NIRMAL BANG
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Institutional Equities

United Breweries (UBBL)

Alco-Bev | Company update

UPGRADE TO BUY

CMP: Rs1,795 | Target Price (TP): Rs2,250 | Upside: 25%

September 30, 2025

Raising a toast to growth: Upgrade to BUY

Key Points

- Over the last two years, and especially under the tenure of CEO Mr. Vivek Gupta, UBBL has embarked on an investment phase for long-term growth, which includes (a) significantly higher marketing spends and new launches (especially in the premium segment) compared to the past, (b) significant investment in brewing capacity compared to the past, (c) embarking on ambitious visi-cooler expansion plans to improve the quality of product for end consumers. While these investments will impact margins in the near term, we believe the company will reap the gains of these investments from a medium-to-longer term perspective, especially on the back of under investment by the company on these initiatives in the past.
- Overall volume growth, premium segment volume growth, and market shares (both on an overall basis and especially in the premium segment) have been showing encouraging trends in the last eight quarters after underperformance and a worrying decline in market shares before this period.
- On the macro side (a) the regulatory regime on excise increases is significantly more benign compared to the past, and (b) material costs are largely stable. Counterbalancing this, the summer season (35-40% of full year EBITDA) has been weak for the beer industry in FY24, FY25, and FY26 either because of unseasonal rains or elections leading to underperformance in terms of earnings and the stock price. Unusual floods are also likely to impact 2QFY26 demand. In view of a more normalized scenario ahead, and because of investments the company is making to ensure long-term growth, earnings growth can be quite healthy going forward. After ~23% decline from its peak, the stock is trading at a significant discount to longer-term averages. We upgrade the stock to BUY.

Why now is the right time?

India's beer industry is at an inflection point, supported by regulatory moderation, evolving consumer preferences, and a rapidly expanding premium category. United Breweries (UBBL), as the market leader with nearly half of the country's beer volumes, is best placed to capture this multi-year growth cycle. With distribution infrastructure scaling up, consumer demand tilting toward premium brands, and peers struggling to regain momentum, we believe UBBL's growth story is shifting from cyclical recovery to structural compounding.

Against this backdrop, we upgrade UBBL from **Hold to BUY**, underpinned by five powerful levers: favorable state policies, shifting generational demand, aggressive rollout of visi coolers, sustained outperformance against peers, and a strengthening premiumization trend through successful new launches.

Est Change	Downward
TP Change	Upward
Rating Change	Upward

Company Data and Valuation Summary

Reuters:	UBBW.BO
Bloomberg:	UBBL IN Equity
Mkt Cap (Rsbn/US$bn):	474.6 / 5.4
52 Wk H / L (Rs):	2,300 / 1,761
ADTV-3M (mn) (Rs/US$):	336.8 / 3.9
Stock performance (%) 1M/6M/1yr:	(3.0)/(10.2)/(17.7)
Nifty 50 performance (%) 1M/6M/1yr:	(0.3) / (3.2) / (4.5)

Shareholding	3QFY25	4QFY25	1QFY26
Promoters	70.8	70.8	70.8
DIIs	17.7	17.3	17.5
FIIs	6.4	6.9	6.7
Others	5.1	4.9	4.9
Pro pledge	94.3	94.3	94.3

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26E	FY27E
Net Sales	81,227	89,151	98,957	112,020
Growth YoY%	*8.3*	*9.8*	*11.0*	*13.2*
Gross margin (%)	*42.7*	*43.1*	*42.2*	*43.6*
EBITDA	6,962	8,408	8,798	13,853
EBITDA margin (%)	*8.6*	*9.4*	*8.9*	*12.4*
Adjusted PAT	4,100	4,605	4,619	8,226
Growth YoY%	*24.9*	*12.3*	*0.3*	*78.1*
Adj EPS	15.5	17.4	17.5	31.1
RoCE (%)	*10.1*	*10.0*	*9.3*	*14.4*
RoE (%)	*10.1*	*10.8*	*10.4*	*17.5*
RoIC	*13.1*	*14.9*	*13.1*	*20.4*
P/E (x)	115.7	103.1	102.8	57.7
EV/EBITDA (x)	68.0	56.7	54.9	35.0
P/BV	11.4	10.9	10.4	9.7

Source: Company, Bloomberg, Nirmal Bang Institutional Equities Research

Key Links:

[1QFY26 IP]

[FY25 Annual Report]

Please refer to the disclaimer towards the end of the document.

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UBBL as the preferred structural play

United Breweries is no longer just a cyclical recovery candidate. The industry is undergoing a structural transformation, and UBBL is positioned at the center of this change. Favorable policy reforms are creating a more stable operating environment. A younger generation of consumers is reshaping the demand landscape with higher frequency and premium inclination. Distribution expansion through visi coolers is unlocking the next wave of retail-driven growth. Peers are either stagnating or losing ground, reinforcing UBBL's dominance. And finally, premiumization backed by new launches is strengthening brand equity and eventually expanding margins in medium term.

Five structural catalysts powering UBBL's next phase of growth

- Policy support is creating a more conducive environment for sustained growth.
- Younger generations are reshaping the demand curve in favor of beer and premium products.
- Visi cooler expansion is unlocking a new wave of distribution-led growth.
- Peers are losing ground while UBBL consolidates its leadership.
- Premiumization and new launches are widening margins and strengthening the brand.

View & Valuation: We like the structural investment case for UBBL, not only for its immense opportunity for growth, but also for the management's investments in (a) adding brewing capacity for the premium brands in key states, (b) adding significant capacities overall compared to the past, (c) investment in visi coolers, and (d) spending more on marketing, all of which will benefit the company significantly in the longer term. Better disclosures in the latest annual report on volumes and brand-wise premium volume growth are also heartening as are its investments in supply chain, digital transformation, and leadership development. The improvement in operating environment/reforms in several states like Rajasthan, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Assam, Delhi, and Jharkhand that the company has called out are noteworthy from a structural perspective. Volume growth and market share gains (both overall and especially in the premium segment) in the last eight quarters has been heartening. We believe that while the above investments that the company is making could impact near-term margins, the medium-to-longer term earnings growth outlook is extremely attractive. The stock trades at inexpensive valuations of ~35x FY27E EV/EBITDA. We maintain our target multiple of 40x, rolling forward to Sep-27E EV/EBITDA (~28%/18% discount to the 3/5-year average one-year forward multiples) and derive a TP of Rs2,250.

