

# United Spirits

Estimate change	↓
TP change	↓
Rating change	↔

Bloomberg	UNSP IN
Equity Shares (m)	727
M.Cap.(INRb)/(USDb)	558.6 / 6.8
52-Week Range (INR)	952 / 712
1, 6, 12 Rel. Per (%)	-13/-19/-16
12M Avg Val (INR M)	1308

## Financials & Valuations (INR b)

Y/E March	2023E	2024E	2025E
Sales	100.1	104.0	114.1
Sales Gr. (%)	6.7	3.9	9.7
EBITDA	13.9	17.2	20.0
Margin (%)	13.9	16.5	17.5
PAT	9.4	11.3	13.5
EPS (INR)	12.9	15.5	18.6
EPS Gr. (%)	3.0	19.9	19.8
BV/Sh.(INR)	80.7	84.1	92.7

## Ratios

RoE (%)	16.0	18.4	20.0
RoCE (%)	20.7	25.5	27.6
Payout (%)	38.7	38.7	26.9

## Valuations

P/E (x)	59.5	49.6	41.4
P/BV (x)	9.5	9.1	8.3
EV/EBITDA (x)	39.5	32.0	27.5

## Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	56.7	56.7	56.7
DII	12.1	11.6	10.4
FII	16.0	16.1	17.9
Others	15.2	15.6	14.9

FII Includes depository receipts

**CMP: INR769**      **TP: INR835 (+9%)**      **Neutral**

## Material cost pressures intense, no near-term relief evident

- United Spirits (UNSP) reported in-line sales; however, higher-than-expected material cost pressures (especially on glass bottles), notably higher-than-anticipated ad-spends-to-sales and some operating deleverage impact due to sale of part of popular segment at end-2QFY23 led to 23% miss at EBITDA level.
- Management indicated that while demand outlook remains robust, the deleverage impact could last for the next 12-18 months and there is no evidence of a material cost reduction in the near term. **Maintain Neutral with a TP of INR835, premised on 45x Mar'25E EPS.**

## Sales in line; ad-spends higher than our expectation

- UNSP's standalone net sales stood flat YoY at INR27.8b (in line) with P&A salience of 86% in 3QFY23. **The LFL sales grew 9.7% YoY during the quarter.**
- Overall reported volumes are likely to have declined 25% YoY (est. -20%).
- Reported **gross margin contracted 360bp YoY to 40.6%**, led by input cost inflation for both Glass & ENA partly offset by superior mix and productivity.
- As a percentage of sales, lower advertising costs (-30bp YoY), other expenses (-20bp YoY), and higher staff costs (+80bp YoY) led to an **EBITDA margin contraction of 380bp to 13.2%** (est. 17.5%) in 3QFY23.
- EBITDA declined 25% YoY to INR3.7b (est. INR4.8b).
- On absolute basis, ad spends fell 6.6% YoY, and formed 10% of net sales.
- PBT/adjusted PAT declined 22.7%/23.2% YoY to INR3b/INR2.2b (est. INR4.2b/ INR3.2b), respectively, during the quarter.
- Net sales/EBITDA/adjusted PAT grew 12.7%/5.0%/30.0% to INR78.3b/ INR11.1b/INR7.8b in 9HFY23, respectively.
- **Exceptional Item** – The Board of Directors has approved a multi-year supply chain agility program that is directed towards optimization of the existing manufacturing footprint to strengthen its end-to-end supply chain and make it fit for the future. The Board has **recognized a provision of INR1.5b** towards the impairment loss on PPE covered under the program by writing down their carrying amounts to net realizable values.

## Highlights from the management commentary

- **Demand outlook:** UNSP is not experiencing any demand slowdown. Alcobev category is neither an everyday purchase nor a very high ticket item.
- **Material cost outlook:** Glass cost continued its inflationary trend led by higher natural gas costs, which seems to be bottoming out though. The impact from Ukraine crisis needs to recede to obtain some relief on natural gas prices, which is impacting glass bottle costs adversely for UNSP.
- **Operating deleverage:** For the next 12-18 months, there will be operating deleverage due to part sale of popular segment in 2QFY23. The gross impact of this sale will be ~120bp on margins.
- **Pricing:** NSV increased 2% effectively in 9MFY23, highest since acquisition by Diageo, but is only a fraction of ~11% effective RM inflation impact.

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

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

- **Bidding women's IPL franchise successfully:** The amount of INR9.01b will be payable in 10 equal yearly installments over the next 10 years. Since men's IPL media auction is also likely this year and the existing franchisees will have a share in the same, the management expects to use the proceeds to partly fund the new franchise bid.

