

AlcoBev | Company Update

CMP: Rs.1,428 | TP: Rs 1,335 | Downside 7%

FY26E – EBITDA/EBIT de-growth year!

UNSP over FY23-25 reported modest revenue CAGR of 9.5% (partly aided by AP) but robust EBITDA/APAT CAGR of 28/42%. These have been driven by premiumization, opening of AP and productivity initiatives (mono-cartoons, factory reductions, sourcing etc). UNSP is likely to face multiple headwinds in FY26 (esp. Q2 onwards) on both revenues (Maharashtra, AP forming part of base) and margins (productivity benefits behind). We thus expect EBITDA/EBIT to decline ~4/5% in FY26E. This shall lead to PE de-rating in our view. We estimate negative EBITDA impact (vs. expectations) of ~Rs 1.5-2bn p.a. from Maharashtra alone. We thus reduce our FY26/27E EPS by 13/7% and PE from 60x to 50x standalone FY27E EPS. D/G to 'Sell' from 'Reduce' with a revised TP of Rs 1,335 (incl. Rs 125 for RCB) vs. Rs 1,675 earlier. Our FY26/27E EPS is ~19/15% lower than consensus. UNSP is currently trading at 72/59x FY26/27E EPS.

Steep excise hike in Maharashtra – a major blow

Maharashtra accounts for ~16-18% of UNSP's revenue. We presume EBITDA contribution to be similar or a tad higher. A steep 50% excise increase (from 300% of manufacturing costs to 450%) is likely to lead to a ~30% increase in MRP or higher in segments up to mid-prestige. In segment of Upper prestige and above, the consumer MRP may remain static but still impact realizations of the companies.

Steep excise hike in Maharashtra - three-pronged -ve impact

We see three layers of negative impact on UNSP's profitability from steep increase in excise duties in Maharashtra a) Loss of volumes due to steep MRP increase 2) Downtrading to lower segments. If the consumers shift to newly created 'Maharashtra Made Liquor' possibility of which can't be ruled out, the negative impact on IMFL industry/UNSP volumes would be more severe 3) **Most importantly, we foresee EDP declining across segments from Popular to Upper Prestige (esp. to manage channel earnings) or more steeper consumer price hikes (and consequent reduction in volumes).** We foresee a 30-50% decline in volumes in Maharashtra before it starts seeing recovery. We are assuming a 30% decline in volumes in key lower prestige segments (partly offset by illicit imports from other states – plausible but tough) and modest in others. We believe UNSP's EBITDA could potentially decline by ~Rs 1.5-2bn (vs. expectations), 9-10% of FY25 EBITDA. Refer Exhibit 3-8 for workings.

AP – base-effect to fade from Q3FY26; soft growth ex-AP

The opening of AP states from Q3FY25 aided to national players growth. UNSP registered ~8.6% (3.1% in H1, 13.4% in H2) revenue growth in FY25 of which AP contributed ~3.1% (~35% of the incremental growth) largely in H2. These would form part of the base from Q3FY26 onwards and thus growth may start fading on higher base coupled with -ve impact from Maharashtra.

Key Data

| | |
|------------------|-------------------|
| Nifty | 25,517 |
| Equity / FV | Rs 1,455mn / Rs 2 |
| Market Cap | Rs 1,039bn |
| | USD 12.1bn |
| 52-Week High/Low | Rs 1,700/ 1,249 |
| Avg. Volume (no) | 984,759 |
| Bloom Code | UNITDSPR IN |

Stock Performance (%)

| Particulars | 1M | 3M | 12M |
|------------------|-----|-----|-----|
| Absolute (%) | (6) | 2 | 13 |
| Rel to NIFTY (%) | (9) | (9) | 7 |

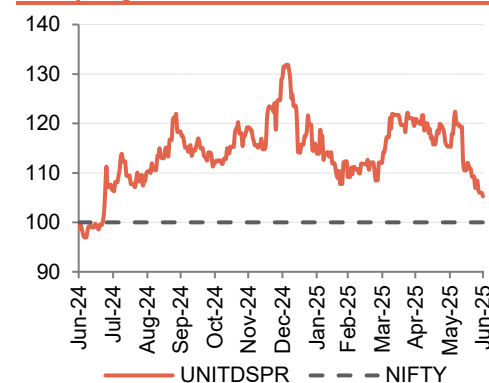
Shareholding Pattern

| Particulars | Sep'24 | Dec'24 | Mar'25 |
|-----------------|--------|--------|--------|
| Promoters | 56.7 | 56.7 | 56.7 |
| MF/Banks/FIs | 13.6 | 13.2 | 14.6 |
| FIIIs | 16.1 | 16.1 | 15.0 |
| Public / Others | 14.1 | 14.1 | 13.7 |

Financials (Rs bn)

| Particulars | FY24A | FY25A | FY26E | FY27E |
|-------------|-------|-------|-------|-------|
| Revenue | 107 | 116 | 118 | 129 |
| Growth (%) | 10.5 | 8.6 | 2.0 | 8.9 |
| EBITDA | 17 | 21 | 20 | 23 |
| OPM (%) | 15.8 | 17.8 | 16.8 | 18.1 |
| PAT | 11 | 14 | 14 | 18 |
| Growth (%) | 53.1 | 31.8 | (0.6) | 22.3 |
| EPS (Rs.) | 15.1 | 19.9 | 19.8 | 24.2 |
| Growth (%) | 53.1 | 31.8 | (0.6) | 22.3 |
| PER (x) | 94.5 | 71.7 | 72.1 | 59.0 |
| ROANW (%) | 20.3 | 21.3 | 17.0 | 18.1 |
| ROACE (%) | 16.6 | 17.8 | 14.2 | 14.9 |

Company relative to NIFTY



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What if other states follow Maharashtra? – key risk

Post covid, most states have been supportive of AlcoBev with stable policies, and ease of doing business (label registrations, shift of working capital to distributors/retailers, continuity of policies etc), provided it doesn't impact their revenues. **This had led to re-rating in PE across companies. UNSP's PE multiple re-rated from ~40-45x to ~55-60x 1-year forward PE.**