Policy Environment: From headwind to tailwind

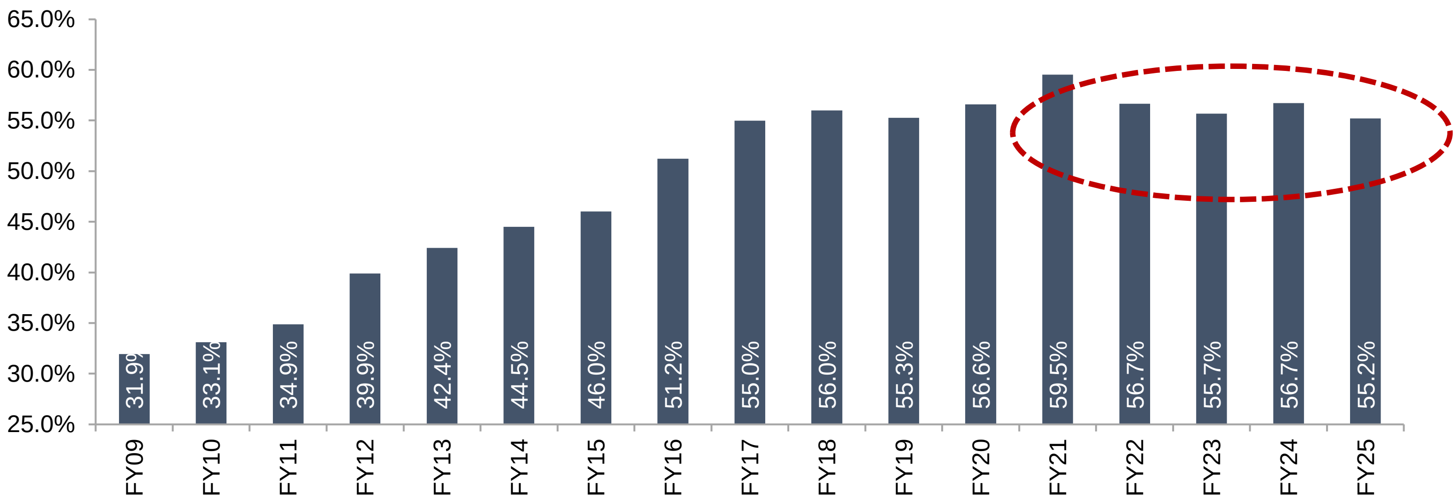
For decades, India's beer industry has struggled under heavy excise duties, complex state regulations, and restricted retail availability. However, recent policy changes across key consumption states have signaled a shift toward a more supportive environment. Several state governments are rationalizing excise structures, reducing administrative bottlenecks, and offering clarity on licensing. These moves are crucial in lowering volatility for brewers and encouraging investments in distribution and brand-building.

For UBBL, which already has a strong presence across all states, a friendlier policy environment directly translates into greater pricing flexibility and faster volume recovery. It also reduces the risk of abrupt price shocks that historically disrupted growth visibility. As policies gradually align toward stability, the path opens for sustained high-single digit and possibly even low double-digit volume growth over the medium term.

States such as Rajasthan, Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, and Assam are implementing forward-looking, reform-centric policies to tap into the true potential of the alcoholic beverages sector.

Alongside Andhra Pradesh, states like Delhi and Jharkhand are setting a positive example by promoting responsible, consumer-focused policies that emphasize transparency and uphold free market principles. This marks a progressive move toward policymaking aligned with long-term industry growth and sustainable governance.

Exhibit 1: Excise rate (as a % of Gross sales) has remained stable in recent years



Source: Company, Nirmal Bang Institutional Equities Research

Gen Z and Millennials: Redefining the beer market

Consumer behavior is undergoing a generational reset. Gen Z and younger millennials are increasingly turning to beer as their preferred beverage of choice in social occasions, aided by rising disposable incomes, global cultural influences, and higher acceptance of casual drinking. This generation values variety, taste, and aspiration over price, which is driving higher frequency of consumption as well as a strong tilt toward premium brands.

For UBBL, this demographic shift is transformational. With its portfolio spanning accessible mass offerings to aspirational premium brands, the company is ideally positioned to capture incremental demand across the spectrum. Importantly, younger consumers display lower price sensitivity and a willingness to experiment with newer formats, which further supports the case for margin expansion. As this cohort comes of age, their growing share in the drinking population ensures a structural uplift for the beer category as a whole, with UBBL standing to be the largest beneficiary.

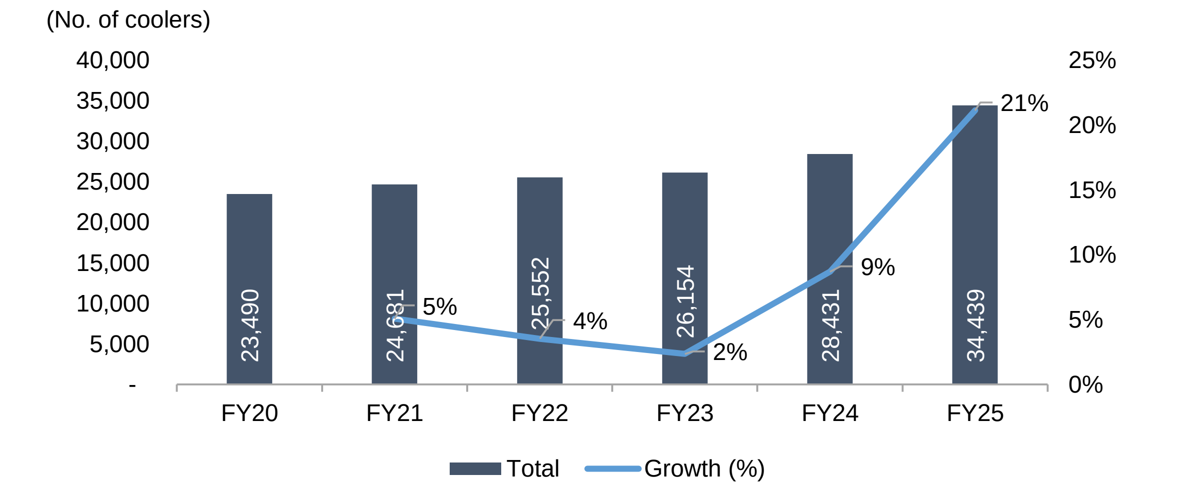
Visi Coolers: The silent distribution revolution

An important yet often overlooked development is UBBL's rising focus on visi coolers and dispensers. For years, these assets were simply clubbed under 'furniture and fixtures', attracting little investor attention. However, since 2023, the management has begun explicitly highlighting them in earnings calls and presentations, underscoring their strategic importance. What once appeared as routine capex is in fact a competitive moat: each cooler acts as a silent salesman, guaranteeing chilled availability, driving consumer pull, and reinforcing brand presence at the point of purchase. The very shift from disclosure silence to detailed commentary signals the execution muscle UBBL is building—an advantage that peers will find difficult to replicate.

Distribution remains the most critical moat in India's beer market, and visi coolers are proving to be the sharpest tool in winning share at the retail level. In a hot climate where chilled availability directly drives consumption, the presence of a branded cooler not only guarantees offtake but also builds visibility and recall.

Each cooler added translates into higher throughput per outlet and a stronger edge over peers who continue to lag on distribution investments. With this scale-up, UBBL is not only ensuring market visibility but also securing impulse demand, which is a powerful driver of sustainable volume growth.

Exhibit 2: Sharp step up in cooler rollout driving growth (our estimates)



Source: Company, Nirmal Bang Institutional Equities Research

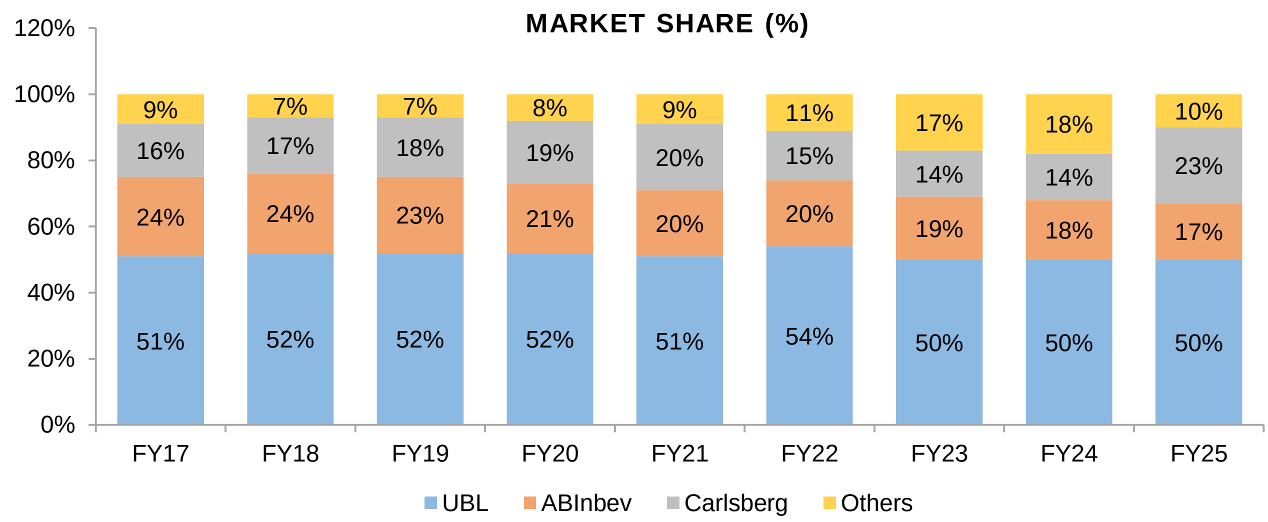
Peer Analysis: Market leadership reinforced

