

# United Spirits

Estimate change



TP change



Rating change



Bloomberg	UNITDSPR IN
Equity Shares (m)	727
M.Cap.(INRb)/(USDb)	1005.8 / 12
52-Week Range (INR)	1417 / 973
1, 6, 12 Rel. Per (%)	3/11/17
12M Avg Val (INR M)	1141

## Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	106.9	117.1	127.7
Sales Gr. (%)	3.1	9.5	9.1
EBITDA	17.1	19.7	22.1
Margin (%)	16.0	16.9	17.3
PAT	13.1	14.0	16.0
EPS (INR)	18.1	19.3	22.0
EPS Gr. (%)	42.7	6.3	14.1
BV/Sh.(INR)	95.8	115.1	137.1

## Ratios

RoE (%)	18.9	16.7	16.0
RoCE (%)	26.2	23.9	22.8
Payout (%)	38.6	46.7	54.6

## Valuations

P/E (x)	61.0	57.4	50.3
P/BV (x)	11.5	9.6	8.1
EV/EBITDA (x)	45.7	39.4	34.7

## Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	56.7	56.7	56.7
DII	14.0	12.3	12.7
FII	15.1	16.7	15.9
Others	14.2	14.4	14.8

FII Includes depository receipts

**CMP: INR1,395**
**TP: INR1400 (+1%)**
**Neutral**

## Beat on EBITDA; retains double-digit growth guidance for FY25

- UNSP reported revenue growth of 8% YoY (in line) in 1QFY25. Prestige & Above (P&A) segment clocked revenue growth of 10% YoY and volume growth of 5% YoY. The popular segment posted a decline of 3%/5% YoY in value/volume.
- The premiumization trends in the liquor category continued to drive the P&A portfolio. Pricing strategies also played a role in achieving better value growth. The proposed excise policy reform in Karnataka, which includes a duty reduction, will enhance demand trends and foster premiumization in the market. The company remains committed to driving double-digit growth in FY25, backed by better growth in 2HFY25.
- Gross margin expanded 90bp YoY to 44.5% (est. 43.2%), led by mix and pricing. The company benefited from a 100bp reduction in overheads (true-up the provisions) and lower A&P spending due to seasonality, which resulted in EBITDA margin expansion of 590bp QoQ/170bp YoY to 19.5% (est. 17.5%), a 23-quarter high margin. The management has guided that 1QFY25 margin was a one-off event and it will normalize in the coming quarters. We estimate 17% EBITDA margin in FY25 (16% in FY24), factoring in expectations of stable raw material inflation, steady product mix, and effective cost control.
- We value UNSP at 55x Jun'26E standalone EPS and include INR150/share for its RCB+ non-core assets to arrive at a **TP of INR1,400**. With the limited upside, we maintain our Neutral rating on the stock.

## In-line revenue; EBITDA beat estimate

- **Volume growth in mid-single digit:** Standalone net sales increased 8% YoY to INR23.5b (est. INR23.6b) in 1QFY25, with P&A revenue growth of 10% (90% revenue mix). Popular revenue declined 3% YoY as inflation continued to affect the price-sensitive segment. Volume growth stood at 3.5%, with P&A volume up 5.1% to 11.5mn cases (est. 11.4mn cases) and Popular volume down 5% to 2.2mn cases (est. 2.4mn cases).
- **Operating leverage-led margin expansion:** Gross margin was up 90bp YoY at 44.5% (est. 43.2%). Excluding a one-off benefit of INR130m due to a write-back in the 1QFY24, gross margin expanded 150bp YoY. As a percentage of sales, advertising costs rose 60bp YoY to 7%, staff costs remained flat at 6%, and other expenses were down 150bp YoY at 12%. EBITDA margin was up 170bp YoY at 19.5% (est. 17.5%). Excluding the one-offs in 1QFY24, EBITDA margin expanded 230bp YoY.
- **Double-digit EBITDA growth:** Employee and A&P expenses were up by 7% and 19% YoY, respectively, while other expenses declined by 4% YoY. EBITDA grew 19% YoY to INR4.6b (est. INR4.1b). Higher other income resulted in 25% YoY growth in PBT and APAT to INR4.0b and INR3.0b, respectively (est. INR3.5b/INR2.6b).

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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.

**Highlights from the management commentary**

- 1HFY25 is expected to see single-digit revenue growth, while 2HFY25 should witness revenue growth in double digits. The management expects to meet its double-digit growth guidance for FY25.
- The company approved investments in V9 Beverages Rise Up, the maker of sober non-alcoholic beverages, and Indie Brews and Spirits, the maker of coffee liqueurs, as part of its strategy to add premium Indian provenance craft brands.
- The price mix was 4.8%, contributing to an overall portfolio NSV growth of 8.3% for the quarter. The company maintains that the price mix as a whole, the volume value delta, will stay in the range of about 6-8% on a full-year basis.
- ENA continues to experience inflation, while the rest of the commodity remains stable.
- The new policy in Karnataka suggests slab changes with a reduction in duty, which is a positive development. It will drive some premiumization, but the product will remain relatively expensive compared to other markets.

