

### Modest recovery; long way to go!

- UNSP's Q3FY21 was ahead of our subdued expectations. Revenue trends in Q2FY21 (-3.4% YoY) and Q3FY21 (-3.6% YoY) were similar – a key disappointment. UNSP revenue/EBITDA/APAT declined by -3.6/-9.5/-11.2%. In 9MFY21, UNSP's revenue/EBITDA/APAT were -18.2/-46.5/-59.7% YoY vs. Radico's -6.4/+6.3/+11.1% YoY. Despite benign RM prices, modest gross margin expansion of 24bps YoY (230bps for Radico) was another area of regret.
- UNSP's strategy of premiumisation and cost rationalization is precise in our view but with limited visible tangible benefits over past several quarters/years. Volume/revenue growth and gross margin sustenance/improvement had been a key challenge. With management change on the card and post-covid resurgence, we pin our hope on revival in revenue growth. Price increase in Karnataka (UNSP's largest market with ~1/3<sup>rd</sup> volumes) is a potential trigger.
- UNSP's valuations are alluring at 46/37x FY22/23E EPS but for above challenges. Despite today's price decline of 8%, UNSP's stock has appreciated by ~16% in trailing three months. We reiterate our positive bias, but downgrade a notch post the run-up in trailing 3M from BUY to Accumulate. We maintain our FY22/23E EPS. Our revised target is Rs 631 @ 40x Dec-22E EPS (earlier Rs 603 @ 40x Sep-22E EPS).

### Covid, RTM changes in AP and WB haunts growth

UNSP revenue/EBITDA/APAT declined by -3.6/-9.5/-11.2%. Volume stood at -0.8% YoY viz. P&A/Popular by +0.6/-2.3%. Revenues would have been +0.2% but for RTM changes in AP. Price/mix was -1.7% viz. P&A/Popular -1.3/-4.5% largely led by state mix. P&A/Popular revenue declined by -0.8/6.6%. Adjusted for AP, P&A revenue growth would have been +4.5%.

UNSP's volumes benefitted partly from resumption of on-trade (QoQ), home consumption, shift of duty-free sales to retail but lack of big-fat Indian weddings, parties, night curfews etc in key festive season drove down the business. UNSP registered a healthy growth in Scotch portfolio and lower P&A but was impacted in mid and upper segment led by down trading. Due to steep tax increases, West Bengal was severely impacted.

### Q3FY21 Result (Rs Mn)

Particulars	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)
Revenue	24,887	25,825	(3.6)	21,459	16.0
Total Expense	21,049	21,585	(2.5)	18,342	14.8
EBITDA	3,838	4,240	(9.5)	3,117	23.1
Depreciation	614	524	17.2	571	7.5
EBIT	3,224	3,716	(13.2)	2,546	26.6
Other Income	194	176	10.2	128	51.6
Interest	377	455	(17.1)	507	(25.6)
EBT	3,041	3,437	(11.5)	1,747	74.1
Tax	742	849	(12.6)	463	60.3
RPAT	2,299	2,588	(11.2)	1,284	79.0
APAT	2,299	2,588	(11.2)	1,704	34.9
			(bps)		(bps)
Gross Margin (%)	44.6	44.4	24	43.2	136
EBITDA Margin (%)	15.4	16.4	(100)	14.5	90
NPM (%)	9.2	10.0	(78)	6.0	325
Tax Rate (%)	24.4	24.7	(30)	26.5	(210)
EBIT Margin (%)	13.0	14.4	(143)	11.9	109

CMP	Rs 594
Target / Upside	Rs 631 / 6%
NIFTY	13,818

### Scrip Details

Equity / FV	Rs 1,453mn / Rs 2
Market Cap	Rs 432bn
	USD 6bn
52-week High/Low	Rs 743/ 443
Avg. Volume (no)	26,09,790
Bloom Code	UNSP

Price Performance	1M	3M	12M
Absolute (%)	3	16	(9)
Rel to NIFTY (%)	4	(1)	(24)

### Shareholding Pattern

	Jun'20	Sep'20	Dec'20
Promoters	56.8	56.8	56.8
MF/Banks/FIs	7.7	7.5	8.0
FIIIs	19.7	18.8	19.0
Public / Others	15.9	16.9	16.3

