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20 YEARS

Initiating Coverage

United Spirits Ltd

30-March-2021

RETAIL RESEARCH

United Spirits Ltd

Industry	LTP	Base Case Fair Value	Bull Case Fair Value	Recommendation	Time Horizon
Alcobev	554	603	647	Buy at CMP and add on the dips to 499-505 band	2 quarters

HDFC Scrip Code	MCDLTDEQNR
BSE Code	532432
NSE Code	MCDOWELL-N
Bloomberg	UNSP:IN
CMP Mar 30, 2021	554
Equity Capital (cr)	145
Face Value (Rs)	2
Eq- Share O/S(cr)	72.7
Market Cap (Rscr)	40,256
Book Value (Rs)	52.4
Avg.52 Wk Volume (in '000s)	3176
52 Week High	661
52 Week Low	458

Share holding Pattern % (Dec 31, 2020)	
Promoters	56.76
Institutions	28.77
Non Institutions	14.47
Total	100.0

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Our Take:

United Spirits (UNSP) is the leader in the Indian spirits market, with ~33% volume share. It has an established portfolio of ~120 brands across the price spectrum, with 13 millionaire (million cases sold per annum) brands including 4 brands with over 10mn cases per annum in sales. McDowell's No.1, Royal Challenge, Signature, Antiquity, Black Dog, Director's Special Black, McDowell's Rum, McDowell's Brandy, Bagpiper, Old Tavern, Haywards are some of the marquee brands owned by the company. In addition, UNSP also imports, manufactures, distributes and sells various iconic Diageo brands such as Haig Gold Label, Captain Morgan, Johnnie Walker, J&B, Baileys, Lagavulin, Talisker, VAT 69, Black & White, Smirnoff and Ciroc in India under different licensing agreements. With over 50 manufacturing facilities spread across approximately 23 states and over 3 union territories in India, it has a pan-India manufacturing and distribution footprint, and a sticky franchise. This category is both stringently regulated and 'media dark' and that offers strong competitive advantage to the existing players. UNSP is majority owned by Diageo, the largest spirits player globally. After a bumpy post-takeover phase, Diageo over the last decade has improved UNSP's governance, strategy and business model – that led to boost in margins in tandem with market share. With UNSP dominating volume market share of the whisky segment in India, we believe they are well placed to ride on the rise in consumption of alcoholic beverages in India, driven by the underlying demographic advantage and the change in perception towards alcohol.

Valuations & Recommendation:

Diageo is a global leader with 17% share in spirits and 40% in scotch globally. India being the largest whiskey market, is very important for Diageo. Over the past few years, UNSP management has tightened their seat belts and made a number of positive changes in the company. Their focus on premiumisation, de-focussing of popular category brands, debt reduction, digital push, cost optimization, better product mix and supply chain management are well reflected in the higher margins and superior growth rate of the company. The alcohol beverage industry which was already facing the heat due to strict regulatory measures and weak consumer sentiment was further beaten down by Covid-19 and resulting lockdown, however with economy opening up, the overall consumption is improving sequentially. The long-term growth drivers (low per capita consumption, favourable demographics, changing perception towards alcohol and up-trading from country liquor) still remain intact which would lead to steep volume recovery and thereby better operating efficiencies over next few quarters. Benign raw material prices, increased premiumisation and strict cost control, coupled with deleveraging will lead to higher profitability. While challenges still persist, the worst seems to be behind the company and so we recommend a buy on the stock at CMP with add on dips to Rs.499-505 band for a base case target of Rs. 603 (41XFY23E EPS) and a bull case target of Rs.647 (44XFY23E EPS).