However, in recent past due to various social schemes announced in elections, a lot of these states have taken excise hikes on AlcoBev (KTK, TG, MAH, TN etc). The consumer MRP in KTK/MAH is amongst one of the highest (Delhi is ~25-35% lower). **The steep price hike in one of the costliest states may likely prompt other states to increase their consumer MRP too. If this happens, it would be negative for the sector and UNSP, the possibility of which can't be ruled out.**

.....mitigating factors for UNSP

- a) The **opening of Delhi** state to national players was likely and would have been a major positive for UNSP. However, as per recent media articles, the state has extended the existing excise policy for nine months up to Mar'26. Thus, even if the state opens to national players, it would only be from FY27.
- b) Similarly, there are hopes of **Bihar** becoming a wet state from dry (after more than a decade) s.t. elections outcome which are scheduled for in Nov'25 – an uncertain event and likely only in FY27 even if it happens.
- c) **Benefit from India-UK FTA** through lower COGS (viz. import of raw scotch – would Diageo Plc benefit or UNSP due to transfer pricing regulations?) or higher luxury volumes (due to 8-10% reduction in MRP). We expect India-UK FTA to get into effect towards end of FY26 or FY27 only. Modest benefits are partly backed in our estimates
- d) **broader industry-wide consumption revival** that drives growth for all the industry participants. These have been missing for the past two years.
- e) **Gain share from Imperial Blue** – As per media, Pernod is looking to sell its second largest selling brand Imperial Blue in the lower prestige segment (Tilaknagar, Inbrew and Suntory amongst key contenders as per media). IB sold ~22mn cases in CY24. As the transaction gets announced (presume another 6-12m for closure), we believe competitors (UNSP, RDCK, ABD etc) would try to gain some share of IB in their stronger markets during the transitional period (as employees / channels etc. becomes a tad uncertain). These may partly help UNSP to re-ignite growth in the segment.
- f) **Stronger growth in UP market** – UP had been a large and fast-growing market especially for Pernod, RDCK and ABD. UNSP has a weak ~10% market share in the state (~15-20% in the P&A vs. national average of ~35-40%). As it struggles in Maharashtra, it may seek to gain some share in UP.
- g) **Faster growth in 'McD X series'** – UNSP launched 'McD X' series in brandy, rum and vodka in early H2FY24. UNSP has negligible share in categories outside whisky. UNSP expanded the X-series to only 5 states in FY25 and has seen limited focus. We believe UNSP has the potential to gain market share in adjacent but fast-growing categories (esp. in white spirits).

We would like to highlight UNSP's revenue growth CAGR of 9.5% over FY23-25 had been partly aided by the opening of AP (external event). Adjusted for it, growth CAGR would have been ~8% CAGR. 5 out of the 7-growth triggers highlighted above too are dependent on external events.

Competition in P&A – key risk

Led by rising income, increasing urbanization, consumers focus on health and WHO agenda to drive ‘drink less, drink better’ – premiumization had been a key trend of the AlcoBev industry. Premiumization augurs well for all viz. consumers (better quality drink), companies (better margins) and government (lower consumption – intact revenues with optionality to raise taxes as share of P&A grow). In the above backdrop, most companies had been focusing on P&A segment shedding their footprint in the Popular segment viz. RDCK, ABD, TI, Piccadilly etc.

Pernod is a leader in the P&A segment with ~38-40% market share followed by UNSP as close number 2. UNSP leads in three of the five pricing pyramids in P&A viz. Lower prestige and in BII/BIO whereas Pernod rules in mid and upper prestige segments. The P&A segment accounts for ~83% of UNSP’s volumes and ~90% of revenue. Both UNSP and Pernod (MNCs) had been undergoing steep competition from the national domestic (RDCK and ABD) and state-specific regional players impacting their growth / margin.

Thus, while there seem to be plenty of growth triggers (as highlighted above though many are external) for UNSP, it also must defend and grow its current base of volumes/revenues from competition – a challenge in our view.

That said, UNSP did a respectable job in mid/upper prestige segment as well as of new product innovation and renovation during the tenure of erstwhile MD & CEO. Management change (key in consumer companies) adds a further element of uncertainty especially considering rising competition (ABD IPO, TI becoming debt-free and targeting Whisky segment) and regulations turning adverse.

Higher other income, earnings savior

Considering the factors highlighted above (Maharashtra -ve impact, AP forming part of base, productivity gains largely behind, slower consumption-rising competition), we foresee a risk of de-growth to UNSP’s EBITDA/EBIT in FY26. Yet, standalone APAT would be broadly flattish led by higher other income (adjusted for RCB dividends) on the rising treasury balance.

Q1FY26 outlook – weak

Contrary to expectations, UNSP’s Q1FY26E outlook too is expected to be soft. As per the mgmt. channel feeling in Q1FY25 ahead of elections shall lead to soft growth. However, we believe these should have been neutralized in Q1FY25 itself and further offset by channel feeling in Maharashtra and higher growth from AP. Further with productivity gains behind, higher A&P and other opex; EBITDA too shall be muted. **We estimate UNSP’s Q1FY26E revenue/GP/EBITDA/PAT growth of 5.6/6.2/1.1/13.4% YoY. Refer Exhibit 10 for details.** There is a possibility of Q1FY26E being weaker than our forecast.

Earnings change and valuations

We reduce our UNSP’s FY26/27E EPS by 13/7% and PE from 60x to 50x standalone FY27E EPS. D/G to ‘Sell’ from ‘Reduce’ with revised TP of Rs 1,335 (incl. Rs 125 for RCB) vs. Rs 1,675 earlier. **UNSP is currently trading at 72/59x FY26/27E EPS.**

