

8 years of weak earnings, signs of recovery yet dim!

- UBL posted weak Q2FY26 across parameters. Volumes/Rev/GP/ EBITDA/APAT were -3.4/-3/-5.3/-42.6/-64.5% YoY.
- The company's outlook remains mixed due to challenges such as (a) the need to drive category growth (b) ongoing investments limiting margin improvements, (c) volume pressures in WB, KTK, TG and Odisha partly offset by growth in AP and MAH and (d) supply issues in cans. Healthy premiumization is positive. Opening of Bihar/MP/TN market are long-term triggers but uncertain. Headwinds (esp. rich valuations) outweigh tailwinds.
- We reduce our FY26-28E by 21/17/18% factoring Q2FY26. We expect Rev/GP/EBITDA/APAT CAGR of 10/12/21/25% over FY25-28E, driven by low base and Oplev, following flat earnings for ~8 years. However, volume headwinds, weak and delayed recovery in margins and rich valuations are constraining factors to turn constructive. We upgrade UBL by a notch to 'Reduce' from SELL rating due to price correction (~20% from peak) and roll-forward with revised TP of Rs 1,850 @ 55x FY28E EPS (vs. Rs 1,955 @ 55x H1FY28E). UBL is trading at rich 108/70/52x FY26-28E EPS, leaving limited room to err.

Q2FY26: Weak across parameters

UBL posted weak Q2FY26 across parameters. Volumes/Rev/GP/ EBITDA/APAT came in at -3.4/-3/-5.3/-42.6/-64.5% YoY and H1FY26 at +3.7/7.1/ 5.2/-13.6/-24.2% YoY. Mgmt. attributed weakness to adverse weather conditions, high base & operating model changes (viz. outsourcing to contract bottling units on economic surplus model) partly impacting revenues. The premium segment growth was healthy at 17%.

Weak margins

EBITDA/APAT decline of 43/63% YoY was steep due to weak operating performance, adverse state mix, interstate transfers, A&P (+22% YoY) and -ve Oplev. Q2FY26 margins at 6.3%, -430bps YoY were significantly soft.

Mixed outlook - Challenges likely to persist

UBL's outlook remains mixed, with margin improvements driven by price hikes, higher returnable bottles, localization and premiumization being offset by investments in brands, premium bottles infusion, capacity expansion, plant R&M etc., resulting in modest and lumpy margin expansion. Mgmt targets low double-digit revenue growth through category expansion and 300-400bps EBIT margin expansion over next 3-4 years. Policy consistency, timely price hikes, and lower taxes would be key enablers for growth. Though industry challenges may not resolve with ease.

Key Data

Nifty	25,878
Equity / FV	Rs 264mn / Rs 1
Market Cap	Rs 473bn
	USD 5.3bn
52-Week High/Low	Rs 2,300/ 1,738
Avg. Volume (no)	1,69,234
Bloom Code	UBBL IN

	Current	Previous
Rating	Reduce	SELL
Target Price	1,850	1,955

Change in Estimates

(Rs.bn)	Current	Chg (%)	bps
	FY26E	FY27E	FY26E
Revenue	97.1	108.2	(3.5)
EBITDA	8.4	11.7	(15.2)
EBITDA (%)	8.7	10.8	(120)
APAT	4.4	6.7	(21.4)
EPS (Rs)	16.5	25.4	(21.4)

Valuation (x)

	FY26E	FY27E	FY28E
P/E	108.3	70.5	52.5
EV/EBITDA	56.2	40.5	31.6
ROE (%)	9.8	14.2	17.1
RoACE (%)	11.6	16.8	20.6

Q2FY26 Result (Rs Mn)