#### Valuation and view

- Changes to our model have led to ~16%/12%/7% reduction in our FY23/ FY24/FY25 EPS forecasts, respectively, led by the miss on 3QFY23 numbers, continuing material cost pressures and the adverse impact of operating deleverage due to part sale of popular segment in 2QFY23.
- Near-term headwinds in the form of cost inflation (as expected by us in our [Feb'22 AlcoBev note](#)), and delays in price increases v/s earlier expectations are likely to keep near-term earnings growth and stock price performance under check even as the outlook in FY24E and beyond is gradually expected to get better.
- While we appreciate the growth potential driven by various measures undertaken by the new CEO over the past year, fair near-term valuations lead us to maintain our **Neutral** rating with a TP of INR835, premised on 45x Mar'25E EPS.

#### Quarterly Performance

Y/E March (Standalone)	FY22			FY23			FY22	FY23E	FY23	Var.		
	1Q	2Q	3Q	1Q	2Q	3Q	4QE	3QE	3QE	(%)		
Volume growth %	60.5	3.5	3.7	5.0	17.9	8.3	-25.0	-22.0	11.9	-9.2	-20.0	
Total revenues	16,151	24,468	28,847	24,351	21,693	28,797	27,811	21,840	93,817	1,00,141	27,405	1.5%
YoY change (%)	56.8	14.0	15.9	9.5	34.3	17.7	-3.6	-10.3	18.9	6.7	-5.0	
Gross Profit	7,205	11,023	12,727	10,166	8,882	11,375	11,281	9,019	41,121	40,557	11,784	-4.3%
Margin (%)	44.6	45.1	44.1	41.7	40.9	39.5	40.6	41.3	43.8	40.5	43.0	
EBITDA	1,677	4,014	4,907	4,267	2,992	4,459	3,678	2,791	14,865	13,920	4,784	-23.1%
Margins (%)	10.4	16.4	17.0	17.5	13.8	15.5	13.2	12.8	15.8	13.9	17.5	
EBITDA growth (%)	L/P	48.8	27.9	3.6	78.4	11.1	-25.0	-34.6	50.5	-6.4	-2.5	
Depreciation	554	655	662	671	653	559	636	694	2,542	2,542	660	
Interest	198	230	338	127	166	141	243	147	893	697	120	
Other income	106	35	16	258	251	81	232	100	415	664	150	
PBT	1,031	3,164	3,923	3,727	2,424	3,840	3,031	2,050	11,845	11,345	4,154	-27.0%
Tax	168	921	1,012	633	-313	990	796	490	2,734	1,963	955	
Rate (%)	16.3	29.1	25.8	17.0	-12.9	25.8	26.3	23.9	23.1	17.3	23.0	
Adj. PAT	863	2,243	2,911	3,094	2,737	2,850	2,235	1,560	9,111	9,382	3,199	-30.1%
YoY change (%)	L/P	74.7	26.6	27.0	217.1	27.1	-23.2	-49.6	97.3	3.0	9.9	

E: MOFSL Estimate

**Key Performance Indicators**

Y/E March (Standalone)	FY22				FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Key Metrics</b>							
Sales Volume (m Cases)	15.7	20.5	22.1	20.7	18.5	22.2	16.6
Volume Growth %	60.5	3.5	3.7	5.0	17.9	8.3	-25.0
Realisation/case (INR)	1,027	1,191	1,303	1,175	1,170	1,295	1,673
Realisation growth %	-2.3	10.2	11.7	4.3	13.9	8.7	28.4
EBITDA/Case (INR)	106.6	195.4	221.6	205.8	161.3	200.4	221.2
<b>Segmental performance</b>							
P&A Volumes (m Cases)	8.0	11.4	12.3	10.9	10.0	13.0	12.7
Popular Volumes (m Cases)	7.8	9.1	9.8	9.8	8.6	9.3	3.9
P&A Volumes Growth (%)	59.4	6.1	7.9	8.8	24.9	13.6	3.1
Popular Volumes Growth (%)	61.7	0.4	-1.1	1.0	10.7	1.6	-60.3
P&A Sales Growth (%)	58.4	20.8	20.0	15.3	43.7	23.1	11.7
Popular Sales Growth (%)	60.2	0.0	-1.7	1.1	13.1	1.6	-46.3
<b>Average growth for the last two years (%)</b>							
Volume	5.6	-0.2	1.5	6.6	39.2	5.9	-10.7
Sales	1.6	3.7	6.1	10.5	45.5	15.9	6.2
EBITDA	-28.9	6.9	9.2	27.7	-28.9	30.0	1.4
PAT	-28.3	15.9	7.7	75.5	-28.3	50.9	1.7
<b>As a % of Sales</b>							
COGS	55.4	54.9	55.9	58.3	59.1	60.5	59.4
Operating expenses	34.2	28.6	27.1	24.2	27.2	24.0	27.3
Depreciation	3.4	2.7	2.3	2.8	3.0	1.9	2.3
<b>YoY change (%)</b>							
COGS	48.8	8.3	16.9	13.8	43.2	29.6	2.5
Operating expenses	9.1	10.5	7.7	4.3	6.5	-1.3	-2.8
Other Income	11.6	-72.7	-91.8	323.0	136.8	131.4	1,350.0
EBIT	N/M	58.0	31.7	4.3	N/M	16.1	-28.3

