

AlcoBev | Q4FY24 Result Update

Plethora of triggers, upbeat outlook

- UNSP's Q4FY24 result was moderately healthy, in-line with street and ahead of our estimates driven by better GM and lower opex. On L2L basis, Q4FY24 Revenue/GP/EBITDA/APAT was at +7/9/35/50% YoY and FY24 at a healthy 10.5/15.5/34.5/51.4% YoY, despite 2nd consecutive year of RM pressure.
- The company had a strong recovery plus comeback post FY23 and especially FY24. Mgmt. remains confident of low double-digit revenue growth coupled with both gross and EBITDA margin expansion. Execution and delivery have also been on track. Further potential triggers such as 1) peak RM inflation behind, 2) supply-chain agility program benefits, 3) new product launches especially in white spirits (McDowell's X series), 4) healthy BS, 5) roll-forward to FY27, 6) likely India-UK FTA and 7) positive RTM changes in AP/Bihar/Delhi (if any) in the medium term - shall keep the momentum buoyant.
- We tweak our FY25-26E EPS estimates by -2.5/+1.3%. Reiterate 'Accumulate' rating with TP of Rs 1,240 viz. Rs 1,140 @ 50x FY26E standalone EPS + Rs 100 for IPL & treasury shares (vs. Rs 1,225 @ 50x FY26E EPS). Roll-forward to FY27 would increase our TP to Rs 1,445. Slow-down in P&A growth is a key risk.

Moderate operationally, healthy financially

UNSP saw volume growth of 3.4/3.7/3.5% & revenue growth of +6.5/+3.3/+6.2% YoY in P&A/Popular/Overall respectively. Growth is moderate yet healthy in backdrop of high base and weak consumer sentiments. Flattish gross margin (+74 bps YoY) is another positive. GP grew by 9% YoY. EBITDA grew by a healthy 35% YoY due to lower A&P and a modest 2% rise in the other opex.

Tailwinds shall propel earnings growth.....

UNSP is poised for strong earnings growth in the medium-term driven by price-mix improvement, premiumization, new launches, improvised execution, RM softening and as UNSP benefits from supply-chain agility program. Likely India-UK FTA and positive RTM changes in AP/Bihar/Delhi are medium-term triggers.

.....headwinds to watch-out, but unlikely in near-term

Increase in competition (domestic & international) as everyone tries to tap the highly profitable mid/upper prestige P&A segment. Further, as the P&A volumes scale up, govt may look to raise duties in this segment in the medium term.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	26,660	24,940	6.9	29,893	(10.8)
Total Expense	23,040	22,250	3.6	24,979	(7.8)
EBITDA	3,620	2,690	34.6	4,914	(26.3)
Depreciation	710	680	4.4	628	13.1
EBIT	2,910	2,010	44.8	4,286	(32.1)
Other Income	290	170	70.6	461	(37.1)
Interest	290	240	20.8	164	76.8
EBT	2,910	1,940	50.0	4,583	(36.5)
Tax	760	504	50.7	1,102	(31.0)
RPAT	2,150	1,436	49.8	3,481	(38.2)
APAT	2,150	1,436	49.8	3,481	(38.2)
			(bps)		(bps)
Gross Margin (%)	43.3	42.6	74	43.4	(9)
EBITDA Margin (%)	13.6	10.8	279	16.4	(286)
NPM (%)	8.1	5.8	231	11.6	(358)
Tax Rate (%)	26.1	26.0	12	24.0	207
EBIT Margin (%)	10.9	8.1	286	14.3	(342)

CMP	Rs 1,178
Target / Upside	Rs 1,240 / 5%
NIFTY	22,957

Scrip Details

Equity / FV	Rs 1,455mn / Rs 2
Market Cap	Rs 857bn
	USD 10.3bn
52-week High/Low	Rs 1,246/ 831
Avg. Volume (no)	8,82,685
Bloom Code	UNSP IN

Price Performance	1M	3M	12M
Absolute (%)	(2)	2	37
Rel to NIFTY (%)	(4)	(1)	13

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	56.7	56.7	56.7
MF/Banks/FIs	12.3	12.5	12.3
FIs	16.5	16.2	16.7
Public / Others	14.5	14.6	14.4

Valuation (x)

	FY24A	FY25E	FY26E
P/E	78.0	64.6	51.8
EV/EBITDA	49.7	41.9	34.6
ROE (%)	19.9	17.4	18.2
RoACE (%)	16.6	16.2	16.6

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	106.9	117.3	129.3
EBITDA	16.9	19.8	23.6
PAT	11.0	13.3	16.6
EPS (Rs.)	15.1	18.2	22.8