**Valuation and view**

- With consistent improvements in gross and EBITDA margin, we increase our FY25/FY26 EPS estimates by 3%/4%. We model EBITDA margin of 17% for FY25E/FY26E (vs. 16% in FY24).
- UNSP sold a large part of its popular portfolio to concentrate on its global strategy for the premium portfolio. The liquor industry is currently experiencing an upgrading trend, aligning well with UNSP's renewed emphasis on P&A, which fits into the long-term liquor upgrading narrative in India.
- We value UNSP at 55x Jun'26E standalone EPS and include INR150 per share for its RCB + non-core assets to arrive at a **TP of INR1,400**. With the limited upside, we maintain our Neutral rating on the stock.

**Quarterly Performance**

Quarterly Performance (INR m)												
Y/E March (Standalone)	FY24				FY25E				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Volume growth %	5.8	1.0	-1.8	3.7	3.5	4.4	6.6	7.3	1.9	5.5	4.2	
Total revenues	21,719	28,647	29,893	26,660	23,520	30,773	32,998	29,782	1,06,920	1,17,072	23,550	-0.1%
YoY change (%)	-1.0	-1.4	7.5	6.9	8.3	7.4	10.4	11.7	3.1	9.5	8.4	
Gross Profit	9,474	12,437	12,979	11,550	10,460	13,601	14,519	13,048	46,440	51,629	10,173	2.8%
Margin (%)	43.6	43.4	43.4	43.3	44.5	44.2	44.0	43.8	43.4	44.1	43.2	
Total Exp	17,868	23,946	24,979	23,040	18,940	25,487	27,425	25,494	89,840	97,346	19,433	
EBITDA	3,851	4,701	4,914	3,620	4,580	5,286	5,574	4,288	17,080	19,727	4,117	11.2%
Margins (%)	17.7	16.4	16.4	13.6	19.5	17.2	16.9	14.4	16.0	16.9	17.5	
EBITDA growth (%)	42.4	6.3	33.6	7.1	18.9	12.4	13.4	18.4	20.4	15.5	6.9	
Depreciation	650	653	628	710	650	676	700	724	2,640	2,750	663	
Interest	193	262	164	290	220	225	225	230	910	900	232	
Other income	209	388	461	2,290	320	500	500	1,265	3,350	2,585	280	
PBT	3,217	4,174	4,583	4,910	4,030	4,885	5,149	4,599	16,880	18,662	3,502	15.1%
Tax	814	1,068	1,102	760	1,040	1,229	1,296	1,157	3,740	4,665	881	
Rate (%)	25.3	25.6	24.0	15.5	25.8	25.2	25.2	25.2	22.2	25.0	25.2	
Adj. PAT	2,397	3,183	3,481	4,073	2,990	3,655	3,853	3,441	13,140	13,996	2,620	14.1%
YoY change (%)	8.1	20.7	61.0	91.7	24.8	14.8	10.7	-15.5	49.2	6.5	9.3	

E: MOFSL Estimate

## Key Performance Indicators

Y/E March (Standalone)	FY24				FY25			
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE
<b>Key Metrics</b>								
Sales Volume (m Cases)	13.2	16.1	16.5	15.6	13.7	16.8	17.6	16.7
Volume Growth %	5.8	1.0	-1.8	3.7	3.5	4.4	6.6	7.3
Realisation/case (INR)	1,640	1,776	1,814	1,710	1,717	1,827	1,879	1,781
Realisation growth %	-6.4	-2.3	9.5	3.1	4.7	2.9	3.6	4.2
EBIDTA/Case (INR)	290.8	291.4	298.3	232.1	334.3	313.9	317.4	256.3
<b>Segmental performance</b>								
P&A Volumes (m Cases)	11.0	13.4	13.4	12.4	11.5	13.8	14.4	13.2
Popular Volumes (m Cases)	2.3	2.8	3.1	3.2	2.2	3.0	3.2	3.5
P&A Volumes Growth (%)	10.3	3.8	4.6	3.7	5.1	3.5	7.0	6.4
Popular Volumes Growth (%)	-11.9	-10.9	-22.8	4.0	-4.6	8.7	4.7	10.7
P&A Sales Growth (%)	21.2	12.8	10.0	6.5	10.1	7.1	10.7	11.1
Popular Sales Growth (%)	0.9	-56.1	-12.4	3.3	-2.7	11.4	7.3	15.5
<b>Average growth for the last two years (%)</b>								
Volume	11.8	4.6	-13.4	-11.8	4.6	2.7	2.4	5.5
Sales	17.4	8.7	2.0	3.3	3.6	3.0	8.9	9.3
EBITDA	51.8	5.1	4.3	-7.0	30.6	9.3	23.5	12.8
PAT	69.1	8.6	15.3	33.8	16.4	17.8	35.8	38.1
<b>As a % of Sales</b>								
COGS	56.4	56.6	56.6	56.7	55.5	55.8	56.0	56.2
Operating expenses	25.9	27.0	27.0	29.7	25.0	27.0	27.1	29.4
Depreciation	3.0	2.3	2.1	2.7	2.8	2.2	2.1	2.4
<b>YoY change (%)</b>								
COGS	-5.6	-7.9	2.3	10.9	6.7	5.9	9.3	10.7
Operating expenses	-10.3	10.1	6.1	-0.1	4.6	7.5	10.9	10.5
Other Income	-18.4	356.5	98.7	1,255.0	53.1	28.9	8.5	-44.8
EBIT	63.0	7.1	40.9	7.9	22.8	13.9	13.7	22.5

