

**Volatile FY24, upbeat FY25!**

- UBL's Q1FY24 operating performance was significantly weak with volume de-growth of 12% YoY (4% excl. RTM changes market). Revenue / GP / EBITDA/ APAT were -6.7/-14.5/-15.9/-15.8% YoY. Lower opex led to beat on EBITDA.
- UBL's FY24 outlook is cloudy as it focusses on responsible and profitable growth in key states, premium brands and curtailing operations where it is not contribution-positive/legitimate. This may led to volatile volumes and revenues in the short-term but likely to improvise margins. These coupled with favorable base, softening RM, stabilization of market share and announcement of MD & CEO by Sep'23 are near term triggers.
- We estimate UBL to register a revenue CAGR of ~7% but healthy EBITDA/earnings CAGR of 42/55% over FY23-25E. We increase our EPS for FY24/25 by 16/7% to factor lower opex of Q1FY24. In backdrop of market getting re-rated, UBL's underperformance and slew of triggers, we upgrade our multiple from 45x to 50x. Upgrade to Reduce from Sell with TP of Rs 1,485 @ 50x FY25E EPS (vs. Rs 1,250). Increase in competition is key risk.

**Weak volume growth**

UBL's Q1FY24 Revenue/GP/EBITDA/ APAT were -6.7/-14.5/-15.9/-15.8% YoY. Volumes were significantly weak with de-growth of 12% (4% excl. RTM changes market). Price/mix was +6/6.5% YoY/QoQ. Volume decline was led by logistics issue (internal to UBL), election impact in Karnataka and capacity constraint in Telangana. UBL also curtailed inter-state sales which was contribution negative. UBL logistic issues stands resolved and market share has revived to ~45-46% in Karnataka from lows of ~38-39%. The salience of AP, TN and Delhi in volumes stood <10% vs. ~15-17% YoY (~50% decline YoY).

**Improvement in GM to be back-ended**

UBL's Q1 GM stood at 40.6% (-369/+196bps YoY/QoQ). Barley prices (~25% of COGS) has softened and shall benefit UBL's GM in short-term. However, UBL is unlikely to witness major benefit on glass bottles (~50% of COGS) in CY23 on account of demand-supply mismatch and nature of contracts. This is negative. Input costs of glass bottles (soda-ash, gas) has come down and hopefully shall lead to decline in bottle prices from end of FY24. UBL also benefitted from lower logistic costs and A&P spend in Q1FY24 driving beat on EBITDA vs. estimates.

**Q1FY24 Result (Rs Mn)**

Particulars	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)
Revenue	22,732	24,367	(6.7)	17,645	28.8
Total Expense	20,504	21,716	(5.6)	17,110	19.8
EBITDA	2,228	2,651	(15.9)	535	316.8
Depreciation	513	575	(10.8)	507	1.3
EBIT	1,715	2,075	(17.4)	28	6023.6
Other Income	103	104	(0.4)	116	(11.3)
Interest	17	8	100.0	12	36.1
EBT	1,801	2,171	(17.0)	132	1263.5
Tax	440	554	(20.5)	35	1165.5
RPAT	1,361	1,617	(15.8)	97	1298.6
APAT	1,361	1,617	(15.8)	97	1298.6
			(bps)		(bps)
Gross Margin (%)	40.6	44.3	(369)	38.6	196
EBITDA Margin (%)	9.8	10.9	(108)	3.0	677
NPM (%)	6.0	6.6	(65)	0.6	543
Tax Rate (%)	24.5	25.5	(106)	26.3	(189)
EBIT Margin (%)	7.5	8.5	(97)	0.2	738

CMP	Rs 1,540
Target / Downside	Rs 1,485 / 4%
NIFTY	19,754

**Scrip Details**

Equity / FV	Rs 264mn / Rs 1
Market Cap	Rs 407bn
	USD 5.0bn
52-week High/Low	Rs 1,806/ 1,354
Avg. Volume (no)	3,19,336
Bloom Code	UBBL IN

Price Performance	1M	3M	12M
Absolute (%)	2	4	(5)
Rel to NIFTY (%)	(1)	(5)	(21)

**Shareholding Pattern**

	Dec'22	Mar'23	Jun'23
Promoters	72.7	72.7	72.7
MF/Banks/FIs	13.9	14.4	14.7
FIIIs	6.9	6.4	6.3
Public / Others	6.4	6.4	6.4

**Valuation (x)**

	FY23A	FY24E	FY25E
P/E	122.9	86.1	51.0
EV/EBITDA	65.3	49.6	31.8
ROE (%)	8.4	11.6	18.0
RoACE (%)	8.4	11.6	17.9

**Estimates (Rs bn)**

	FY23A	FY24E	FY25E
Revenue	74.9	76.6	86.1
EBITDA	6.2	8.0	12.5
PAT	3.3	4.7	8.0
EPS (Rs.)	12.5	17.9	30.2