Financial Summary (Rs Cr)

Particulars (Rs cr)	Q3FY21	Q3FY21	YoY-%	Q2FY21	QoQ-%	FY20	FY21E	FY22E	FY23E
Net Revenues	2146	2296	(6.55)	1030	108.30	9091	8016	9918	10657
EBITDA	270	416	(35.11)	-78	(447.55)	1508	908	1514	1694
APAT	128	225	(42.83)	-140	(191.52)	790	430	909	1069
Diluted EPS (Rs)	1.80	3.10	(41.94)	-1.90	(194.74)	10.88	5.92	12.52	14.71
P/E (x)						50.92	93.59	44.26	37.65
EV/EBITDA						28.04	45.66	27.10	23.68
RoE-%						22.77	10.79	19.69	19.06

Long Term Triggers:

Demographics to ensure strong growth:

Despite being a country with a population of ~1.3 bn, of which ~60% lies within the age group of 15-55 years, India's per-capita consumption of alcoholic beverages stands abysmally low at ~2.6 litres per annum. On the other hand, for most countries, the per capita consumption of alcohol exceeds 10 litres per annum. Going forward, we believe that the Indian alcohol (including IMFL) industry provides a lucrative opportunity for players, in the light of; (1) Rising income levels, fuelling discretionary spends - As per industry sources, the pace of growth of consumption in Tier-2/3/4 cities as well as rural areas could outpace that of urban cities. This would be beneficial for UNSP, considering its well-entrenched manufacturing and distribution footprint across India.

(2) Changing consumption patterns, led by aspirational consumption - Changing social norms, acceptability of social drinking and increasing consumption by women are all drivers that could catapult demand growth over the long run. Moreover, with the rise in discretionary income, consumers would tend to upgrade their preferences, resulting in higher demand for prestige and above segments. By virtue of its expansive portfolio across all price points, UNSP would stand to benefit from these. (3) An increasing portion of the population entering the legal drinking bracket each year - An estimated ~25mn of the populace is touted to enter the legal drinking bracket (which varies from 18 to 25 years across states) each year. Such a favourable demographic index augurs well for the industry.

Dominant player with strong portfolio:

In the IMFL industry, Brown spirits (whiskey, brandy and rum) dominate the consumption pattern in India, as compared to the white spirits (gin and vodka). Brown spirits account for more than 90% of the consumption, in both volume and value terms. UNSP is the largest spirits player in India, garnering ~33% volume share of the market. UNSP has a strong product portfolio with 120 of its own brands, of which 13 are millionaire brands. UNSP's product portfolio encompasses all categories of IMFL, namely whiskey, brandy, rum, gin and vodka. A distinguishing characteristic of UNSP is its established product portfolio - across segments and price points. Over the years, UNSP's brands have developed a strong brand recall among consumers, which is evident from its notable market share.

Segment-wise Key Brands:

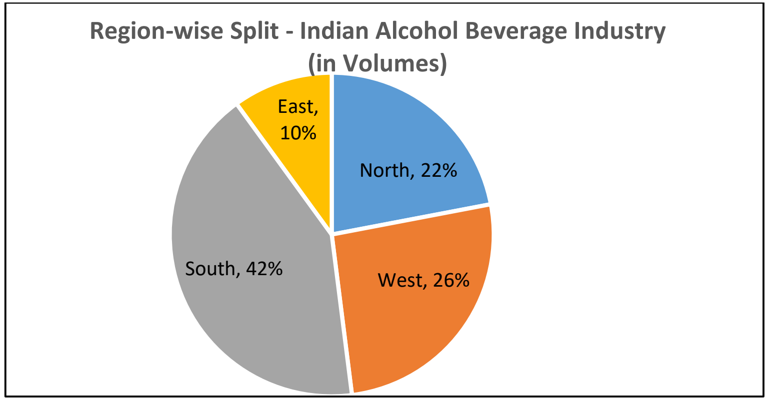
Category	Whiskey	Brandy	Rum	Gin	Vodka
Luxury	Johnnie Walker			Tanqueray	Ketel One
	Gold Label Reserve				Ciroc
	Glenfiddich				
	Singleton				
	Talisker				
Premium	VAT 69		Captain Morgan		Smirnoff
	Black & White				
	Black Dog				
Prestige	McDowell's No.1 Original	McDowell's VSOP	McDowell's No.1 Cariba		Romanov Red
	McDowell's No.1 Platinum	Honey Bee			
	McDowell's No.1 Luxury				
	Royal Challenge				
	Signature				
	Antiquity				
Popular	Director's Special	McDowell's	McDowell's No.1 Celebration	Blue Riband	Romanov
	Old Tavern		Bagpiper Rum		White Mischief
	Bagpiper				
	Haywards				