Particulars	Q2FY26	YoY (%)	QoQ (%)
Revenue	20,511	(3.0)	(28.3)
Total Expense	19,209	1.8	(24.7)
EBITDA	1,301	(42.6)	(58.3)
Depreciation	640	12.1	1.8
EBIT	662	(61.0)	(73.4)
Other Income	150	42.7	37.1
Interest	147	568.9	31.2
EBT	665	(62.6)	(73.1)
Tax	196	(57.3)	(69.3)
RPAT	469	(64.5)	(74.4)
APAT	469	(64.5)	(74.6)
		(bps)	(bps)
Gross Margin	42.8	(104)	27
EBITDA (%)	6.3	(438)	(455)
NPM (%)	2.3	(396)	(413)
Tax Rate (%)	29.4	368	366
EBIT (%)	3.2	(480)	(547)

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Exhibit 1: Actual vs. Estimates

Particulars (Rs Mn)	Actual	Estimate	%/ bps variance	Comments
Volumes (Mn cases)	48.2	48.6	(0.9)	Below estimates due to weak gross margin and investments behind brands
Realization/case (Rs)	426	448	(4.8)	
Revenue	20,511	21,752	(5.7)	
Gross Profit	8,779	9,461	(7.2)	
GP %	42.8	43.5	(69)	
EBITDA	1,301	1,810	(28.1)	
EBITDA Margin %	6.3	8.3	(197)	
APAT	469	902	(47.9)	
AEPS (Rs)	1.8	3.4	(47.9)	

Source: Company, Dolat Capital

Exhibit 2: Change in estimates

Particulars (Rs mn)	FY26E			FY27E			FY28E			Comments
	Old	New	Chg (%/bps)	Old	New	Chg (%/bps)	Old	New	Chg (%/bps)	
Volumes (Mn cases)	217.4	212.2	(2.4)	230.4	226.3	(1.8)	243.1	238.7	(1.8)	Recalibrates estimates to factor Q2FY26
Realization (Rs/case)	463	458	(1.2)	484	478	(1.2)	506	500	(1.3)	
Revenue (Rs Mn)	1,00,678	97,106	(3.5)	1,11,521	1,08,175	(3.0)	1,22,950	1,19,260	(3.0)	
Gross Profit (Rs Mn)	43,467	41,571	(4.4)	49,542	47,553	(4.0)	56,156	53,619	(4.5)	
GP % (bps)	43.2	42.8	(39)	44.4	44.0	(44)	45.7	45.0	(71)	
EBITDA (Rs Mn)	9,933	8,420	(15.2)	13,515	11,682	(13.6)	17,450	14,942	(14.4)	
Margin %	9.9	8.7	(123)	12.1	10.8	(130)	14.2	12.5	(166)	
APAT (Rs Mn)	5,549	4,363	(21.4)	8,107	6,706	(17.3)	10,911	9,004	(17.5)	
AEPS (Rs)	21.0	16.5	(21.4)	30.7	25.4	(17.4)	41.3	34.1	(17.5)	

Source: Company, Dolat Capital

Exhibit 3: UBL's Region-wise volume performance - YoY change (%)

Chg YoY %	Q2FY24	Q2FY25	Q2FY26
North	1	12	(18)
East	11	(6)	(6)
West	2	12	16
South	11	1	4
Blended	7	5	(3)

Source: Company, Dolat Capital

Exhibit 4: UBL's Region-wise vol. performance - Annual trend YoY change (%)

Chg YoY %	FY20	FY21	FY22	FY23	FY24	FY25*	H1FY26
North	(3)	(35)	49	32	(4)	10	(4)
East	18	(39)	55	44	6	(0)	(3)
West	(9)	(30)	13	34	3	8	14
South	(7)	(42)	26	28	3	5	10
Blended	(4)	(39)	33	31	2	6	4

Source: Company, Dolat Capital; FY25 growth is simple avg. of four quarters growth % in absence of annual growth data from the company

Exhibit 5: UBL's Region-wise volume performance on base of 100

Chg YoY %	Q2FY20	Q2FY21	Q2FY22	Q2FY23	Q2FY24	Q2FY25	Q2FY26
North	100	68	98	113	114	127	104
East	100	41	77	118	131	123	116
West	100	63	84	102	104	117	135
South	100	45	67	81	90	91	95
Blended	100	52	77	95	102	107	103