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Earning call KTAs

- **Demand outlook – modest:** Mgmt. reiterated its cautiously optimistic stance in demand revival, especially in the Popular lower-prestige segment due to consumers wallet being impacted. Popular and lower prestige has been under pressure since the last several quarters (~2 years) due to bumped up sales post covid forming part of the base, and pressure continues to remain till date. Demand in H1FY25 is expected to be a tad soft due to high base, elections impact etc. but shall pick up from H2FY25.
- **From a medium term perspective, mgmt. remains optimistic on double-digit revenue growth.** This is on account of renovation of existing brands like RC Whiskey to RC American Pride, Black Dog to Black Dog Gold Reserve, Antiquity Blue as well as innovation / new product launches like launch of JW Blonde (placed between JW Black & Red Label), Don Julio, McDowells X Series which includes gin, rum, vodka.
- **Mgmt. guided 4-5% P&A volumes growth and 6-8% price/mix to drive 11-13% revenues growth in P&A. Popular shall be flat-to-2%. Mgmt. guidance of low-double digit revenue growth is a positive.**
- **Base becomes favorable for Popular:** Popular had been declining steeply for trailing 12m, due to pressure in lower strata of the segment, steep price increases due to slab change in Karnataka and excise duty increase in the state. However, driven by favorable base and A&P spend, mgmt. looks to re-ignite growth in the segment though primary focus will continue to be on P&A segment.
- Despite soft near-term demand, UNSP is not holding back on its investments in the brands as well as on innovation and renovation efforts to drive growth.
- **Gross and EBITDA margin – healthy improvement in FY24, more likely in FY25:** UNSP mgmt highlighted that margin improvement in FY24 had been ahead of expectations. Gross margin improvised from 41.4% to 43.3% (+190bps YoY) and EBITDA margin from 13% to 15.9% (+290bps). This is despite ~11-12% inflation in ENA on YoY basis though has been flattish in trailing 1-2 quarters. Margin improvement has been driven by better mix, price increases and productivity initiatives.
- Glass has seen a moderate reduction QoQ. We believe as mix deteriorates in Q4 and full flow-through of ENA price kicks-in margins could be under pressure in Q4.
- **Mgmt. guides both gross and EBITDA margin improvement in FY25 though quantum would be lower than FY24. This is positive.**
- **Mcdowell's X Series – Possibly a significant growth driver:** UNSP has announced a series of product launches under the 'McDowells X' viz. gin, vodka, rum as well as Single malt in the mid and upper prestige category. McDowell is one of the largest selling whiskies of the world and enjoys significant brand equity. Its extension in the white spirits and other categories is a significant and a long-awaited step. Currently its products are rolled out in Goa and would be launched within 9-12m.
- Both Tequila and Vodka as white spirits are growing in India and thus is difficult to judge whether its Tequila would replace Vodka or grow in parallel. Both Tequila and Vodka are perceived as healthier drinks, more mixable. Consumer acceptance will decide growth.
- **A&P spend to remain elevated:** A&P spend unlikely to come down from 9-10%. Mgmt. would ideally like to keep it at north of 10%. Further, as salience of luxury portfolio increases UNSP has an EBITDA margin cap of 10% and needs to spend out excess margins largely on A&P. These would also keep the A&P as % of revenues higher.
- **Working capital** is similar across the categories. However, across states working capital requirements are very different. Working capital requirement is high in North vs. state-corporation led markets in South. The increase in WC towards FY24 end has been on account of Telangana. However, industry is in touch with the state govt. and there shall be release of funds over the next couple of months.
- **Supply chain agility initiatives:** Some benefits of the initiatives have started reflected in the P&L (~40% on an annualized basis). These is much earlier than the mgmt. erstwhile guidance of benefits starting to reflect after 18m as the program was started ~12m back.

- **Market share trends in P&A** – USNP continues to perform competitively or better over the last several quarters. Intensity of competition has been on rise due to softer demand, higher RM impacting profitability in lower categories leading to rise in competition in upper segments. But UNSP is pushing the right products portfolio to ensure consumer engagement.
- **Other highlights:**
- **Other income:** The higher other income in standalone had been on account of ~Rs 1.25bn of dividends from RCB, post the wipe-off of accumulated losses and interest on IT refunds which stood at ~Rs 750mn for FY24.
- The current financials of UNSP do not reflect any sales from AP state.
- **Election impact** – This doesn't lead to any major demand changes. But there is some slowdown in terms of regulatory approvals, availability of people for brand registrations etc. which may impact performance.