Exhibit 1: Change in Estimates

| Particulars (Rs Mn) | FY26E | | | FY27E | | | Remarks |
|------------------------------|----------------|----------------|---------------|----------------|----------------|--------------|---------|
| | Old | New | Chg % / bps | Old | New | Chg % / bps | |
| Volume (Mn cases) | 67.2 | 63.8 | (5.1) | 70.1 | 66.9 | (4.6) | |
| - P&A | 56.1 | 53.6 | (4.5) | 58.9 | 56.6 | (3.8) | |
| - Popular | 11.1 | 10.2 | (8.2) | 11.2 | 10.3 | (8.5) | |
| Realization (Rs/case) | 1,848 | 1,822 | (1.4) | 1,924 | 1,891 | (1.7) | |
| - P&A | 2,009 | 1,976 | (1.7) | 2,090 | 2,048 | (2.0) | |
| - Popular | 1,035 | 1,012 | (2.2) | 1,055 | 1,027 | (2.7) | |
| IMFL Revenue | 124,166 | 116,139 | (6.5) | 134,878 | 126,514 | (6.2) | |
| - P&A | 112,656 | 105,826 | (6.1) | 123,021 | 115,988 | (5.7) | |
| - Popular | 11,510 | 10,313 | (10.4) | 11,857 | 10,526 | (11.2) | |
| Other operating income | 2,279 | 2,279 | (0.0) | 2,392 | 2,392 | 0.0 | |
| Revenue | 126,444 | 118,417 | (6.3) | 137,270 | 128,906 | (6.1) | |
| Gross Profit | 57,407 | 52,616 | (8.3) | 63,009 | 58,432 | (7.3) | |
| EBITDA | 23,258 | 19,835 | (14.7) | 25,748 | 23,340 | (9.4) | |
| APAT | 16,530 | 14,408 | (12.8) | 18,806 | 17,614 | (6.3) | |
| AEPS | 22.7 | 19.8 | (12.8) | 25.9 | 24.2 | (6.5) | |
| Margin % | | | | | | | |
| GP % | 45.4 | 44.4 | (97) | 45.9 | 45.3 | (57) | |
| EBITDA % | 18.1 | 16.8 | (135) | 18.6 | 18.1 | (49) | |
| APAT % | 12.8 | 12.2 | (63) | 13.5 | 13.7 | 16 | |

Source: Company, Dolat Capital

Exhibit 2: Dolat Capital vs. Consensus FY26/27E EPS (Rs)

| Particulars | EPS (Rs) | | Dolat vs. Consensus | | Remarks |
|---------------|----------|------|---------------------|--------|---------|
| | FY26 | FY27 | FY26 | FY27 | |
| Dolat Old | 22.7 | 25.9 | (6.8) | (8.7) | |
| Dolat Revised | 19.8 | 24.2 | (18.7) | (14.6) | |
| Consensus | 24.4 | 28.4 | | | |

Source: Company, Dolat Capital

Exhibit 3: Maharashtra Consumer MRP and Excise duty construct in IMFL

| Current MRP | MRP | Revised | | Remarks |
|---|---------------------------|---|-------------------------|-----------------------|
| | | MRP | MRP | |
| - if MC* (say X) is <Rs 157.5/bottle (or Rs 210 per BL) | $X * 5$ | - if MC (say X) is <Rs 195/bottle (Rs 260 per BL) | $X * 6.5$ | Sales Tax @ 40% above |
| - if MC (say X) is >Rs 157.5/bottle (Rs 210 per BL) | $X * 5 + (X - 157.5) * 4$ | - if MC (say X) is >Rs 195/bottle (Rs 260 per BL) | $X * 5 + (X - 195) * 4$ | " |
| Excise Duty | | Excise Duty | | |
| - if MC (say X) is <Rs 157.5/bottle (Rs 210 per BL) | $X * 300\%$ (i.e. 3x) | - if MC (say X) is <Rs 195/bottle (Rs 260 per BL) | $X * 450\%$ (i.e. 4.5x) | Sales Tax @ 40% |
| - if MC (say X) is >Rs 157.5/bottle (Rs 210 per BL) | $X * 300\%$ (i.e. 3x) | - if MC (say X) is >Rs 195/bottle (Rs 260 per BL) | $X * 300\%$ (i.e. 3x) | " |

Source: Government, Dolat Capital

Note: MC is Manufacturing Costs (declared by companies to the Government). At the outset, we would like to highlight that the consumer MRP formula is one of the most complex in Maharashtra state.

Exhibit 4: Current MRP construct of UNSP's key brands before excise increase

| Key Brands (750ml SKU) | Segment | MRP (Rs) | Sales Tax | MRP (Rs) | Mfg Costs (Rs)* | Excise Duty | Channel Margin** | EDP (Rs) | EDP/ Case (Rs) |
|------------------------|---------|----------|--------------|----------|-----------------|-------------|------------------|----------|----------------|
| | | | @ 40% | Excl ST | | 300% of MC | @ 10/12% of MRP | | |
| A | B | C | D = C/1.4*.4 | E = C-D | F | G = F*3 | | | |
| DSP Black | Popular | 560 | 160 | 400 | 80 | 240 | 56 | 104 | 1,248 |
| McDowell's No 1 | LP | 680 | 194 | 486 | 97 | 291 | 68 | 126 | 1,515 |
| Royal Challenge (RC) | MP | 780 | 223 | 557 | 111 | 334 | 78 | 145 | 1,738 |
| RC AP | UP | 1,450 | 414 | 1,036 | 185 | 555 | 174 | 306 | 3,678 |
| Signature | UP | 1,520 | 434 | 1,086 | 191 | 572 | 182 | 331 | 3,977 |
| Antiquity Blue | UP | 1,600 | 457 | 1,143 | 197 | 591 | 192 | 360 | 4,319 |
| JW Red | Premium | 2,400 | 686 | 1,714 | 260 | 781 | 288 | 645 | 7,738 |
| Black Dog | Premium | 2,600 | 743 | 1,857 | 276 | 829 | 312 | 716 | 8,593 |
| Black & White | Premium | 2,700 | 771 | 1,929 | 284 | 853 | 324 | 752 | 9,021 |

* MC is 1/5th of MRP (excl. ST) upto Mid Prestige and reverse calculated basis MRP construct in above Exhibit for Upper Prestige (UP) and above

