

# Zydu Wellness

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ZYWL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USD\$)	133.3 / 1.5
52-Week Range (INR)	531 / 299
1, 6, 12 Rel. Per (%)	-9/-3/3
12M Avg Val (INR M)	169

## Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	39.1	54.0	61.7
Sales Gr. (%)	44	38	14
EBITDA	5.3	7.9	9.6
Margins (%)	13.6	14.5	15.6
Adj. PAT	3.6	5.4	6.0
Adj. EPS (INR)	11.5	16.9	18.8
EPS Gr. (%)	7	48	11
BV/Sh. (INR)	183.8	189.9	202.2

## Ratios

RoE (%)	6.3	9.0	9.6
RoCE (%)	6.0	4.9	7.6
Payout (%)	14.8	13.0	13.0

## Valuation

P/E (x)	36.6	24.8	22.3
P/BV (x)	2.3	2.2	2.1
EV/EBITDA (x)	30.3	20.1	16.0

## Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	69.6	69.6	69.6
DII	18.6	18.8	20.1
FII	3.3	3.4	3.4
Others	8.5	8.2	6.9

FII includes depository receipts

**CMP: INR419 TP: INR575 (+37%) Buy**

## Higher acquisition costs weigh on unseasonal quarter

- Zydu Wellness' (Zydu) consol. sales grew 109% YoY to INR9.6b (in line) in 3QFY26. Volumes, excluding the newly acquired Comfort Click (CC) business, grew in double digits. Sales for YTD FY26 (excl. CC business and seasonal brands) have seen strong growth in the high teens, supported by mid-teen volume growth. It is reflecting strong underlying growth for the non-seasonal portfolio, which can double the growth engines once seasonal portfolio sees traction. Management said that demand is steady, aided by a strong revival in rural demand, which continues to outpace urban demand.
- Consolidated EBITDA rose to INR610m (est. INR623m) from INR148m in 3QFY25. However, higher-than-expected depreciation and interest costs (acquisitions related), coupled with seasonally weak organic quarter, led to a reported loss of INR399m (est. loss of INR310m). Zydu guides for organic EBITDA margin of 16-17% (our est. 15%/16% for FY27/FY28). CC EBITDA margin is expected to remain at 14-15%; we model a similar margin.
- RiteBite Max Protein continued to deliver strong volume and value growth. Its EBITDA is now nearing double digits (from breakeven at the time of acquisition), supported by synergies, scale and margin efficiencies. CC is also doing well, in line with the company's internal expectations. Nycil, Glucon-D and Complian remained impacted over 9MFY26 given unfavorable weather conditions and category headwinds.
- The stock is at 20x FY27 and 16x FY28 EV/EBITDA, a 30%-35% discount to other FMCG peers. We model ~11% organic revenue CAGR and ~20% EBITDA CAGR over FY26-28E. On a consolidated basis, we model ~26% revenue CAGR and 35% EBITDA CAGR. Based on SoTP, we value the India business at 27x FY28E EV/EBITDA and International (Comfort Click) at 15x FY28E EV/EBITDA to arrive at a TP of INR575 (implied consolidated 22x EV/EBITDA and 30x P/E at FY28). Maintain BUY.

## Operationally in line with double-digit volume growth (excl. CC)

- **Volumes (ex-CC) grow in double digits:** Consol. sales grew 109% YoY to INR9.6b, in line with our est. of INR9.5b. Volumes (exc. CC) grew in double digits. Personal care business was down 1.4%, while RiteBite business doubled. Sales for YTD FY26 (excl. CC business and seasonal brands) saw strong double-digit growth, supported by mid-teen volume growth.
- **Acquisition leads to strong GM gain:** Gross margins expanded from 49% to 63% (est. 60%), led by high GM CC acquisition and margin gain in organic business (most brands expanded margin). EBITDA margin improved 310bp YoY to 6.3% (est. 6.5%).
- **High acquisition costs dent profitability:** Employee expenses rose 41% YoY and other expenses doubled largely because of acquisition. EBITDA grew from INR148m in 3QFY25 to INR610m (est. INR623m). Owing to seasonally weak organic quarter and higher acquisition costs (higher depreciation and interest), Zydu reported loss of INR399m (est. loss of INR310m). Adj. PAT (ex-amortization impact) rose 52% YoY to INR97m (est. INR120m).

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

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

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

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

### Highlights from the management commentary

- Personal care performance (revenue down 1.4% YoY) was impacted primarily by Nycil, with some softness in Everyuth; however, Everyuth delivered double-digit growth in FY26 YTD.
- Zydus guides for consol. GM of 66-67% and organic EBITDA margin of 16-18%.
- CC continues to perform in line with expectations. Management guided double-digit revenue growth and ~14% EBITDA margins. The acquisition is cash EPS-accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year.
- GM of RiteBite is in line with the core business (~50–52%). Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.