Exhibit 1: Actual vs. Estimates

Particulars (Rs Mn)	Actual	Estimate	% Variance	Remarks
Revenue	26,660	26,307	1.3	Revenue, EBITDA & PAT ahead of estimates on account of better GM and tight opex. APAT trailed EBITDA due to higher D&A and lower other income (excl. dividend and interest on IT refunds)
GP	11,550	11,198	3.1	
GP %	43.3	42.6	76	
EBITDA	3,620	3,019	19.9	
Margin %	13.6	11.5	210	
APAT	2,150	1,957	9.8	

Source: Company, DART

Exhibit 2: Change in Estimates

Particulars (Rs Mn)	FY25E			FY26E			Remarks
	Old	New	Chg %/bps	Old	New	Chg %/bps	
Volume (Mn cases)	64.8	64.7	(0.1)	68.0	68.1	0.1	Broadly maintain estimates
- P&A	53.6	52.9	(1.3)	56.4	56.1	(0.4)	
- Popular	11.2	11.8	5.3	11.7	11.9	1.8	
Realization (Rs/case)	1,796	1,774	(1.2)	1,874	1,862	(0.6)	
- P&A	1,957	1,947	(0.5)	2,044	2,044	0.0	
- Popular	1,025	999	(2.5)	1,051	1,004	(4.4)	
IMFL Revenue	116,359	114,800	(1.3)	127,508	126,725	(0.6)	
- P&A	104,910	103,020	(1.8)	115,244	114,767	(0.4)	
- Popular	11,450	11,781	2.9	12,264	11,958	(2.5)	
Other operating income	2,347	2,480	5.7	2,464	2,604	5.7	
Revenue	118,706	117,281	(1.2)	129,972	129,330	(0.5)	
Gross Profit	51,794	51,918	0.2	58,010	58,545	0.9	
EBITDA	19,222	19,814	3.1	22,083	23,638	7.0	
APAT	13,630	13,260	(2.7)	16,353	16,559	1.3	
AEPS	18.7	18.2	(2.7)	22.5	22.8	1.3	
Margin %							
GP %	43.6	44.3	64	44.6	45.3	64	
EBITDA %	16.2	16.9	70	17.0	18.3	129	
APAT %	11.5	11.3	(18)	12.6	12.8	22	

Source: Company, DART

Exhibit 3: Operating Performance (Like-to-like)

Operating KPIs	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Chg YoY%	Chg QoQ%	FY23	FY24	Chg YoY%
Volumes (Mn Cases)										
Prestige & Above	12.0	11.0	13.4	13.4	12.4	3.4	(7.5)	47.6	50.2	5.3
Popular	3.1	2.3	2.8	3.1	3.2	3.7	4.0	12.7	11.3	(11.0)
Total	15.1	13.2	16.1	16.5	15.6	3.5	(5.3)	60.3	61.4	1.9
Net Revenue (Rs Mn)										
Prestige & Above	21,750	18,760	25,200	26,390	23,100	6.2	(12.5)	83,570	93,450	11.8
Popular	3,000	2,260	2,740	3,050	3,090	3.0	1.3	11,430	11,140	(2.5)
Sub Total	24,750	21,020	27,940	29,440	26,190	5.8	(11.0)	95,000	1,04,590	10.1
Other Oper. Income	190	700	710	453	470	147.4	3.8	1,781	2,329	30.8
Total	24,940	21,720	28,650	29,893	26,660	6.9	(10.8)	96,781	1,06,919	10.5
Realization/case (Rs)										
Prestige & Above	1,812	1,709	1,885	1,967	1,861	2.7	(5.4)	1,754	1,862	6.2
Popular	978	999	993	998	972	(0.7)	(2.6)	903	989	9.5
Blended	1,642	1,587	1,732	1,787	1,679	2.2	(6.0)	1,575	1,702	8.0

Source: Company, DART |

Exhibit 4: Standalone Quarterly P&L (Like-to-like)