** Assumed 3/7% for wholesale/retail upto Mid prestige (MP) and 4/8% above mid prestige

Exhibit 5: Potential MRP construct of UNSP's key brands after excise increase

| Key Brands (750ml SKU) | Segment | Mfg Costs (Rs) | Revised MRP (Rs)**** | Sales Tax | MRP (Rs) | Excise Duty | Channel Margin*** | EDP (Rs) | EDP/Case (Rs) |
|----------------------------|---------|-------------------|----------------------------|-----------|----------|-------------------|----------------------|----------|------------------|
| | | | | @ 40% | Excl ST | 450/300% of MC | @ 8/10% of MRP | | |
| A | B | F = E/5 | C | D | E | G = F*3 | | | |
| DSP Black | Popular | 80 | 728 | 208 | 520 | 360 | 58 | 102 | 1,221 |
| McDowell's No 1 | LP | 97 | 884 | 253 | 631 | 437 | 71 | 124 | 1,483 |
| Royal Challenge (RC) | MP | 111 | 1,014 | 290 | 724 | 501 | 81 | 142 | 1,701 |
| | | | | | | | | | |
| RC AP* | UP | 185 | 1,684 | 481 | 1,203 | 833 | 135 | 235 | 2,825 |
| Signature* | UP | 191 | 1,735 | 496 | 1,239 | 858 | 139 | 242 | 2,910 |
| Antiquity Blue* | UP | 197 | 1,793 | 512 | 1,280 | 886 | 143 | 251 | 3,007 |
| | | | | | | | | | |
| RC AP ** | UP | 200 | 1,428 | 408 | 1,020 | 600 | 143 | 277 | 3,326 |
| Signature ** | UP | 205 | 1,491 | 426 | 1,065 | 615 | 149 | 301 | 3,611 |
| Antiquity ** | UP | 210 | 1,554 | 444 | 1,110 | 630 | 155 | 325 | 3,895 |
| | | | | | | | | | |
| JW Red | Premium | 260 | 2,190 | 626 | 1,564 | 781 | 219 | 564 | 6,766 |
| Black Dog | Premium | 276 | 2,390 | 683 | 1,707 | 829 | 239 | 639 | 7,669 |
| Black & White | Premium | 284 | 2,490 | 711 | 1,779 | 853 | 249 | 677 | 8,121 |

* MC assumed same as before excise increase

** MC assumed to be higher than Rs 195/bottle to reduce the MRP multiplier effect (so that consumer MRP increase and EDP loss is lower) from 6.5x to 5x of MC

*** Assumed reduction in channel margin from 10% to 8% for up to Mid Prestige and from 12% to 10% for segments from Upper Prestige and above

**** Revised MRP is basis Exhibit 3

Exhibit 6: Old vs. Revised MRP and EDP basis various manufacturing costs

| Particulars | Old MRP Construct (Rs) | | | | | Revised MRP Construct (Rs) *** | | | | | Chg in MRP | Chg in EDP/ Bottle | | Chg in EDP/case |
|----------------------|------------------------|--------------------|--------|-----------|-------|--------------------------------|--------------------|--------|-----------|-------|------------|--------------------|-------|-----------------|
| Brand | EDP | Channel Margin *** | Excise | Sales Tax | MRP | EDP | Channel Margin *** | Excise | Sales Tax | MRP | % | % | Rs | Rs |
| DSP Black | 104 | 56 | 240 | 160 | 560 | 102 | 58 | 360 | 208 | 728 | 30 | (2) | (2) | (27) |
| McDowell's No 1 | 126 | 68 | 291 | 194 | 680 | 124 | 71 | 437 | 253 | 884 | 30 | (2) | (3) | (33) |
| Royal Challenge (RC) | 145 | 78 | 334 | 223 | 780 | 142 | 81 | 501 | 290 | 1,014 | 30 | (2) | (3) | (37) |
| RC AP * | 306 | 174 | 555 | 414 | 1,450 | 235 | 135 | 833 | 481 | 1,684 | 16 | (23) | (71) | (853) |
| Signature * | 331 | 182 | 572 | 434 | 1,520 | 242 | 139 | 858 | 496 | 1,735 | 14 | (27) | (89) | (1,067) |
| Antiquity Blue * | 360 | 192 | 591 | 457 | 1,600 | 251 | 143 | 886 | 512 | 1,793 | 12 | (30) | (109) | (1,312) |
| RC AP ** | 306 | 174 | 555 | 414 | 1,450 | 277 | 143 | 600 | 408 | 1,428 | (2) | (10) | (29) | (351) |
| Signature ** | 331 | 182 | 572 | 434 | 1,520 | 301 | 149 | 615 | 426 | 1,491 | (2) | (9) | (31) | (366) |
| Antiquity Blue ** | 360 | 192 | 591 | 457 | 1,600 | 325 | 155 | 630 | 444 | 1,554 | (3) | (10) | (35) | (424) |
| JW Red | 645 | 288 | 781 | 686 | 2,400 | 564 | 219 | 781 | 626 | 2,190 | (9) | (13) | (81) | (972) |
| Black Dog | 716 | 312 | 829 | 743 | 2,600 | 639 | 239 | 829 | 683 | 2,390 | (8) | (11) | (77) | (924) |
| Black & White | 752 | 324 | 853 | 771 | 2,700 | 677 | 249 | 853 | 711 | 2,490 | (8) | (10) | (75) | (900) |

Mix %

| Brand | EDP | Channel Margin *** | Excise | Sales Tax | MRP | EDP | Channel Margin | Excise | Sales Tax | MRP | |
|----------------------|-----|--------------------|--------|-----------|-----|-----|----------------|--------|-----------|-----|--|
| DSP Black | 19 | 10 | 43 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| McDowell's No 1 | 19 | 10 | 43 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| Royal Challenge (RC) | 19 | 10 | 43 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| RC AP * | 21 | 12 | 38 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| Signature * | 22 | 12 | 38 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| Antiquity Blue * | 22 | 12 | 37 | 29 | 100 | 14 | 8 | 49 | 29 | 100 | |
| RC AP ** | 21 | 12 | 38 | 29 | 100 | 19 | 10 | 42 | 29 | 100 | |
| Signature ** | 22 | 12 | 38 | 29 | 100 | 20 | 10 | 41 | 29 | 100 | |
| Antiquity Blue ** | 22 | 12 | 37 | 29 | 100 | 21 | 10 | 41 | 29 | 100 | |
| JW Red | 27 | 12 | 33 | 29 | 100 | 26 | 10 | 36 | 29 | 100 | |
| Black Dog | 28 | 12 | 32 | 29 | 100 | 27 | 10 | 35 | 29 | 100 | |
| Black & White | 28 | 12 | 32 | 29 | 100 | 27 | 10 | 34 | 29 | 100 | |