### Valuation (x)

	FY21E	FY22E	FY23E
P/E	98.3	46.4	37.2
EV/EBITDA	46.9	27.9	23.2
ROE (%)	8.1	20.2	20.5
RoACE (%)	8.7	16.4	18.1

### Estimates (Rs mn)

	FY21E	FY22E	FY23E
Revenue	79,131	97,044	1,06,533
EBITDA	9,451	15,746	18,529
PAT	4,392	9,308	11,611
EPS (Rs.)	6.0	12.8	16.0

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**Exhibit 1: Actual vs. Estimates**

(Rs Mn)	Actual	Estimate	% Variance	Remarks
Revenue	24,887	23,878	4.2	Numbers above estimates due to better than expected volumes
EBITDA	3,838	3,451	11.2	
Margin %	15.4	14.5	97	
PAT	2,299	1,822	26.2	

Source: DART, Company

**Exhibit 2: Change in estimates**

(Rs Mn)	FY21E			FY22E			FY23E			Remarks
	Old	New	Chg %/bps	Old	New	Chg %/bps	Old	New	Chg %/bps	
<b>Volume (Mn cases)</b>	<b>70.1</b>	<b>71.1</b>	<b>1.4</b>	<b>84.0</b>	<b>85.1</b>	<b>1.3</b>	<b>89.5</b>	<b>90.7</b>	<b>1.4</b>	We increase our P&A volumes marginally, however reduce our EBIDTA to factor in the increase in employee cost
- P&A	36.2	37.2	2.9	43.7	44.8	2.5	47.1	48.4	2.7	
- Popular	33.9	33.8	(0.2)	40.4	40.4	(0.1)	42.4	42.4	(0.1)	
<b>Realization (Rs/case)</b>	<b>1,094</b>	<b>1,095</b>	<b>0.1</b>	<b>1,116</b>	<b>1,123</b>	<b>0.6</b>	<b>1,151</b>	<b>1,158</b>	<b>0.6</b>	
- P&A	1,473	1,465	(0.6)	1,506	1,499	(0.5)	1,552	1,544	(0.5)	
- Popular	688	689	0.2	695	706	1.6	705	717	1.7	
<b>IMFL Revenue</b>	<b>76,653</b>	<b>77,873</b>	<b>1.6</b>	<b>93,799</b>	<b>95,610</b>	<b>1.9</b>	<b>1,03,035</b>	<b>1,05,027</b>	<b>1.9</b>	
- P&A	53,353	54,555	2.3	65,759	67,109	2.1	73,151	74,652	2.1	
- Popular	23,300	23,318	0.1	28,040	28,501	1.6	29,884	30,375	1.6	
Other operating income	1,754	1,251	(28.7)	1,962	1,435	(26.9)	2,060	1,506	(26.9)	
Revenue	78,406	79,131	0.9	95,762	97,044	1.3	1,05,095	1,06,533	1.4	
Gross Profit	34,922	34,769	(0.4)	43,957	44,060	0.2	49,029	49,167	0.3	
EBITDA	10,191	9,451	(7.3)	16,353	15,746	(3.7)	19,163	18,529	(3.3)	
APAT	4,673	4,392	(6.0)	9,405	9,308	(1.0)	11,728	11,611	(1.0)	
AEPS	6.4	6.1	(6.0)	13.0	12.8	(1.0)	16.2	16.0	(1.0)	
<b>Margin %</b>										
GP %	44.5	43.9	(56)	45.9	45.4	(50)	46.7	46.2	(50)	
EBITDA %	13	11.9	(106)	17.1	16.2	(87)	18.2	17.4	(84)	
APAT %	6	5.6	(45)	9.8	9.6	(21)	11.2	10.9	(26)	