E: MOFSL Estimates



## Highlights from the management commentary

## Operational environment and outlook

- Demand continued to moderate and remained slower than it was two years ago. However, the last couple of quarters showed slight improvement.
- In alcohol, consumer spending remains relatively slow but more selective, with a preference for brands that offer a strong price-value proposition.
- Green shoots are emerging in the economy, driven by rural consumption recovery and the expectation of a normal monsoon, which may lead to consumption revival going forward.
- The premiumization ladder is intact, but below the company's aspiration and what was experienced in FY21-22 and FY22-23.
- The price mix was 4.8%, contributing to an overall portfolio NSV growth of 8.3% for the quarter, with P&A growth at 10.1%.
- The company maintains that the price mix as a whole, the volume value delta, will stay in the range of about 6-8% on a full year basis.
- New excise policies have been released across the northern, central, and eastern states. The company also received some headline pricing in a few states.
- Revenue growth is expected to be high-single digits in 1H and double digits in 2H. Overall, the management expects to meet its double-digit growth guidance for FY25.

- The company approved investments in V9 Beverages Rise Up and Indie Brews and Spirits as part of its strategy to add premium Indian provenance craft brands.

### **Costs and margins**

- ENA continues to experience inflation, while the rest of the commodity basket remains stable. The ENA inflationary trend is expected to continue for the next couple of quarters.
- A&P spending during the quarter was 7.4% of net sales and is expected to increase going forward.
- The company benefited from a 100bp reduction in overheads (true-up the provisions) in 1Q. Lower A&P spending due to seasonal business trends resulted EBITDA margin expansion of 170bp YoY to 19.5% which will normalize to 16-17% going forward.
- The Supply Agility Program started delivering 40% of its benefits in FY24, with the remaining benefits expected to come in FY27-28.

### **Brands/new launches/re-launches**

- The Antiquity trademark continues to build stronger equity with consumers.
- The company has launched the 375ml pack in the hipster format for Royal Challenge American Tribe in key markets, Uttar Pradesh, Telangana, and Assam.
- UNSP launched a renovated McDowell's Number One whiskey with a new brand world and retail toolkit.
- The company launched the McDowell trademark X series, a range of whites including vodka, Gin, Citron Rum, and dark rum, operating in the upper prestige price segment.
- Blue Label has scaled up in key markets, including Delhi, Mumbai, Bangalore, and Hyderabad.
- Don Julio has seen strong initial consumer traction and growth across states. Premiumization is evident, with Don Julio Reposado growing faster than the entry-level Blanco. Significant activations include partnerships with Marriott Bonvoy and American Express, bringing the world's number one restaurant from Lima, Peru, to India.

### **New policy in Karnataka**

- The new policy in Karnataka suggests slab changes with a reduction in duty, which is a positive development. However, the rollout of the new policy has been put on hold as the industry awaits further clarification.
- Changes in excise policy will help to revive demand in the state and enable some premiumization of the spirits category, which is currently heavily skewed towards the lower end.
- By Aug'24, UNSP expects more clarity and a return to normal business in Karnataka.
- The policy announcement is positive and should drive some premiumization, but the product will remain relatively expensive compared to other markets.

## Acquisitions approved by the board

### V9 Beverages Pvt. Ltd. (Sober)

- Sober is engaged in the business of developing, producing, marketing and selling zero-proof alcohol beverages under the brand name 'Sober'.
- UNSP aims to give consumers a wider choice of drinks on social/ personal occasions. With this investment, the company continues to partner with breakthrough start-up entrepreneurs to experiment in the emerging consumer trends of the category.
- UNSP has subscribed to 1,972 compulsory convertible preference shares and 10 equity shares of Sober equivalent to a 15% stake for an aggregate consideration of INR22.9mn (turnover in FY24/FY23/FY22 – INR5.6mn/INR5.9mn/INR1.6mn).