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Chg YoY%	Chg QoQ%	FY23	FY24	Chg YoY%
Net Sales	24,940	21,719	28,647	29,893	26,660	6.9	(10.8)	96,770	1,06,919	10.5
COGS	14,320	12,375	16,210	16,914	15,110	5.5	(10.7)	56,680	60,609	6.9
Gross Profit	10,620	9,344	12,437	12,979	11,550	8.8	(11.0)	40,090	46,310	15.5
Emp costs	1,220	1,249	1,429	1,410	1,340	9.8	(5.0)	5,700	5,428	(4.8)
A&P costs	3,440	1,468	2,403	3,277	3,260	(5.2)	(0.5)	9,190	10,408	13.3
Other overheads	3,270	2,906	3,904	3,378	3,330	1.8	(1.4)	12,590	13,518	7.4
Other Opex	7,930	5,623	7,736	8,065	7,930	-	(1.7)	27,480	29,354	6.8
Total Opex	22,250	17,998	23,946	24,979	23,040	3.6	(7.8)	84,160	89,963	6.9
EBITDA	2,690	3,721	4,701	4,914	3,620	34.6	(26.3)	12,610	16,956	34.5
D&A	680	650	653	628	710	4.4	13.1	2,610	2,641	1.2
EBIT	2,010	3,071	4,048	4,286	2,910	44.8	(32.1)	10,000	14,315	43.2
Other Income	170	209	388	461	290	70.6	(37.1)	750	1,348	79.7
Interest	240	193	262	164	290	20.8	76.8	920	909	(1.2)
PBT	1,940	3,087	4,174	4,583	2,910	50.0	(36.5)	9,830	14,754	50.1
Tax	504	814	1,068	1,102	760	50.7	(31.0)	2,556	3,744	46.5
APAT	1,436	2,273	3,106	3,481	2,150	49.8	(38.2)	7,274	11,010	51.4

Source: Company, DART

Exhibit 5: Margin Analysis (Like-to-like)

Particulars (Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Chg YoY (bps)	Chg QoQ (bps)	FY23	FY24	Chg YoY (bps)
Net Sales	100.0	100.0	100.0	100.0	100.0	-	-	100.0	100.0	-
COGS	57.4	58.4	59.6	56.6	56.7	(74)	9	58.6	56.7	(189)
Gross Profit	42.6	43.0	43.4	43.4	43.3	74	(9)	41.4	43.3	189
Emp costs	4.9	5.8	5.0	4.7	5.0	13	31	5.9	5.1	(81)
A&P costs	13.8	6.8	8.4	11.0	12.2	(157)	127	9.5	9.7	24
Other overheads	13.1	13.4	13.6	11.3	12.5	(62)	119	13.0	12.6	(37)
EBITDA	10.8	17.1	16.4	16.4	13.6	279	(286)	13.0	15.9	283
D&A	2.7	3.0	2.3	2.1	2.7	(6)	56	2.7	2.5	(23)
EBIT	8.1	14.1	14.1	14.3	10.9	286	(342)	10.3	13.4	305
Other Income	0.7	1.0	1.4	1.5	1.1	41	(45)	0.8	1.3	49
Interest	1.0	0.9	0.9	0.5	1.1	13	54	1.0	0.9	(10)
PBT	7.8	14.2	14.6	15.3	10.9	314	(442)	10.2	13.8	364

Source: Company, DART

Exhibit 6: Standalone Abridged Cash Flows

Particulars (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
PBT	2,546	8,403	9,914	11,347	4,690	10,240	12,893	16,860
Tax	(1,943)	(3,898)	(8,238)	(5,658)	(1,252)	(4,463)	(2,965)	(3,130)
WC chgs	1,732	1,694	2,434	(2,361)	8,036	(2,059)	(5,755)	(5,760)
Others	4,398	3,264	4,465	3,342	5,808	5,167	1,593	1,160
OCF	6,733	9,463	8,575	6,670	17,282	8,885	5,766	9,130
Capex	(1,509)	41	(656)	(1,978)	(1,062)	(778)	(1,132)	(790)
Dividend/Interest (net)	(3,446)	(2,326)	(1,714)	200	(867)	12	1	1,640
Lease Liabilities	-	-	-	(807)	(963)	(1,121)	(1,400)	(1,470)
Capex and others	(4,955)	(2,285)	(2,370)	(2,585)	(2,892)	(1,887)	(2,531)	(620)
FCF	1,778	7,178	6,205	4,085	14,390	6,998	3,235	8,510

Source: Company, DART

Exhibit 7: Segment-wise revenue break-up

Revenues (Rs Mn)	FY22	FY23	FY24
Popular	11,300	11,442	11,138
Lower Prestige	31,574	33,473	35,602
Mid Prestige	7,286	10,292	11,914
Upper Prestige	7,286	9,660	11,586
Luxury + Premium	21,859	30,086	34,243
Other Op. Income	1,654	1,828	2,436
Total	80,960	96,781	106,919
Chg YoY %			
Popular		1.3	(2.7)
Lower Prestige		6.0	6.4
Mid Prestige		41.3	15.8
Upper Prestige		32.6	19.9
Luxury + Premium		37.6	13.8
Other Op. Income		10.5	33.3
Total		19.5	10.5
Mix %			
Popular	14.0	11.8	10.4
Lower Prestige	39.0	34.6	33.3
Mid Prestige	9.0	10.6	11.1
Upper Prestige	9.0	10.0	10.8
Luxury + Premium	27.0	31.1	32.0
Other Op. Income	2.0	1.9	2.3
Total	100.0	100.0	100.0