Source: DART

## Concall Highlights

- P&A sales grew by 4.5% YoY (vs. reported 0.6%) and overall by +0.2% (vs -3.6% reported) excluding the impact of AP route to market changes.
- ‘Socializing - major sales driving factor’ remains subdued and may continue to recover modestly. The quarter recorded a fully operational off trade and phased opening of on trade viz. ~85% operational but with lower occupancy.
- Christmas and New Year were muted YoY; however, home consumption sales were the silver lining.
- Increase in prices curtailed the volumes of popular. P&A has done well especially in scotch (BIO and Johnnie Walker) and lower prestige sub segments (Mc Dowells No 1). Mid and upper prestige segment were challenged. This seems to be due down-trading to lower prestige.
- Management remains cautious on RM prices owing to ethanol blending from a medium term perspective. In the short-term, prices are expected to remain benign.
- AlcoBev industry is witnessing minor challenges on advertising front due to liquor surrogate ads being banned by ASCI especially in two states. However, as per the management surrogate ads are just one of the medium. On ground activations and in-store advertising are other bigger spends.
- Delhi is likely to reduce the legal age of drinking from 25 to 21. It is also likely to reduce the government retail shops and increase the share of private shops. These are likely to be key positives. In parallel, West Bengal has significantly raised taxes and thus price increase has had a huge impact on sales with people shifting to country liquor and probable shift to beer due to reduced prices. Management remain hopeful of some rationalization of taxes in future.
- Positive effects of opening up of home delivery is likely to be a long process.
- RCB’s profitability has been half of its ~ Rs 1bn run-rate due to covid induced restrictions impacting ticketing, on-ground revenues etc

### Exhibit 3: Quarterly Operating Performance

Operating KPIs	Q3FY20	Q4FY20*	Q1FY21	Q2FY21	Q3FY21	% YoY	% QoQ
<b>Volumes (Mn Cases)</b>							
Prestige & Above	11.4	8.4	5.0	10.7	11.4	0.6	6.5
Popular	10.1	9.9	4.8	9.1	9.9	(2.3)	8.7
<b>Total</b>	<b>21.5</b>	<b>18.3</b>	<b>9.8</b>	<b>19.8</b>	<b>21.3</b>	<b>(0.8)</b>	<b>7.5</b>
<b>Net Revenue (Rs Mn)</b>							
Prestige & Above	17,880	12,180	6,800	15,180	17,740	(0.8)	16.9
Popular	7,370	6,780	3,140	6,140	6,880	(6.6)	12.1
Sub Total	25,250	18,960	9,940	21,320	24,620	(2.5)	15.5
Other Operating Income*	575	980	362	139	260	(54.8)	87.1
<b>Total</b>	<b>25,825</b>	<b>19,940</b>	<b>10,302</b>	<b>21,459</b>	<b>24,880</b>	<b>(3.7)</b>	<b>15.9</b>
<b>Realization/case (Rs)</b>							
Prestige & Above	1,568	1,450	1,360	1,414	1,552	(1.3)	9.7
Popular	730	685	654	677	697	(4.5)	3.0
<b>Total</b>	<b>1,174</b>	<b>1,036</b>	<b>1,014</b>	<b>1,076</b>	<b>1,156</b>	<b>(1.7)</b>	<b>7.4</b>
<b>Gross Profit/case (Rs)</b>	<b>533</b>	<b>430</b>	<b>438</b>	<b>469</b>	<b>521</b>	<b>(2.3)</b>	<b>11.2</b>
<b>EBITDA/case (Rs)</b>	<b>197</b>	<b>119</b>	<b>(79)</b>	<b>157</b>	<b>180</b>	<b>(8.8)</b>	<b>14.5</b>