Source: Company, Dolat Capital

Exhibit 6: UBL's region-wise volume indexed to FY19 as 100

Region	FY19	FY20	FY21	FY22	FY23	FY24	FY25
North	100	97	63	94	124	119	130
East	100	118	72	112	161	170	170
West	100	91	64	72	96	99	108
South	100	93	54	68	87	90	94
Blended	100	96	59	78	102	104	110

Source: Company, Dolat Capital

Exhibit 7: UBL's Annual Cash Flow Trend

Particulars (Rs Mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	H1FY26
PBT	3,780	4,534	3,472	6,068	8,785	5,674	1,680	4,929	4,155	5,493	6,034	3,140
Add: Depn, Int etc	2,662	3,227	3,320	3,355	2,638	3,488	2,355	2,356	2,186	1,821	2,437	1,441
WC changes	3,365	(762)	25	(1,272)	(1,089)	(2,196)	2,976	3,002	(6,156)	(5,162)	(4,223)	926
Tax Paid	(1,420)	(1,602)	(1,431)	(2,531)	(3,890)	(1,900)	(818)	(1,296)	(1,391)	(1,384)	(1,913)	(974)
Lease Liabilities	-	-	-	-	-	(76)	(85)	(49)	(100)	(73)	(95)	(103)
CFO	8,387	5,398	5,386	5,620	6,444	4,990	6,106	8,942	(1,306)	696	2,240	4,430
Capex	(4,069)	(2,430)	(2,355)	(2,014)	(4,364)	(4,028)	(1,490)	(1,725)	(1,541)	(1,903)	(2,546)	(4,293)
FCF	4,317	2,968	3,031	3,606	2,080	962	4,617	7,216	(2,847)	(1,207)	(307)	137
Finance income (net)	(633)	(775)	(559)	(487)	(242)	(246)	(236)	(32)	293	418	112	(48)
FCFE	3,685	2,193	2,473	3,120	1,838	716	4,381	7,184	(2,554)	(789)	(195)	88

Source: Company, Dolat Capital

Exhibit 8: Standalone Quarterly Financials

Particulars (Rs Mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	% Chg YoY	% Chg QoQ	H1FY25	H1FY26	Chg YoY%
Net Revenue	21,147	19,984	23,214	28,624	20,511	(3.0)	(28.3)	45,876	49,135	7.1
Raw Material Cost	11,875	11,365	13,441	16,449	11,732	(1.2)	(28.7)	25,962	28,181	8.5
Gross Profit	9,272	8,619	9,772	12,176	8,779	(5.3)	(27.9)	19,914	20,955	5.2
Employee Cost	1,739	1,669	1,899	1,967	1,851	6.4	(5.9)	3,563	3,817	7.1
Other Expenses	5,265	5,538	6,011	7,091	5,627	6.9	(20.6)	11,236	12,718	13.2
Total Op. Expenses	7,004	7,207	7,910	9,057	7,478	6.8	(17.4)	14,799	16,535	11.7
EBITDA	2,268	1,411	1,862	3,118	1,301	(42.6)	(58.3)	5,116	4,420	(13.6)
Depreciation	571	613	567	628	640	12.1	1.8	1,147	1,268	10.5
Interest Cost	22	32	59	112	147	568.9	31.2	38	258	583.1
Other Income	105	101	79	110	150	42.7	37.1	178	260	46.1
EO Income/(Expense)	-	(258)	-	(13)	-	-	-	-	(13)	-
PBT	1,781	610	1,316	2,475	665	(62.6)	(73.1)	4,108	3,140	(23.6)
Tax	458	227	342	638	196	(57.3)	(69.3)	1,053	833	(20.9)
RPAT	1,322	383	974	1,837	469	(64.5)	(74.4)	3,055	2,307	(24.5)
APAT	1,322	576	974	1,847	469	(64.5)	(74.6)	3,055	2,316	(24.2)