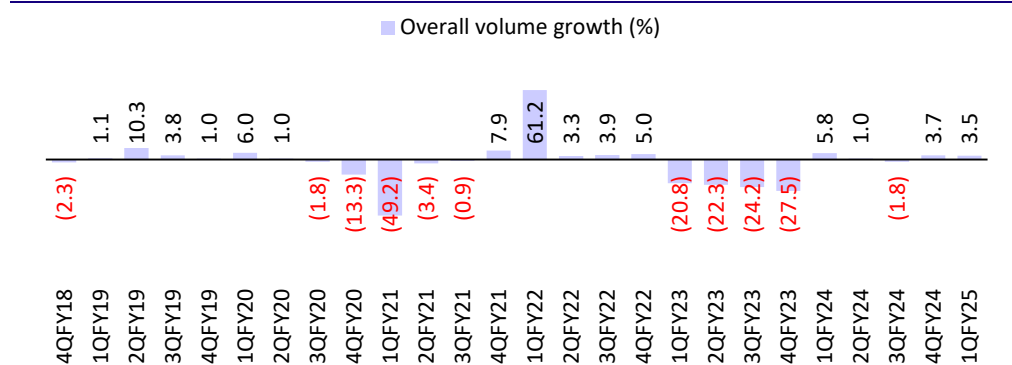
### Indie Brews and Spirits Pvt. Ltd. (Quaffine)

- Quaffine is engaged in the business of development, marketing and selling specialty cold-brew coffee liqueurs. It is a mid-proof alcohol in the premium craft segment. It uses Indian coffee beans and has the potential to cater to wider drinking occasions, where casual-moderate drinking is on the rise.
- UNSP has subscribed to 4,016 compulsory convertible preference shares and 10 equity shares of Quaffine equivalent to a 25% stake for an aggregate consideration of INR50mn (turnover in FY24/FY23/FY22 – INR5.6mn/INR6mn/Nil).

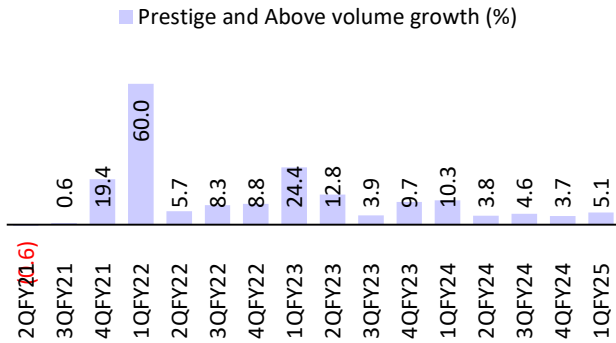
## Key exhibits

- The P&A segment's net sales grew 10% and volume grew 5.1% to **11.5m cases**.
- Net sales for the popular segment declined 3% YoY as inflation continued to affect the price-sensitive segment and volume down 5% YoY to 2.2m cases.