Source: Company, DART

Exhibit 8: Key Operating Assumptions (L2L)

Particulars (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Volumes (Mn Cases)	55.5	60.3	61.4	64.7	68.1	71.5
- P&A	42.6	47.6	50.2	52.9	56.1	59.5
- Popular	12.9	12.7	11.3	11.8	11.9	12.0
Chg YoY (%)	(21.4)	8.7	1.9	5.3	5.2	5.1
- P&A	14.7	11.7	5.3	5.4	6.1	6.0
- Popular	(61.6)	(1.5)	(11.0)	4.7	1.0	1.0
Mix (%)	100.0	100.0	100.0	100.0	100.0	100.0
- P&A	76.8	79.0	81.7	81.8	82.5	83.2
- Popular	23.2	21.0	18.3	18.2	17.5	16.8
Realization/case	1,430	1,575	1,702	1,774	1,862	1,947
- P&A	1,595	1,754	1,862	1,947	2,044	2,136
- Popular	879	901	989	999	1,004	1,014
Chg YoY (%)	29.8	10.2	8.1	4.2	5.0	4.6
- P&A	7.7	9.9	6.2	4.5	5.0	4.5
- Popular	29.4	2.5	9.8	1.0	0.5	1.0
GP/Case (Rs)	662	665	754	802	860	909
Chg YoY (%)	35.6	0.5	13.4	6.5	7.2	5.6
EBITDA/Case (Rs)	226	209	276	306	347	378
Chg YoY (%)	54.8	(7.4)	31.8	11.1	13.4	8.8

Source: Company, DART

Exhibit 9: Key financial assumptions

Particulars (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	80,960	96,770	1,06,919	1,17,281	1,29,330	1,42,061
- P&A	68,040	83,580	93,450	1,03,020	1,14,767	1,27,128
- Popular	11,300	11,400	11,140	11,781	11,958	12,198
- Other operating income	1,620	1,780	2,329	2,480	2,604	2,735
Raw Material costs	44,240	56,690	60,609	65,363	70,785	77,042
Gross Profit	36,720	40,080	46,310	51,918	58,545	65,018
Advtg & Prom	6,260	5,690	5,428	5,887	6,388	6,867
Employee costs	6,860	9,190	10,408	11,685	12,970	14,397
Other Opex	11,070	12,590	13,536	14,532	15,549	16,715
Total Opex	24,190	27,470	29,372	32,104	34,907	37,979
EBITDA	12,530	12,610	16,938	19,814	23,638	27,039
Depreciation	2,680	2,610	2,641	2,669	2,723	2,675
Interest Costs	880	1,040	909	978	646	260
Other Income	340	740	1,348	1,632	1,957	2,374
PBT	9,310	9,700	14,736	17,799	22,226	26,478
Tax	2,421	2,522	3,744	4,539	5,668	6,752
APAT	6,889	7,178	10,992	13,260	16,559	19,726
AEPS	9.5	9.9	15.1	18.3	22.8	27.2
Common Size (%)						
Revenue	100.0	100.0	100.0	100.0	100.0	100.0
Raw Material costs	54.6	58.6	56.7	55.7	54.7	54.2
Gross Profit	45.4	41.4	43.3	44.3	45.3	45.8
Advtg & Prom	8.5	9.5	9.7	10.0	10.0	10.1
Employee costs	7.7	5.9	5.1	5.0	4.9	4.8
Other Opex	13.7	13.0	12.7	12.4	12.0	11.8
Total Opex	29.9	28.4	27.5	27.4	27.0	26.7
EBITDA	15.5	13.0	15.8	16.9	18.3	19.0
Depreciation	3.3	2.7	2.5	2.3	2.1	1.9
Interest Costs	1.1	1.1	0.9	0.8	0.5	0.2
Other Income	0.4	0.8	1.3	1.4	1.5	1.7
PBT	11.5	10.0	13.8	15.2	17.2	18.6
Tax	3.0	2.6	3.5	3.9	4.4	4.8
APAT	8.5	7.4	10.3	11.3	12.8	13.9
Tax as % of PBT	26.0	26.0	25.4	25.5	25.5	25.5
Chg YoY (%)						
Revenue	2.6	19.5	10.5	9.7	10.3	9.8
Raw Material costs	(0.5)	28.1	6.9	7.8	8.3	8.8
Gross Profit	6.6	9.2	15.5	12.1	12.8	11.1
Advtg & Prom	22.9	34.0	13.3	12.3	11.0	11.0
Employee costs	15.8	(9.1)	(4.6)	8.5	8.5	7.5
Other Opex	(15.9)	13.7	7.5	7.4	7.0	7.5
Total Opex	0.2	13.6	6.9	9.3	8.7	8.8
EBITDA	21.7	0.6	34.3	17.0	19.3	14.4
Depreciation	7.5	(2.6)	1.2	1.1	2.0	(1.7)
Interest Costs	(46.9)	18.2	(12.6)	7.6	(34.0)	(59.8)
Other Income	(28.9)	117.6	82.2	21.1	19.9	21.3
PBT	40.5	4.2	51.9	20.8	24.9	19.1
Tax	52.5	4.2	48.5	21.2	24.9	19.1
APAT	36.8	4.2	53.1	20.6	24.9	19.1