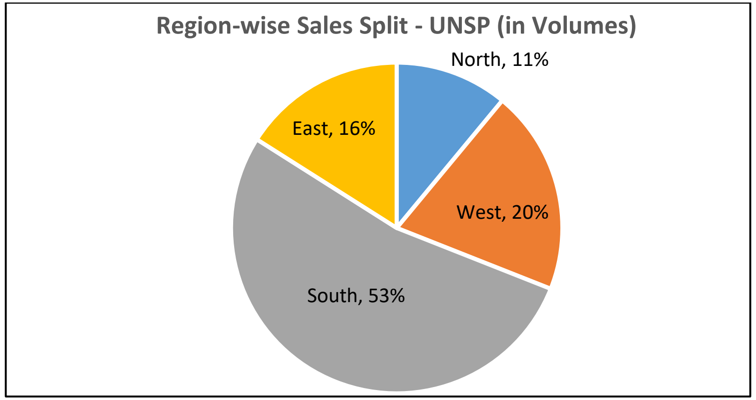
Mrs. Hina Nagrajan to be the new MD and CEO:

Effective from April, 2021 Ms. Hina Nagarajan has been appointed as Chief Executive Officer, who will closely work with Mr. Anand Kripalu up to June 30, 2021. Thereafter, Mr. Anand Kripalu will step down as the Managing Director & Chief Executive Officer. Mrs. Nagarajan is currently managing director, Africa Regional Markets (ARM) at Diageo, UNSP's parent company. Prior to joining Diageo, she has spent more than three decades in consumer-packaged goods businesses, holding senior marketing and general management positions at Reckitt Benckiser, Nestle India, and Mary Kay India.

Entrenched footprint - A key distinguisher:

The Indian alcohol industry is highly regulated on a state level. Every state has its own set of regulations governing alcohol manufacture and distribution, retailing, pricing, levies and duties etc. Also, to a large extent, inter-state transportation attracts levies. Moreover, the Indian alcohol market is a media-dark industry, where advertising is restricted. Stringent state-wise regulations and restrictions on advertising could create challenges for new players to enter this market, and create a loyal customer base for their products. These aspects act as a strong advantage for UNSP's business, given its pan-India manufacturing and distribution footprint, as well as established product portfolio with notable brand recall. UNSP's strong distribution network and point of sale coverage spans across more than 65,000 outlets across India. Company's products are manufactured across more than 50 locations in India of which 15 manufacturing facilities across 10 states and 1 union territory are owned by the company Maharashtra and Karnataka are key markets for UNSP, both contributing approximately ~40% to overall volumes. States such as Telangana, Rajasthan, Uttar Pradesh, Andhra Pradesh and Haryana, each contribute 4-7% to UNSP's volumes. Thus, 75-80% of the volumes can be attributed to these states. Also, over the years, UNSP has gradually exited or reduced volumes in regions with low profitability.