### Exhibit 1: Overall volumes increased 3.5% YoY to 13.7m cases in 1QFY25



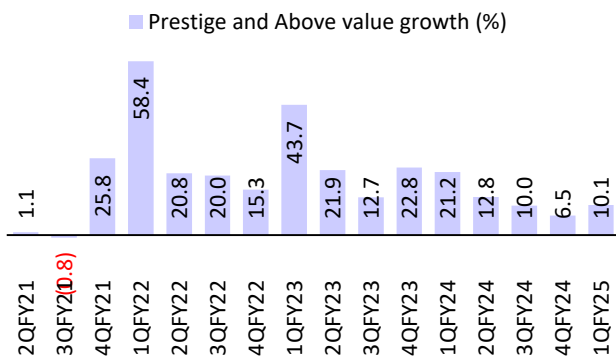
Source: Company, MOFSL

**Exhibit 2: P&A volumes (%) grew 5.1% YoY in 1QFY25**

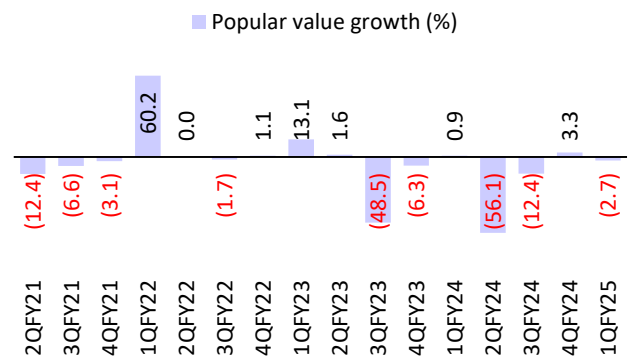
Source: Company, MOFSL

**Exhibit 3: Popular volumes (%) decline 4.6% YoY in 1QFY25**

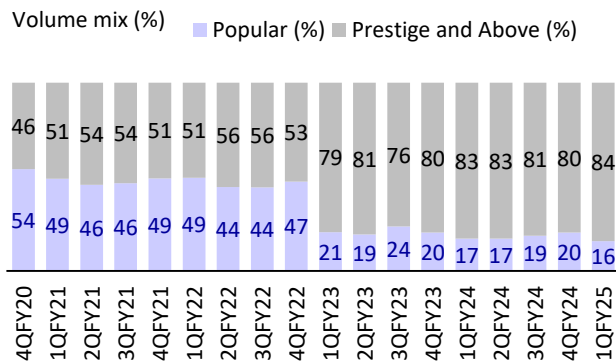
Source: Company, MOFSL

**Exhibit 4: Value growth in P&A stood at 10.1% YoY**

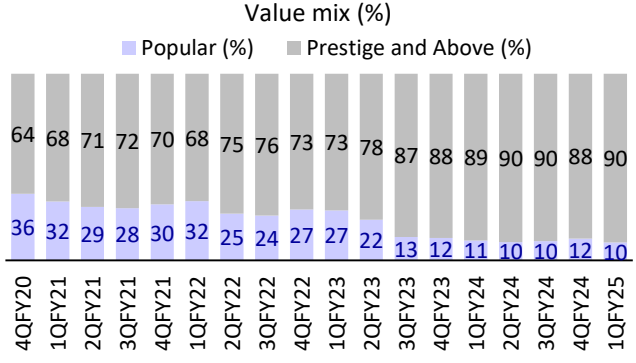
Source: Company, MOFSL

**Exhibit 5: Popular sales declined 2.7% YoY in 1QFY25**

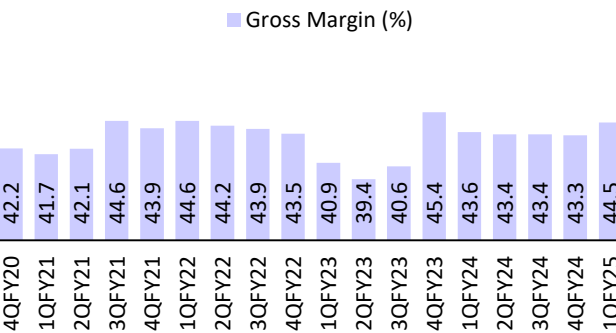
Source: Company, MOFSL

**Exhibit 6: Contribution of P&A volumes stood at 84%...**

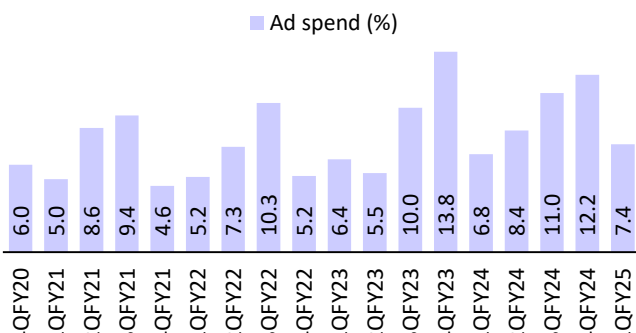
Source: Company, MOFSL

**Exhibit 7: ...while that of value stood at 90%**

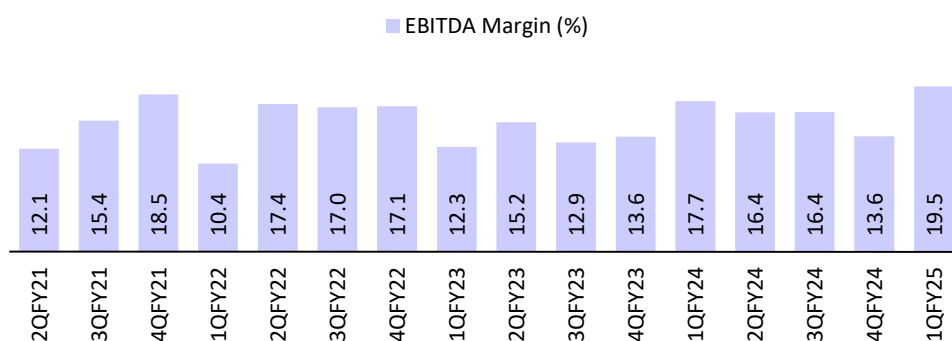
Source: Company, MOFSL

**Exhibit 8: Gross margin expanded 90bp YoY to 44.5%**

Source: Company, MOFSL

**Exhibit 9: Ad spending rose 60bp YoY to 7.4% of sales**

Source: Company, MOFSL

**Exhibit 10: EBITDA margin expanded 170bp YoY to 19.5% in 1QFY25**

Source: Company, MOFSL

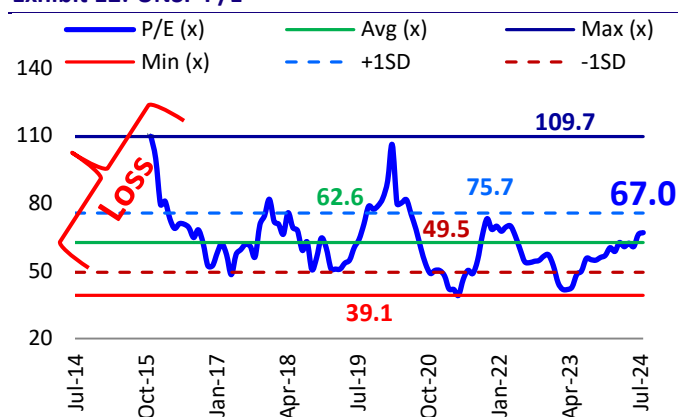
### Valuation and view

- With consistent improvements in gross and EBITDA margins, we increase our FY25/FY26 EPS estimates by 3%/4%. We model EBITDA margin of 17% for FY25E/FY26E (FY24 EBITDA margin was at 16%).
- UNSP sold a large part of its popular portfolio to concentrate on its global strategy for the premium portfolio. The liquor industry is currently experiencing an upgrading trend, aligning well with UNSP's renewed emphasis on P&A, which fits into the long-term liquor upgrading narrative in India.
- We value UNSP at 55x Jun'26E standalone EPS and include INR150/share for its RCB + non-core assets to arrive at a **TP of INR1,400**. With limited upside, we maintain our Neutral rating on the stock.

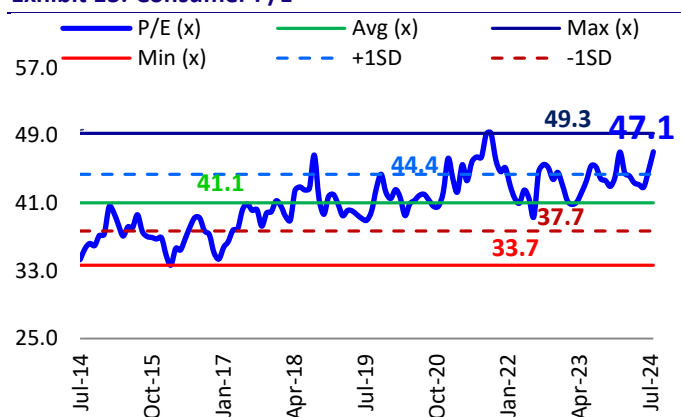
**Exhibit 11: We increase our EPS estimates for FY25 and FY26 by 3.2% and 4.2%.**

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Total Income	117.1	127.7	116.8	127.5	0.2	0.2
EBITDA	19.7	22.1	19.0	21.2	3.9	4.1
Adjusted PAT	14.0	16.0	13.6	15.3	3.2	4.2

Source: Company, MOFSL