When stacked against both its nearest MNC competitors, UBBL's leadership is clear and widening. The company has consistently maintained around 50% market share with volumes rebounding sharply post-COVID to reach 202 million cases in FY25. In comparison, AB InBev stands at 69 million cases while Carlsberg at 93 million for the same period, highlighting execution challenges and stagnation.

Long-term performance metrics also validate UBBL's resilience. Over a 3-year horizon, UBBL's case volumes have clocked a CAGR of 12%, ahead of AB InBev at 9%. Over 5 and 7-year horizons, UBBL's growth trajectory remains positive while AB Inbev slips into negative CAGR territory.

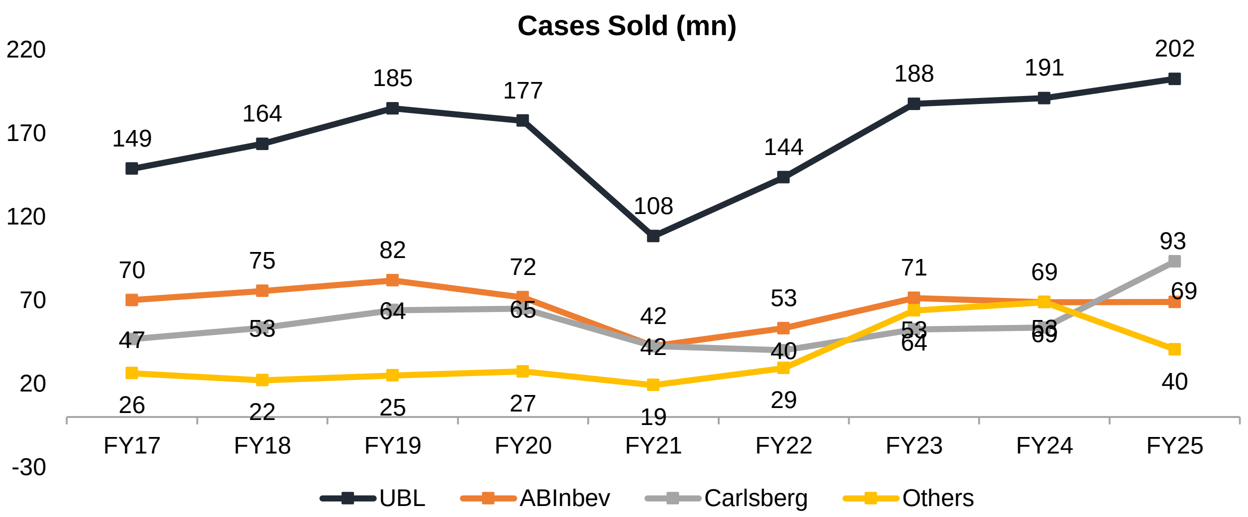
This consistent performance underscores UBBL's ability to defend share even in downturns while leveraging recovery cycles far better than peers. With scale advantages in negotiation, distribution, and brand investments, UBBL's competitive moat continues to expand, making it the most compelling play in the sector.

Exhibit 3: UBBL stands tall as India's beer leader (market share)



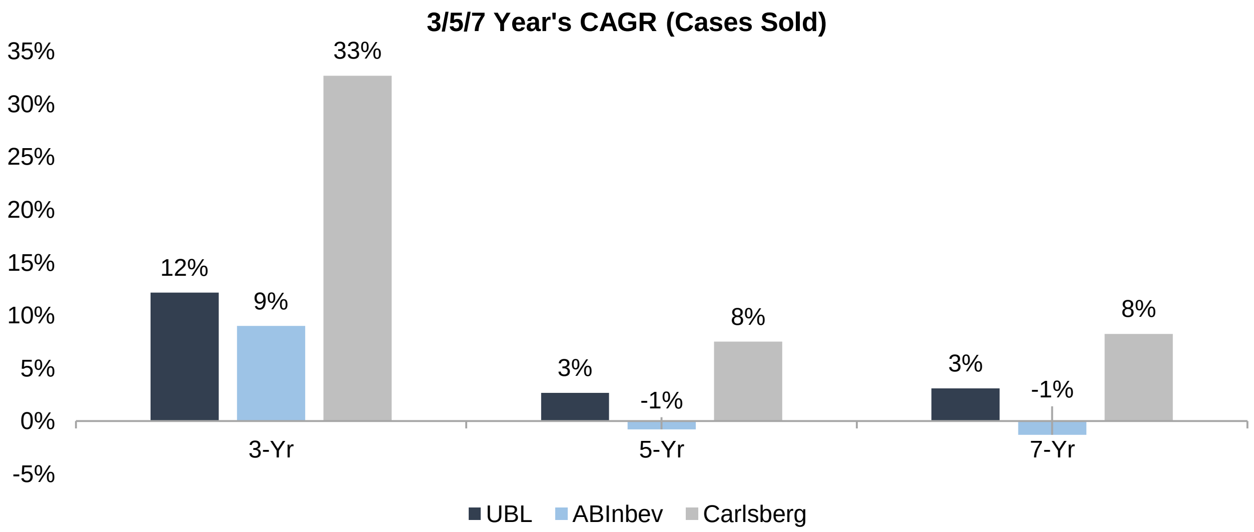
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 4: Volume curve tells the leadership story (cases sold)



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Sustained volume momentum: 3/5/7-year view (3/5/7-year CAGR for cases sold)



Source: Company, Nirmal Bang Institutional Equities Research

Premiumization and Innovation: The margin engine

In recent years, margins have been a persistent concern for UBBL. From 17.6% in FY19, EBITDA margins fell sharply during COVID to just 9.5% in FY21. While there was a temporary recovery in FY22, margins have since remained subdued in the 8-9% range, still well below pre-COVID levels. This underperformance has kept profitability under pressure even as volumes recovered.

There are several factors that have contributed to the sustained pressure on UBBL's margins in recent years:

- A significant set of new launches in recent years has added upfront marketing and activation costs.
- Strong growth in the premium segment has created a drag as bottle turnover is lower than the broader market.
- Ongoing investments in visi coolers and brewery expansions have increased operating expenses.
- The absence of material price increases in Telangana, UBBL's largest market, has restricted cost pass-through.
- A significant increase in input material costs, particularly barley and packaging, has further pressured margins.