Source: Company, Dolat Capital

Exhibit 9: Margin Analysis

% of Net revenue	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	% Chg YoY	% Chg QoQ	H1FY25	H1FY26	Chg YoY%
Raw Material Cost	56.2	56.9	57.9	57.5	57.2	104	(27)	56.6	57.4	76
Gross Profit	43.8	43.1	42.1	42.5	42.8	(104)	27	43.4	42.6	(76)
Employee Cost	8.2	8.4	8.2	6.9	9.0	80	215	7.8	7.8	0
Other Expenses	24.9	27.7	25.9	24.8	27.4	254	266	24.5	25.9	139
Total Op. Expenses	33.1	36.1	34.1	31.6	36.5	334	481	32.3	33.7	139
EBITDA	10.7	7.1	8.0	10.9	6.3	(438)	(455)	11.2	9.0	(216)
PBT	8.4	3.1	5.7	8.6	3.2	(518)	(540)	9.0	6.4	(257)
RPAT	6.3	1.9	4.2	6.4	2.3	(396)	(413)	6.7	4.7	(197)
APAT	6.3	2.9	4.2	6.5	2.3	(396)	(416)	6.7	4.7	(195)
Tax as % of PBT	25.7	37.2	26.0	25.8	29.4	368	366	25.6	26.5	91

Source: Company, Dolat Capital

Exhibit 10: Peer valuation comparison

Compa ny	Mcap Rs bn	CMP Rs	TP* (Rs)	+ /(-) %	Reco*	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)		
						FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
UNSP	1,018	1,400	1,500	7.1	ACC.	70.3	53.6	47.0	48.2	42.1	37.3	12.9	11.1	9.4	19.5	20.3	19.7
Radico	421	3,145	3,550	12.9	ACC.	121.9	76.1	62.1	63.5	45.4	38.5	15.6	13.3	11.2	12.8	18.3	18.8
UBL	473	1,789	1,850	3.4	RED.	101.3	108.3	70.5	56.6	56.2	40.5	10.9	10.4	9.6	10.9	9.8	14.2
Globus	32	1,105	1,600	44.8	BUY	136.9	42.3	25.7	24.9	15.3	11.6	3.2	3.0	2.7	2.4	7.3	11.0

Source: Company, Dolat Capital / *Recommendations as per the latest published result update.

Exhibit 11: Target price sensitivity to various PE multiples

EPS ----->	16.5	25.4	34.1
Tgt. PE (x)	FY26	FY27	FY28
40	638	992	1,339
50	803	1,245	1,680
55	886	1,372	1,850
60	968	1,499	2,021
70	1,133	1,753	2,361

Source: Company, Dolat Capital

Exhibit 12: Key Assumptions

Particulars	FY19	FY20	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Volumes (Mn Cases)	181.3	174.3	141.5	184.4	187.9	202.2	212.2	226.3	238.7
Revenue (Rs Mn)	64,724	65,046	58,319	74,917	81,154	89,074	97,106	1,08,175	1,19,260
Gross Profit (Rs Mn)	34,550	33,443	28,993	32,174	34,542	38,305	41,571	47,553	53,619
EBITDA (Rs Mn)	11,378	8,754	7,124	6,183	6,949	8,390	8,420	11,682	14,942
PAT (Rs Mn)	5,628	4,281	3,825	3,313	4,094	4,605	4,363	6,706	9,004
EPS (Rs)	21.3	16.2	14.5	12.5	15.5	17.7	16.5	25.4	34.1
Margin Analysis (%)									
Gross Profit	53.4	51.4	49.7	42.9	42.6	43.0	42.8	44.0	45.0
EBITDA	17.6	13.5	12.2	8.3	8.6	9.4	8.7	10.8	12.5
PAT	8.7	6.6	6.6	4.4	5.0	5.2	4.5	6.2	7.5
Change YoY %									
Volumes	12.5	(3.8)	33.1	30.3	1.9	7.6	4.9	6.6	5.5
Revenue	15.2	0.5	37.5	28.5	8.3	9.8	9.0	11.4	10.2
Gross Profit	16.1	(3.2)	31.5	11.0	7.4	10.9	8.5	14.4	12.8
EBITDA	26.3	(23.1)	77.0	(9.7)	12.4	20.7	0.4	38.7	27.9
PAT	42.8	(23.9)	219.7	(5.5)	23.6	12.5	(5.3)	53.7	34.3
Per case (Rs)									
Revenue	357	373	412	406	432	440	458	478	500
Gross Profit	191	192	205	174	184	189	196	210	225
Opex	128	142	156	141	147	148	156	159	162
EBITDA	63	50	48	34	37	41	40	52	63
PAT	31	25	25	18	22	23	21	30	38
YoY %									
Revenue	2.4	4.5	3.3	(1.4)	6.3	2.0	3.9	4.5	4.5
Gross Profit	3.2	0.7	(1.2)	(14.8)	5.4	3.0	3.4	7.3	6.9
EBITDA	12.3	(20.0)	27.8	(30.7)	10.3	12.2	(4.4)	30.1	21.2
PAT	27.0	(20.9)	107.3	(27.5)	21.3	4.5	(9.7)	44.1	27.3