**Exhibit 12: UNSP P/E**

Source: Company, MOFSL

**Exhibit 13: Consumer P/E**

Source: Company, MOFSL



## Financials and valuations

### Income Statement - Standalone

	(INR m)								
United Spirits	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>Gross revenue</b>	<b>2,85,123</b>	<b>2,85,892</b>	<b>2,71,764</b>	<b>3,07,731</b>	<b>2,75,775</b>	<b>2,53,890</b>	<b>2,77,998</b>	<b>3,03,318</b>	<b>3,30,181</b>
Excise duty	1,95,317	1,94,983	1,92,872	2,13,494	1,72,038	1,46,970	1,60,925	1,75,582	1,91,133
<b>Net Revenue</b>	<b>89,806</b>	<b>90,909</b>	<b>78,892</b>	<b>94,237</b>	<b>1,03,737</b>	<b>1,06,920</b>	<b>1,17,072</b>	<b>1,27,735</b>	<b>1,39,048</b>
Change (%)	9.9	1.2	-13.2	19.5	10.1	3.1	9.5	9.1	8.9
<b>Gross Profit</b>	<b>43,857</b>	<b>40,689</b>	<b>34,210</b>	<b>41,398</b>	<b>43,019</b>	<b>46,440</b>	<b>51,629</b>	<b>56,842</b>	<b>61,876</b>
Margin (%)	48.8	44.8	43.4	43.9	41.5	43.4	44.1	44.5	44.5
<b>EBITDA</b>	<b>12,874</b>	<b>15,061</b>	<b>9,877</b>	<b>15,104</b>	<b>14,187</b>	<b>17,080</b>	<b>19,727</b>	<b>22,098</b>	<b>24,264</b>
Change (%)	25.2	17.0	-34.4	52.9	-6.1	20.4	15.5	12.0	9.8
Margin (%)	14.3	16.6	12.5	16.0	13.7	16.0	16.9	17.3	17.5
Depreciation	-1,445	-2,275	-2,493	-2,886	-2,706	-2,640	-2,750	-2,682	-2,920
Int. and Fin. Charges	-2,200	-1,907	-1,658	-880	-1,039	-910	-900	-875	-831
Other Income	952	455	478	337	742	3,350	2,585	2,792	2,987
<b>Profit before Taxes</b>	<b>10,181</b>	<b>11,334</b>	<b>6,204</b>	<b>11,675</b>	<b>11,184</b>	<b>16,880</b>	<b>18,662</b>	<b>21,333</b>	<b>23,500</b>
Change (%)	22.5	11.3	-45.3	88.2	-4.2	50.9	10.6	14.3	10.2
Margin (%)	11.3	12.5	7.9	12.4	10.8	15.8	15.9	16.7	16.9
Tax	3,328	4,300	1,587	1,606	2,376	3,740	4,665	5,369	5,915
Tax Rate (%)	32.7	37.9	25.6	13.8	21.2	22.2	25.0	25.2	25.2
<b>Adjusted PAT</b>	<b>6,853</b>	<b>7,904</b>	<b>4,418</b>	<b>9,679</b>	<b>9,235</b>	<b>13,135</b>	<b>13,996</b>	<b>15,963</b>	<b>17,585</b>
Change (%)	24.0	15.3	-44.1	119.1	-4.6	42.2	6.6	14.1	10.2
Margin (%)	7.6	8.7	5.6	10.3	8.9	12.3	12.0	12.5	12.6
Non-rec. (Exp)/Income	-267	13	-1,514	-1,560	1,709	-20	0	0	0
<b>Reported PAT</b>	<b>6,586</b>	<b>7,047</b>	<b>3,103</b>	<b>8,509</b>	<b>10,517</b>	<b>13,120</b>	<b>13,996</b>	<b>15,963</b>	<b>17,585</b>