**Highlights from the management commentary****Operational environment and outlook**

- This was the first full festive season post-Covid and the demand was good.
- Mid and upper segments of P&A continued to do well while the lower end of the portfolio saw some moderation.
- Premiumization was healthy during the quarter.
- The management expects consumer demand to be robust.
- Delhi Route-to-Market (RTM) changes hit sales as was guided earlier by the management (~500-600bp impact on sales). Further, lapped West Bengal RTM changes benefitted the quarter.
- UNSP is not experiencing any demand slowdown. Alcobev category is neither an everyday purchase nor a very high ticket item.
- Even in the UK, despite the economic slowdown, there has been no deceleration in alcobev growth for Diageo.

**Costs and margins**

- Higher material costs hit margins during the quarter.
- Glass cost continued its inflationary trend led by higher natural gas costs, which seems to be bottoming out though. The impact from Ukraine crisis needs to recede to obtain some relief on natural gas prices, which is impacting glass bottle costs adversely for UNSP.
- ENA prices are stable albeit at high levels. Paper and PET costs are coming down.

- For the next 12-18 months, there will be operating deleverage due to part sale of popular segment in 2QFY23. The impact of this sale will be ~120bp on gross margin and ~40-60bp net impact on EBITDA margin.
- The management highlighted that the competitive intensity is not coming off.

#### Price Increases

- There were price increases in West Bengal, Delhi, Orissa and Karnataka as well as in CSD during the quarter.
- NSV increased 2% effectively in 9MFY23, highest since acquisition by Diageo, but is only a fraction of ~11% effective RM inflation impact.

#### New launches/ re-launches

- The management is happy with response to launches/re-launches of Royal Challenge and McDowell's No1.
- Johnny Walker Blonde was launched and the price is positioned between JW Red and JW Black.

#### Women's IPL Franchise acquisition

- Royal Challengers Sports Private Limited, a 100% subsidiary, acquired rights for Bangalore women's IPL franchisee.
- An amount of INR9.01b will be payable in 10 equal yearly installments over the next 10 years.
- Other costs are yet to be determined.
- The management stated that based on the trend in men's IPL, this will also be a valuable franchise.
- Since men's IPL media auction is also likely this year and the existing franchisees will have a share in the same, the management expects to use the proceeds to partly fund the new franchise bid.

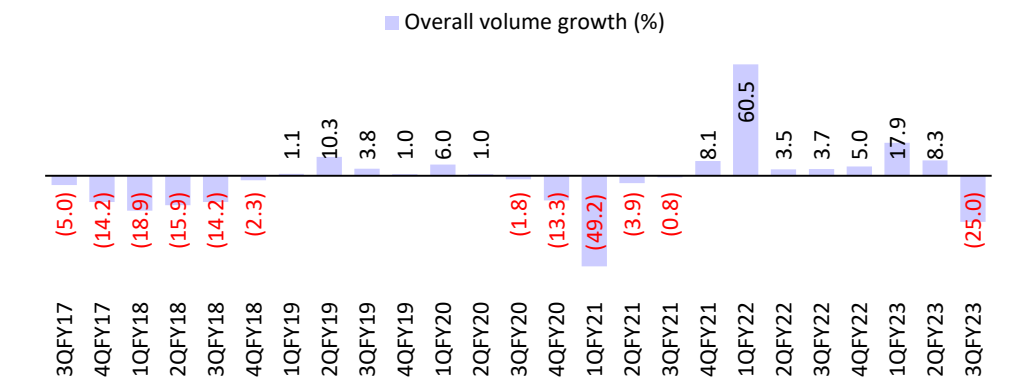
#### Other points

- UNSP still has a fair amount of legacy costs in the system and the new multi-year supply chain agility program is to reduce these over the next three years.
- Due to this program, there will be an impact on two cost heads – i.e. severances and write-down on assets.
- The company will be able to save INR1.3b-INR1.5b every year as a result of the above exercise after 12-18 months.