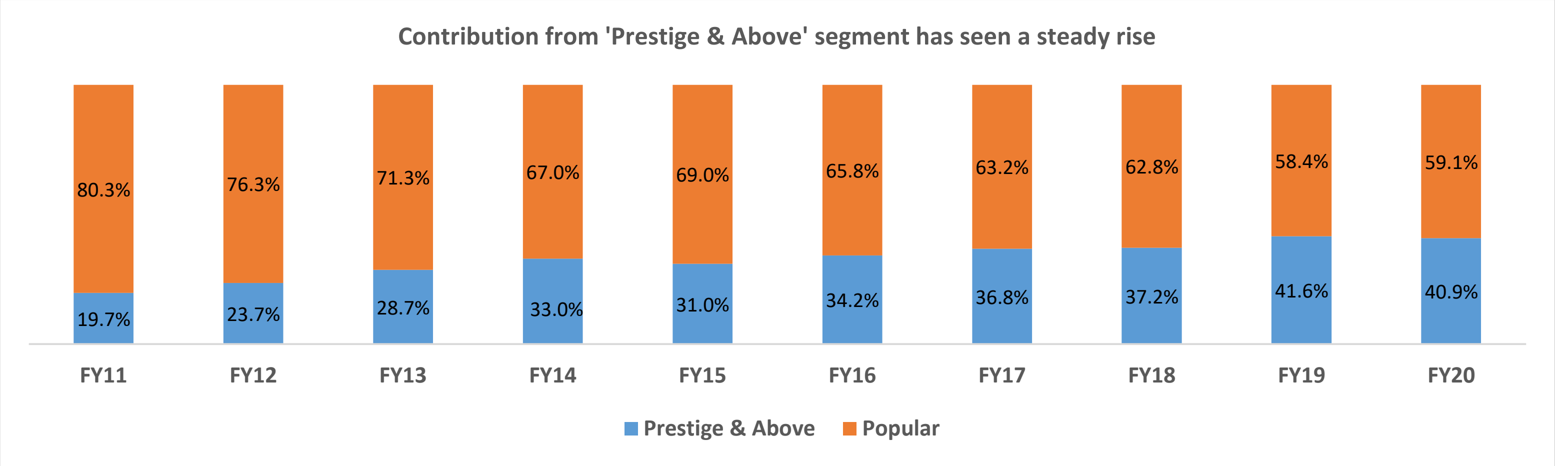




United Spirits Ltd

Transit to Premiumisation:

Predominantly the whiskies in India are positioned in value segment. However, UNSP has focused on premiumisation. This strategy has progressed well, considering that the prestige and above segment currently contributes ~68% to UNSP's revenue and ~51% to its volumes, from ~55% to revenues and 36% to volumes in FY16. We believe that the Indian alcohol market is in a favourable phase of transition, led by (1) Presence of global players as market leaders to upgrade industry standards, aligning them to best global practices, (Diageo is the promoter of UNSP, Heineken that of United Breweries) and (2) Focus on premiumisation and improving the product mix (shifting focus from volume to value) could result in improved profitability and consequently better return ratios. This premiumisation journey has facilitated UNSP to enhance its margins in spite of rising input costs and multiple disruptions over the past few years. Pernod Ricard enjoys the higher gross margins, of ~50% (vs UNSP's ~44.8%), as it operates only in the Prestige & Above segment. UNSP leads the market in the lower-prestige sub-segment, while in the mid- and upper-prestige sub-segments Pernod Ricard is the market leader. In order to gain traction in these sub-segments, UNSP recently renovated/relaunched its core whiskey brands, McDowell's No1 and Royal Challenge. Pernod Ricard's high gross margin and operational efficiencies imply the underlying potential that exists in the IMFL category. Though, the difference exists in the way companies operate their businesses, UNSP can get close to PRI's operating margins via premiumization drive and operational cost efficiencies.