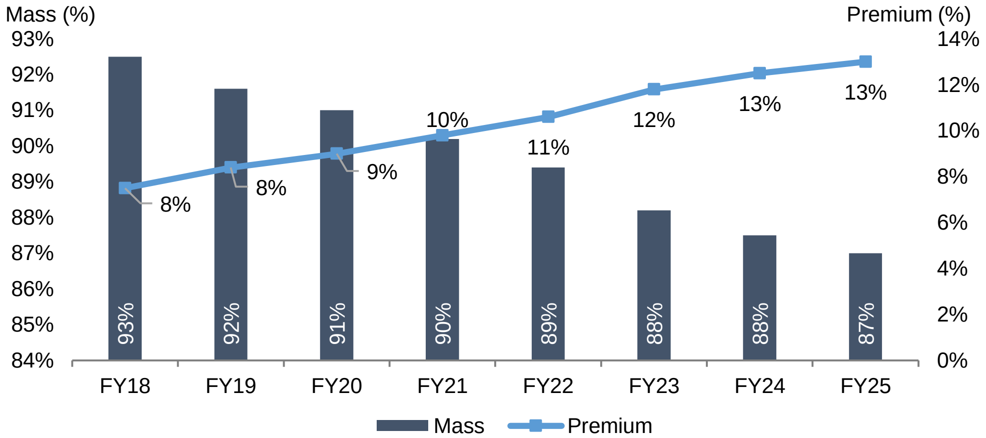
As volume growth recovers, apart from benefits of operating leverage kicking in, the ongoing premiumization and innovation strategy is now emerging as the most credible lever to address this recent weakness. Over the last three years, UBBL has steadily increased its share of the premium beer segment, supported by a strong pipeline of successful new launches and the growing consumer appetite for higher-quality brews.

UBBL's approach is two-fold: strengthening its established premium brands while introducing new, differentiated offerings that resonate with younger, experimental drinkers. This has led to sustained premium share gains from FY22, in contrast to peers who either lack portfolio breadth or have struggled with execution.

Premiumization matters because it structurally improves margins, even though near term margins can get impacted because of lower bottle turnover. Premium SKUs command higher realizations per case and face lower resistance to price hikes. As these products gain scale in the mix, UBBL is positioned to deliver not just volume recovery but profitable, high-quality growth that compounds shareholder value over time.

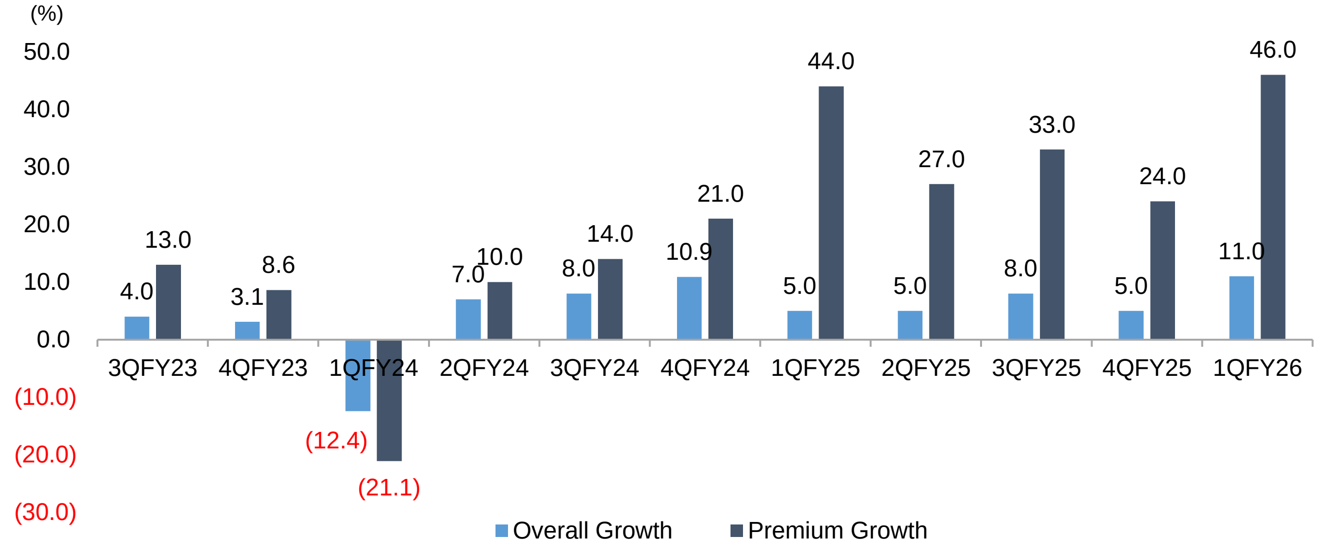
Our most recent channel checks indicates strong pickup in demand for premium beers like Kingfisher Ultra Max, the Heineken portfolio, and the newly-launched Amstel. Amstel has received very strong initial response in Indian markets. We believe margin recovery to 14-15% is achievable, though a return to the pre-COVID peak of 17–18% remains a stretch.

Exhibit 6: India Beer Industry: Premium gaining steady traction



Source: Nirmal Bang Institutional Equities Research

Exhibit 7: Premiumization at Work: Faster growth vs overall (UB's overall growth vs premium growth)



Source: Company, Nirmal Bang Institutional Equities Research

New launches

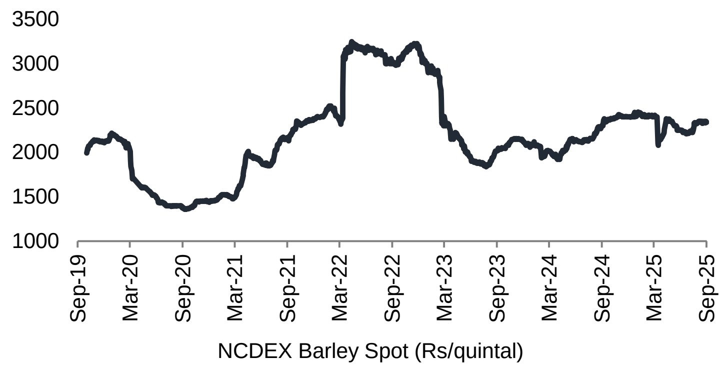
UBBL reached a significant milestone with the India launch of Amstel Grande, a renowned international beer from Heineken's global portfolio. The company brought Amstel to India from Amsterdam; launched it in West Bengal, Maharashtra, and Uttar Pradesh, where it quickly gained traction, with the brand now capturing 5% of the premium strong beer market in West Bengal within three months.

Additional catalysts strengthening the thesis

Beyond the five core structural levers, UBBL's story is reinforced by several underappreciated but equally important tailwinds. These do not drive the upgrade in isolation, but they add resilience and create incremental upside to both growth and margins.

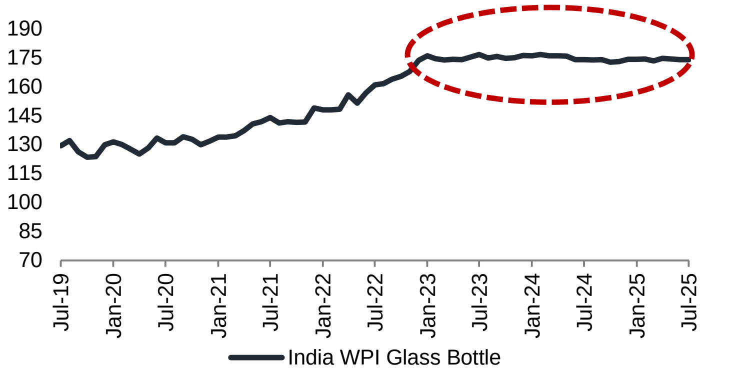
- **Easing barley prices - margins get breathing space:** Barley prices, which had seen sharp swings in FY22-FY23, have now stabilized with only a mild uptick in 2QFY26, providing better margin visibility for UBBL although the upcoming rabi crop remains a monitorable.
- **Capacity expansion – investing ahead of demand:** UBBL has committed Rs7.5bn to a greenfield brewery in Uttar Pradesh, expected to be operational by FY27, along with Rs900mn for a canning facility in Telangana that will add 0.4mn hl of capacity, reducing freight costs, improving product freshness, and positioning the company close to fast-growing demand hubs.
- **Consumer shift in Maharashtra – spirits to beer:** Excise hikes on spirits have driven nearly 6-7% of consumers in Maharashtra to shift toward beer, and with total consumption crossing 49.4mn cases in FY24-25, this trend provides UBBL with a meaningful incremental demand boost in India's most important beer market.