#### Key exhibits

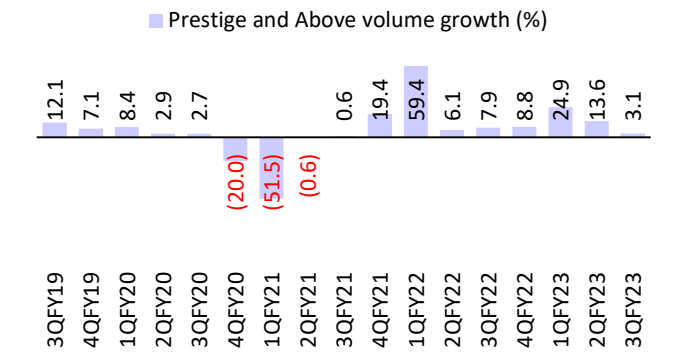
- P&A volumes rose 3.1% YoY while Popular declined 60.3% YoY.
- Net sales for P&A rose 11.7% YoY in 3QFY23. P&A accounted for 87.4% of net sales in 3QFY23.
- Net sales for the Popular portfolio retained by UNSP grew 2.3% YoY and volumes rose 3.3% YoY.

**Exhibit 1: Overall volumes declined 25% YoY to 16.6m cases in 3QFY23**



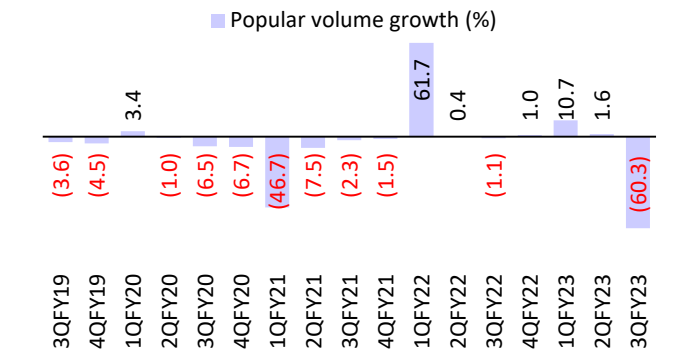
Source: Company, MOFSL

**Exhibit 2: P&A volumes (%) grew 3.1% YoY in 3QFY23**



Source: Company, MOFSL

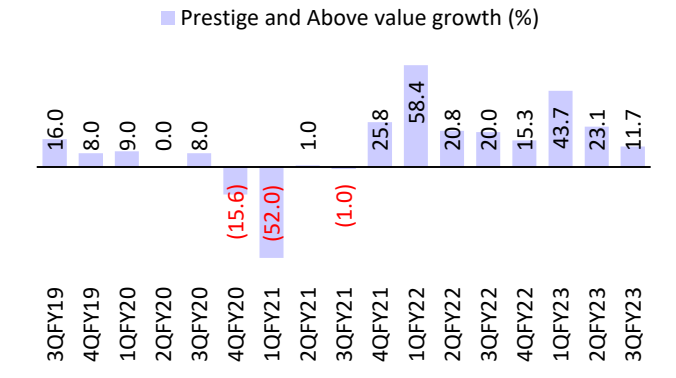
**Exhibit 3: Popular volumes (%) declined 60.3% YoY in 3QFY23\***