Source: Company, DART \*Adjusted for one of scotch sales impact

**Exhibit 4: Standalone Quarterly P&L Snapshot**

(Rs mn)	Q3FY20	Q4FY20*	Q1FY21	Q2FY21	Q3FY21	% YoY	% QoQ
<b>Net Revenue</b>	<b>25,825</b>	<b>19,164</b>	<b>10,302</b>	<b>21,459</b>	<b>24,887</b>	<b>(3.6)</b>	<b>16.0</b>
Raw Material Costs	14,366	11,286	6,011	12,178	13,785	(4.0)	13.2
<b>Gross Profit</b>	<b>11,459</b>	<b>7,878</b>	<b>4,291</b>	<b>9,281</b>	<b>11,102</b>	<b>(3.1)</b>	<b>19.6</b>
Employee Expenses	1,266	1,106	1,203	1,400	1,560	23.2	11.4
A&P	2,511	1,200	518	1,835	2,346	(6.6)	27.8
Prov for doubtful debts	-	(164)	656	(85)	(56)	-	(34.1)
Other Expenses	3,442	3,552	2,690	3,014	3,414	(0.8)	13.3
<b>Total Other opex</b>	<b>7,219</b>	<b>5,694</b>	<b>5,067</b>	<b>6,164</b>	<b>7,264</b>	<b>0.6</b>	<b>17.8</b>
<b>EBITDA</b>	<b>4,240</b>	<b>2,184</b>	<b>(776)</b>	<b>3,117</b>	<b>3,838</b>	<b>(9.5)</b>	<b>23.1</b>
D&A	524	678	638	571	614	17.2	7.5
Interest Costs	455	480	499	507	377	(17.1)	(25.6)
Other Income	176	41	95	128	194	10.2	51.6
<b>PBT</b>	<b>3,437</b>	<b>1,067</b>	<b>(1,818)</b>	<b>2,167</b>	<b>3,041</b>	<b>(11.5)</b>	<b>40.3</b>
Tax	849	514	(415)	463	742	(12.6)	60.3
<b>APAT</b>	<b>2,588</b>	<b>553</b>	<b>(1,403)</b>	<b>1,704</b>	<b>2,299</b>	<b>(11.2)</b>	<b>34.9</b>
Eo gain/(Loss)	-	(314)	(750)	(420)	-	-	(100.0)
<b>RPAT</b>	<b>2,588</b>	<b>239</b>	<b>(2,153)</b>	<b>1,284</b>	<b>2,299</b>	<b>(11.2)</b>	<b>79.0</b>

Source: Company, DART \*Adjusted for line-by-line impact of one of scotch sales

**Exhibit 5: Margin Analysis**

	Q3FY20	Q4FY20*	Q1FY21	Q2FY21	Q3FY21	YoY (Bps)	QoQ (Bps)
Net Revenue	100.0	100.0	100.0	100.0	100.0	-	-
Raw Material Costs	55.6	58.9	58.3	56.8	55.4	(24)	(136)
<b>Gross Profit</b>	<b>44.4</b>	<b>41.1</b>	<b>41.7</b>	<b>43.2</b>	<b>44.6</b>	<b>24</b>	<b>136</b>
Employee Expenses	4.9	5.8	11.7	6.5	6.3	137	(26)
A&P	9.7	6.3	5.0	8.6	9.4	(30)	88
Prov for doubtful debts	-	(0.9)	6.4	(0.4)	(0.2)	(23)	17
Other Expenses	13.3	18.5	26.1	14.0	13.7	39	(33)
<b>Total Other opex</b>	<b>28.0</b>	<b>29.7</b>	<b>49.2</b>	<b>28.7</b>	<b>29.2</b>	<b>123</b>	<b>46</b>
<b>EBITDA</b>	<b>16.4</b>	<b>11.4</b>	<b>(7.5)</b>	<b>14.5</b>	<b>15.4</b>	<b>(100)</b>	<b>90</b>
D&A	2.0	3.5	6.2	2.7	2.5	44	(19)
Interest Costs	1.8	2.5	4.8	2.4	1.5	(25)	(85)
Other Income	0.7	0.2	0.9	0.6	0.8	10	18
<b>PBT</b>	<b>13.3</b>	<b>5.6</b>	<b>(17.6)</b>	<b>10.1</b>	<b>12.2</b>	<b>(109)</b>	<b>212</b>
Tax	3.3	2.7	(4.0)	2.2	3.0	(31)	82
<b>APAT</b>	<b>10.0</b>	<b>2.9</b>	<b>(13.6)</b>	<b>7.9</b>	<b>9.2</b>	<b>(78)</b>	<b>130</b>
Eo gain/(Loss)	-	(1.6)	(7.3)	(2.0)	-	-	196
<b>RPAT</b>	<b>10.0</b>	<b>1.2</b>	<b>(20.9)</b>	<b>6.0</b>	<b>9.2</b>	<b>(78)</b>	<b>325</b>
Tax as % of PBT	24.7	48.2	22.8	21.4	24.4	(30)	303