Exhibit 8: Avg. barley prices stabilizing post FY24



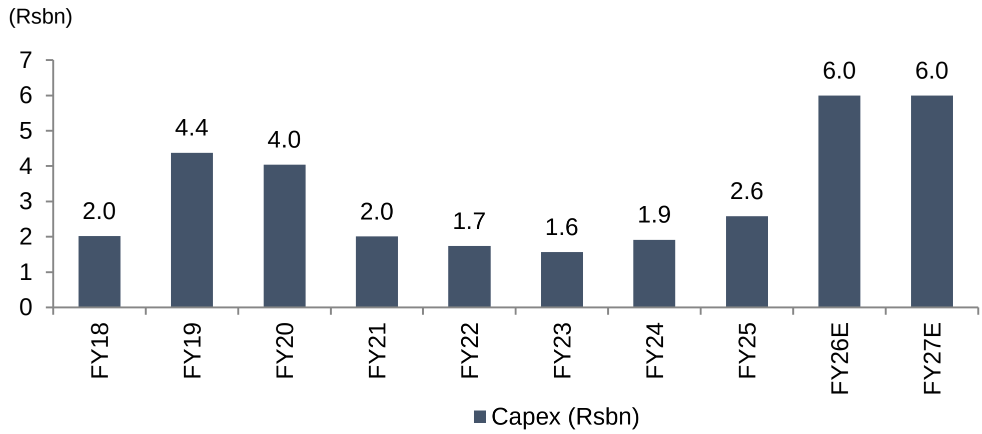
Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 9: Avg. glass prices stabilizing post FY24



Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 10: Capex revival positions UBBL for the next leg of growth

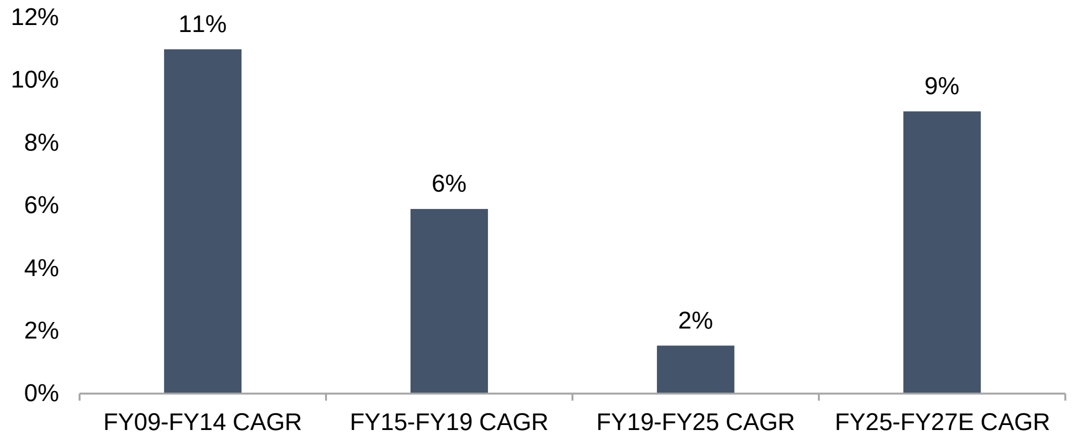


Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Well-rounded portfolio catering to mass and premium consumers alike

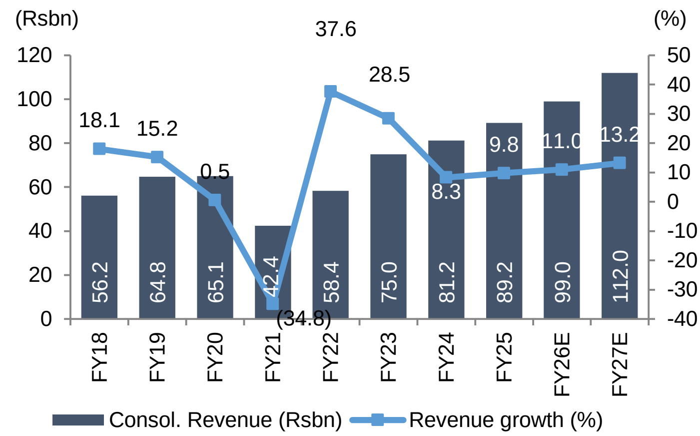
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Structural Recovery: CAGR trend turning upwards (volume growth CAGR)



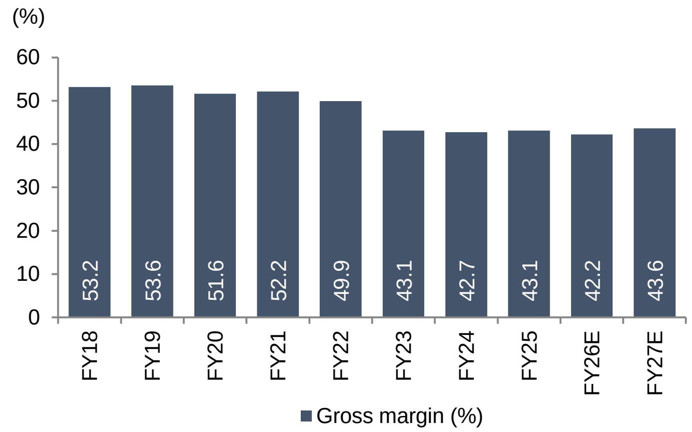
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: UBBL revenue grew 9.8% in FY25



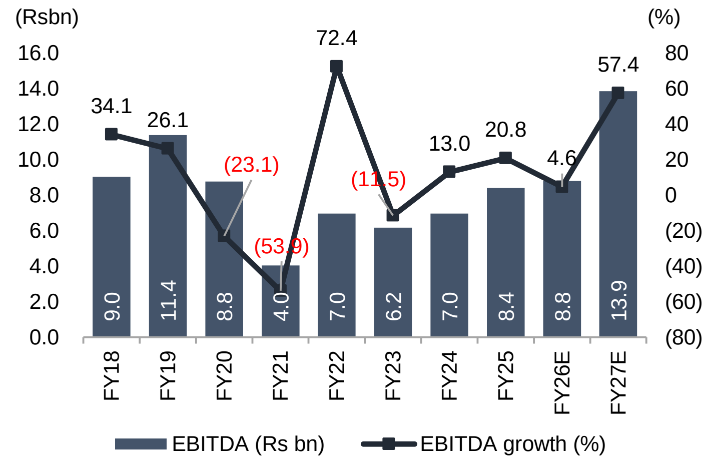
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Gross margin saw an improvement in FY25



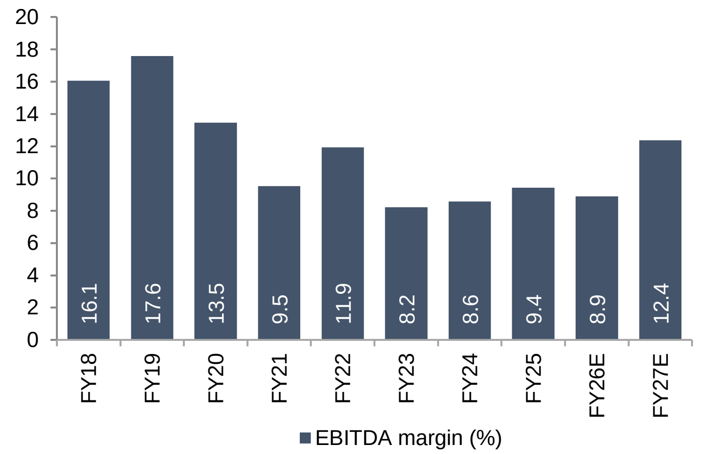
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: EBITDA increased 20.8% to Rs8.4bn in FY25