\*Rebased popular volumes grew 3.3% YoY in 3QFY23

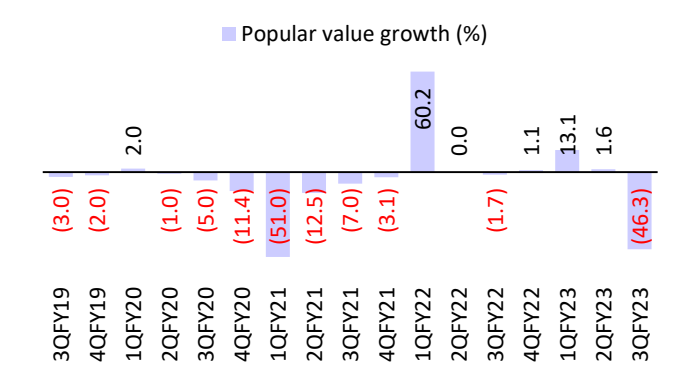
Source: Company, MOFSL

**Exhibit 4: Value growth in P&A stood at 11.7% YoY**



Source: Company, MOFSL

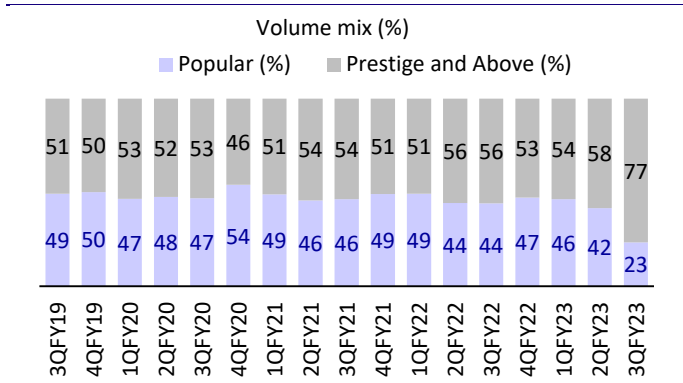
**Exhibit 5: Popular sales declined 46.3% YoY in 3QFY23\***