Source: Company, DART \*Adjusted for line-by-line impact of one of scotch sales

### Exhibit 6: Valuation Snapshot: UNSP

Particulars	
Dec-22E Standalone EPS	15.2
Target Multiple (x)	40
Target Price (Rs) (A)	<b>608</b>
Non-core assets (Rs) (B)	12
RCB (Rs) ('C)	11
Target Price (Rs) (A+B+C)	<b>631</b>
CMP (Rs)	594
Upside/Downside (%)	<b>6</b>

Source: Company, DART

### Exhibit 7: Valuation of RCB

RCB	Rs Mn
EBITDA	1,250
Net Debt*	-
Interest	-
PBT	1,250
PAT	813
Tgt Multiple (x)	20
RCB Value	16,250
(-) Hold Co discount (%)	50
RCB Value	8,125
UNSP O/s shares (Mn)	727
<b>Value per share (Rs)</b>	<b>11</b>

Source: Company, DART

### Exhibit 8: Valuation of Treasury shares

Treasury shares	
UNSP treasury shares (17.3mn @ Rs 594)	11,138
Flats/factories etc (Rs Mn)	6,000
Non-core assets value (Rs Mn)	<b>17,138</b>
(-) discount owing to legal disputes and timing uncertainty (%)	50
Non-core assets value (Rs Mn)	<b>8,569</b>
UNSP O/s shares (Mn)	727
Value per share (Rs)	<b>12</b>