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 16: EBITDA margin increased by 80bps to 9.4% in FY25



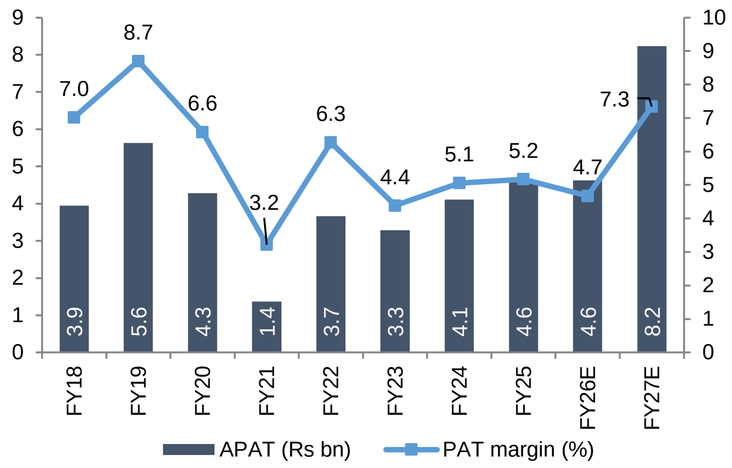
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Common-size statement of operating expenses

Particulars (% of sales)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
COGS	47.8	50.1	56.9	57.3	56.9	57.4	56.3
Gross margin	52.2	49.9	43.1	42.7	43.1	42.6	43.7
Staff cost	11.4	9.0	7.9	8.0	8.1	7.9	7.7
Selling and distribution	14.3	12.7	11.8	10.4	10.2	9.7	9.4
Other operating expenses	16.9	16.3	15.2	15.8	15.5	15.9	14.2
Total operating expenses	90.5	88.1	91.8	91.4	90.6	90.9	87.6
EBITDA margin	9.5	11.9	8.2	8.6	9.4	9.1	12.4

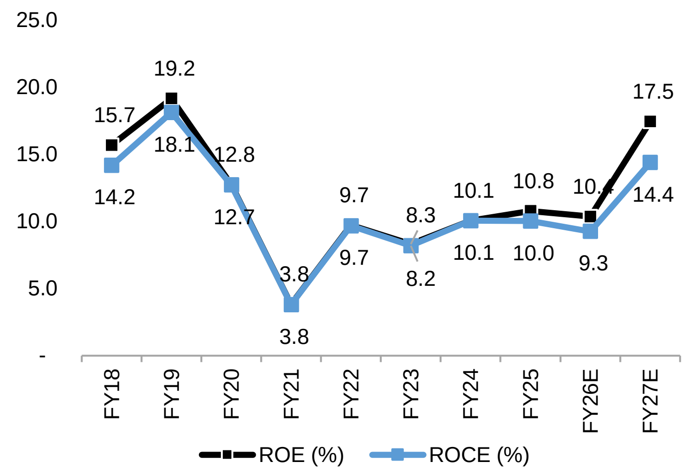
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: PAT increased marginally to Rs4.6bn in FY25 with flat APAT margin



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Return ratios in FY25 were maintained at similar levels seen in FY24



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 20: UBBL maintains competitive edge across price points

Brand	Company	650 Ml
Kingfisher Strong	UBBL	190
Kingfisher Premium	UBBL	200
Kingfisher Ultra	UBBL	220
Kingfisher Ultra Max	UBBL	240
Heineken Lager	UBBL	240
Heineken Silver	UBBL	240
Amstel Grande	UBBL	250
London Prisoner	UBBL	140
London Prisoner Strong	UBBL	165
Budweiser Genuine	ABInbev	245
Budweiser Magnum Strong	ABInbev	250
Corona (500 Ml)	ABInbev	250
Hoegaarden	ABInbev	250
Stella Artosis	ABInbev	530

Brand	Company	650 Ml
Carlsberg Elephant	Carlsberg	250
Carlsberg Smooth	Carlsberg	240
Tuborg Classic	Carlsberg	240
Tuborg Green	Carlsberg	200
Tuborg Ice Draft	Carlsberg	220
Tuborg Strong	Carlsberg	195
Bira Blonde Beer	Bira	230
Bira Boom	Bira	200
Bira Gold Strong	Bira	260
Bira White Strong	Bira	270

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 21: India's beer market: Channel and regional penetration

				Regional Breakup		*State-level Breakup*		
Total Penetration in India	**Of Premise**	**On Premise**	**Total**	**Of Premise (%)**	**On Premise (%)**	**Of Premise (%)**	**On Premise (%)**	**% Share**
West	17,344	27,975	45,319	38%	62%	19%	50%	31%
North	37,877	6,685	44,562	85%	15%	42%	12%	31%
South	15,405	14,229	29,634	52%	48%	17%	25%	20%
East	8,972	4,723	13,695	66%	34%	10%	8%	9%
North-East	5,387	1,690	7,077	76%	24%	6%	3%	5%
Central	4,274	460	4,734	90%	10%	5%	1%	3%
Islands	34	300	334	10%	90%	0%	1%	0%
Total	**89,293**	**56,062**	**145,355**	**61%**	**39%**	**100%**	**100%**	**100%**

Source: Excise websites, Nirmal Bang Institutional Equities Research

Exhibit 22: UBBL way ahead of other key players in terms of manufacturing footprint

Companies	Own Breweries	Contract Breweries
United Breweries	Andhra Pradesh – Srikakulam	Uttar Pradesh – Aligarh
	Telangana – Mallepally And Kothlapur	Daman And Diu – Daman
	Goa – Ponda	Madhya Pradesh – Indore
	Kerala - Cherthala And Palakkad	Jammu And Kashmir – Samba
	Haryana – Dharuhera	Arunachal Pradesh – Namsai
	Odisha – Khurda	Punjab – Gurdaspur
	Karnataka – Nanjangud, Mangalore, Nelamangala	Assam – Tejpur
	Tamil Nadu – Kuthambakkam And Aranvoyal	Sikkim – Gangtok
	Punjab – Ludhiana	Meghalaya – Shillong (Byrnihat)
	West Bengal – Kalyani	Jharkhand – Ranchi And Bokaro
	Rajasthan – Chopanki And Shahjahanpur	Odisha – Jagatsinghpur, Paradeep And Khurda
	Maharashtra – Taloja And Aurangabad (2) Units	
	Bihar – Naubatpur	
AB InBev (8+3)	Telangana	3 contract breweries
	Andhra Pradesh	
	Karnataka	
	Rajasthan	
	Maharashtra	
	Haryana	
	Madhya Pradesh	
	Uttar Pradesh	
	Puducherry	
	Orissa	
	Kerala	
Carlsberg (7)	Haryana - Dharuhera	
	Rajasthan - Alwar	
	Maharashtra - Aurangabad	
	West Bengal - Hooghly	
	Medak - Telangana	
	Himachal Pradesh – Paonta Sahib	
	Mysuru - Karnataka	