**VP - Research: Himanshu Shah**

Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

**Associate: Yash Visharia**

Tel: +9122 40969714

E-mail: yashv@dolatcapital.com

**Associate: Urvi Shah**

Tel: +9122 40969750

E-mail: urvis@dolatcapital.com

**Exhibit 1: Actual vs. Estimates**

Particulars (Rs Mn)	Actual	Estimate	%/ bps variance	Comments
Volumes (Mn cases)	53.1	59.9	(11.4)	RTM changes in TN impacted volumes/revenue/GP. Yet, EBITDA and PAT came above estimates on account of lower other operating expenses viz. freight, A&P and distributor commission.
Realization/case (Rs)	428	418	2.4	
Revenue	22,732	25,036	(9.2)	
Gross Profit	9,221	10,079	(8.5)	
<b>GP %</b>	<b>40.6</b>	<b>40.3</b>	<b>31</b>	
EBITDA	2,228	1,550	43.7	
<b>Margin %</b>	<b>9.8</b>	<b>6.2</b>	<b>361</b>	
PAT	1,361	791	72.0	

Source: Company, DART

**Exhibit 2: Change in estimates**

Particulars (Rs mn)	FY24E			FY25E			Comments
	Old	New	Chg (%/bps)	Old	New	Chg (%/bps)	
Volumes (Mn cases)	185.9	179.5	(3.4)	198.1	193.0	(2.6)	We fine tune estimates to factor Q1Y24 performance
Realization (Rs/case)	423	427	0.9	442	446	0.9	
Revenue (Rs Mn)	78,705	76,607	(2.7)	87,627	86,063	(1.8)	
Gross Profit (Rs Mn)	34,396	33,669	(2.1)	40,844	40,267	(1.4)	
GP % (bps)	43.7	43.9	25	46.6	46.8	19	
EBITDA (Rs Mn)	7,224	8,033	11.2	11,864	12,491	5.3	
Margin %	9.2	10.5	129	13.5	14.5	101	
APAT (Rs Mn)	4,088	4,732	15.8	7,499	7,986	6.5	

Source: Company, DART

**Earning Call KTAs**
**Volume growth – won some, lost more**

- UBL's volume de-grew by 12% YoY. Volumes were impacted on account of distribution model change in AP, TN and Delhi. Excluding these states, volumes de-grew by 4% YoY on account of logistic issue in Karnataka and administrative issue in Telangana.
- Post the review by Heineken, it is going for direct to consumer distribution instead of state-led model. Delhi, TN and AP together account for <10% of volumes. Co expects to recoup the lost volumes gradually in the state and through higher growth in other states. We presume the contribution from these states may get marginalized further to low-single-digit vs. high-single-digit impacting growth in subsequent quarter till base stabilizes.

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

Chg YoY %	Q1FY21	Q1FY22	Q1FY23	Q1FY24	FY20	FY21	FY22	FY23
North	(71)	120	87	(15)	(3)	(35)	49	32
East	(90)	578	88	(8)	18	(39)	55	44
West	(79)	86	167	2	(9)	(30)	13	34
South	(77)	61	162	(18)	(7)	(42)	26	28
<b>Blended</b>	<b>(77)</b>	<b>115</b>	<b>121</b>	<b>(12)</b>	<b>(4)</b>	<b>(39)</b>	<b>33</b>	<b>31</b>

Source: Company, DART

**Exhibit 4: UBL's Region-wise volume performance on base of 100**

Chg YoY %	Q1FY20	Q1FY21	Q1FY22	Q1FY23	Q1FY24
North	100	29	64	119	101
East	100	10	68	127	117
West	100	21	39	104	106
South	100	23	37	97	80
<b>Blended</b>	<b>100</b>	<b>23</b>	<b>49</b>	<b>109</b>	<b>96</b>

Source: Company, DART

**Exhibit 5: UBL's region-wise volume indexed to FY19 as 100**

Region	FY19	FY20	FY21	FY22	FY23
North	100	97	63	94	124
East	100	118	72	112	161
West	100	91	64	72	96
South	100	93	54	68	87
<b>Blended</b>	<b>100</b>	<b>96</b>	<b>59</b>	<b>78</b>	<b>102</b>

Source: Company, DART

**State-mix a dampener in FY23, likely to alter in FY24**

- Adverse state-mix driven by higher growth in Rajasthan, Karnataka and Telangana and lower volumes in UP in Q1FY23 had been a key dampener for FY23. As this forms part of base, the state-mix contribution improvised marginally in Q1FY24. This was partly off-set by lower volumes from TN.

**Price hikes**

- UBL in Q4FY23 highlighted it has taken ~2-6% price increases with blended ~4-5%. This benefitted in Q1FY24 and helped cushion the gross margin pressure. Price increases had been in the states of Maharashtra, Karnataka and Rajasthan.

**Gross Margins**

- COGS remained high due to import of barley at higher prices due to low quality domestic harvest in FY23. However, FY24 barley harvest is of good quality, which will curtail the import of barley and allow the procurement at lower prices. The positive impact of lower barley prices would be reflected from Q2FY24 onwards. Further, to improve the quality and acreage of barley domestically, company is actively working with the barley farmers and expects a positive outcome in longer term.
- Pricing pressure on glass bottles continues due to demand-supply mismatch and adverse contractual arrangements which shall continue till end of CY23. However, if the soda ash and energy prices remain lower, UBL shall benefit from lower glass bottle prices from Q4FY24.
- Softness in barley and glass bottle prices coupled with price increases and premiumization shall help improvise the gross margins considerably for UBL in FY25. We build ~385bps improvement in gross margin in FY25 vs. FY23 though there is a possibility of positive surprise over here.