\*Rebased net sales grew 2.3% YoY in 3QFY23

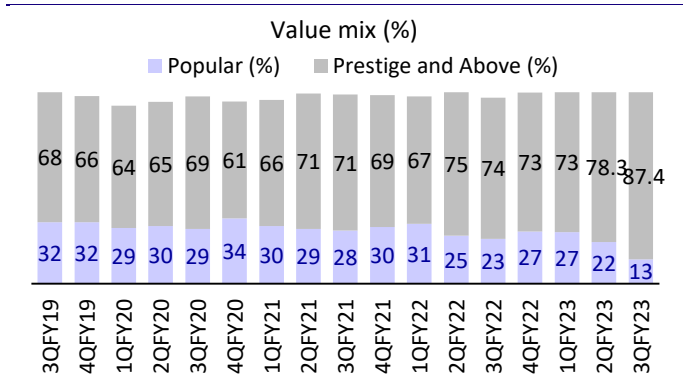
Source: Company, MOFSL

**Exhibit 6: Contribution of P&A volumes stood at 77%...**



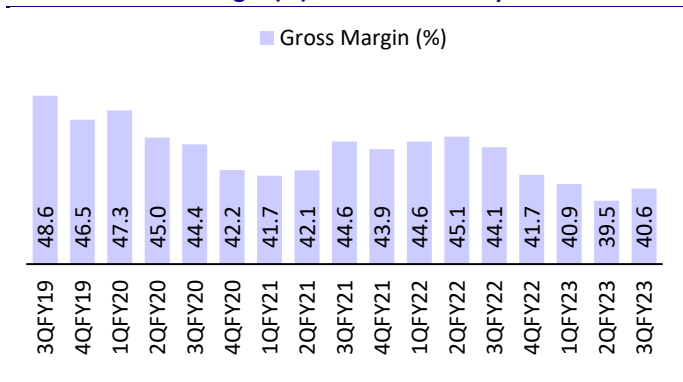
Source: Company, MOFSL

**Exhibit 7: ...while that of value stood at 87%**



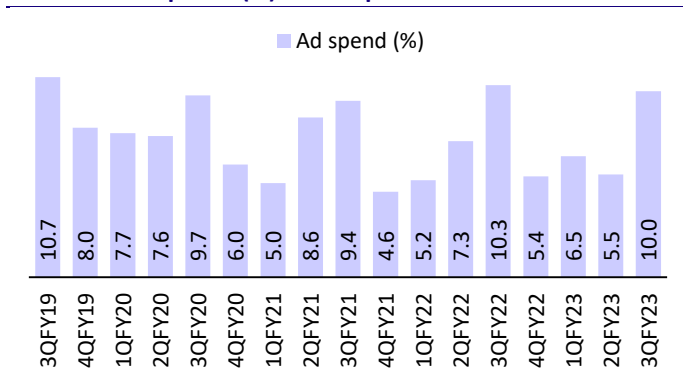
Source: Company, MOFSL

**Exhibit 8: Gross margin (%) contracted 360bp YoY to 40.6%**



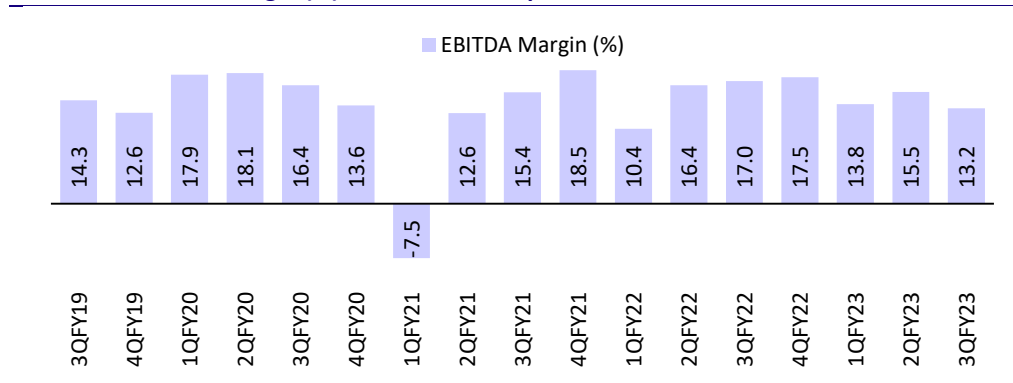
Source: Company, MOFSL

**Exhibit 9: Ad spends (%) fell 30bp YoY to 10% of sales**



Source: Company, MOFSL

**Exhibit 10: EBITDA margin (%) contracted 380bp YoY to 13.2% in 3QFY23**



Source: Company, MOFSL

**Valuation and view**

- Changes to our model have led to ~16%/12%/7% reduction in our FY23/ FY24/FY25 EPS forecasts, respectively, led by the miss on 3QFY23 numbers, continuing material cost pressures and the adverse impact of operating deleverage due to part sale of popular segment in 2QFY23.
- Near-term headwinds in the form of cost inflation (as expected by us in our [Feb'22 AlcoBev note](#)), and delays in price increases v/s earlier expectations are likely to keep near-term earnings growth and stock price performance under check even as the outlook in FY24E and beyond is gradually expected to get better.

- While we appreciate the growth potential driven by various measures undertaken by the new CEO over the past year, fair near-term valuations lead us to maintain our **Neutral** rating with a TP of INR835, premised on 45x Mar'25E EPS.

**Exhibit 11: We revise our FY23/FY24/FY25 PAT estimates by ~-16%/-12%/-7%, respectively**

INR B	New			Old			% Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Total Income	100.1	104.0	114.1	100.1	104.0	114.1	0.0	0.0	0.0
EBITDA	13.9	17.2	20.0	15.9	19.2	21.2	-12.6	-10.8	-5.9
Adjusted PAT	9.4	11.3	13.5	11.1	12.8	14.4	-15.8	-12.2	-6.5