Source: Company, Dolat Capital

Earning Call KTAs

Growth Strategy

- **Volume growth:** UBL volume declined 3.5% YoY on account of adverse weather conditions in ~1/3rd of the states, which registered double-digit decline, policy headwinds (steep tax increase) in some states, offset by healthy growth in ~1/3rd of the states. End consumer sales were better than the primary sales. Further, UBL witnessed market share gains both on YoY (~100bps) and QoQ basis.
- **Premium volumes** grew by a healthy 17% YoY (33% in H1), led by KF Ultra, Amstel Grande and Heineken Silver. Amstel Grande was launched in the 4th (and home) state of KTK. Premium volumes are approx. 10% of the total.
- **Gross margin** declined by 100bps YoY to 42.8% on account of short-term pressure led by inter-state transfers, adverse state mix and new bottle infusion for premiumization. Shortage in supply of cans, its rising salience and inflation in aluminum prices is a headwind.
- **EBITDA margin** lags expectation on account of ongoing investments viz., behind organization, brands and supply chain.
- **Operational Discipline:** Mgmt. is focused on getting its basics right by increasing the production and distribution capabilities. UBL is constantly liaising with the state govts. across the country and has actively worked towards the setting up of the Beer Association of India (BAI) to promote beer as a category.
- **Strategic Priorities:** Focus is to get the primary things correct viz. (i) portfolio gaps (ii) production capacities, especially on the premium side eg. Under-indexed (viz. low single-digit share) on premium in WB and (iii) cost efficiencies through various initiatives. UBL is converting a lot of its fixed costs into variable costs by moving into an asset-light model with Contract Brewing Units (CBUs).
- While there is enough work to be done to ensure long-term sustainable growth, there is a separate team that actively scouts opportunities for inorganic growth for capacity expansion.
- Realization/profitability for premium products is higher in states where the products are produced locally. Hence, the efforts are to increase the manufacturing capabilities in the priority states and then in other states as well. The company is actively scouting for states where it can double down to increase its production and sales to ensure a better market share.
- **Capacity expansion:** Being aware of the opportunity size in India, UBL is actively investing in enhancing its capabilities to achieve long-term sustainable, profitable growth. It is evaluating states like WB, TN, RJ and Orissa for expanding capacities. UBL is putting up a can line in MH.
- **Greenfield expansion:** In the above backdrop, UBL would be doing its first green-field expansion in UP state of ~1-2.5mn hectoliters of Beer after a gap of 12 years. It would be spending ~Rs 7.5bn on capex, and the plant would start commercial operations from Q4FY27. Capacity expansion would be gradual from thereon.
- **Rationale:** UP has been a progressive state and fast-growing market for the last couple of years for UBL. Co currently has third-party manufacturing. To future-proof the supply chain, enable premium product manufacturing and capture growth opportunities along with better margins, UBL is making investments.