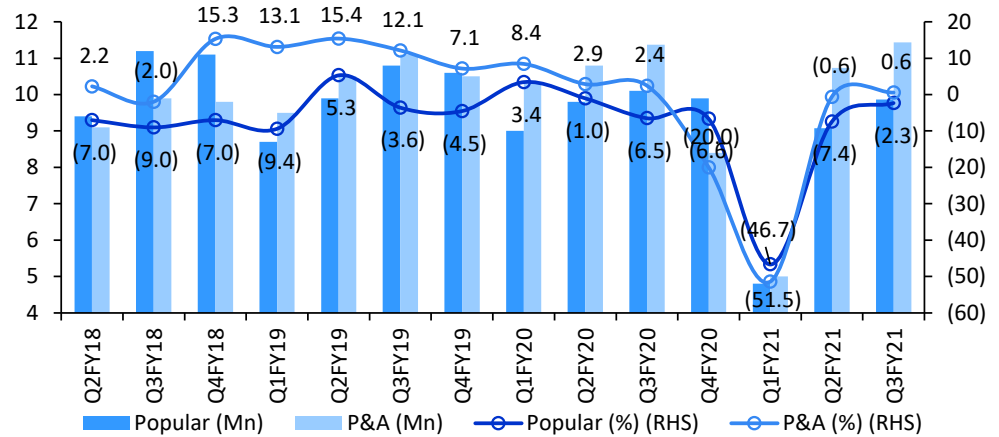
Source: Company, DART

**Exhibit 9: Key model assumptions**

Particulars (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E	CAGR FY21-23E
<b>Volumes (Mn Cases)</b>	<b>78.5</b>	<b>81.6</b>	<b>79.7</b>	<b>71.1</b>	<b>85.1</b>	<b>90.7</b>	<b>13.0</b>
- P&A	37.2	41.6	40.9	37.2	44.8	48.4	13.9
- Popular	41.3	40.0	38.8	33.8	40.4	42.4	11.9
<b>Realization/case</b>	<b>1,021</b>	<b>1,077</b>	<b>1,090</b>	<b>1,095</b>	<b>1,123</b>	<b>1,158</b>	<b>2.8</b>
- P&A	1,378	1,420	1,450	1,465	1,499	1,544	2.7
- Popular	698	720	711	689	706	717	2.0
<b>Revenue</b>	<b>81,701</b>	<b>89,838</b>	<b>89,201</b>	<b>79,124</b>	<b>97,044</b>	<b>1,06,533</b>	<b>16.0</b>
- P&A	51,280	59,090	59,310	54,555	67,109	74,652	17.0
- Popular	28,830	28,810	27,590	23,318	28,501	30,375	14.1
- Other operating income	1,591	1,938	2,301	1,251	1,435	1,506	9.7
Raw Material costs	41,980	45,946	49,086	44,362	52,984	57,366	13.7
<b>Gross Profit</b>	<b>39,721</b>	<b>43,892</b>	<b>40,115</b>	<b>34,762</b>	<b>44,060</b>	<b>49,167</b>	<b>18.9</b>
<i>Gross Margin (%)</i>	<i>48.6</i>	<i>48.9</i>	<i>45.0</i>	<i>43.9</i>	<i>45.4</i>	<i>46.2</i>	
Advtg & Prom	7,882	8,587	7,153	6,499	8,049	8,854	16.7
<i>% of revenue</i>	<i>9.6</i>	<i>9.6</i>	<i>8.0</i>	<i>8.2</i>	<i>8.3</i>	<i>8.3</i>	
Employee costs	6,601	6,393	5,194	5,546	5,961	6,409	7.5
<i>% of revenue</i>	<i>8.1</i>	<i>7.1</i>	<i>5.8</i>	<i>7.0</i>	<i>6.1</i>	<i>6.0</i>	
Other operating expenses	15,023	15,231	13,261	13,274	14,304	15,376	7.6
<i>% of revenue</i>	<i>18.4</i>	<i>17.0</i>	<i>14.9</i>	<i>16.8</i>	<i>14.7</i>	<i>14.4</i>	
<b>Total operating expenses</b>	<b>29,506</b>	<b>30,211</b>	<b>25,608</b>	<b>25,318</b>	<b>28,314</b>	<b>30,639</b>	<b>10.0</b>
<i>% of revenue</i>	<i>36.1</i>	<i>33.6</i>	<i>28.7</i>	<i>32.0</i>	<i>29.2</i>	<i>28.8</i>	
<b>EBITDA</b>	<b>10,215</b>	<b>13,681</b>	<b>14,507</b>	<b>9,444</b>	<b>15,746</b>	<b>18,529</b>	<b>40.1</b>
<i>% of revenue</i>	<i>12.5</i>	<i>15.2</i>	<i>16.3</i>	<i>11.9</i>	<i>16.2</i>	<i>17.4</i>	