Source: * MC assumed same as before excise increase

** MC assumed to be higher than Rs 195/bottle to reduce the MRP multiplier effect (so that consumer MRP increase and EDP loss is lower) from 6.5x to 5x of MC

*** Assumed reduction in channel margin from 10% to 8% for up to Mid Prestige and from 12% to 10% for segments from Upper Prestige and above. Considering the increase in retail license fees for shops and the reduction in volumes, the channel may demand for higher margin % than estimated above

**** Despite the excise policy becoming effective from 25th Jun'25, the revised MRPs have not been announced by the companies in the market as per our channel check. Revised MRP would give an idea of the approach taken by the companies viz. EDP hit or steep MRP hike

Exhibit 7: Potential annualized revenue impact from excise hike in Maharashtra

| Brand | Segment | Current | | | Revised | | | Revenue loss impact from | |
|---|---------|---------------------|-----------------|-----------------|----------------------|-----------------|-----------------|--------------------------|--------------|
| | | Volumes (000 cases) | EDP / Case (Rs) | Revenue (Rs Mn) | Volumes (000 cases)* | EDP / Case (Rs) | Revenue (Rs Mn) | Volumes loss | Lower EDP |
| DSP | Popular | 2,000 | 1,248 | 2,496 | 1,700 | 1,221 | 2,076 | (374) | (46) |
| McD No 1 | LP | 7,200 | 1,515 | 10,911 | 5,040 | 1,483 | 7,473 | (3,273) | (165) |
| RC | MP | 2,200 | 1,738 | 3,824 | 1,980 | 1,701 | 3,368 | (382) | (74) |
| RC AP | UP | 30 | 3,678 | 110 | 30 | 3,326 | 100 | - | (11) |
| Signature | UP | 180 | 3,977 | 716 | 180 | 3,611 | 650 | - | (66) |
| Antiquity | UP | 75 | 4,319 | 324 | 75 | 3,895 | 292 | - | (32) |
| Others* | Luxury | 225 | 5,500 | 1,238 | 225 | 5,500 | 1,238 | - | - |
| Total Revenue from Maharashtra (Rs Mn) | | | | ~19,619 | | | 15,196 | (4,030) | (393) |
| FY25 total Revenue of UNSP (Rs Mn) | | | | 116,100 | | | (23%) | | |
| % Revenue from Maharashtra | | | | 17% | | | | | |

Source: Industry, Dolat Capital; * Assumed 10% reduction in Popular and MP and 30% reduction in UP

Exhibit 8: Potential annualized EBITDA impact from excise hike in Maharashtra

| Impact of | Revenue (Rs Mn) | Incremental EBITDA Margin (%) | EBITDA (Rs Mn) |
|-------------------|-----------------|-------------------------------|----------------|
| - volumes decline | 4,030 | 30%* | 1,209 |
| - pricing decline | 393 | 90% | 353 |
| | 4,423 | | 1,562 |

Source: Industry, Dolat Capital; * Operating deleverage

Exhibit 9: Impact on EBITDA from Maharashtra vs. expectation

| Particulars | FY25E | FY26E (Before the excise hike) | Chg YoY % | FY26E (After the excise hike) | Loss of Revenue/ EBITDA in FY26E (After excise hike) | | | |
|-------------|--------|--------------------------------|-----------|-------------------------------|--|--------------------------------|-----------------|--------------------------------------|
| | | | | | vs. FY25E | vs. FY26E (Before excise hike) | Chg % vs. FY25E | Chg % vs. FY26E (Before excise hike) |
| Revenue | 19,619 | 21,581 | 10.0% | 15,196 | (4,423) | (6,385) | -22.5% | -29.6% |
| EBITDA | 3,924 | 4,424 | 12.8% | 2,361 | (1,562) | (2,063) | -39.8% | -46.6% |

Source: Dolat Capital

Exhibit 10: Q1FY26E Earnings preview

| Particulars (Rs mn) | Q1FY25 | Q2FY25 | Q3FY25 | Q4FY25 | Q1FY26E | Chg YoY (%) | Chg QoQ (%) |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|-------------|---------------|
| Volume (Mn cases) | 13.7 | 15.4 | 18.2 | 16.7 | 14.4 | 4.9 | (13.8) |
| - P&A | 11.5 | 12.9 | 14.9 | 13.6 | 12.2 | 5.5 | (10.2) |
| - Popular | 2.2 | 2.5 | 3.2 | 3.1 | 2.2 | 1.5 | (29.5) |
| Realisaton (Rs/case) | 1,019 | 1,004 | 1,032 | 1,003 | 1,024 | 0.5 | 2.1 |
| - P&A | 1,790 | 1,963 | 2,053 | 1,929 | 1,799 | 0.5 | (6.7) |
| - Popular | 1,019 | 1,004 | 1,032 | 1,003 | 1,024 | 0.5 | 2.1 |
| IMFL Revenue | 22,860 | 27,820 | 33,970 | 29,280 | 24,149 | 5.6 | (17.5) |
| - P&A | 20,660 | 25,270 | 30,630 | 26,160 | 21,905 | 6.0 | (16.3) |
| - Popular | 2,200 | 2,550 | 3,340 | 3,120 | 2,244 | 2.0 | (28.1) |
| Other Operating Inc. | 660 | 610 | 350 | 550 | 693 | 5.0 | 26.0 |
| Revenue | 23,520 | 28,430 | 34,320 | 29,830 | 24,842 | 5.6 | (16.7) |
| Gross Profit | 10,460 | 12,850 | 15,350 | 13,470 | 11,110 | 6.2 | (17.5) |
| EBITDA | 4,330 | 5,070 | 5,880 | 5,420 | 4,376 | 1.1 | (19.3) |
| APAT | 2,740 | 3,350 | 4,300 | 4,100 | 3,108 | 13.4 | (24.2) |
| Margin % | | | | | | | |
| GP % | 44.5 | 45.2 | 44.7 | 45.2 | 44.7 | 25 bps | (44 bps) |
| EBITDA % | 18.4 | 17.8 | 17.1 | 18.2 | 17.6 | (80 bps) | (56 bps) |
| APAT % | 11.6 | 11.8 | 12.5 | 13.7 | 12.5 | 87 bps | (124 bps) |
| Per case (Rs) | | | | | | | |
| Gross Profit | 764 | 834 | 845 | 808 | 773 | 1.3 | (4.3) |
| EBITDA | 316 | 329 | 324 | 325 | 305 | (3.6) | (6.3) |