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Net Sales</b>	<b>81,269</b>	<b>89,322</b>	<b>90,565</b>	<b>78,652</b>	<b>93,441</b>	<b>1,00,141</b>	<b>1,04,012</b>	<b>1,14,108</b>
Other Operating Inc	432	484	344	240	376	0	0	0
<b>Total Revenue</b>	<b>81,701</b>	<b>89,806</b>	<b>90,909</b>	<b>78,892</b>	<b>93,817</b>	<b>1,00,141</b>	<b>1,04,012</b>	<b>1,14,108</b>
Change (%)	-4.4	9.9	1.2	-13.2	18.9	6.7	3.9	9.7
<b>Gross Profit</b>	<b>39,725</b>	<b>43,857</b>	<b>40,689</b>	<b>34,210</b>	<b>41,121</b>	<b>40,557</b>	<b>46,597</b>	<b>53,060</b>
Margin (%)	48.6	48.8	44.8	43.4	43.8	40.5	44.8	46.5
Other Expenditure	-29,446	-30,983	-25,608	-24,333	-26,256	-26,638	-29,435	-33,091
<b>EBITDA</b>	<b>10,279</b>	<b>12,874</b>	<b>15,081</b>	<b>9,877</b>	<b>14,865</b>	<b>13,920</b>	<b>17,162</b>	<b>19,969</b>
Change (%)	5.9	25.2	17.1	-34.5	50.5	-6.4	23.3	16.4
Margin (%)	12.6	14.3	16.6	12.5	15.8	13.9	16.5	17.5
Depreciation	-1,351	-1,445	-2,275	-2,493	-2,542	-2,542	-2,669	-2,803
Int. and Fin. Charges	-2,675	-2,200	-1,907	-1,658	-893	-697	-348	-174
Other Income	1,080	952	455	478	415	664	896	1,031
<b>Profit before Taxes</b>	<b>7,333</b>	<b>10,181</b>	<b>11,354</b>	<b>6,204</b>	<b>11,845</b>	<b>11,345</b>	<b>15,041</b>	<b>18,023</b>
Change (%)	26.3	38.8	11.5	-45.4	90.9	-4.2	32.6	19.8
Margin (%)	9.0	11.3	12.5	7.9	12.6	11.3	14.5	15.8
Tax	2,433	3,416	3,445	1,587	2,734	1,963	3,790	4,542
Tax Rate (%)	33.2	33.6	30.3	25.6	23.1	17.3	25.2	25.2
<b>Adjusted PAT</b>	<b>4,900</b>	<b>6,765</b>	<b>7,909</b>	<b>4,617</b>	<b>9,111</b>	<b>9,382</b>	<b>11,251</b>	<b>13,481</b>
Change (%)	26.1	38.1	16.9	-41.6	97.3	3.0	19.9	19.8
Margin (%)	6.0	7.5	8.7	5.9	9.7	9.4	10.8	11.8
Non-rec. (Exp)/Income	717	-179	-862	-1,514	-1,413	0	0	0
<b>Reported PAT</b>	<b>5,617</b>	<b>6,586</b>	<b>7,047</b>	<b>3,103</b>	<b>7,698</b>	<b>9,382</b>	<b>11,251</b>	<b>13,481</b>
<b>Balance Sheet</b>								<b>(INR m)</b>
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
Share Capital	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453
Reserves	23,585	29,862	36,644	39,815	47,564	57,142	59,675	65,891
Minority Interest	0	0	0	0	0	0	0	0
<b>Net Worth</b>	<b>25,038</b>	<b>31,315</b>	<b>38,097</b>	<b>41,268</b>	<b>49,017</b>	<b>58,595</b>	<b>61,128</b>	<b>67,344</b>
Loans	32,505	25,825	15,195	7,134	2,637	1,137	637	137
Deferred Tax Liabilities	-856	-1,878	-1,590	-1,711	-1,478	-1,478	-1,478	-1,478
<b>Capital Employed</b>	<b>56,687</b>	<b>55,262</b>	<b>51,702</b>	<b>46,691</b>	<b>50,176</b>	<b>58,254</b>	<b>60,287</b>	<b>66,003</b>
Gross Block	13,561	16,406	19,315	20,093	20,978	21,978	22,978	23,978
Less: Accum. Depn.	-3,540	-5,124	-5,968	-7,085	-7,966	-10,508	-13,177	-15,980
<b>Net Fixed Assets</b>	<b>10,021</b>	<b>11,282</b>	<b>13,347</b>	<b>13,008</b>	<b>13,012</b>	<b>11,470</b>	<b>9,801</b>	<b>7,998</b>
Capital WIP	980	1,171	1,187	865	897	897	897	897
Goodwill	0	0	0	0	0	0	0	0
Investments	2,775	2,984	2,526	2,021	4,390	4,390	3,890	3,390
Foreign Monetary term	-	-	-	-	-	-	-	-
<b>Curr. Assets, L&amp;A</b>	<b>71,778</b>	<b>69,308</b>	<b>66,895</b>	<b>63,807</b>	<b>64,376</b>	<b>77,106</b>	<b>82,474</b>	<b>93,206</b>
Inventory	18,694	18,767	18,361	19,810	20,771	21,030	21,843	23,963
Account Receivables	26,998	25,181	22,835	21,601	23,021	27,436	28,496	31,262
Cash and Bank	1,198	588	345	553	328	5,998	5,432	5,671
Bank Deposit								
Others	24,888	24,772	25,354	21,843	20,256	22,643	26,703	32,310
<b>Curr. Liab. and Prov.</b>	<b>28,867</b>	<b>29,483</b>	<b>32,253</b>	<b>33,010</b>	<b>32,499</b>	<b>35,609</b>	<b>36,775</b>	<b>39,488</b>
Account Payables	13,935	13,360	11,712	13,813	15,048	16,977	16,834	18,096
Other Liabilities	11,490	12,346	16,196	13,743	12,743	14,017	15,419	16,961
Provisions	3,442	3,777	4,345	5,454	4,708	4,614	4,522	4,431
<b>Net Current Assets</b>	<b>42,911</b>	<b>39,825</b>	<b>34,642</b>	<b>30,797</b>	<b>31,877</b>	<b>41,497</b>	<b>45,699</b>	<b>53,718</b>
<b>Application of Funds</b>	<b>56,687</b>	<b>55,262</b>	<b>51,702</b>	<b>46,691</b>	<b>50,176</b>	<b>58,254</b>	<b>60,287</b>	<b>66,003</b>