**Capex**

- Company has guided for capex of ~Rs 3.5bn for FY24 towards capacity expansion, maintenance, environmental norms etc. In Q1FY24, UBL spent Rs 0.45bn. However it has retained its guidance on capex.

## Other highlights

- **Market share:** UBL has lost single digit market share on account of RTM changes in AP, TN and Delhi. It is seeing revival in AP but the overall market is significantly down vs. pre-covid. UBL's market share stood at ~50% excluding AP, TN and Delhi.
- **Karnataka state:** UBL lost volumes in Karnataka in Apr'23 due to its internal administrative challenges. Elections also led to some impact in Apr/May'23. Volume growth in Jun'23 was healthy and could be partly due to pipeline feeling. But even Jul'23 has done well so company presumes the growth is not only on account of pipeline feeling in Jun'23.
- **Telangana:** UBL didn't have permission to do Sunday shifts in Telangana. That led to capacity constraints. It is trying to ensure there recurrence of such event is avoided in 2024. It also curtailed inter-state sales which were negative on net contribution unless it is from a strategic angle (some volume decline on account of it).
- **CEO hiring:** UBL mgmt. confirmed the announcement for CEO would be made in mid-to-end Sep'23.
- **Other expenses:** Other expenses declined by 16% YoY on account of curtailment of lower-interstate sales leading to lower freight costs, lower A&P spend and lower distribution commission.
- **New product launches:** UBL has strengthened its new products / innovation funnel especially in the premium segment and is likely to see a lot more new launches. It recently launched Kingfisher Mango.

## Exhibit 6: Standalone Quarterly Financials

Particulars (Rs Mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	% Chg YoY	% Chg QoQ
<b>Net Revenue</b>	<b>24,367</b>	<b>16,796</b>	<b>16,110</b>	<b>17,645</b>	<b>22,732</b>	<b>(6.7)</b>	<b>28.8</b>
Raw Material Cost	13,582	8,959	9,370	10,833	13,511	(0.5)	24.7
Gross Profit	<b>10,784</b>	<b>7,837</b>	<b>6,741</b>	<b>6,812</b>	<b>9,221</b>	<b>(14.5)</b>	<b>35.4</b>
<b>Employee Cost</b>	<b>1,487</b>	<b>1,388</b>	<b>1,407</b>	<b>1,592</b>	<b>1,470</b>	<b>(1.1)</b>	<b>(7.7)</b>
Other Expenses	6,647	4,258	4,528	4,685	5,524	(16.9)	17.9
<b>Total Op. Expenses</b>	<b>8,134</b>	<b>5,646</b>	<b>5,934</b>	<b>6,278</b>	<b>6,993</b>	<b>(14.0)</b>	<b>11.4</b>
<b>EBITDA</b>	<b>2,651</b>	<b>2,191</b>	<b>806</b>	<b>535</b>	<b>2,228</b>	<b>(15.9)</b>	<b>316.8</b>
Depreciation	575	520	502	507	513	(10.8)	1.3
Interest Cost	8	10	16	12	17	100.0	36.1
Other Income	104	143	130	116	103	(0.4)	(11.3)
<b>EO Income/(Expense)</b>	<b>-</b>	<b>-</b>	<b>(371)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>PBT</b>	<b>2,170</b>	<b>1,805</b>	<b>47</b>	<b>132</b>	<b>1,801</b>	<b>(17.0)</b>	<b>1,263.5</b>
Tax	554	463	69	35	440	(20.5)	1,165.5
<b>RPAT</b>	<b>1,617</b>	<b>1,342</b>	<b>(21)</b>	<b>97</b>	<b>1,361</b>	<b>(15.8)</b>	<b>1,298.6</b>
<b>APAT</b>	<b>1,617</b>	<b>1,342</b>	<b>257</b>	<b>97</b>	<b>1,361</b>	<b>(15.8)</b>	<b>1,298.6</b>

Source: Company, DART

### Exhibit 7: Margin Analysis

% of Net revenue	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Chg YoY (bps)	Chg QoQ (bps)
Raw Material Cost	55.7	53.3	58.2	61.4	59.4	369	(196)
<b>Gross Profit</b>	<b>44.3</b>	<b>46.7</b>	<b>41.8</b>	<b>38.6</b>	<b>40.6</b>	<b>(369)</b>	<b>196</b>
Employee Cost	6.1	8.3	8.7	9.0	6.5	36	(256)
Other Expenses	27.3	25.3	28.1	26.6	24.3	(298)	(226)
Total Op. Expenses	33.4	33.6	36.8	35.6	30.8	(262)	(481)
<b>EBITDA</b>	<b>10.9</b>	<b>13.0</b>	<b>5.0</b>	<b>3.0</b>	<b>9.8</b>	<b>(108)</b>	<b>677</b>
PBT	8.9	10.7	0.3	0.7	7.9	(98)	718
<b>RPAT</b>	<b>6.6</b>	<b>8.0</b>	<b>(0.1)</b>	<b>0.6</b>	<b>6.0</b>	<b>(65)</b>	<b>543</b>
<b>APAT</b>	<b>6.6</b>	<b>8.0</b>	<b>1.6</b>	<b>0.6</b>	<b>6.0</b>	<b>(65)</b>	<b>543</b>
Tax as % of PBT	25.5	25.6	145.1	26.3	24.5	(106)	(189)