Source: Company, Dolat Capital;

Exhibit 11: Valuation Snapshot: UNSP

| Particulars | |
|--------------------------------|--------------|
| FY27E Standalone EPS | 24.2 |
| Target Multiple (x) | 50 |
| Target Price (Rs) (A) | 1,211 |
| RCB (Rs) (B) | 110 |
| Treasury shares (C) | 14 |
| Target Price (Rs) (A+B) | 1,335 |
| CMP (Rs) | 1,402 |
| Upside/Downside (%) | (5.3) |

Source: Company, Dolat Capital

Exhibit 12: Valuation of RCB

| RCB | Rs Mn |
|-----------------------------|------------|
| FY27E PBT | 3,050 |
| PAT | 2,288 |
| Tgt Multiple (x) | 35 |
| RCB Value | 80,063 |
| (-) Hold Co discount (%) | 0% |
| RCB Value | 80,063 |
| UNSP O/s shares (Mn) | 727 |
| Value per share (Rs) | 110 |

Source: Dolat Capital

Exhibit 13: Valuation of Treasury shares

| Treasury shares | |
|---|---------------|
| UNSP treasury shares (17.3mn share) | 24,697 |
| Flats/factories etc (Rs Mn) | - |
| Non-core assets value (Rs Mn) | 24,697 |
| (-) discount owing to legal disputes and timing uncertainty (%) | 60% |
| Non-core assets value (Rs Mn) | 9,879 |
| UNSP O/s shares (Mn) | 727 |
| Value per share (Rs) | 14 |

Source: Dolat Capital

Exhibit 14: Sensitivity of TP to EPS and target PE

| EPS -----> | 19.8 | 24.2 |
|------------|-------|--------------|
| Tgt PE (x) | FY26E | FY27E |
| 40 | 916 | 1,092 |
| 45 | 1,015 | 1,213 |
| 50 | 1,114 | 1,335 |
| 55 | 1,213 | 1,455 |
| 60 | 1,312 | 1,575 |
| 70 | 1,510 | 1,819 |

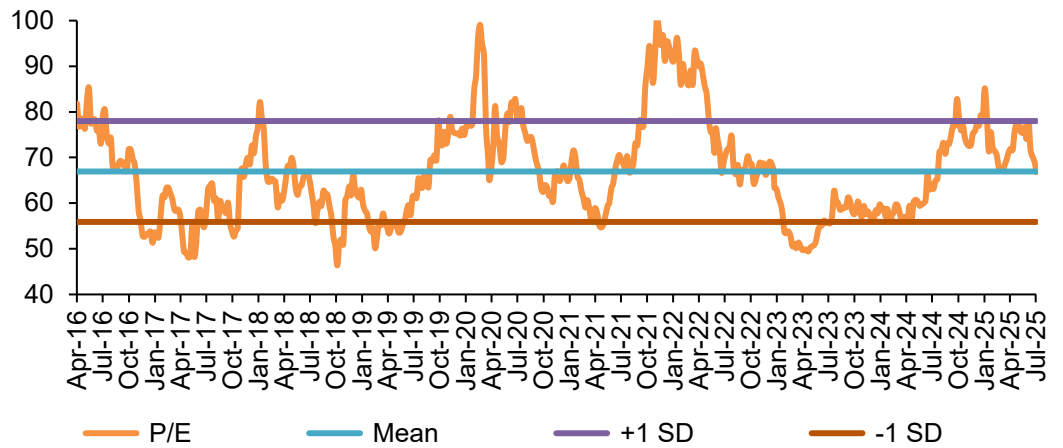
Source: Dolat Capital

Exhibit 15: Peer Valuation

| Company | Mcap | CMP | TP* | + /(-) | Reco* | P/E (x) | | | EV/EBITDA (x) | | | P/B (x) | | | ROE (%) | | |
|---------|-------|-------|-------|--------|-------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|---------|-------|-------|
| | Rs bn | Rs | (Rs) | % | | FY25 | FY26E | FY27E | FY25 | FY26E | FY27E | FY25 | FY26E | FY27E | FY25 | FY26E | FY27E |
| UNSP | 1,039 | 1,402 | 1,335 | (5.3) | SELL | 71.7 | 72.1 | 59.0 | 49.1 | 50.8 | 42.7 | 13.2 | 11.5 | 10.0 | 19.5 | 17.0 | 18.1 |
| Radico | 332 | 2,566 | 2,675 | 4.2 | ACC. | 96.1 | 69.8 | 55.8 | 50.0 | 39.8 | 34.0 | 12.3 | 10.7 | 9.2 | 12.8 | 16.1 | 17.2 |
| UBL | 545 | 1,950 | 1,915 | (1.8) | SELL | 116.6 | 77.3 | 58.5 | 65.1 | 46.3 | 36.2 | 12.5 | 11.3 | 10.0 | 10.9 | 15.4 | 18.2 |

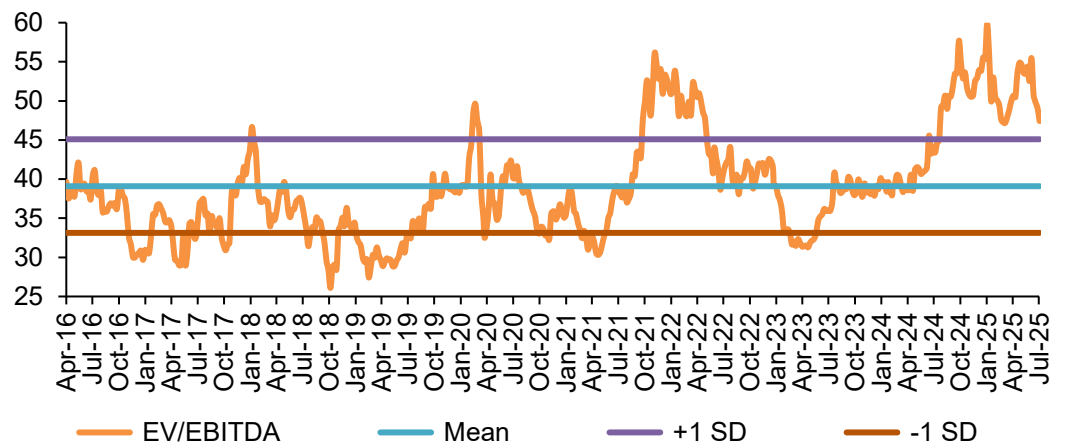
Source: Company, Dolat Capital; * As per last published; ACC is Accumulate rating;