- **Excise Policy:** In the recent excise policy, UP has increased the number of shops for Beer from ~6k to ~10k. This is on account of the Composite shop model vs. the Beer-only shops earlier. Composite shops can sell both Beer and Liquor. We aren't sure whether this would lead to increased consumption of both categories or one over the other.
- **Chiller expansion:** UBL is also working on revamping/repairing existing plants. Also, being aware of the importance of chilled beer, the company is working with distributors nationwide to triple the no. of refrigerators to ensure higher salience. It added more number of chillers in the trailing six months vs. last full year, which in itself was higher than the total chillers installed in the trailing 4-5 years prior to that. The total number of chillers installed has moved up from 15k to 37k on YoY basis.

Telangana

The consumer MRP increase of ~15% in TG had been a challenge. UBL saw healthy growth in Q2FY26 on account of soft base due to elections and only two instead of three shifts of operations. However, in Q2FY26, the category declined by 20% YoY.

Directional Guidance and Outlook

- Considering the inflationary environment, it may not be possible to achieve pre-COVID margins. However, management targets to achieve single-digit volume growth and double-digit revenue growth with an operating (EBIT) margin of 10-11%, over 3-4 years. Our EBIT margin assumption is 6.1/8.3/10.1% over FY26-28.
- In our view, to summarize, the interventions by management highlighted above are necessary and inevitable for long-term sustainable growth and future proofing of business. But this is likely to induce uncertainty in the near-to-medium term (FY25-27), with benefits being back-ended (FY27-30).
- We remain positive on the business, initiatives, and management - its strategy and execution, but valuations capture the optimism, leaving no room to err.

Volume growth outlook: Mixed bag

- Industry long-term CAGR was ~5%. UBL's key focus remains on driving the mid-to-high single-digit category growth on a longer-term, sustainable basis. That said, it would be dependent on policy consistency (timely label registrations, license renewals, permission of multiple shifts, no distribution model changes etc.), reduction of taxes on Beer vs. IMFL (viz. on Alcohol by volume basis) and timely price increases to combat inflation. These are industry issues (and thus industry barriers too), unlikely to alter immediately, and even if they alter, it's difficult for us as analysts and even for investors to time/bank upon it. Albeit in WB, the government has increased duty on Beer significantly vs. IMFL, which may impact the category growth of Beer in the state. Similar is the case with AP, KTK, and TG. KTK state has increased taxes on Beer for the fourth time in <24m.
- Beer is becoming expensive and is the biggest risk as per the mgmt. It remains in active discussion with the state for rational taxation through BAI and direct engagement.

Single to multi-brand company: UBL is facing multiple challenges viz., diversifying itself from the overdependence on the Kingfisher brand (mothership). It has thus recently launched Queensfisher, London Pilsener (a famous brand of Mumbai/Maharashtra) and Bullet (a famous brand of Rajasthan) in Karnataka to protect and increase market share.

Premiumization: The industry's share of the premium segment stands at ~20% of the overall volumes. UBL is under-indexed on it (~10%) despite strong growth of 58% in FY23, 3% in FY24 and 34% in FY25. UBL has seen increased traction on premiumization in recent quarters, driven by a better and sharper understanding of the consumer cohort, better planning, and execution through a full portfolio of bouquets of premium brands and increased supply consistency. There is significant room for improvement in each of these factors. Driven by the same, UBL targets ~25% of the volumes from the premium segment in 2-3 years. **In the initial years, profitability on the premium would be lower, driven by new bottles, interstate transport and import-export tax, higher A&P, etc.**

UBL's capex on capacity expansion: UBL incurs capex on 3-4 major buckets viz. maintenance, environmental and capacity expansion. Most of the capex of UBL in recent years has been on the maintenance and environmental front, with little capability for capacity expansion in our view. However, UBL is looking to reduce inter-state transport and increase the production of premium brands in the respective states.