Source: Company, DART

### Exhibit 8: UBL's Cash Flow Trend

Particulars (Rs Mn)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>PBT</b>	<b>3,780</b>	<b>4,534</b>	<b>3,472</b>	<b>6,068</b>	<b>8,785</b>	<b>5,674</b>	<b>1,680</b>	<b>4,929</b>	<b>4,155</b>
Adjustments (Depn, Int etc)*	2,662	3,227	3,320	3,355	2,638	3,488	2,355	2,356	2,186
WC changes	3,365	(762)	25	(1,272)	(1,089)	(2,196)	2,976	3,002	(6,156)
Tax Paid	(1,420)	(1,602)	(1,431)	(2,531)	(3,890)	(1,900)	(818)	(1,296)	(1,391)
Lease Liabilities	-	-	-	-	-	(76)	(85)	(49)	(100)
<b>CFO</b>	<b>8,387</b>	<b>5,398</b>	<b>5,386</b>	<b>5,620</b>	<b>6,444</b>	<b>4,990</b>	<b>6,106</b>	<b>8,942</b>	<b>(1,306)</b>
Capex	(4,069)	(2,430)	(2,355)	(2,014)	(4,364)	(4,028)	(1,490)	(1,725)	(1,541)
<b>FCF</b>	<b>4,317</b>	<b>2,968</b>	<b>3,031</b>	<b>3,606</b>	<b>2,080</b>	<b>962</b>	<b>4,617</b>	<b>7,216</b>	<b>(2,847)</b>
Dividend/interest income	84	19	25	21	71	22	45	149	335
Interest	(717)	(794)	(583)	(507)	(313)	(268)	(281)	(181)	(42)
<b>FCFE</b>	<b>3,685</b>	<b>2,193</b>	<b>2,473</b>	<b>3,120</b>	<b>1,838</b>	<b>716</b>	<b>4,381</b>	<b>7,184</b>	<b>(2,554)</b>

Source: Company, DART

### Exhibit 9: Peer valuation comparison

Company	Mcap	CMP	TP*	+ /(-)	Reco*	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)		
	Rs bn	Rs	(Rs)	%		FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
UBL	407	1,540	1485	(4)	Reduce	122.5	85.8	50.8	65.0	49.5	31.7	10.2	9.7	8.6	8.4	11.6	18.0
UNSP	755	1,039	1,065	3	Reduce	98.2	69.4	55.1	56.1	43.2	36.0	12.7	10.7	9.0	14.2	16.8	17.7
Radico	193	1,446	1,305	(7)	Buy	88.9	56.8	42.2	51.9	32.9	25.3	8.5	7.6	6.6	10.2	14.4	15.8

### Exhibit 10: Target price sensitivity to various PE multiples

EPS ----->	17.9	30.2
Tgt. PE (x)	<b>FY24</b>	<b>FY25</b>
<b>40</b>	687	1,180
<b>45</b>	777	1,331
<b>50</b>	867	<b>1,485</b>
<b>55</b>	956	1,633
<b>60</b>	1,045	1,784