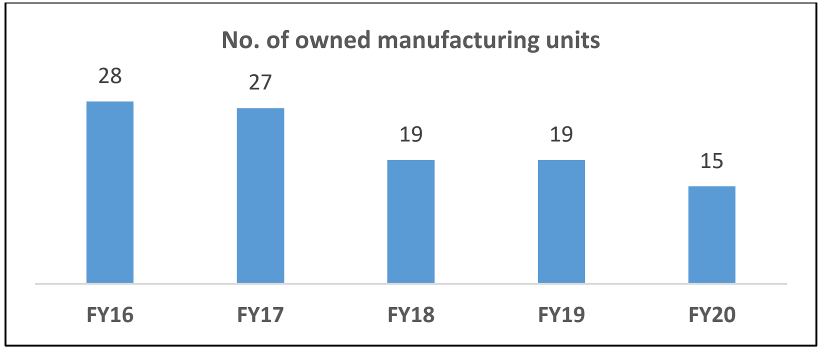


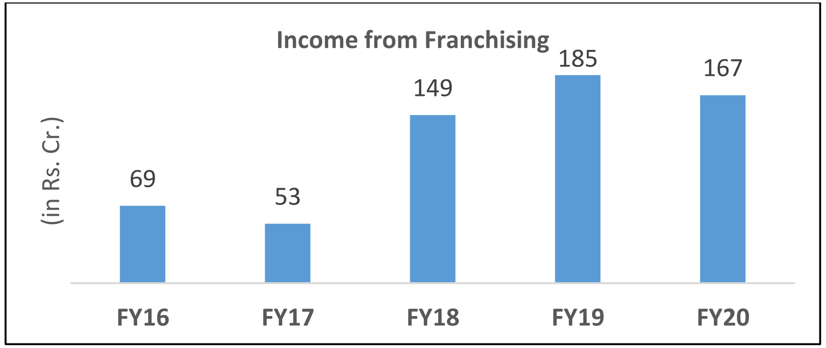
RETAIL RESEARCH

Strategic Review of Selected Popular Brands –UNSP is initiating a strategic review of selected Popular brands, continuing the strategy towards long-term profitable growth through premiumising the company's portfolio. UNSP's Popular portfolio comprises around 30 brands and the strategic review will focus on approximately half of this portfolio by volume. This review will not include the McDowell's or Director's Special trademarks. The strategic review is expected to be completed by the end of the 2021 calendar year. This review reinforces UNSP's commitment to deliver sustainable long-term growth and improved profitability, through a sharpened focus on core Popular and Prestige & Above brands, including international brands.

Franchising: A win-win strategy:

With a view to focus on its prestige and above brands and downsize its non-profitable regular portfolio, UNSP has started franchising select regular brands in certain states, starting January 2017. At present, UNSP has brand franchise agreements (typically for 3-5 years) across 13 states. UNSP has entered into a fixed-fee-based franchise model, wherein the company would franchise its select regular brands in that particular state, and in turn, receive a fixed annual fee from the franchisee partner. As per this arrangement, manufacturing, distribution, other variable costs, as well as working capital would be borne by the franchisee partner. Thereby, UNSP's manufacturing and sales bandwidth would be focussed on their high-margin prestige and above portfolio. On the other hand, the franchisee would also be incentivised to produce and sell higher volumes, as they have to pay a fixed fee to UNSP. Any benefits incurred owing to operating leverage would benefit the franchisees. We believe this franchising strategy would continue to benefit UNSP in the form of improved profitability (non-profitable regular brands being franchised and UNSP receiving a fixed fee in return) and reduction in working capital. The company could also rationalise its manufacturing footprint like it has been doing since past few years, going ahead.





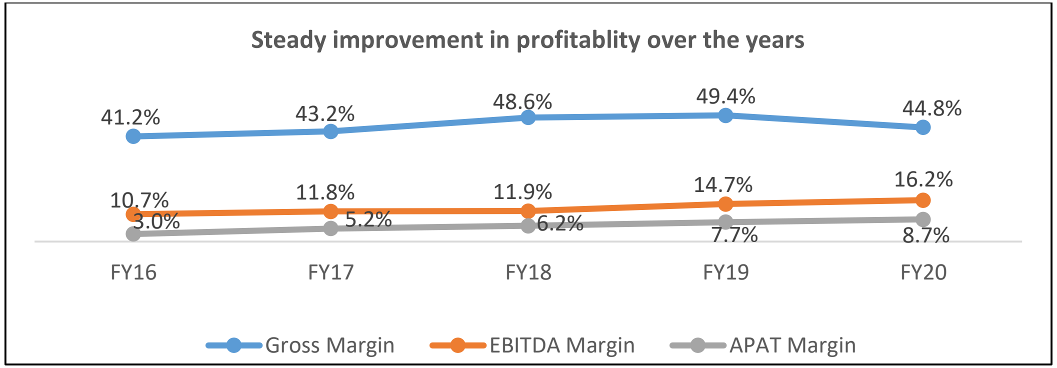
Short Term Triggers

Relief on Raw Material Costs:

ENA and Glass are key raw materials for UNSP. The prices of the same were fairly stable in FY17-FY19 period which is reflected in better gross margins. However, the prices of ENA which makes roughly 40% of the RM costs prices had shot up in H1FY20, leading to margin pressures on the industry. Part of the reason was, the increased blending by the OMC companies, leading to additional requirement of ENA in the country, due to which there was a short fall for the Alcohol and Chemical industries. However, at historically low levels of Crude in H1FY21, the OMC's ENA requirement had decreased for the short term (because of reduction in demand due to the virus, as well as cheaper rates of crude). This gave some relief to UNSP and the industry. Going ahead ENA inflation is expected to be mild due to the recent Ethanol Blending Policy introduced by the government and glass prices might see only a mild inflationary pressure. Thus, we believe rising raw material costs to be thing of past.

