b>	<b>1,75,294</b>
EO Items	-2,607	0	0	-720	-974	0	0	0
<b>PBT after EO Exp.</b>	<b>78,555</b>	<b>83,627</b>	<b>74,122</b>	<b>94,002</b>	<b>75,387</b>	<b>1,16,915</b>	<b>1,45,821</b>	<b>1,75,294</b>
Total Tax	25,387	11,901	23,429	24,183	14,885	26,855	33,008	39,457
Tax Rate (%)	32.3	14.2	31.6	25.7	19.7	23.0	22.6	22.5
Minority Interest	-34	-118	54	-231	111	0	0	0
<b>Reported PAT</b>	<b>53,202</b>	<b>71,844</b>	<b>50,640</b>	<b>70,050</b>	<b>60,391</b>	<b>90,060</b>	<b>1,12,814</b>	<b>1,35,837</b>
<b>Adjusted PAT</b>	<b>54,967</b>	<b>56,665</b>	<b>50,640</b>	<b>70,572</b>	<b>61,171</b>	<b>90,060</b>	<b>1,12,814</b>	<b>1,35,837</b>
Change (%)	31.0	3.1	-10.6	39.4	-13.3	47.2	25.3	20.4
Margin (%)	12.3	10.8	8.0	10.0	8.1	10.0	11.3	12.1

Consolidated Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,887	2,887	2,887	2,887	2,947	2,947	2,947	2,947
Total Reserves	4,38,860	5,01,466	5,40,359	5,99,388	7,04,121	7,65,450	8,43,639	9,41,904
<b>Net Worth</b>	<b>4,41,747</b>	<b>5,04,353</b>	<b>5,43,245</b>	<b>6,02,275</b>	<b>7,07,068</b>	<b>7,68,397</b>	<b>8,46,585</b>	<b>9,44,851</b>
Minority Interest	57	-31	556	559	31,866	31,866	31,866	31,866
Total Loans	2,04,878	1,02,028	99,008	1,02,984	2,30,310	2,30,310	2,30,310	2,30,310
Deferred Tax Liabilities	60,407	60,332	62,601	64,478	95,794	95,794	95,794	95,794
<b>Capital Employed</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,05,411</b>	<b>7,70,296</b>	<b>10,65,038</b>	<b>11,26,367</b>	<b>12,04,556</b>	<b>13,02,821</b>
Gross Block	6,08,332	6,33,795	7,00,914	7,62,404	11,06,057	12,11,057	13,06,057	14,01,057
Less: Accum. Deprn.	1,16,414	1,41,421	1,68,417	1,97,083	2,37,232	2,84,919	3,38,852	3,96,512
<b>Net Fixed Assets</b>	<b>4,91,918</b>	<b>4,92,374</b>	<b>5,32,497</b>	<b>5,65,321</b>	<b>8,68,824</b>	<b>9,26,138</b>	<b>9,67,205</b>	<b>10,04,545</b>
Goodwill on Consolidation	62,199	62,502	63,293	63,455	76,818	76,818	76,818	76,818
Capital WIP	16,867	47,847	40,404	68,112	62,342	52,342	37,342	22,342
Current Investment	1,08,939	49,633	58,366	54,848	28,591	<b>28,591</b>	<b>28,591</b>	<b>28,591</b>
Non-current Investment	12,842	13,725	14,604	27,642	22,974	22,974	22,974	22,974
<b>Curr. Assets, Loans, and Adv.</b>	<b>1,59,034</b>	<b>1,71,938</b>	<b>2,04,460</b>	<b>2,28,444</b>	<b>2,75,395</b>	<b>3,11,869</b>	<b>3,81,988</b>	<b>4,77,619</b>
Inventory	40,180	55,956	66,118	83,297	95,630	1,10,554	1,23,441	1,37,887
Account Receivables	25,717	30,716	38,670	42,782	58,903	69,540	68,579	76,604
Cash and Bank Balance	20,076	3,592	11,496	7,832	16,734	23,361	78,768	1,49,062
Loans and Advances	73,061	81,674	88,175	94,533	1,04,129	1,08,414	1,11,201	1,14,066
<b>Curr. Liability and Prov.</b>	<b>1,52,307</b>	<b>1,71,595</b>	<b>2,08,459</b>	<b>2,37,724</b>	<b>2,71,934</b>	<b>2,93,791</b>	<b>3,11,790</b>	<b>3,31,495</b>
Account Payables	46,993	58,628	72,093	84,783	93,275	1,10,119	1,22,956	1,37,344
Other Current Liabilities	96,441	1,04,309	1,28,080	1,43,660	1,66,236	1,71,214	1,76,341	1,81,622
Provisions	8,873	8,658	8,286	9,281	12,423	12,458	12,493	12,529
<b>Net Current Assets</b>	<b>6,727</b>	<b>343</b>	<b>-3,999</b>	<b>-9,280</b>	<b>3,462</b>	<b>18,078</b>	<b>70,198</b>	<b>1,46,123</b>
Deferred Tax Assets	72	164	66	49	651	50	51	52
Net Assets Held for Sale	7,526	95	180	149	1,377	1,377	1,377	1,377
<b>Appl. of Funds</b>	<b>7,07,089</b>	<b>6,66,683</b>	<b>7,05,411</b>	<b>7,70,296</b>	<b>10,65,038</b>	<b>11,26,367</b>	<b>12,04,556</b>	<b>13,02,821</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
EPS	<b>190.4</b>	<b>196.3</b>	<b>175.4</b>	<b>244.5</b>	<b>207.6</b>	<b>305.6</b>	<b>382.8</b>	<b>461.0</b>
Cash EPS	284.0	290.3	275.4	353.4	343.8	467.4	565.9	656.6
BV/Share	1,530.4	1,747.2	1,881.8	2,086.2	2,399.4	2,607.6	2,872.9	3,206.4
DPS	37.0	38.0	38.0	70.0	77.5	97.5	117.5	127.5
Payout (%)	19.4	19.4	21.7	28.6	37.3	31.9	30.7	27.7
<b>Valuation (x)</b>								
P/E	66.0	64.1	71.7	51.4	60.6	41.1	32.8	27.3
Cash P/E	44.3	43.3	45.7	35.6	36.6	26.9	22.2	19.1
P/BV	8.2	7.2	6.7	6.0	5.2	4.8	4.4	3.9
EV/Sales	8.3	6.9	5.7	5.1	5.1	4.3	3.9	3.5
EV/t (USD)	353	343	310	278	247	220	203	210
EV/EBITDA	30.8	31.0	33.4	27.1	30.1	21.5	17.8	15.2
Dividend Yield (%)	0.3	0.3	0.3	0.6	0.6	0.8	0.9	1.0
FCF per share	369.4	127.4	102.6	69.7	58.5	159.4	344.0	399.1
<b>Return Ratios (%)</b>								
RoE	13.2	12.0	9.7	12.3	9.3	12.2	14.0	15.2
RoCE	10.3	12.7	9.0	11.5	9.1	10.8	12.3	13.3
RoIC	10.2	13.4	9.1	11.8	8.6	10.0	11.7	13.3
<b>Working Capital Ratios</b>								
Inventory (Days)	33	39	38	43	46	45	45	45
Debtor (Days)	21	21	22	22	28	28	25	25
Creditor (Days)	38	41	42	44	45	45	45	45
<b>Leverage Ratio (x)</b>								
Current Ratio	1.0	1.0	1.0	1.0	1.0	1.1	1.2	1.4
Interest Coverage Ratio	6.0	9.3	9.4	10.1	5.2	6.7	8.3	10.1
Net Debt/Equity ratio	0.2	0.1	0.1	0.1	0.3	0.2	0.1	0.1