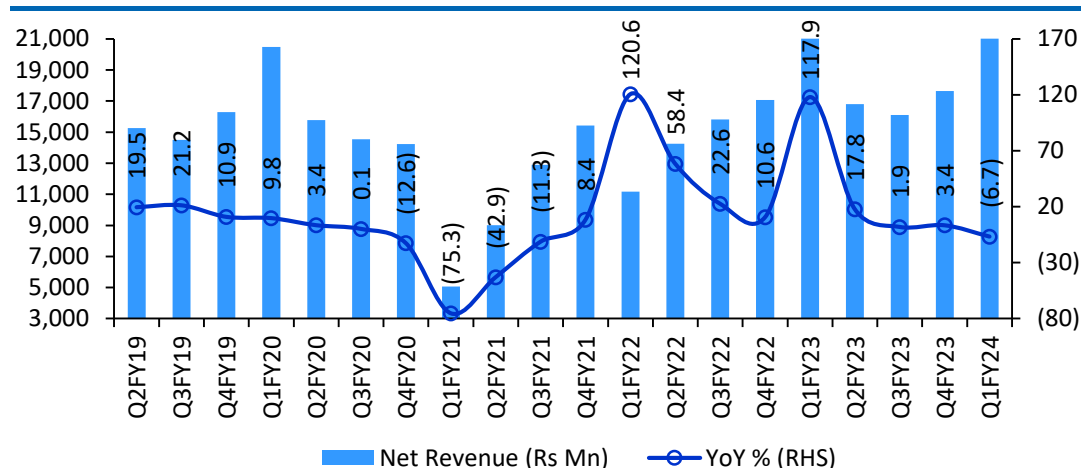
Source: Company, DART

### Exhibit 11: Key Assumptions

Particulars	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Volumes (Mn Cases)	145.7	161.2	181.3	174.3	106.3	141.5	184.4	179.5	193.0
Revenue (Rs Mn)	47,359	56,208	64,724	65,046	42,407	58,319	74,917	76,607	86,063
Gross Profit (Rs Mn)	25,399	29,759	34,550	33,443	22,044	28,993	32,174	33,669	40,267
EBITDA (Rs Mn)	6,412	9,011	11,378	8,754	4,025	7,124	6,183	8,033	12,491
PAT (Rs Mn)	2,293	3,940	5,628	4,281	1,196	3,825	3,313	4,732	7,986
<b>EPS (Rs)</b>	<b>8.7</b>	<b>14.9</b>	<b>21.3</b>	<b>16.2</b>	<b>5.0</b>	<b>14.5</b>	<b>12.5</b>	<b>17.9</b>	<b>30.2</b>
<b>Margin Analysis (%)</b>									
Gross Profit	53.6	52.9	53.4	51.4	52.0	49.7	42.9	43.9	46.8
EBITDA	13.5	16.0	17.6	13.5	9.5	12.2	8.3	10.5	14.5
PAT	4.8	7.0	8.7	6.6	2.8	6.6	4.4	6.2	9.3
<b>Change YoY %</b>									
Volumes	(2.4)	10.6	12.5	(3.8)	(39.0)	33.1	30.3	(2.6)	7.5
Revenue	(2.0)	18.7	15.2	0.5	(34.8)	37.5	28.5	2.3	12.3
Gross Profit	(5.8)	17.2	16.1	(3.2)	(34.1)	31.5	11.0	4.6	19.6
EBITDA	(6.4)	40.5	26.3	(23.1)	(54.0)	77.0	(9.7)	29.9	55.5
PAT	(23.0)	71.8	42.8	(23.9)	(72.1)	219.7	(5.5)	42.8	68.7
<b>Per case (Rs)</b>									
Revenue	325	349	357	373	399	412	406	427	446
Gross Profit	174	185	191	192	207	205	174	188	209
Opex	130	129	128	142	169	156	141	143	144
EBITDA	44	56	63	50	38	48	34	45	65
PAT	16	24	31	25	12	25	18	26	41
<b>YoY %</b>									
Revenue	0.4	7.3	2.4	4.5	6.9	3.3	(1.4)	5.0	4.5
Gross Profit	(3.4)	5.9	3.2	0.7	8.1	(1.2)	(14.8)	7.5	11.2
EBITDA	(4.1)	27.0	12.3	(20.0)	(24.6)	27.8	(30.7)	33.5	44.6
PAT	(21.1)	55.3	27.0	(20.9)	(54.2)	107.3	(27.5)	46.7	57.0