Exhibit 16: UNSP's 1-year forward PE chart



Source: Company, Dolat Capital

Exhibit 17: UNSP's 1-year forward EV/E chart



Source: Company, Dolat Capital

Exhibit 18: Stock Price Performance (%)

| Company | Mcap * (Rs bn) | CMP | 1M | 3M | 6M | 1Y | 3Y | 5Y |
|-----------------------|-------------------|---------------|------------|------------|-------------|----------|-----------|------------|
| Nifty | | 25,533 | (2) | (8) | (12) | 2 | 30 | 150 |
| United Spirits | 1,039 | 1,402 | (10) | (0) | (17) | 10 | 79 | 136 |
| United Breweries | 516 | 1,950 | (1) | (0) | (7) | (3) | 33 | 94 |
| Radico Khaitan | 343 | 2,566 | 1 | 10 | (0) | 44 | 196 | 602 |
| Allied Blenders | 120 | 430 | 8 | 41 | 0 | - | - | - |
| Tilaknagar Industries | 67 | 345 | (7) | 42 | (18) | 40 | 376 | 1,616 |
| Piccadily Agro | 59 | 621 | 7 | 8 | (35) | (13) | 1,669 | 6,199 |
| Som Distilleries | 31 | 161 | 12 | 25 | 48 | 41 | 448 | 1,043 |
| Globus Spirits | 27 | 948 | (0) | (11) | 8 | 23 | 3 | 665 |
| Sula Vineyards | 26 | 305 | 4 | 10 | (26) | (39) | - | - |
| Associated Alcohol | 20 | 1,130 | 3 | (18) | 1 | 68 | 156 | 354 |
| GM Breweries | 17 | 740 | 5 | 12 | (10) | 12 | 60 | 143 |
| Jagatjit Industries | 7 | 169 | (6) | (9) | (31) | (24) | 205 | 428 |

Source: Bloomberg, Dolat Capital

* Sorted basis Mcap

Financial Performance

Profit and Loss Account

| (Rs Mn) | FY24A | FY25A | FY26E | FY27E |
|---------------------------------|----------------|----------------|----------------|----------------|
| Revenue | 106,919 | 116,100 | 118,417 | 128,906 |
| Total Expense | 89,981 | 95,400 | 98,582 | 105,566 |
| COGS | 60,609 | 63,970 | 65,802 | 70,474 |
| Employees Cost | 5,428 | 6,050 | 6,112 | 6,570 |
| Other expenses | 23,944 | 25,380 | 26,669 | 28,522 |
| EBIDTA | 16,938 | 20,700 | 19,835 | 23,340 |
| Depreciation | 2,641 | 2,740 | 2,754 | 2,706 |
| EBIT | 14,297 | 17,960 | 17,081 | 20,634 |
| Interest | 909 | 890 | 699 | 376 |
| Other Income | 1,348 | 2,060 | 2,957 | 3,386 |
| Exc. / E.O. items | 2,106 | 1,340 | 0 | 0 |
| EBT | 16,842 | 20,470 | 19,339 | 23,644 |
| Tax | 3,744 | 4,640 | 4,931 | 6,029 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Profit/Loss share of associates | 0 | 0 | 0 | 0 |
| RPAT | 13,098 | 15,830 | 14,408 | 17,614 |
| Adjustments | (2,106) | (1,340) | 0 | 0 |
| APAT | 10,992 | 14,490 | 14,408 | 17,614 |

Balance Sheet

| (Rs Mn) | FY24A | FY25A | FY26E | FY27E |
|-------------------------------|---------------|---------------|---------------|----------------|
| Sources of Funds | | | | |
| Equity Capital | 1,455 | 1,455 | 1,455 | 1,455 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Reserves & Surplus | 68,180 | 77,340 | 88,838 | 102,815 |
| Net Worth | 69,635 | 78,795 | 90,293 | 104,270 |
| Total Debt | 2,400 | 4,800 | 5,301 | 5,877 |
| Net Deferred Tax Liability | 150 | 160 | 176 | 194 |
| Total Capital Employed | 72,185 | 83,755 | 95,770 | 110,340 |

Applications of Funds

| | | | | |
|---|---------------|---------------|---------------|----------------|
| Net Block | 11,060 | 13,310 | 12,741 | 12,324 |
| CWIP | 370 | 720 | 540 | 405 |
| Investments | 25,810 | 24,230 | 25,386 | 26,704 |
| Current Assets, Loans & Advances | 70,185 | 88,175 | 94,006 | 108,316 |
| Current Investments | 0 | 0 | 0 | 0 |
| Inventories | 20,635 | 23,055 | 21,881 | 23,289 |
| Receivables | 27,630 | 32,880 | 30,926 | 32,606 |
| Cash and Bank Balances | 18,080 | 26,460 | 36,946 | 47,791 |
| Loans and Advances | 0 | 0 | 0 | 0 |
| Other Current Assets | 3,840 | 5,780 | 4,253 | 4,630 |
| Less: Current Liabilities & Provisions | 35,240 | 43,430 | 36,904 | 37,408 |
| Payables | 18,270 | 21,520 | 20,235 | 22,027 |
| Other Current Liabilities | 16,970 | 21,910 | 16,669 | 15,381 |
| <i>sub total</i> | | | | |
| Net Current Assets | 34,945 | 44,745 | 57,102 | 70,908 |
| Total Assets | 72,185 | 83,005 | 95,770 | 110,340 |