### Balance Sheet

	(INR m)								
United Spirits	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Share Capital	1,453	1,453	1,453	1,453	1,455	1,450	1,453	1,453	1,453
Reserves	29,862	36,644	39,815	47,470	57,990	68,180	82,176	98,139	1,15,724
Minority Interest	0	0	0	0	0	0	0	0	0
<b>Net Worth</b>	<b>31,315</b>	<b>38,097</b>	<b>41,268</b>	<b>48,923</b>	<b>59,445</b>	<b>69,630</b>	<b>83,629</b>	<b>99,592</b>	<b>1,17,177</b>
Loans	25,889	20,730	6,556	3,417	11	0	0	0	0
Deferred Tax Liabilities	-1,878	-1,590	-1,711	-1,428	-1,573	-1,770	-1,947	-2,142	-2,356
<b>Capital Employed</b>	<b>55,326</b>	<b>57,237</b>	<b>46,113</b>	<b>50,912</b>	<b>57,883</b>	<b>67,860</b>	<b>81,682</b>	<b>97,451</b>	<b>1,14,822</b>
<b>Net Fixed Assets</b>	<b>11,282</b>	<b>13,347</b>	<b>13,008</b>	<b>14,866</b>	<b>11,821</b>	<b>11,060</b>	<b>11,310</b>	<b>12,128</b>	<b>12,708</b>
Capital WIP	1,171	1,187	865	957	828	370	278	208	156
Goodwill	0	0	0	0	0	0	0	0	0
Investments	2,984	2,526	2,021	4,390	4,870	9,620	9,508	9,402	9,301
<b>Curr. Assets, L&amp;A</b>	<b>69,308</b>	<b>66,895</b>	<b>63,807</b>	<b>65,586</b>	<b>76,622</b>	<b>84,600</b>	<b>97,797</b>	<b>1,16,344</b>	<b>1,36,931</b>
Inventory	18,767	18,361	19,810	21,643	22,300	20,630	24,056	26,247	28,572
Account Receivables	25,181	22,835	21,601	23,021	23,828	31,280	34,250	37,370	40,679
Cash and Bank	588	345	713	328	8,496	12,090	17,018	28,205	40,909
Others	24,772	25,354	21,683	20,594	21,998	20,600	22,473	24,523	26,771
<b>Curr. Liab. and Prov.</b>	<b>29,419</b>	<b>26,718</b>	<b>33,588</b>	<b>34,887</b>	<b>36,258</b>	<b>37,790</b>	<b>37,210</b>	<b>40,631</b>	<b>44,274</b>
Account Payables	13,360	11,712	13,813	15,279	17,383	18,270	17,320	18,898	20,572
Other Liabilities	12,282	10,661	14,321	14,600	15,037	15,700	15,706	17,167	18,730
Provisions	3,777	4,345	5,454	5,008	3,838	3,820	4,183	4,566	4,972
<b>Net Current Assets</b>	<b>39,889</b>	<b>40,177</b>	<b>30,219</b>	<b>30,699</b>	<b>40,364</b>	<b>46,810</b>	<b>60,587</b>	<b>75,713</b>	<b>92,657</b>
<b>Application of Funds</b>	<b>55,326</b>	<b>57,237</b>	<b>46,113</b>	<b>50,912</b>	<b>57,883</b>	<b>67,860</b>	<b>81,682</b>	<b>97,451</b>	<b>1,14,822</b>