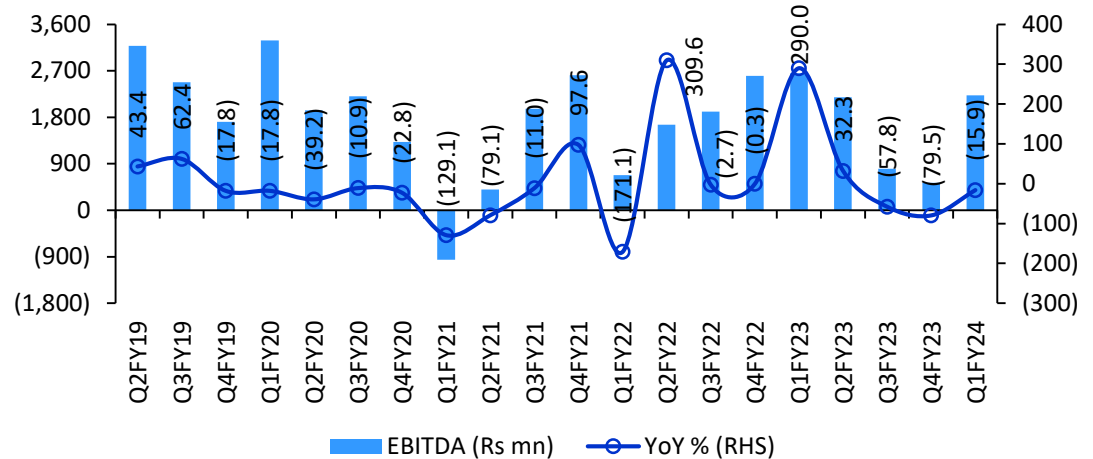
Source: Company, DART

### Exhibit 12: Revenue Trend

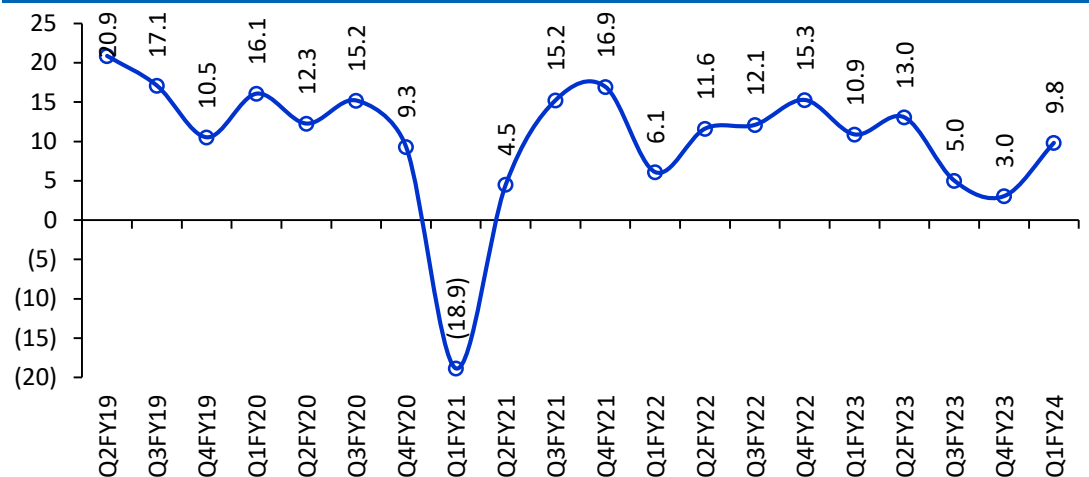


Source: Company, DART

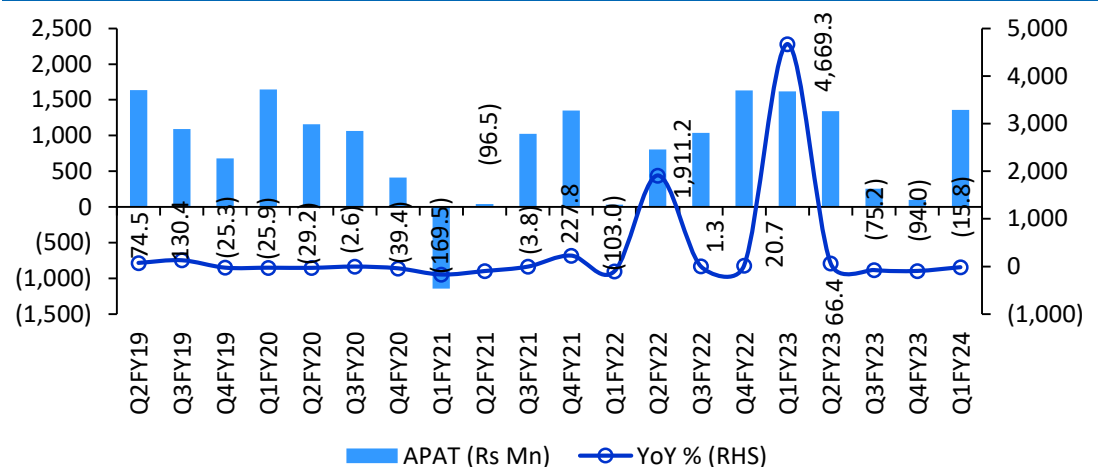


**Exhibit 13: EBITDA Trend**


Source: Company, DART

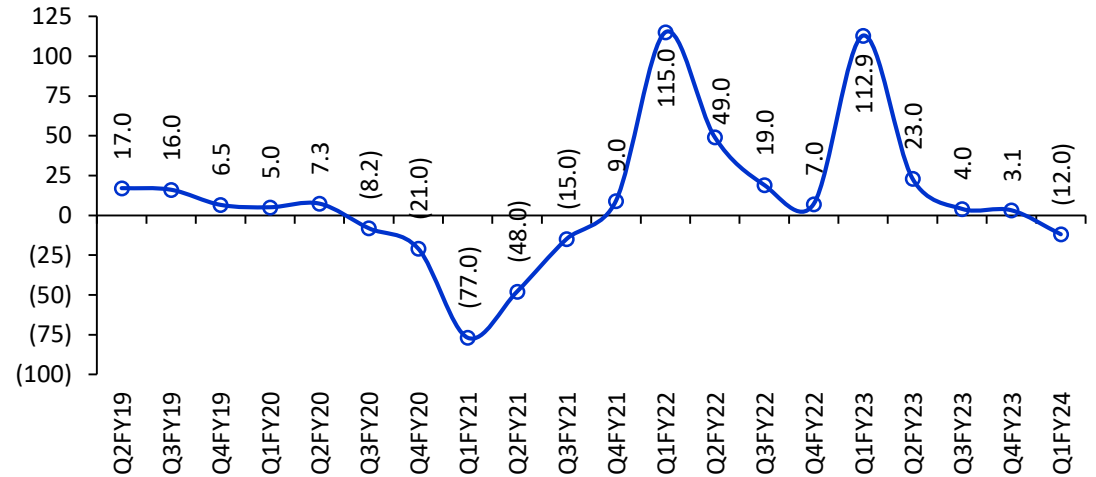
**Exhibit 14: EBITDA Margin Trend**


Source: Company, DART

**Exhibit 15: APAT Trend**


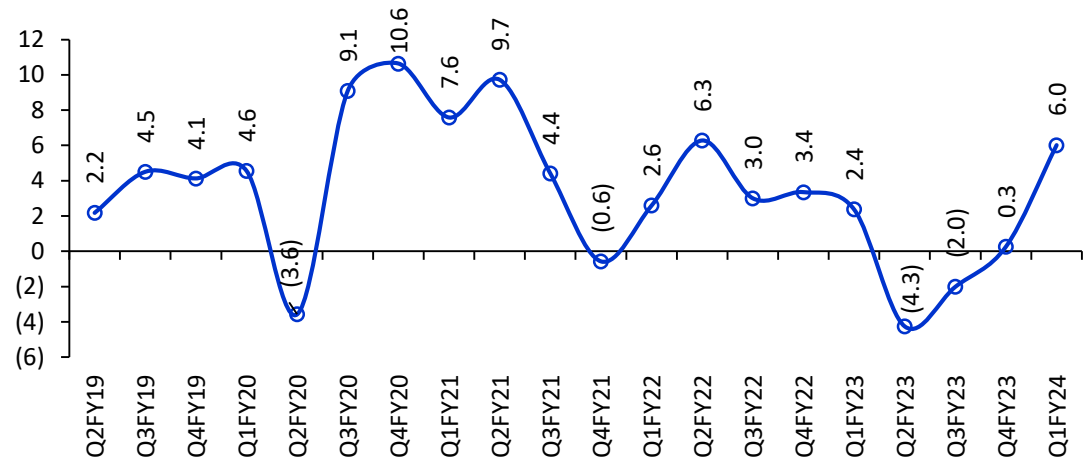
Source: Company, DART

**Exhibit 16: Volume Growth Trend**



Source: Company, DART

**Exhibit 17: Realizations Trend**



Source: Company, DART



## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
<b>Revenue</b>	<b>58,319</b>	<b>74,917</b>	<b>76,607</b>	<b>86,063</b>
<b>Total Expense</b>	<b>51,469</b>	<b>68,735</b>	<b>68,574</b>	<b>73,572</b>
COGS	29,327	42,743	42,939	45,796
Employees Cost	5,293	5,874	6,035	6,488
Other expenses	16,850	20,117	19,600	21,288
<b>EBIDTA</b>	<b>6,850</b>	<b>6,183</b>	<b>8,033</b>	<b>12,491</b>
Depreciation	2,169	2,103	2,125	2,242
<b>EBIT</b>	<b>4,681</b>	<b>4,079</b>	<b>5,908</b>	<b>10,249</b>
Interest	148	46	45	41
Other Income	297	493	494	583
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>4,830</b>	<b>4,526</b>	<b>6,357</b>	<b>10,791</b>
Tax	1,323	1,213	1,625	2,806
RPAT	3,507	3,313	4,732	7,986