Source: Company, DART

Exhibit 10: Valuation Snapshot: UNSP

Particulars	
FY26E Standalone EPS	22.8
Target Multiple (x)	50
Target Price (Rs) (A)	1,138
RCB (Rs) (B)	90
Treasury shares (C)	11
Target Price (Rs) (A+B)	1,240
CMP (Rs)	1,178
Upside/Downside (%)	5.0

Source: Company, DART

Exhibit 11: Valuation of RCB

RCB	Rs Mn
FY26E EBITDA	2,500
PBT	2,500
PAT	1,875
Tgt Multiple (x)	35
RCB Value	65,700
(-) Hold Co discount (%)	0%
RCB Value	65,700
UNSP O/s shares (Mn)	727
Value per share (Rs)	90

Source: DART

Exhibit 12: Valuation of Treasury shares

Treasury shares	
UNSP treasury shares (17.3mn share)	20,028
Flats/factories etc (Rs Mn)	-
Non-core assets value (Rs Mn)	20,028
(-) discount owing to legal disputes and timing uncertainty (%)	60%
Non-core assets value (Rs Mn)	8,011
UNSP O/s shares (Mn)	727
Value per share (Rs)	11

Source: DART

Exhibit 13: Sensitivity of TP to EPS and target PE

EPS ----->	18.2	22.8	27.1
Tgt PE (x)	FY25E	FY26E	FY27E
40	819	1,001	1,175
45	911	1,115	1,310
50	1,002	1,240	1,446
55	1,093	1,342	1,582
60	1,184	1,456	1,717

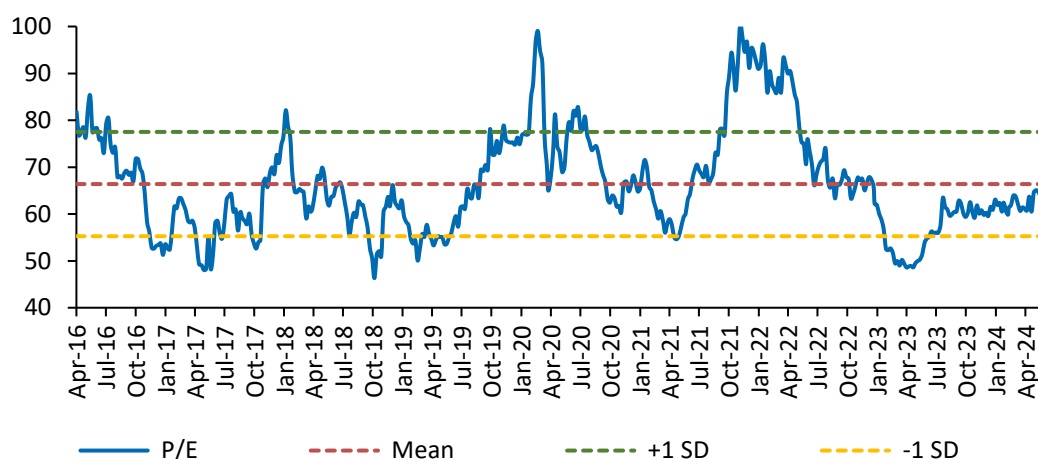
Source: DART

Exhibit 14: Peer Valuation

Company	Mcap	CMP	TP*	+ /(-)	Reco*	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)		
	Rs bn	Rs	(Rs)	%		FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E	FY24	FY25E	FY26E
UBL	496	1,875	1,845	(1.6)	Reduce	121.1	78.9	55.9	71.2	49.9	36.5	11.9	10.9	9.6	10.1	14.4	18.3
UNSP	842	1,178	1,240	5.0	ACC.	76.6	63.5	50.9	48.8	41.2	34.0	12.1	10.2	8.5	17.0	17.4	18.2
Radico	218	1,634	1,920	17.5	ACC.	85.4	53.9	43.2	44.4	31.2	26.5	9.2	8.1	7.0	11.4	15.0	17.1