Source: Annual reports, media reports, and company websites

Exhibit 23: Sales/EBITDA/APAT CAGR for discretionary universe

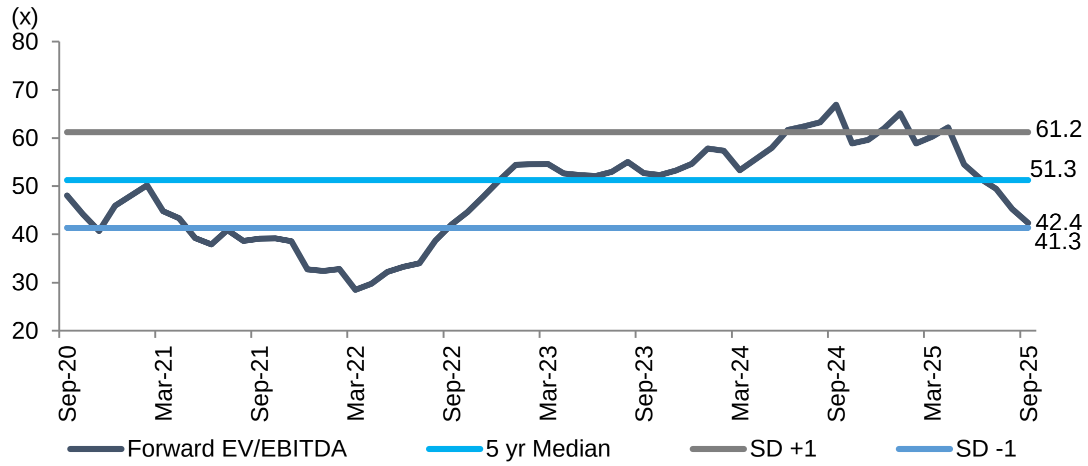
Particulars	FY25-FY27E		
	Sales CAGR	EBITDA CAGR	APAT CAGR
Asian Paints	8.4	11.2	11.5
Berger Paints	8.6	12.2	13.0
United Breweries	**12.8**	**29.5**	**35.2**
United Spirits	7.7	8.4	8.2
Jubilant Foodworks	11.5	12.8	43.8
Westlife Development	12.5	27.2	205.9
Restaurant Brands Asia	14.6	28.0	-

Source: Excise websites, Nirmal Bang Institutional Equities Research

To Conclude…

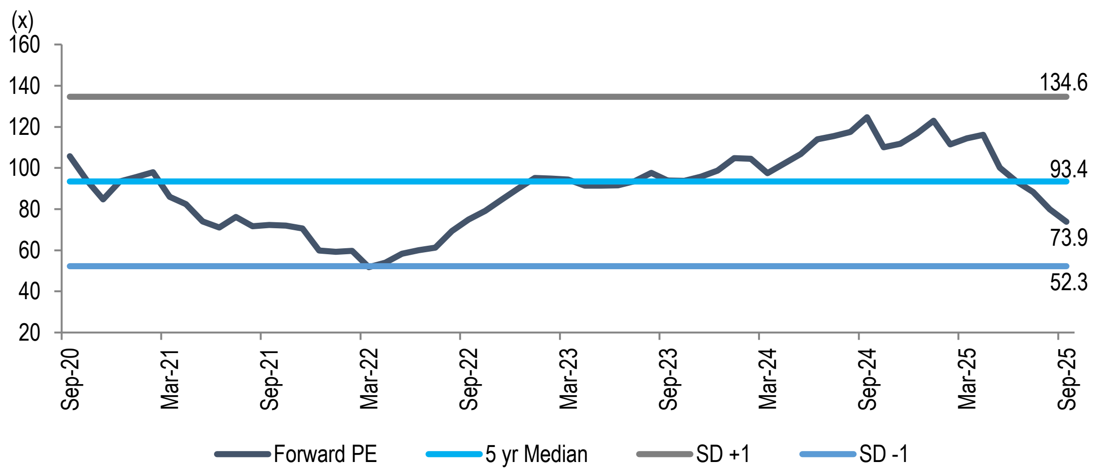
The structural story is now clear. Policy has moved from obstacle to enabler. Consumers, especially younger cohorts, are trading up to premium drinks that carry both taste and identity. UBBL is reinforcing execution with cooler investments that are finally visible in the commentary. Capacity is being expanded with greenfield and canning capex in strategic states. And the distribution base already covers nearly ninety thousand outlets nationwide. United Breweries is not just participating in India's beer cycle. It is shaping it.

Exhibit 24: One-year forward EV/EBITDA – UBBL still trading lower than its 5-year median multiple of ~51.3x



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 25: One-year forward P/E – UBBL still trading lower than its 5-year median multiple of ~93.4x



Source: Company, Nirmal Bang Institutional Equities Research

Financials (Consolidated)

Exhibit 26: Income statement

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	**74,999**	**81,227**	**89,151**	**98,957**	**112,020**
Growth YoY %	*28.5*	*8.3*	*9.8*	*11.0*	*13.2*
Gross profit	**32,346**	**34,703**	**38,466**	**41,785**	**48,844**
Gross margin %	***43.1***	***42.7***	***43.1***	***42.2***	***43.6***
Staff costs	5,955	6,474	7,185	7,831	8,614
% of sales	*7.9*	*8.0*	*8.1*	*7.9*	*7.7*
Other expenses	20,228	21,268	22,873	25,155	26,377
% of sales	*27.0*	*26.2*	*25.7*	*25.4*	*23.5*
EBITDA	**6,162**	**6,962**	**8,408**	**8,798**	**13,853**
Growth YoY %	*-11.5*	*13.0*	*20.8*	*4.6*	*57.4*
EBITDA margin %	***8.2***	***8.6***	***9.4***	***8.9***	***12.4***
Depreciation	2,106	2,119	2,330	2,612	2,896
EBIT	4,056	4,843	6,078	6,186	10,957
Interest	46	69	129	468	474
Other income	494	737	359	460	515
PBT (bei)	4,504	5,511	6,309	6,178	10,998
PBT	4,263	5,511	6,121	6,178	10,998
ETR	28.5	25.5	27.7	25.2	25.2
PAT	3,040	4,100	4,417	4,619	8,226
Adj PAT	**3,282**	**4,100**	**4,605**	**4,619**	**8,226**
Growth YoY %	***-10.2***	***24.9***	***12.3***	***0.3***	***78.1***

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 28: Balance sheet

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
Share capital	264	264	264	264	264
Reserves	39,385	41,519	43,375	45,222	48,513
Net worth	**39,649**	**41,783**	**43,639**	**45,487**	**48,777**
Minority interest	46	52	57	57	57
Long term debt	107	169	357	6,139	7,115
Short term debt	49	851	5,843	5,843	5,843
Total debt	**156**	**1,020**	**6,200**	**11,982**	**12,958**
Net debt	**-3,797**	**-1,122**	**1,771**	**8,417**	**9,552**
Other non-current liabilities	0	0	0	0	0
Total Equity & Liabilities	**39,851**	**42,856**	**49,896**	**57,526**	**61,792**
Gross block	50,987	52,151	54,159	60,159	66,159
Accumulated depreciation	32,541	34,460	36,734	39,346	42,242
Net Block	**18,510**	**17,756**	**17,489**	**20,877**	**23,981**
CWIP	771	1,727	2,534	2,307	2,261
Investments	81	80	79	79	79
Trade receivables	14,073	23,138	28,606	16,941	34,619
Inventories	14,278	13,687	16,164	16,370	20,459
Cash & Cash Equivalents	3,953	2,142	4,429	3,565	3,406
Other current assets	11,138	12,004	12,927	29,459	14,318
Total current assets	**43,442**	**50,971**	**62,126**	**66,335**	**72,801**
Trade payables	7,170	9,485	11,496	10,194	14,358
Other current liabilities	15,783	18,193	20,836	21,878	22,972
Total current liabilities	**22,953**	**27,678**	**32,332**	**32,072**	**37,330**
Total assets	**39,851**	**42,856**	**49,896**	**57,526**	**61,792**