### Valuation and view

- We broadly maintain our EPS estimates for FY27 and FY28.
- The valuation multiple is currently low given its low earnings delivery in the past decade (10-year CAGR of 7-8%). With stability in the core business (took initial period for stabilizing sizable acquisition) and exciting new growth engines, we expect Zydus to deliver superior earnings growth than it delivered in the past.
- We model ~11% organic revenue CAGR and ~20% EBITDA CAGR over FY26-28E. The company guides organic EBITDA margin of 16-17% (our est. 15%/16% for FY27/FY28). CC EBITDA margin is expected to remain at 14-15%; we model a similar margin. On a consolidated basis, we model ~26% revenue CAGR and 35% EBITDA CAGR.
- The stock is trading at 20x and 16x EV/EBITDA FY27 and FY28, a 30%-35% discount to other FMCG peers. Based on SoTP, we value the India business at 27x EV/EBITDA FY28E and International (Comfort Click) at 15x EV/EBITDA FY28E to arrive at a TP of INR575 (implied consolidated 22x EV/EBITDA and 30x P/E at FY28). We maintain BUY on Zydus Wellness.

### Quarterly Performance (Consolidated)

Y/E March	FY25				FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%)
<b>Total revenues</b>	<b>8,410</b>	<b>4,929</b>	<b>4,619</b>	<b>9,131</b>	<b>8,609</b>	<b>6,505</b>	<b>9,649</b>	<b>14,340</b>	<b>27,089</b>	<b>39,103</b>	<b>9,522</b>	1.3%
YoY change (%)	19.8	12.0	14.6	16.7	2.4	32.0	108.9	57.0	16.4	44.3	106.2	
<b>Gross Profit</b>	<b>4,677</b>	<b>2,354</b>	<b>2,263</b>	<b>5,014</b>	<b>4,731</b>	<b>3,442</b>	<b>6,118</b>	<b>9,369</b>	<b>14,308</b>	<b>23,660</b>	5,713	7.1%
Margin (%)	55.6	47.8	49.0	54.9	55.0	52.9	63.4	65.3	52.8	60.5	60.0	
<b>EBITDA</b>	<b>1,553</b>	<b>196</b>	<b>148</b>	<b>1,900</b>	<b>1,556</b>	<b>230</b>	<b>610</b>	<b>2,908</b>	<b>3,798</b>	<b>5,304</b>	<b>623</b>	-2.0%
Margins (%)	18.5	4.0	3.2	20.8	18.1	3.5	6.3	20.3	14.0	13.6	6.5	
EBITDA growth (%)	51.8	16.7	16.5	17.1	0.2	17.3	312.2	53.0	23.2	39.6	320.7	
Depreciation	51	49	52	132	108	114	125	126	284	473	115	
Amortisation						137	430	458		1,025	430	
Interest	36	9	33	42	25	157	412	410	120	1,004	369	
Other income	50	40	38	8	30	14	8	3	136	55	6	
<b>PBT</b>	<b>1,516</b>	<b>178</b>	<b>101</b>	<b>1,734</b>	<b>1,453</b>	<b>-164</b>	<b>-349</b>	<b>1,917</b>	<b>3,530</b>	<b>2,857</b>	<b>-285</b>	
Tax	39	28	37	15	174	22	-16	60	119	240	25	
Rate (%)	2.6	15.7	36.6	0.9	12.0	-13.4	4.6	3.1	3.4	8.4	-8.8	
<b>Adj. PAT</b>	<b>1,477</b>	<b>150</b>	<b>64</b>	<b>1,719</b>	<b>1,279</b>	<b>-49</b>	<b>97</b>	<b>2,381</b>	<b>3,413</b>	<b>3,642</b>	<b>120</b>	
YoY change (%)	18.5	154.2	2,033.3	14.4	-13.4	-132.9	51.6	38.5	21.3	6.7	86.9	
Extraordinary inc/(Exp)	0	-59	0	0	0	479	496	458	-57	1,367	430	
<b>Reported PAT</b>	<b>1,477</b>	<b>209</b>	<b>64</b>	<b>1,719</b>	<b>1,279</b>	<b>-528</b>	<b>-399</b>	<b>1,923</b>	<b>3,470</b>	<b>2,275</b>	<b>-310.4</b>	

E: MOFSL Estimate



## Key takeaways from the management commentary

### Business environment

- Consumption trends remained stable, supported by a sustained recovery in rural demand, which continued to outpace the gradual improvement in urban markets.
- Volume in 3QFY26 (excluding the newly acquired Comfort Click business) registered double-digit growth.
- E-commerce and quick-commerce channels maintained strong growth momentum.
- Personal care performance (revenue down 1.4%) was impacted primarily by Nycil, with some softness in Everyuth; however, Everyuth delivered double-digit growth in FY26 YTD.
- The company reported higher other expenses due to the Comfort Click acquisition, with no structural increase in the organic cost base.