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	78,576	83,627	74,122	94,002	75,387	1,16,915	1,45,821	1,75,294
Depreciation	27,002	27,148	28,880	31,453	40,150	47,687	53,932	57,660
Interest and Finance Charges	14,857	9,447	8,227	9,680	16,505	19,182	19,015	18,333
Direct Taxes Paid	-12,910	-15,549	-11,243	-16,505	-13,006	-26,254	-33,009	-39,458
(Inc.)/Dec. in WC	23,264	-4,730	-3,370	-4,811	-6,711	-7,989	3,286	-5,631
<b>CF from Operations</b>	<b>1,30,789</b>	<b>99,943</b>	<b>96,617</b>	<b>1,13,819</b>	<b>1,12,325</b>	<b>1,49,541</b>	<b>1,89,046</b>	<b>2,06,199</b>
Others	-5,785	-7,110	-5,932	-4,844	-5,591	-7,563	-7,678	-8,579
<b>CF from Operations incl. EO</b>	<b>1,25,004</b>	<b>92,832</b>	<b>90,685</b>	<b>1,08,975</b>	<b>1,06,734</b>	<b>1,41,979</b>	<b>1,81,368</b>	<b>1,97,620</b>
(Inc.)/Dec. in FA	-18,389	-56,062	-61,056	-88,841	-89,506	-95,000	-80,000	-80,000
<b>Free Cash Flow</b>	<b>1,06,615</b>	<b>36,771</b>	<b>29,629</b>	<b>20,135</b>	<b>17,228</b>	<b>46,979</b>	<b>1,01,368</b>	<b>1,17,620</b>
(Pur.)/Sale of Investments	-70,949	76,888	-13,642	-653	11,702	0	0	0
Others	774	1,744	2,827	1,612	-87,240	7,563	7,678	8,579
<b>CF from Investments</b>	<b>-88,565</b>	<b>22,570</b>	<b>-71,871</b>	<b>-87,881</b>	<b>-1,65,045</b>	<b>-87,437</b>	<b>-72,322</b>	<b>-71,421</b>
Issue of Shares	70	44	47	19	20	0	0	0
Inc./(Dec.) in Debt	-25,149	-1,12,232	-3,632	1,047	86,334	0	0	0
Interest Paid	-14,805	-2,227	-1,894	-8,535	-14,790	-19,182	-19,015	-18,333
Dividend Paid	-3,748	-10,650	-10,913	-10,944	-20,117	-28,731	-34,625	-37,572
Others	68	87	81	-843	-690	0	0	0
CF from Fin. Activity	-43,565	-1,24,979	-16,310	-19,257	50,758	-47,913	-53,640	-55,905
<b>Inc./Dec. in Cash</b>	<b>-7,125</b>	<b>-9,577</b>	<b>2,504</b>	<b>1,838</b>	<b>-7,553</b>	<b>6,628</b>	<b>55,407</b>	<b>70,294</b>
Opening Balance	27,201	13,169	8,992	5,994	24,286	16,734	23,361	78,768
<b>Closing Balance</b>	<b>20,076</b>	<b>3,592</b>	<b>11,496</b>	<b>7,832</b>	<b>16,734</b>	<b>23,361</b>	<b>78,768</b>	<b>1,49,062</b>

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

## NOTES

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 - MOSL) 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 interaction 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 guaranty, 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, not 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).