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>3,507</b>	<b>3,313</b>	<b>4,732</b>	<b>7,986</b>

### Balance Sheet

(Rs Mn)	FY22A	FY23A	FY24E	FY25E
<b>Sources of Funds</b>				
Equity Capital	264	264	264	264
Minority Interest	0	0	0	0
Reserves & Surplus	39,056	39,348	41,437	46,778
<b>Net Worth</b>	<b>39,320</b>	<b>39,613</b>	<b>41,701</b>	<b>47,043</b>
Total Debt	97	156	144	133
Net Deferred Tax Liability	294	226	249	274
<b>Total Capital Employed</b>	<b>39,711</b>	<b>39,995</b>	<b>42,094</b>	<b>47,449</b>

### Applications of Funds

Net Block	<b>19,048</b>	<b>18,431</b>	<b>19,131</b>	<b>19,983</b>
CWIP	1,099	771	964	1,204
Investments	5,507	6,670	6,221	6,672
<b>Current Assets, Loans &amp; Advances</b>	<b>33,754</b>	<b>36,840</b>	<b>45,370</b>	<b>51,560</b>
Inventories	9,344	14,260	12,021	13,364
Receivables	12,545	14,071	19,974	22,877
Cash and Bank Balances	9,077	3,950	8,600	10,351
Loans and Advances	442	408	485	484
Other Current Assets	2,346	4,152	4,289	4,484
<b>Less: Current Liabilities &amp; Provisions</b>	<b>19,696</b>	<b>22,717</b>	<b>29,591</b>	<b>31,970</b>
Payables	6,377	7,164	9,115	9,475
Other Current Liabilities	13,319	15,553	20,477	22,495
<i>sub total</i>				
Net Current Assets	14,058	14,123	15,778	19,590
<b>Total Assets</b>	<b>39,711</b>	<b>39,995</b>	<b>42,094</b>	<b>47,449</b>