### Cost and Margins

- Commodity input costs remain mixed; except for milk, most raw material prices are under control for the upcoming season.
- Most brands recorded gross margin expansion, reflecting portfolio strength and further supported by the high-margin Comfort Click business.
- The company guided for consolidated gross margins of ~66–67%.
- Organic business EBITDA margin declined YoY in 3QFY26, impacted by ~INR90m related to GST budgetary support and higher employee costs.
- EBITDA margins are expected to remain in the 16–18% range.

### Comfort Click

- Comfort Click continues to perform in line with expectations.
- Management guided double-digit revenue growth and ~14% EBITDA margins.
- The acquisition is cash EPS-accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year.
- CC growth is largely driven by existing European markets, with increasing focus on D2C performance, alongside expansion into new markets such as Poland, Finland, and Portugal; the US contribution remains small.
- Strong repeat purchase rate (>50%) across the top five markets, a brand rating of 4.6/5, and 8–10% market share indicate significant headroom for growth.
- The company plans to prioritize international expansion and currently has no near-term plans to launch Comfort Click products in India.
- Employee strength stands at 300+, largely based in India (Hyderabad and Baroda).
- Comfort Click strengthened its portfolio with the launch of four variants in gummies for adults, a probiotic gummy for kids, and pure Himalayan shilajit resin, reinforcing its presence in the high-growth wellness categories.
- The brand 'WeightWorld' advanced its expansion into the European markets by entering Poland, Finland and Portugal thereby strengthening Comfort Click's geographic footprint.

### RiteBite

- RiteBite business has doubled its legacy performance on like to like basis.
- The brand strengthened its global footprint by entering two additional countries, taking its presence to nine international markets within the first year, supported by strong initial response.
- The business continues to outperform in protein snacking, improving EBITDA from breakeven at acquisition to near double-digit margins.

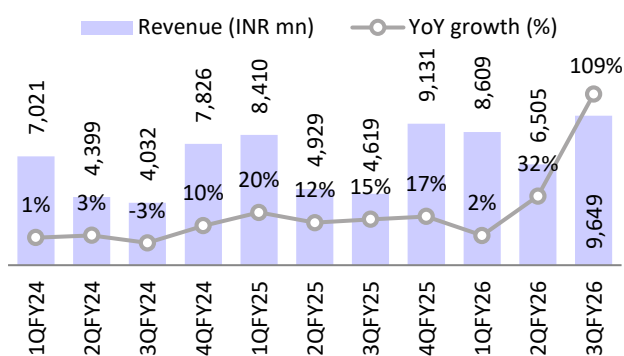
- Gross margins of RiteBite remain in line with the core business (~50–52%).
- Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.
- The recently launched Wafer Bar continues to contribute to category's growth and market expansion of RiteBite – Max Protein.

#### Brand wise performance

- Sugar-free brands maintained leadership in the category with a market share of 96.3% (YoY gain of 80bp).
- Sugar Free D'lite Cookies have now been extended into multiple markets, and the entire D'lite range continues to witness strong growth.
- Sugar Free Green has registered sustained double-digit growth for 19 consecutive quarters.
- The marketing and distribution in the organized trade for Cuticolor, the No. 1 doctor-prescribed hair coloring brand, was initiated, adding to the company's portfolio.
- Nutralite delivered double-digit growth, supported by a strong six-year CAGR.
- Nutralite Professional expanded its range with the launch of Cheesy Delight and Slim Mayonnaise variants.