E: MOFSL Estimates



## Financials and valuations

### Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>6.7</b>	<b>9.3</b>	<b>10.9</b>	<b>6.4</b>	<b>12.5</b>	<b>12.9</b>	<b>15.5</b>	<b>18.6</b>
Cash EPS	8.6	11.3	14.0	9.8	16.0	16.4	19.2	22.4
BV/Share	34.5	43.1	52.4	56.8	67.5	80.7	84.1	92.7
DPS	0.0	0.0	0.0	0.0	0.0	5.0	6.0	5.0
Payout %	0.0	0.0	0.0	0.0	0.0	38.7	38.7	26.9
<b>Valuation (x)</b>								
P/E	114.0	82.6	70.6	121.0	61.3	59.5	49.6	41.4
Cash P/E	89.3	68.0	54.8	78.6	47.9	46.8	40.1	34.3
EV/Sales	1.7	1.5	1.4	1.5	1.2	1.0	1.0	0.9
EV/EBITDA	57.1	45.1	37.9	57.0	37.4	39.5	32.0	27.5
P/BV	22.3	17.8	14.7	13.5	11.4	9.5	9.1	8.3
<b>Return Ratios (%)</b>								
RoE	19.6	21.6	20.8	11.2	18.6	16.0	18.4	20.0
RoCE	11.6	14.7	17.3	16.8	25.4	20.7	25.5	27.6
RoIC	11.3	14.9	18.2	12.1	21.6	20.6	22.3	24.2
<b>Working Capital Ratios</b>								
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.9	1.7	1.7	1.7
<b>Leverage Ratio</b>								
Debt/Equity (x)	1.3	0.8	0.4	0.2	0.1	0.0	0.0	0.0

### Cash Flow Statement

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>(INR m)</b>								
OP/(loss) before Tax	8,403	9,914	11,347	4,690	10,240	11,345	15,041	18,023
Int./Div. Received	205	1,245	-559	1,887	2,248	-664	-896	-1,031
Depreciation and Amort.	1,351	1,445	2,275	2,493	2,542	2,542	2,669	2,803
Interest Paid	1,708	1,775	1,626	1,428	377	697	348	174
Direct Taxes Paid	-3,898	-8,238	-5,658	-1,253	-4,463	-1,963	-3,790	-4,542
Incr/Decr in WC	1,694	2,434	-2,361	8,036	-2,059	-3,951	-4,767	-7,779
<b>CF from Operations</b>	<b>9,463</b>	<b>8,575</b>	<b>6,670</b>	<b>17,281</b>	<b>8,885</b>	<b>8,006</b>	<b>8,604</b>	<b>7,648</b>
Interest income	117	413	1,639	191	170	664	896	1,031
(Incr)/Decr in FA	41	-656	-1,978	-1,062	-778	-1,000	-1,000	-1,000
<b>Free Cash Flow</b>	<b>9,621</b>	<b>8,332</b>	<b>6,331</b>	<b>16,410</b>	<b>8,277</b>	<b>7,670</b>	<b>8,501</b>	<b>7,678</b>
(Pur)/Sale of Investments	213	319	0	0	-2,221	0	500	500
Other investing items	1,174	-142	599	993	554	3,829	-4,359	-3,633
<b>CF from Invest.</b>	<b>1,545</b>	<b>-66</b>	<b>260</b>	<b>122</b>	<b>-2,275</b>	<b>3,493</b>	<b>-3,963</b>	<b>-3,102</b>
Issue of Shares	0	0	0	0	0	0	0	0
Incr/Decr in Debt	-7,902	-7,004	-5,572	-15,981	-6,558	-1,500	-500	-500
Dividend Paid	0	0	0	0	0	-3,633	-4,359	-3,633
Others	-2,431	-2,115	-1,601	-1,214	-277	-697	-348	-174
<b>CF from Fin. Activity</b>	<b>-10,333</b>	<b>-9,119</b>	<b>-7,173</b>	<b>-17,195</b>	<b>-6,835</b>	<b>-5,829</b>	<b>-5,207</b>	<b>-4,307</b>
<b>Incr/Decr of Cash</b>	<b>675</b>	<b>-610</b>	<b>-243</b>	<b>208</b>	<b>-225</b>	<b>5,670</b>	<b>-566</b>	<b>239</b>
Add: Opening Balance	523	1,198	588	345	553	328	5,998	5,432
<b>Closing Balance</b>	<b>1,198</b>	<b>588</b>	<b>345</b>	<b>553</b>	<b>328</b>	<b>5,998</b>	<b>5,432</b>	<b>5,671</b>

E: MOFSL Estimates

NOTES

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

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