In the above backdrop, capex is likely to increase multi-fold vs. past years. While these are the right steps, the benefits are likely to be back-ended. Near-term impact: Higher D&A and interest costs (on commissioned projects) and lower other income (if internally funded) could weigh on interim earnings.

View: UBL is entering a *"Perform vs. Transform"* phase, balancing operational execution with structural transformation. While initiatives such as capacity expansion, premiumization, and ZBM-like operational excellence are strategically sound and essential for future-proofing the business, they are likely to keep near-term growth and margin visibility constrained.

Financial Performance

Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Revenue	89,074	97,106	1,08,175	1,19,260
Total Expense	80,684	88,686	96,493	1,04,318
COGS	50,768	55,535	60,622	65,641
Employees Cost	7,131	7,639	8,191	8,782
Other expenses	22,785	25,512	27,680	29,895
EBIDTA	8,390	8,420	11,682	14,942
Depreciation	2,327	2,524	2,688	2,863
EBIT	6,063	5,896	8,994	12,079
Interest	129	530	565	589
Other Income	357	534	572	596
Exc. / E.O. items	0	0	0	0
EBT	6,291	5,900	9,001	12,086
Tax	1,622	1,534	2,295	3,082
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
RPAT	4,669	4,366	6,706	9,004
Adjustments	0	0	0	0
APAT	4,669	4,366	6,706	9,004

Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
Sources of Funds				
Equity Capital	264	264	264	264
Minority Interest	0	0	0	0
Reserves & Surplus	43,327	45,036	49,098	55,458
Net Worth	43,592	45,301	49,362	55,722
Total Debt	6,200	5,889	5,595	5,315
Net Deferred Tax Liability	344	379	417	458
Total Capital Employed	50,136	51,569	55,374	61,496

Applications of Funds

Net Block	17,403	16,810	20,207	23,394
CWIP	2,510	5,019	3,765	1,882
Investments	7,705	7,677	8,371	8,952
Current Assets, Loans & Advances	54,499	52,849	57,708	64,867
Current Investments	0	0	0	0
Inventories	16,149	16,856	18,173	20,020
Receivables	28,601	24,665	27,220	31,912
Cash and Bank Balances	4,419	5,435	5,757	5,830
Loans and Advances	416	455	459	473
Other Current Assets	4,913	5,438	6,099	6,633
Less: Current Liabilities & Provisions	31,981	30,787	34,677	37,600
Payables	11,492	9,995	11,397	12,109
Other Current Liabilities	20,488	20,792	23,280	25,491
<i>sub total</i>				
Net Current Assets	22,518	22,062	23,031	27,268
Total Assets	50,136	51,569	55,374	61,496

E – Estimates

Important Ratios

Particulars	FY25A	FY26E	FY27E	FY28E
(A) Margins (%)				
Gross Profit Margin	43.0	42.8	44.0	45.0
EBIDTA Margin	9.4	8.7	10.8	12.5
EBIT Margin	6.8	6.1	8.3	10.1
Tax rate	25.8	26.0	25.5	25.5
Net Profit Margin	5.2	4.5	6.2	7.6
(B) As Percentage of Net Sales (%)				
COGS	57.0	57.2	56.0	55.0
Employee	8.0	7.9	7.6	7.4
Other	25.6	26.3	25.6	25.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.1	0.1	0.1
Interest Coverage	47.2	11.1	15.9	20.5
Inventory days	66	63	61	61
Debtors days	117	93	92	98
Average Cost of Debt	3.6	8.8	9.8	10.8
Payable days	47	38	38	37
Working Capital days	92	83	78	83
FA T/O	5.1	5.8	5.4	5.1
(D) Measures of Investment				
AEPS (Rs)	17.7	16.5	25.4	34.1
CEPS (Rs)	26.5	26.1	35.5	44.9
DPS (Rs)	10.0	10.0	10.0	10.0
Dividend Payout (%)	56.6	60.6	39.4	29.4
BVPS (Rs)	164.9	171.3	186.7	210.7
RoANW (%)	10.9	9.8	14.2	17.1
RoACE (%)	10.3	11.6	16.8	20.6
RoAIC (%)	14.0	12.8	18.8	22.9
(E) Valuation Ratios				
CMP (Rs)	1789	1789	1789	1789
Mcap (Rs Mn)	4,73,074	4,73,074	4,73,074	4,73,074
EV	4,74,854	4,73,527	4,72,911	4,72,559
MCap/ Sales	5.3	4.9	4.4	4.0
EV/Sales	5.3	4.9	4.4	4.0
P/E	101.3	108.3	70.5	52.5
EV/EBITDA	56.6	56.2	40.5	31.6
P/BV	10.9	10.4	9.6	8.5
Dividend Yield (%)	0.6	0.6	0.6	0.6
(F) Growth Rate (%)				
Revenue	9.8	9.0	11.4	10.2
EBITDA	20.7	0.4	38.7	27.9
EBIT	25.4	(2.8)	52.6	34.3
PBT	14.5	(6.2)	52.6	34.3
APAT	14.1	(6.5)	53.6	34.3
EPS	14.1	(6.5)	53.6	34.3