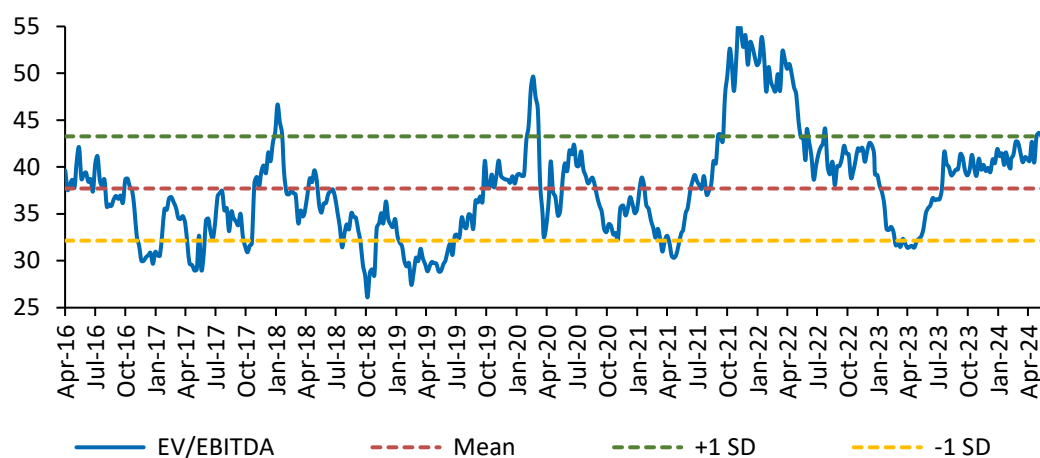
Source: Company, DART; * As per last published; ACC is ACCUMULATE rating

Exhibit 15: UNSP's 1-year forward P/E chart



Source: Company, DART

Exhibit 16: UNSP's 1-year forward EV/E chart



Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	96,770	1,06,919	1,17,281	1,29,330
Total Expense	84,160	89,981	97,467	1,05,692
COGS	56,690	60,609	65,363	70,785
Employees Cost	5,690	5,428	5,887	6,388
Other expenses	21,780	23,944	26,217	28,519
EBIDTA	12,610	16,938	19,814	23,638
Depreciation	2,610	2,641	2,669	2,723
EBIT	10,000	14,297	17,145	20,915
Interest	1,040	909	978	646
Other Income	740	1,348	1,632	1,957
Exc. / E.O. items	0	1,856	0	0
EBT	9,700	16,592	17,799	22,226
Tax	2,522	3,744	4,539	5,668
RPAT	7,178	12,848	13,260	16,559
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	7,178	10,992	13,260	16,559

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	1,455	1,455	1,455	1,455
Minority Interest	0	0	0	0
Reserves & Surplus	57,990	68,180	81,440	97,999
Net Worth	59,445	69,635	82,895	99,454
Total Debt	1,833	2,400	2,606	2,842
Net Deferred Tax Liability	123	150	165	182
Total Capital Employed	61,401	72,185	85,666	1,02,477

Applications of Funds

Net Block	11,981	11,060	10,231	9,400
CWIP	668	370	278	208
Investments	20,853	25,810	25,811	27,393
Current Assets, Loans & Advances	62,212	70,185	85,437	1,02,434
Inventories	22,300	20,635	22,153	23,897
Receivables	23,828	27,630	29,665	32,004
Cash and Bank Balances	11,054	18,080	29,407	41,888
Loans and Advances	0	0	0	0
Other Current Assets	5,030	3,840	4,212	4,645
Less: Current Liabilities & Provisions	34,313	35,240	36,091	36,958
Payables	17,383	18,270	20,041	22,099
Other Current Liabilities	16,930	16,970	16,050	14,859
<i>sub total</i>				
Net Current Assets	27,899	34,945	49,346	65,476
Total Assets	61,401	72,185	85,666	1,02,477