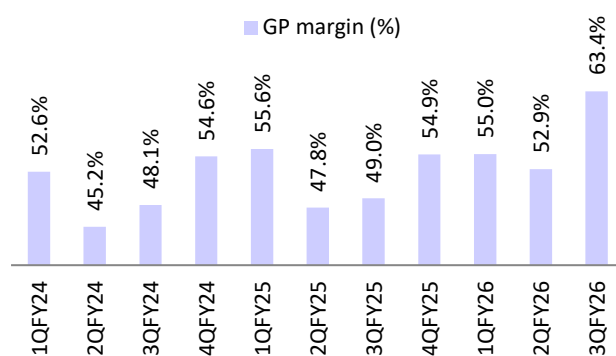
## Key Exhibits

**Exhibit 1: Revenue up 109% YoY to INR9,649m in 3QFY26**



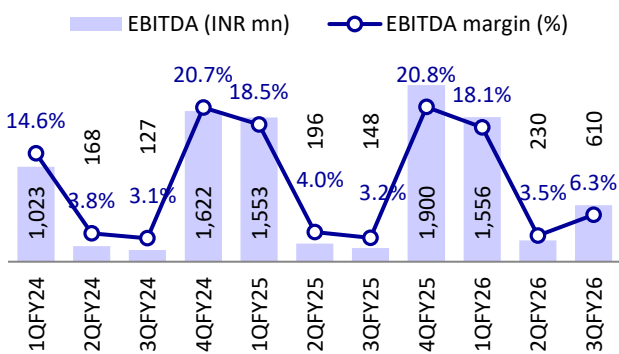
Source: Company, MOFSL

**Exhibit 2: Gross margins jumped to 63.4% backed by CC acquisition**



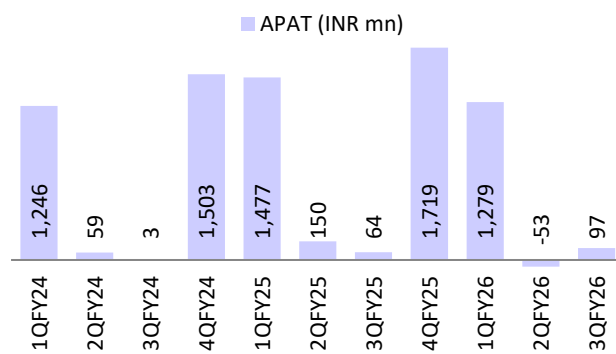
Source: Company, MOFSL

**Exhibit 3: EBITDA margin grew 310bp to 6.3% YoY, while EBITDA came in at INR610m**



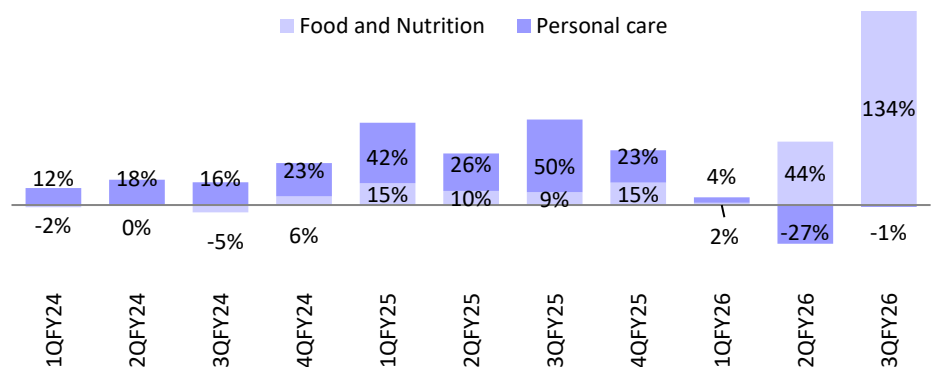
Source: Company, MOFSL

**Exhibit 4: Adjusted profit came in at INR97m in 3QFY26**



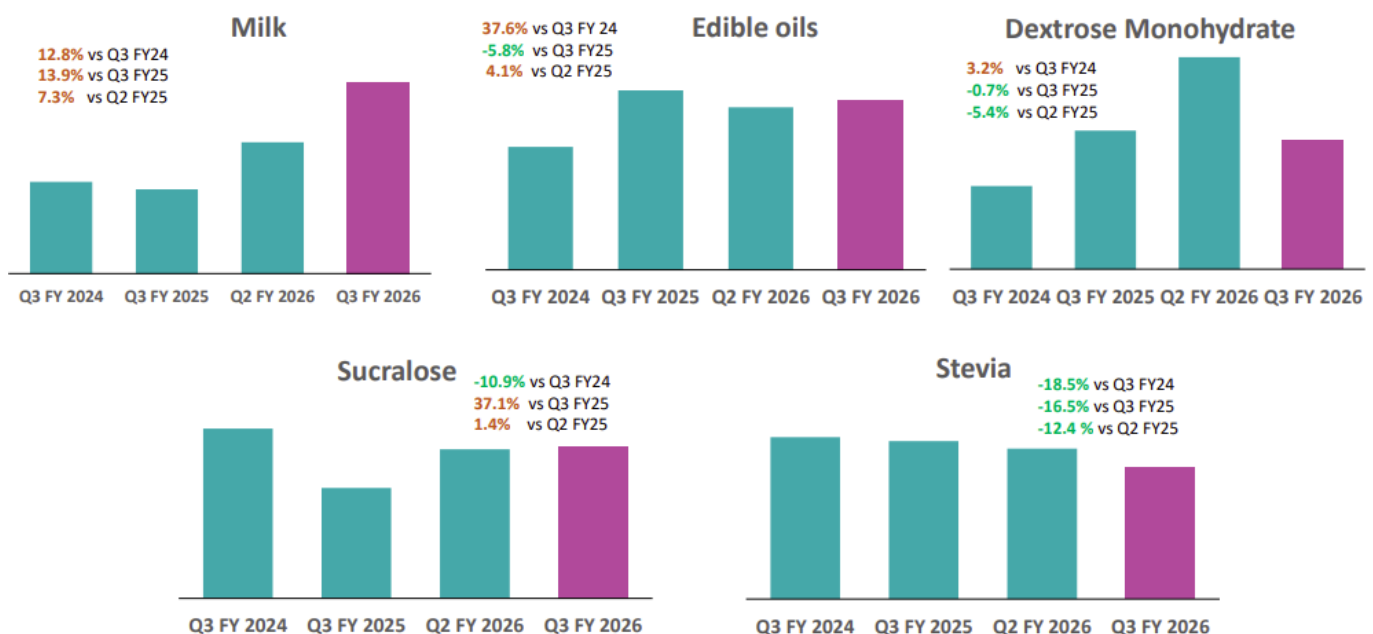
Source: Company, MOFSL

**Exhibit 5: Food & Nutrition grew 134% YoY in 3QFY26 while Personal care declined ~1%**



Source: Company, MOFSL

**Exhibit 6: Key RM prices remained a mixed bag in 3QFY26 with Milk and Sucralose seeing inflation**



Source: Company, MOFSL

### Valuation and view

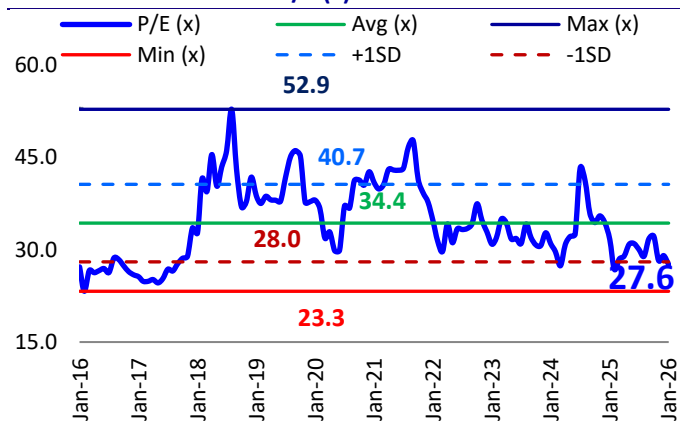
- We broadly maintain our EPS estimates for FY27 and FY28.
- The valuation multiple is currently low given its low earnings delivery in the past decade (10-year CAGR of 7-8%). With stability in the core business (took initial period for stabilizing sizable acquisition) and exciting new growth engines, we expect Zydus to deliver superior earnings growth than it delivered in the past.
- We model ~11% organic revenue CAGR and ~20% EBITDA CAGR over FY26-28E. The company guides organic EBITDA margin of 16-17% (our est. 15%/16% for FY27/FY28). CC EBITDA margin is expected to remain at 14-15%; we model a similar margin. On a consolidated basis, we model ~26% revenue CAGR and 35% EBITDA CAGR.
- The stock is trading at 20x and 16x EV/EBITDA FY27 and FY28, a 30%-35% discount to other FMCG peers. Based on SoTP, we value the India business at 27x EV/EBITDA FY28E and International (Comfort Click) at 15x EV/EBITDA FY28E to arrive at a TP of INR575 (implied consolidated 22x EV/EBITDA and 30x P/E at FY28). We maintain BUY on Zydus Wellness.