E – Estimates

Important Ratios

| Particulars | FY24A | FY25A | FY26E | FY27E |
|---|-----------|-----------|-----------|-----------|
| (A) Margins (%) | | | | |
| Gross Profit Margin | 43.3 | 44.9 | 44.4 | 45.3 |
| EBIDTA Margin | 15.8 | 17.8 | 16.8 | 18.1 |
| EBIT Margin | 13.4 | 15.5 | 14.4 | 16.0 |
| Tax rate | 22.2 | 22.7 | 25.5 | 25.5 |
| Net Profit Margin | 10.3 | 12.5 | 12.2 | 13.7 |
| (B) As Percentage of Net Sales (%) | | | | |
| COGS | 56.7 | 55.1 | 55.6 | 54.7 |
| Employee | 5.1 | 5.2 | 5.2 | 5.1 |
| Other | 22.4 | 21.9 | 22.5 | 22.1 |
| (C) Measure of Financial Status | | | | |
| Gross Debt / Equity | 0.0 | 0.1 | 0.1 | 0.1 |
| Interest Coverage | 15.7 | 20.2 | 24.4 | 54.9 |
| Inventory days | 70 | 72 | 67 | 66 |
| Debtors days | 94 | 103 | 95 | 92 |
| Average Cost of Debt | 42.9 | 24.7 | 13.8 | 6.7 |
| Payable days | 62 | 68 | 62 | 62 |
| Working Capital days | 119 | 141 | 176 | 201 |
| FA T/O | 9.7 | 8.7 | 9.3 | 10.5 |
| (D) Measures of Investment | | | | |
| AEPS (Rs) | 15.1 | 19.9 | 19.8 | 24.2 |
| CEPS (Rs) | 18.7 | 23.7 | 23.6 | 27.9 |
| DPS (Rs) | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend Payout (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| BVPS (Rs) | 95.7 | 108.3 | 124.1 | 143.4 |
| RoANW (%) | 20.3 | 21.3 | 17.0 | 18.1 |
| RoACE (%) | 16.6 | 17.8 | 14.2 | 14.9 |
| RoAIC (%) | 21.3 | 24.9 | 21.9 | 25.3 |
| (E) Valuation Ratios | | | | |
| CMP (Rs) | 1428 | 1428 | 1428 | 1428 |
| Mcap (Rs Mn) | 1,038,730 | 1,038,730 | 1,038,730 | 1,038,730 |
| EV | 1,023,050 | 1,017,070 | 1,007,085 | 996,816 |
| MCap/ Sales | 9.7 | 8.9 | 8.8 | 8.1 |
| EV/Sales | 9.6 | 8.8 | 8.5 | 7.7 |
| P/E | 94.5 | 71.7 | 72.1 | 59.0 |
| EV/EBITDA | 60.4 | 49.1 | 50.8 | 42.7 |
| P/BV | 14.9 | 13.2 | 11.5 | 10.0 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| (F) Growth Rate (%) | | | | |
| Revenue | 10.5 | 8.6 | 2.0 | 8.9 |
| EBITDA | 34.3 | 22.2 | (4.2) | 17.7 |
| EBIT | 43.0 | 25.6 | (4.9) | 20.8 |
| PBT | 73.6 | 21.5 | (5.5) | 22.3 |
| APAT | 53.1 | 31.8 | (0.6) | 22.3 |
| EPS | 53.1 | 31.8 | (0.6) | 22.3 |

E – Estimates

Cash Flow

| Particulars | FY24A | FY25A | FY26E | FY27E |
|--|----------------|----------------|----------------|----------------|
| Profit before tax | 14,736 | 19,130 | 19,339 | 23,644 |
| Depreciation & w.o. | 2,641 | 2,740 | 2,754 | 2,706 |
| Net Interest Exp | 909 | 890 | 699 | 376 |
| Direct taxes paid | (3,744) | (4,640) | (4,931) | (6,029) |
| Change in Working Capital | (20) | (1,420) | (1,871) | (2,961) |
| Non Cash | (1,348) | (2,060) | (2,957) | (3,386) |
| (A) CF from Operating Activities | 13,174 | 14,640 | 13,032 | 14,350 |
| Capex {(Inc.)/ Dec. in Fixed Assets n WIP} | (1,422) | (5,340) | (2,006) | (2,153) |
| Free Cash Flow | 11,752 | 9,300 | 11,027 | 12,197 |
| (Inc.)/ Dec. in Investments | (4,930) | 1,590 | (1,140) | (1,300) |
| Other | 3,454 | 3,400 | 2,957 | 3,386 |
| (B) CF from Investing Activities | (2,898) | (350) | (188) | (68) |
| Issue of Equity/ Preference | 0 | 0 | 0 | 0 |
| Inc./(Dec.) in Debt | 567 | 2,400 | 501 | 576 |
| Interest exp net | (909) | (890) | (699) | (376) |
| Dividend Paid (Incl. Tax) | 0 | (3,638) | (2,910) | (3,638) |
| Other | (2,908) | (3,033) | 0 | 0 |
| (C) CF from Financing | (3,250) | (5,160) | (3,108) | (3,437) |
| Net Change in Cash | 7,026 | 9,130 | 9,736 | 10,845 |
| Opening Cash balances | 11,054 | 18,080 | 27,210 | 36,946 |
| Closing Cash balances | 18,080 | 27,210 | 36,946 | 47,791 |

E – Estimates

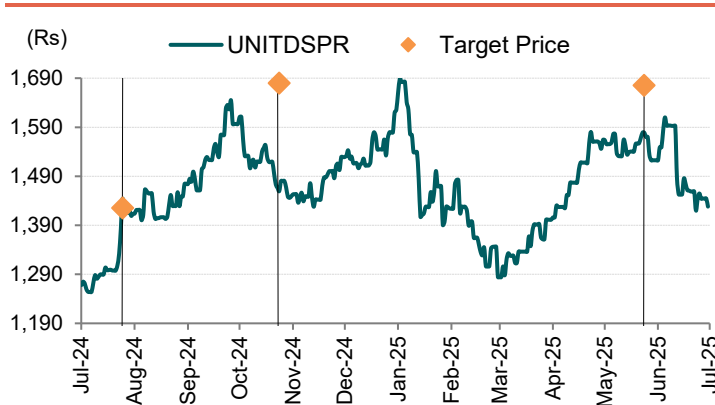
Notes

Dolat 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-24 | Reduce | 1,425 | 1,444 |
| Oct-24 | Accumulate | 1,680 | 1,460 |
| May-25 | Reduce | 1,675 | 1,579 |

*Price as on recommendation date

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