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	41.4	43.3	44.3	45.3
EBIDTA Margin	13.0	15.8	16.9	18.3
EBIT Margin	10.3	13.4	14.6	16.2
Tax rate	26.0	22.6	25.5	25.5
Net Profit Margin	7.4	10.3	11.3	12.8
(B) As Percentage of Net Sales (%)				
COGS	58.6	56.7	55.7	54.7
Employee	5.9	5.1	5.0	4.9
Other	22.5	22.4	22.4	22.1
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	9.6	15.7	17.5	32.4
Inventory days	84	70	69	67
Debtors days	90	94	92	90
Average Cost of Debt	26.4	42.9	39.1	23.7
Payable days	66	62	62	62
Working Capital days	105	119	154	185
FA T/O	8.1	9.7	11.5	13.8
(D) Measures of Investment				
AEPS (Rs)	9.9	15.1	18.2	22.8
CEPS (Rs)	13.5	18.7	21.9	26.5
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	81.7	95.7	114.0	136.7
RoANW (%)	13.2	19.9	17.4	18.2
RoACE (%)	12.7	16.6	16.2	16.6
RoAIC (%)	14.4	21.2	23.1	26.7
(E) Valuation Ratios				
CMP (Rs)	1178	1178	1178	1178
P/E	119.4	78.0	64.6	51.8
Mcap (Rs Mn)	8,57,074	8,57,074	8,57,074	8,57,074
MCap/ Sales	8.9	8.0	7.3	6.6
EV	8,47,853	8,41,394	8,30,272	8,18,027
EV/Sales	8.8	7.9	7.1	6.3
EV/EBITDA	67.2	49.7	41.9	34.6
P/BV	14.4	12.3	10.3	8.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
(F) Growth Rate (%)				
Revenue	19.5	10.5	9.7	10.3
EBITDA	0.6	34.3	17.0	19.3
EBIT	1.5	43.0	19.9	22.0
PBT	4.2	71.1	7.3	24.9
APAT	4.2	53.1	20.6	24.9
EPS	4.2	53.1	20.6	24.9

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	9,700	14,736	17,799	22,226
Depreciation & w.o.	2,610	2,641	2,669	2,723
Net Interest Exp	1,040	909	978	646
Direct taxes paid	(2,522)	(3,744)	(4,539)	(5,668)
Change in Working Capital	402	(20)	(3,074)	(3,649)
Non Cash	(740)	(1,348)	(1,632)	(1,957)
(A) CF from Operating Activities	10,490	13,174	12,201	14,321
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	484	(1,422)	(1,748)	(1,822)
Free Cash Flow	10,974	11,752	10,453	12,499
(Inc.)/ Dec. in Investments	(1,292)	(4,930)	15	(1,566)
Other	740	3,204	1,632	1,957
(B) CF from Investing Activities	(68)	(3,148)	(101)	(1,431)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	(4,221)	567	206	236
Interest exp net	(1,040)	(909)	(978)	(646)
Dividend Paid (Incl. Tax)	0	0	0	0
Other	3,344	(2,658)	0	0
(C) CF from Financing	(1,917)	(3,000)	(773)	(409)
Net Change in Cash	8,505	7,026	11,327	12,481
Opening Cash balances	2,549	11,054	18,080	29,407
Closing Cash balances	11,054	18,080	29,407	41,888

E – Estimates

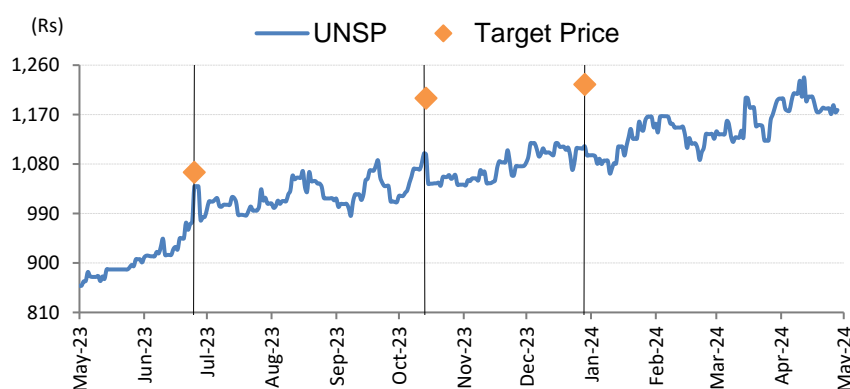
Notes

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.)
Jul-23	Reduce	1,065	1,039
Nov-23	Reduce	1,200	1,097
Jan-24	Accumulate	1,225	1,112

*Price as on recommendation date

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