**Exhibit 7: We broadly maintain our EPS estimates for FY27 and FY28**

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	39,103	54,009	61,651	39,103	54,009	61,651	-	-	-
EBITDA	5,304	7,856	9,600	5,391	7,856	9,600	-1.6	-	-
PAT	3,642	5,377	5,986	3,728	5,416	6,018	-2.3	-0.7	-0.5

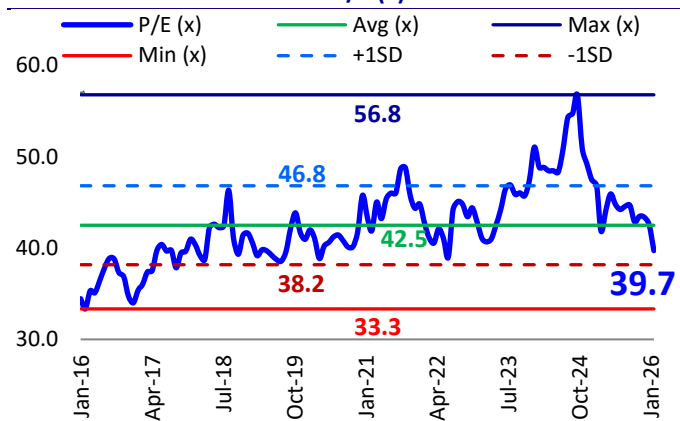
Source: Company, MOFSL

**Exhibit 8: ZYDUSWELL's P/E (x)**



Source: Company, MOFSL

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



Source: Company, MOFSL



## Financials and valuations

Income Statement							(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>17,668</b>	<b>18,667</b>	<b>20,091</b>	<b>22,548</b>	<b>23,278</b>	<b>27,089</b>	<b>39,103</b>	<b>54,009</b>	<b>61,651</b>
Change (%)	109.6	5.7	7.6	12.2	3.2	16.4	44.3	38.1	14.2
<b>Gross Profit</b>	<b>9,881</b>	<b>10,218</b>	<b>10,287</b>	<b>11,088</b>	<b>11,894</b>	<b>14,308</b>	<b>23,660</b>	<b>35,050</b>	<b>40,678</b>
Margin (%)	55.9	54.7	51.2	49.2	51.1	52.8	60.5	64.9	66.0
Other expenditure	6,670	6,775	6,840	7,717	8,812	10,510	18,356	27,194	31,078
<b>EBITDA</b>	<b>3,211</b>	<b>3,444</b>	<b>3,448</b>	<b>3,372</b>	<b>3,082</b>	<b>3,798</b>	<b>5,304</b>	<b>7,856</b>	<b>9,600</b>
Change (%)	84.1	7.3	0.1	-2.2	-8.6	23.2	39.6	48.1	22.2
Margin (%)	18.2	18.4	17.2	15.0	13.2	14.0	13.6	14.5	15.6
Depreciation	264	252	236	250	238	284	473	506	538
Amortisation							1,025	1,722	1,722
Int. and Fin. Charges	1,399	838	255	161	240	120	1,004	1,345	1,140
Other Income - Recurring	107	89	104	49	139	136	55	35	60
<b>Profit before Taxes</b>	<b>1,655</b>	<b>2,443</b>	<b>3,060</b>	<b>3,009</b>	<b>2,743</b>	<b>3,530</b>	<b>2,857</b>	<b>4,319</b>	<b>6,260</b>
Change (%)	-3.0	47.7	25.2	-1.7	-8.8	28.7	-19.1	51.2	44.9
Margin (%)	9.4	13.1	15.2	13.3	11.8	13.0	7.3	8.0	10.2
Tax	-27	0	0	0	2	119	240	663	1,995
Deferred Tax	-178	-65	-29	-195	-70	0	0	1,017	-431
Tax Rate (%)	-12.4	-2.7	-0.9	-6.5	-2.5	3.4	8.4	38.9	25.0
<b>Reported PAT</b>	<b>1,417</b>	<b>1,187</b>	<b>3,089</b>	<b>3,104</b>	<b>2,669</b>	<b>3,470</b>	<b>2,275</b>	<b>2,639</b>	<b>4,695</b>
Adjustments	517	1,398	-	107	146	-57	1,367	2,739	1,292
<b>APAT</b>	<b>1,934</b>	<b>2,585</b>	<b>3,089</b>	<b>3,211</b>	<b>2,815</b>	<b>3,413</b>	<b>3,642</b>	<b>5,377</b>	<b>5,986</b>
Change (%)	12.9	33.7	19.5	4.0	-12.3	21.3	6.7	47.7	11.3
Margin (%)	10.9	13.9	15.4	14.2	12.1	12.6	9.3	10.0	9.7