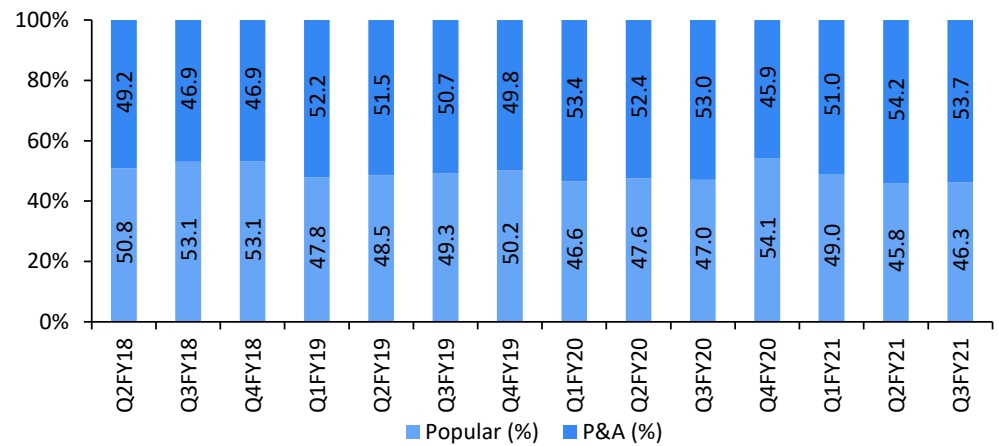
Source: Company, DART

**Exhibit 10: Popular and P&A volume and growth trend**



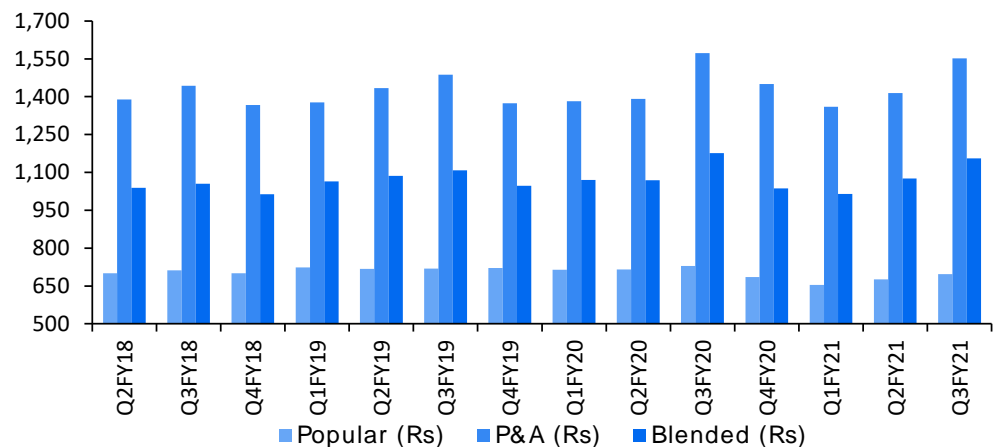
Source: DART, Company

**Exhibit 11: Popular vs. P&A volume mix (%)**



Source: Company, DART

**Exhibit 12: Realization trend (Rs/case)**



Source: DART, Company

**Profit and Loss Account**

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
<b>Revenue</b>	<b>88,425</b>	<b>79,131</b>	<b>97,044</b>	<b>1,06,533</b>
<b>Total Expense</b>	<b>74,694</b>	<b>69,680</b>	<b>81,298</b>	<b>88,004</b>
COGS	49,086	44,362	52,984	57,366
Employees Cost	5,194	5,546	5,961	6,409
Other expenses	20,414	19,773	22,352	24,230
<b>EBIDTA</b>	<b>13,731</b>	<b>9,451</b>	<b>15,746</b>	<b>18,529</b>
Depreciation	2,275	2,446	2,588	2,747
<b>EBIT</b>	<b>11,456</b>	<b>7,005</b>	<b>13,159</b>	<b>15,782</b>
Interest	1,907	1,739	1,183	744
Other Income	455	563	689	759
Exc. / E.O. items	(6)	(1,170)	0	0
<b>EBT</b>	<b>9,998</b>	<b>4,658</b>	<b>12,664</b>	<b>15,797</b>
Tax	2,992	1,436	3,356	4,186
RPAT	7,006	3,222	9,308	11,611
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APAT</b>	<b>7,012</b>	<b>4,392</b>	<b>9,308</b>	<b>11,611</b>

**Balance Sheet**

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
<b>Sources of Funds</b>				
Equity Capital	1,453	1,453	1,453	1,453
Minority Interest	0	0	0	0
Reserves & Surplus	36,644	39,996	49,304	60,916
<b>Net Worth</b>	<b>38,097</b>	<b>41,449</b>	<b>50,757</b>	<b>62,369</b>
Total Debt	15,196	16,519	9,243	5,604
Net Deferred Tax Liability	70	77	85	93
<b>Total Capital Employed</b>	<b>53,363</b>	<b>58,045</b>	<b>60,085</b>	<b>68,066</b>

**Applications of Funds**

Net Block	<b>13,347</b>	<b>12,598</b>	<b>12,728</b>	<b>12,720</b>
CWIP	1,187	890	668	501
Investments	23,192	25,017	27,049	29,307
<b>Current Assets, Loans &amp; Advances</b>	<b>47,819</b>	<b>50,236</b>	<b>56,000</b>	<b>65,477</b>
Inventories	18,361	16,106	19,353	20,808
Receivables	22,835	23,687	28,251	30,138
Cash and Bank Balances	345	4,825	1,505	6,967
Loans and Advances	0	0	0	0
Other Current Assets	6,278	5,618	6,890	7,564
<b>Less: Current Liabilities &amp; Provisions</b>	<b>32,182</b>	<b>30,696</b>	<b>36,359</b>	<b>39,939</b>
Payables	11,712	10,481	12,854	14,110
Other Current Liabilities	20,470	20,215	23,506	25,829
<i>sub total</i>				
Net Current Assets	15,637	19,540	19,640	25,537
<b>Total Assets</b>	<b>53,363</b>	<b>58,045</b>	<b>60,085</b>	<b>68,066</b>