E: MOSL Estimates



## Financials and valuations

### Ratios

United Spirits	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>9.4</b>	<b>10.9</b>	<b>6.1</b>	<b>13.3</b>	<b>12.7</b>	<b>18.1</b>	<b>19.3</b>	<b>22.0</b>	<b>24.2</b>
Cash EPS	11.4	14.0	9.5	17.3	16.4	21.8	23.1	25.7	28.2
BV/Share	43.1	52.4	56.8	67.3	81.8	95.8	115.1	137.1	161.3
DPS	0.0	0.0	0.0	0.0	0.0	7.0	9.0	12.0	0.0
Payout %	0.0	0.0	0.0	0.0	0.0	38.6	46.7	54.6	0.0
<b>Valuation (x)</b>									
P/E	117.2	101.7	181.9	83.0	87.1	61.0	57.4	50.3	45.7
Cash P/E	96.8	78.9	116.3	63.9	67.4	50.8	48.0	43.1	39.2
EV/Sales	2.0	2.0	2.1	1.7	1.4	1.3	1.1	1.0	0.8
EV/EBITDA	64.1	54.5	81.7	53.1	55.8	45.7	39.4	34.7	31.0
P/BV	25.7	21.1	19.5	16.4	13.5	11.5	9.6	8.1	6.9
<b>Return Ratios (%)</b>									
RoE	21.9	20.7	10.7	19.8	15.5	18.9	16.7	16.0	15.0
RoCE	14.9	14.6	17.0	24.7	21.1	26.2	23.9	22.8	21.2
RoIC	15.0	15.3	11.5	24.0	20.3	25.1	25.3	25.4	25.7
<b>Working Capital Ratios</b>									
Asset Turnover (x)	1.6	1.6	1.7	1.9	1.8	1.6	1.4	1.3	1.2
<b>Leverage Ratio</b>									
Debt/Equity (x)	0.8	0.5	0.2	0.1	0.0	0.0	0.0	0.0	0.0

### Cash Flow Statement

United Spirits	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E
Profit before tax	10,181	11,334	6,204	11,675	12,890	16,860	18,662	21,333	23,500
Non-operating & EO Items	-952	-455	-478	-337	-2,170	-2,240	-2,585	-2,792	-2,987
Depreciation and Amort.	1,445	2,275	2,493	2,886	2,706	2,640	2,750	2,682	2,920
Interest Paid	2,200	1,907	1,658	880	1,039	910	900	875	831
Direct Taxes Paid	-3,328	-4,300	-1,587	-1,606	-2,970	-3,130	-4,665	-5,369	-5,915
Incr/Decr in WC	3,641	-2,446	7,178	-1,100	-5,740	-5,760	-5,986	-2,289	-2,416
<b>CF from Operations</b>	<b>13,187</b>	<b>8,315</b>	<b>15,468</b>	<b>12,398</b>	<b>5,755</b>	<b>9,280</b>	<b>9,076</b>	<b>14,439</b>	<b>15,933</b>
Interest income	685	1,312	1,793	1,507	1,060	8,270	2,585	2,792	2,987
(Incr)/Decr in FA	-2,897	-4,356	-1,832	-4,836	-1,130	-790	-2,908	-3,431	-3,448
<b>Free Cash Flow</b>	<b>10,290</b>	<b>3,959</b>	<b>13,636</b>	<b>7,562</b>	<b>4,625</b>	<b>8,490</b>	<b>6,168</b>	<b>11,009</b>	<b>12,485</b>
(Pur)/Sale of Investments	-2,311	2,661	3,532	370	-150	-2,820	-2,928	-1,739	-1,937
Other investing items	1,207	-844	-2,829	-6,975	7,633	-5,956	3	0	0
<b>CF from Invest.</b>	<b>-3,316</b>	<b>-1,227</b>	<b>664</b>	<b>-9,934</b>	<b>7,413</b>	<b>-1,296</b>	<b>-3,248</b>	<b>-2,378</b>	<b>-2,398</b>
Issue of Shares	0	0	0	0	0	0	0	0	0
Incr/Decr in Debt	-6,765	-5,159	-14,174	-3,139	-3,390	0	0	0	0
Dividend Paid	0	0	0	0	0	-2910	0	0	0
Others	-2,509	-2,172	-1,590	290	-1,610	-1,480	-900	-875	-831
<b>CF from Fin. Activity</b>	<b>-9,274</b>	<b>-7,331</b>	<b>-15,764</b>	<b>-2,849</b>	<b>-5,000</b>	<b>-4,390</b>	<b>-900</b>	<b>-875</b>	<b>-831</b>
<b>Incr/Decr of Cash</b>	<b>597</b>	<b>-243</b>	<b>368</b>	<b>-385</b>	<b>8,168</b>	<b>3,594</b>	<b>4,928</b>	<b>11,187</b>	<b>12,705</b>
Add: Opening Balance	-9	588	345	713	328	8,496	12,090	17,018	28,205
<b>Closing Balance</b>	<b>588</b>	<b>345</b>	<b>713</b>	<b>328</b>	<b>8,496</b>	<b>12,090</b>	<b>17,018</b>	<b>28,205</b>	<b>40,909</b>

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