Balance Sheet							(INR m)		
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	577	636	636	636	636	636	636	636	636
Reserves	34,030	45,042	47,804	50,590	52,939	56,080	57,814	59,753	63,669
<b>Net Worth</b>	<b>34,607</b>	<b>45,678</b>	<b>48,440</b>	<b>51,227</b>	<b>53,575</b>	<b>56,716</b>	<b>58,450</b>	<b>60,389</b>	<b>64,305</b>
Minority Interest	0	0	0	0	0	0	0	0	0
Loans	15,191	5,498	3,815	2,925	3,240	1,850	28,000	25,500	21,500
Deferred Tax liabilities	0	0	0	0	0	0	6,200	5,770	5,339
Lease liabilities	8	0	58	47	47	33	48	66	75
<b>Capital Employed</b>	<b>49,805</b>	<b>51,175</b>	<b>52,314</b>	<b>54,199</b>	<b>56,862</b>	<b>58,599</b>	<b>92,698</b>	<b>91,725</b>	<b>91,219</b>
<b>Net Fixed Assets</b>	<b>2,047</b>	<b>1,996</b>	<b>2,445</b>	<b>2,704</b>	<b>2,467</b>	<b>2,904</b>	<b>3,024</b>	<b>3,111</b>	<b>3,165</b>
Goodwill	39,200	39,200	39,200	39,200	39,200	40,105	48,455	48,455	48,455
Intangibles	5,488	5,478	5,455	5,420	5,408	8,240	31,122	29,308	27,493
Capital WIP	35	37	119	130	97	151	151	151	151
Investments	1,104	0	270	700	776	364	7	7	7
<b>Curr. Assets, L&amp;A</b>	<b>8,022</b>	<b>9,953</b>	<b>9,433</b>	<b>10,177</b>	<b>13,536</b>	<b>12,655</b>	<b>19,585</b>	<b>22,529</b>	<b>25,172</b>
Inventory	2,923	3,647	3,616	4,575	4,676	5,175	9,316	11,016	12,533
Account Receivables	1,182	943	1,423	2,078	2,833	3,670	5,919	7,340	7,798
Cash and Bank Balance	545	1,737	1,154	370	800	667	484	1,115	1,361
Bank balance	279	790	544	11	1,595	72	72	72	72
Deferred tax assets	1,208	1,265	1,298	1,493	1,563	1,447	1,447	0	0
Others	1,885	1,571	1,397	1,650	2,069	1,624	2,347	2,985	3,408
<b>Curr. Liab. and Prov.</b>	<b>6,092</b>	<b>5,489</b>	<b>4,608</b>	<b>4,132</b>	<b>4,622</b>	<b>5,820</b>	<b>9,646</b>	<b>11,835</b>	<b>13,223</b>
Trade Payables	5,045	4,386	3,643	3,133	3,629	4,288	7,432	8,774	9,729
Provisions	259	312	347	410	446	658	951	1,315	1,501
Other current liabilities	789	791	619	589	547	874	1,263	1,746	1,994
<b>Application of Funds</b>	<b>49,805</b>	<b>51,175</b>	<b>52,314</b>	<b>54,198</b>	<b>56,862</b>	<b>58,599</b>	<b>92,698</b>	<b>91,725</b>	<b>91,219</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>6.7</b>	<b>8.1</b>	<b>9.7</b>	<b>10.1</b>	<b>8.9</b>	<b>10.7</b>	<b>11.5</b>	<b>16.9</b>	<b>18.8</b>
Cash EPS	7.6	8.9	10.5	10.9	9.6	11.6	12.9	18.5	20.5
BV/Share	120.0	143.6	152.3	161.0	168.5	178.4	183.8	189.9	202.2
DPS	1.0	1.0	1.0	1.0	1.0	1.2	1.7	2.2	2.5
Payout %	14.9	12.3	10.3	9.9	11.3	11.2	14.8	13.0	13.0
<b>Valuation (x)</b>									
P/E	62.5	51.6	43.2	41.5	47.3	39.0	36.6	24.8	22.3
Cash P/E	55.0	47.0	40.1	38.5	43.6	36.0	32.4	22.6	20.4
EV/Sales	7.6	7.3	6.8	6.0	5.8	4.9	4.1	2.9	2.5
EV/EBITDA	41.8	39.8	39.4	40.1	43.8	35.3	30.3	20.1	16.0
P/BV	3.5	2.9	2.8	2.6	2.5	2.3	2.3	2.2	2.1
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.5	0.6
<b>Return Ratios (%)</b>									
RoE	5.6	6.4	6.6	6.4	5.4	6.2	6.3	9.0	9.6
RoCE	6.9	6.7	6.5	6.3	5.5	6.1	5.9	4.9	7.5
RoCE (Ex-goodwill)	62.0	58.0	47.3	39.2	28.0	31.3	38.3	33.3	46.8
RoIC	7.2	6.9	6.7	6.5	5.7	6.3	6.0	4.9	7.6
RoIC (Ex-goodwill)	37.4	35.2	30.7	26.6	20.5	21.2	14.7	10.5	16.4
<b>Working Capital Ratios</b>									
Inventory days	54	64	66	66	73	66	68	69	70
Debtor (Days)	22	21	21	28	39	44	45	45	45
Payables days	93	92	73	55	53	53	55	55	55
Cash conversion days	-17	-7	15	40	58	57	58	59	60
Inventory turnover (x)	6.7	5.7	5.5	5.5	5.0	5.5	5.4	5.3	5.2
Asset Turnover (x)	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.6	0.7
<b>Leverage Ratio</b>									
Net Debt/Equity (x)	0.4	0.1	0.1	0.0	0.0	0.0	0.5	0.4	0.3

### Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(loss) before Tax	1,213	1,122	3,060	2,909	2,601	3,588	2,515	4,319	6,260
Int./Div. Received	-54	-68	-93	-32	-110	-31	-55	-35	-60
Depreciation & Amort.	21	39	236	250	238	284	1,498	2,228	2,260
Interest Paid	1,399	838	255	161	240	120	1,004	1,345	1,140
Direct Taxes Paid	-16	2	-41	-13	-27	29	-240	-1,680	-1,565
Incr in WC	-230	-658	-1,063	-2,399	-438	-268	-3,287	-1,571	-1,009
<b>CF from Operations</b>	<b>2,593</b>	<b>2,865</b>	<b>2,369</b>	<b>917</b>	<b>2,464</b>	<b>3,800</b>	<b>1,435</b>	<b>4,606</b>	<b>7,026</b>
Incr in FA	-246	-197	-754	-450	-285	-663	-500	-500	-500
<b>Free Cash Flow</b>	<b>2,346</b>	<b>2,669</b>	<b>1,614</b>	<b>468</b>	<b>2,179</b>	<b>3,137</b>	<b>935</b>	<b>4,106</b>	<b>6,526</b>
Investments	-	-	-259	-414	-44	510	357	-	-
Purchase of non current subsidiary	-	-	-	-	-	-3,690	-24,000	-	-
Goodwill	-	-	-	-	-	-	-8,350	-	-
Others	75	93	154	15	-1,448	1,607	-	-	-
<b>CF from Invest.</b>	<b>-171</b>	<b>-104</b>	<b>-860</b>	<b>-848</b>	<b>-1,777</b>	<b>-2,236</b>	<b>-32,438</b>	<b>-465</b>	<b>-440</b>
Issue of Shares	-	9,866	-	-	-	-	-0	-0	-0
Incr in Debt	-502	-11,014	-1,683	-890	315	-1,390	26,150	-2,500	-4,000
Dividend Paid	-694	-2	-319	-319	-319	-318	-541	-700	-779
Interest paid	-1,401	-1,012	-325	-159	-235	-136	-1,004	-1,345	-1,140
Others	-	-	-12	-17	-18	-19	6,215	1,035	-421
<b>CF from Fin. Activity</b>	<b>-2,597</b>	<b>-2,162</b>	<b>-2,338</b>	<b>-1,385</b>	<b>-257</b>	<b>-1,863</b>	<b>30,820</b>	<b>-3,510</b>	<b>-6,341</b>
<b>Incr/Decr of Cash</b>	<b>-176</b>	<b>599</b>	<b>-829</b>	<b>-1,316</b>	<b>430</b>	<b>-299</b>	<b>-183</b>	<b>631</b>	<b>246</b>
Add: Opening Balance	<b>2,104</b>	<b>1,928</b>	<b>2,527</b>	<b>1,698</b>	<b>370</b>	<b>966</b>	<b>667</b>	<b>484</b>	<b>1,115</b>
<b>Closing Balance</b>	<b>1,928</b>	<b>2,527</b>	<b>1,698</b>	<b>382</b>	<b>800</b>	<b>667</b>	<b>484</b>	<b>1,115</b>	<b>1,361</b>

E: MOFSL Estimates

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



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

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

#### Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. 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 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 and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.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>. As per Regulatory requirements, Research Audit Report is uploaded on [www.motilaloswal.com](http://www.motilaloswal.com) > MOFSL-Important Links > MOFSL Research Analyst Compliance Audit Report.

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](mailto:grievances@motilaloswal.com).

Nainesh Rajani

Email: [nainesh.rajani@motilaloswal.com](mailto:nainesh.rajani@motilaloswal.com)

Contact: (+65) 8328 0276

#### Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.  
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.  
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.  
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.  
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- 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 alternations 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, enlistment as RA with Exchange 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. 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, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN : 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.