E – Estimates



**Important Ratios**

Particulars	FY20A	FY21E	FY22E	FY23E
<b>(A) Margins (%)</b>				
Gross Profit Margin	44.5	43.9	45.4	46.2
EBIDTA Margin	15.5	11.9	16.2	17.4
EBIT Margin	13.0	8.9	13.6	14.8
Tax rate	29.9	30.8	26.5	26.5
Net Profit Margin	7.9	4.1	9.6	10.9
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	55.5	56.1	54.6	53.8
Employee	5.9	7.0	6.1	6.0
Other	23.1	25.0	23.0	22.7
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.4	0.4	0.2	0.1
Interest Coverage	6.0	4.0	11.1	21.2
Inventory days	76	74	73	71
Debtors days	94	109	106	103
Average Cost of Debt	9.3	11.0	9.2	10.0
Payable days	48	48	48	48
Working Capital days	65	90	74	87
FA T/O	6.6	6.3	7.6	8.4
<b>(D) Measures of Investment</b>				
AEPS (Rs)	9.7	6.0	12.8	16.0
CEPS (Rs)	12.8	9.4	16.4	19.8
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	52.4	57.1	69.9	85.8
RoANW (%)	20.2	8.1	20.2	20.5
RoACE (%)	14.5	8.7	16.4	18.1
RoAIC (%)	14.6	9.1	17.3	19.4
<b>(E) Valuation Ratios</b>				
CMP (Rs)	594	594	594	594
P/E	61.6	98.3	46.4	37.2
Mcap (Rs Mn)	4,31,832	4,31,832	4,31,832	4,31,832
MCap/ Sales	4.9	5.5	4.4	4.1
EV	4,46,683	4,43,526	4,39,569	4,30,468
EV/Sales	5.1	5.6	4.5	4.0
EV/EBITDA	32.5	46.9	27.9	23.2
P/BV	11.3	10.4	8.5	6.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	(1.6)	(10.5)	22.6	9.8
EBITDA	0.4	(31.2)	66.6	17.7
EBIT	(6.4)	(38.9)	87.9	19.9
PBT	0.9	(53.4)	171.9	24.7
APAT	(5.7)	(37.4)	111.9	24.7
EPS	(5.7)	(37.4)	111.9	24.7

**Cash Flow**

(Rs Mn)	FY20A	FY21E	FY22E	FY23E
CFO	15,030	8,592	8,970	13,907
CFI	(483)	(3,826)	(3,830)	(4,063)
CFF	(14,790)	(286)	(8,459)	(4,382)
FCFF	12,649	7,191	6,476	11,335
Opening Cash	588	345	4,824	1,505
Closing Cash	345	4,824	1,505	6,967

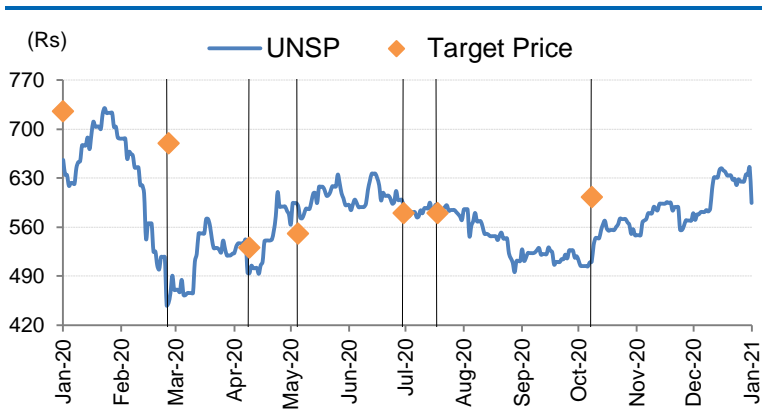
E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Jan-20	BUY	726	656
Mar-20	Buy	680	452
May-20	Reduce	531	494
Jun-20	SELL	551	589
Jul-20	Reduce	580	591
Aug-20	Reduce	580	584
Nov-20	BUY	603	510

\*Price as on recommendation date

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