E – Estimates

Cash Flow

Particulars	FY25A	FY26E	FY27E	FY28E
Profit before tax	6,291	5,900	9,001	12,086
Depreciation & w.o.	2,327	2,524	2,688	2,863
Net Interest Exp	129	530	565	589
Direct taxes paid	(1,622)	(1,534)	(2,295)	(3,082)
Change in Working Capital	(3,550)	1,472	(647)	(4,164)
Non Cash	(357)	(534)	(572)	(596)
(A) CF from Operating Activities	3,218	8,358	8,740	7,696
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(2,837)	(4,442)	(4,830)	(4,169)
Free Cash Flow	381	3,916	3,910	3,527
(Inc.)/ Dec. in Investments	(633)	63	(657)	(539)
Other	357	534	572	596
(B) CF from Investing Activities	(3,113)	(3,844)	(4,915)	(4,111)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	5,180	(311)	(294)	(279)
Interest exp net	(129)	(530)	(565)	(589)
Dividend Paid (Incl. Tax)	(2,819)	(2,657)	(2,644)	(2,644)
Other	0	0	0	0
(C) CF from Financing	2,233	(3,498)	(3,504)	(3,512)
Net Change in Cash	2,338	1,016	322	73
Opening Cash balances	2,082	4,419	5,435	5,757
Closing Cash balances	4,419	5,435	5,757	5,830

E – Estimates

Notes

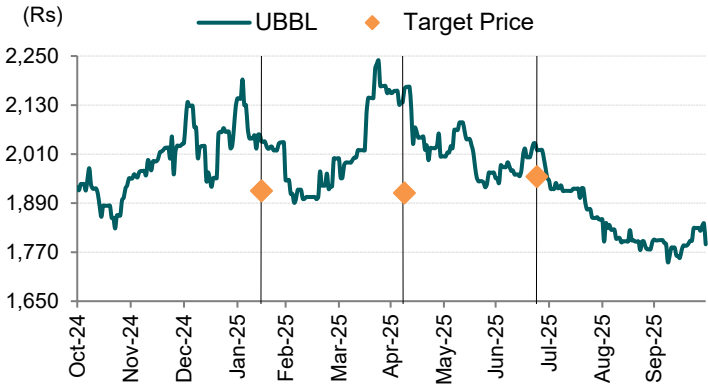
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	(1)	(8)	(7)
Rel to NIFTY (%)	(6)	(12)	(14)

Shareholding Pattern

Particulars	Mar'25	Jun'25	Sep'25
Promoters	70.8	70.8	70.8
MF/Banks/FIs	16.2	16.4	16.7
FIIIs	6.9	6.7	6.3
Public / Others	6.1	6.1	6.2



Month	Rating	TP (Rs.)	Price (Rs.)
Feb-25	Reduce	1,920	2,041
May-25	SELL	1,915	2,169
Jul-25	SELL	1,955	2,020

**Price as on recommendation date*

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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