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 27: Cash flow

Y/E March (Rsmn)	FY23	FY24	FY25	FY26E	FY27E
PBT	**4,173**	**5,511**	**6,051**	**6,178**	**10,998**
Depreciation	2,106	2,119	2,330	2,612	2,896
Interest	44	67	121	468	474
Other adjustments	39	(370)	(12)	(460)	(515)
Change in Working capital	(6,160)	(5,245)	(4,221)	(6,374)	(2,461)
Tax paid	(1,397)	(1,388)	(1,919)	(1,555)	(2,768)
Operating cash flow	**(1,196)**	**695**	**2,351**	**869**	**8,624**
Capex	(1,543)	(1,907)	(2,582)	(5,773)	(5,955)
Free cash flow	**-2,739**	**-1,212**	**-231**	**-4,904**	**2,669**
Other investing activities	332	428	186	-16,073	15,656
Investing cash flow	**-1,208**	**-1,478**	**-2,397**	**-21,846**	**9,701**
Issuance of share capital	0	0	0	0	0
Movement of Debt	(100)	701	4,879	6,824	2,070
Dividend paid (incl DDT)	-2,779	-1,985	-2,646	-2,771	-4,935
Other financing activities	139	256	101	16,060	-15,619
Financing cash flow	**-2,739**	**-1,028**	**2,333**	**20,112**	**-18,484**
Net change in cash flow	**-5,144**	**-1,811**	**2,287**	**-863**	**-159**
Opening C&CE	9,097	3,953	2,142	4,429	3,565
Closing C&CE	3,953	2,142	4,429	3,565	3,406

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 29: Key ratios

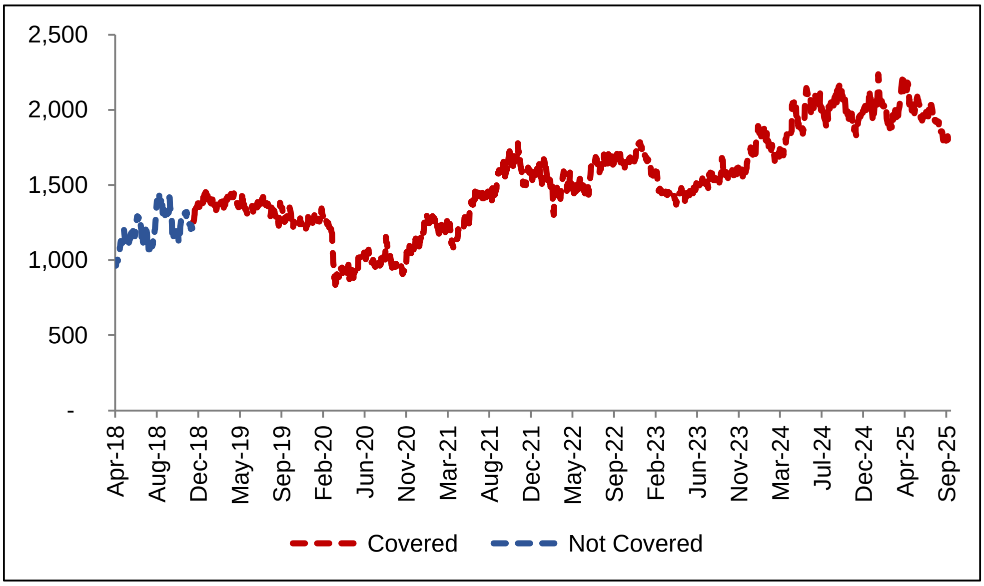
Y/E March	FY23	FY24	FY25	FY26E	FY27E
Per share (Rs)					
Adj EPS	12.4	15.5	17.4	17.5	31.1
Book value	150.0	158.0	165.0	172.0	184.5
DPS	7.5	10.0	10.0	10.5	18.7
Valuation (x)					
P/Sales	6.3	5.8	5.3	4.8	4.2
EV/EBITDA	76.4	68.0	56.7	54.9	35.0
P/E	144.6	115.7	103.1	102.8	57.7
P/BV	12.0	11.4	10.9	10.4	9.7
Return ratios (%)					
RoCE	8.2	10.1	10.0	9.3	14.4
RoCE (pre-tax)	11.5	13.5	13.9	12.4	19.2
RoE	8.3	10.1	10.8	10.4	17.5
RoIC	12.6	13.1	14.9	13.1	20.4
Profitability ratios (%)					
Gross margin	43.1	42.7	43.1	42.2	43.6
EBITDA margin	8.2	8.6	9.4	8.9	12.4
PAT margin	4.4	5.0	5.2	4.7	7.3
Liquidity ratios (x)					
Current ratio	1.9	1.8	1.9	2.1	2.0
Quick ratio	1.3	1.3	1.4	1.6	1.4
Solvency ratio (%)					
Net Debt to Equity ratio	-0.1	0.0	0.0	0.2	0.2
Turnover ratios					
Fixed asset turnover ratio (x)	1.5	1.6	1.6	1.6	1.7
Debtor days	65	84	106	84	84
Inventory days	58	63	61	60	60
Creditor days	33	37	43	40	40
Net Working capital days	89	109	124	104	104

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
13 December 2018	Buy	1,237	1,525
18 February 2019	Buy	1,338	1,590
9 April 2019	Buy	1,409	1,620
22 May 2019	Buy	1,426	1,640
16 August 2019	Buy	1,359	1,610
23 September 2019	Buy	1,276	1,480
11 November 2019	Buy	1,255	1,465
10 February 2020	Buy	1,320	1,530
30 March 2020	Buy	895	1,215
26 June 2020	Buy	1,050	1,215
18 August 2020	Buy	974	1,150
23 September 2020	Buy	964	1,150
10 November 2020	Buy	976	1,150
8 January 2021	Buy	1,252	1,460
30 January 2021	Buy	1,300	1,500
9 April 2021	Buy	1,130	1,400
28 April 2021	Buy	1,207	1,385
30 July 2021	Hold	1,418	1,440
23 September 2021	Hold	1,639	1,630
29 October 2021	Hold	1,630	1,625
31 January 2022	Hold	1,619	1,580
21 February 2022	Hold	1,545	1,725
28 April 2022	Hold	1,506	1,665
10June 2022	Hold	1,500	1,665
29 July 2022	Hold	1,618	1,650
14September 2022	Hold	1,681	1,735
24October 2022	Hold	1,642	1,685
11 February 2023	Hold	1,481	1,420
22 March 2023	Hold	1,448	1,645
6 May 2023	Hold	1,399	1,450
1August 2023	Hold	1,540	1,695
21October 2023	Buy	1,611	1,930
16November 2023	Buy	1,556	1,930
21December 2023	Buy	1,684	2,020
9 February 2024	Buy	1,777	2,050
25April 2024	Buy	2,031	2,380
8 May 2024	Buy	2,016	2,350
10 July 2024	Buy	2,105	2,415
27 July 2024	Hold	2,037	2,145
20 September 2024	Hold	2,131	2,260
09 October 2024	Hold	2,099	2,240
25 October 2024	Hold	1,978	2,050
09 January 2025	Hold	2,001	2,145
14 February 2025	Hold	2,041	2,070
13 March 2025	Buy	1,905	2,215
11 April 2025	Buy	2,020	2,335
9 May 2025	Hold	2,169	2,330
9 July 2025	Hold	1,987	2,195
21 July 2025	Hold	2,021	2,195
23 July 2025	Hold	2,017	2,195
30 September 2025	Buy	1,795	2,250

Rating chart



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Stock Ratings Absolute Returns

BUY > 15%

HOLD -5% to 14%

SELL < -5%

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