E – Estimates

### Important Ratios

Particulars	FY22A	FY23A	FY24E	FY25E
<b>(A) Margins (%)</b>				
Gross Profit Margin	49.7	42.9	43.9	46.8
EBIDTA Margin	11.7	8.3	10.5	14.5
EBIT Margin	8.0	5.4	7.7	11.9
Tax rate	27.4	26.8	25.6	26.0
Net Profit Margin	6.0	4.4	6.2	9.3
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	50.3	57.1	56.1	53.2
Employee	9.1	7.8	7.9	7.5
Other	28.9	26.9	25.6	24.7
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	31.7	87.9	130.8	252.1
Inventory days	58	69	57	57
Debtors days	79	69	95	97
Average Cost of Debt	23.6	36.6	30.1	29.3
Payable days	40	35	43	40
Working Capital days	88	69	75	83
FA T/O	3.1	4.1	4.0	4.3
<b>(D) Measures of Investment</b>				
AEPS (Rs)	13.3	12.5	17.9	30.2
CEPS (Rs)	21.5	20.5	25.9	38.7
DPS (Rs)	10.5	7.5	10.0	10.0
Dividend Payout (%)	79.2	59.9	55.9	33.1
BVPS (Rs)	148.7	149.8	157.7	177.9
RoANW (%)	9.3	8.4	11.6	18.0
RoACE (%)	9.5	8.4	11.6	17.9
RoAIC (%)	14.9	12.2	17.0	29.0
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1540	1540	1540	1540
P/E	116.1	122.9	86.1	51.0
Mcap (Rs Mn)	4,07,250	4,07,250	4,07,250	4,07,250
MCap/ Sales	7.0	5.4	5.3	4.7
EV	3,98,270	4,03,457	3,98,794	3,97,032
EV/Sales	6.8	5.4	5.2	4.6
EV/EBITDA	58.1	65.3	49.6	31.8
P/BV	10.4	10.3	9.8	8.7
Dividend Yield (%)	0.7	0.5	0.6	0.6
<b>(F) Growth Rate (%)</b>				
Revenue	37.5	28.5	2.3	12.3
EBITDA	70.2	(9.7)	29.9	55.5
EBIT	174.3	(12.9)	44.8	73.5
PBT	143.7	(6.3)	40.5	69.7
APAT	175.9	(5.5)	42.8	68.7
EPS	175.9	(5.5)	42.8	68.7

E – Estimates

## Cash Flow

Particulars	FY22A	FY23A	FY24E	FY25E
<b>Profit before tax</b>	<b>4,830</b>	<b>4,526</b>	<b>6,357</b>	<b>10,791</b>
Depreciation & w.o.	2,169	2,103	2,125	2,242
Net Interest Exp	148	46	45	41
Direct taxes paid	(1,323)	(1,213)	(1,625)	(2,806)
Change in Working Capital	2,185	(5,192)	2,995	(2,061)
Non Cash	(316)	(461)	(494)	(583)
<b>(A) CF from Operating Activities</b>	<b>7,693</b>	<b>(191)</b>	<b>9,403</b>	<b>7,624</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(1,615)	(1,159)	(3,018)	(3,335)
<b>Free Cash Flow</b>	<b>6,078</b>	<b>(1,349)</b>	<b>6,386</b>	<b>4,290</b>
(Inc.) / Dec. in Investments	(809)	(1,231)	472	(426)
Other	297	493	494	583
<b>(B) CF from Investing Activities</b>	<b>(2,127)</b>	<b>(1,897)</b>	<b>(2,051)</b>	<b>(3,178)</b>
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(1,057)	59	(12)	(11)
Interest exp net	(148)	(46)	(45)	(41)
Dividend Paid (Incl. Tax)	36	(3,052)	(2,644)	(2,644)
Other	0	0	0	0
<b>(C) CF from Financing</b>	<b>(1,169)</b>	<b>(3,040)</b>	<b>(2,701)</b>	<b>(2,696)</b>
Net Change in Cash	4,397	(5,128)	4,651	1,751
<b>Opening Cash balances</b>	<b>4,681</b>	<b>9,077</b>	<b>3,949</b>	<b>8,600</b>
<b>Closing Cash balances</b>	<b>9,077</b>	<b>3,949</b>	<b>8,600</b>	<b>10,351</b>

E – Estimates

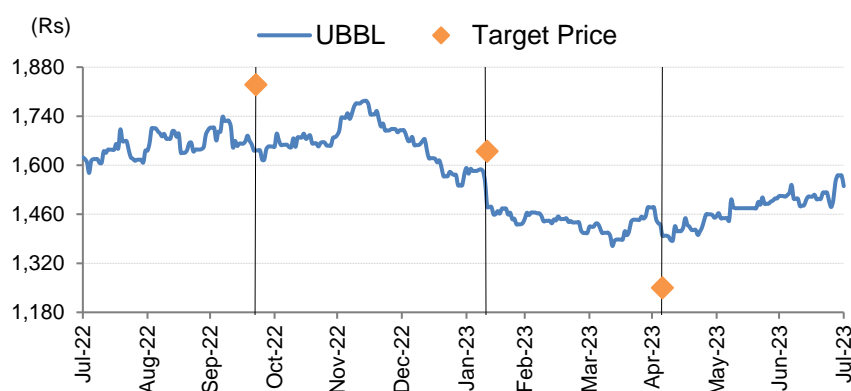
## Notes

### DART RATING MATRIX

Total Return Expectation (12 Months)

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

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Oct-22	Accumulate	1,830	1,642
Feb-23	Accumulate	1,640	1,481
May-23	SELL	1,250	1,399

\*Price as on recommendation date

### DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
-------------	-------------------	-------------------------	-----------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
-------------------	------------------	-----------------------	-----------------

### CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

**Dolat Capital Market Private Limited.**

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

**Analyst(s) Certification**

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)****II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Dolat Capital Market Private Limited.**

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com