Improving Margin Profile:

As mentioned above, UNSP has over the years optimized its portfolio and state mix to garner better profitability. After Diageo took control of UNSP in 2014, the company has focused on premiumisation. Increasing contribution from Prestige & Above segment has helped the company to enhance its gross margins (Prestige & Above segment's gross margins are ~3.5X of popular segment) with an exception in FY20 where industry witnessed steep inflation in raw material prices. Further UNSP curtailed production of some low-margin products in select markets and also started franchising popular brands in some markets by way of fixed fee and reduction in working capital requirements. The management has been proactive and has undertaken numerous rationalisation and restructuring initiatives for better productivity. It further upped its game with cost cutting and other operational measures along with supply chain efficiency which has generated cost savings to the tune of Rs. 780 Cr over FY16-FY19. Recently, the company has undertaken strategic review which will to deliver sustainable long-term growth and improved profitability, through a sharpened focus on core Popular and Prestige & Above brands, the outcome of which is expected to be shared by end of calendar year. EBITDA margins have significantly improved from 10.7% in FY16 to 16.6% in FY20. PAT margins have steadily improved as UNSP has over the years de-leveraged its balance sheet. We expect debt levels to come down further which would aid profitability.

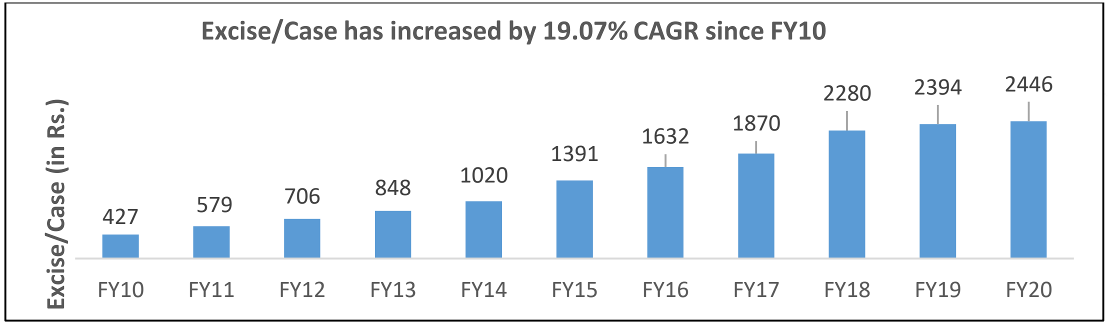


Strengthening Balance Sheet:

The company's debt metrics improved to Net Debt/EBITDA of 1.4x as on FY20 and interest coverage of 6.7x in FY20 from Net Debt/EBITDA of 4.7x as on FY16 and interest coverage of 1.8x in FY19 on the back of healthy operating accruals. UNSP also repaid ~Rs. 2,127 Cr debt from FY16, the current net debt stands at ~Rs. 2,039 Cr. While the debt reduction measures are continuing, we expect further deleveraging at UNSP over the next 1-2 years supported by robust cash flows. This can further lead to re-rating of company. Franchising along with supply chain efficiency has nearly halved the working capital cycled leading to improved return ratios.

Regulatory Hurdles:

The Indian alcohol industry is highly regulated on a state level. Alcohol tax revenue goes directly to the state government unlike other goods which are under the purview of the Goods and Services Tax (GST). The GST goes to the central government and not directly to the state government. Every state has its set of regulations which govern the value chain of industry players. These typically govern alcohol manufacturing, retailing, pricing, levies and duties (eg: excise duty) etc. Liquor industry contributes 10-30% to revenues of states by the way of taxation. There has been a sharp increase in duties over the years. Hence, the excise per case for alcoholic beverage players has gone up significantly. Accordingly, even a small change in the duty pushes the prices of alcohol beverages at retail level thereby affecting the volumes in the near term after which the market stabilizes and absorbs the rise in selling price. Also, if we consider the ratio of excise duty adjusted to alcoholic content, IMFL appears to be more affordable than beer, as it exhibits a higher 'alcohol/price' ratio. Over time, this could act as a trigger for consumers switching to IMFL from beer as IMFL provides higher value for money.



Covid-19 impact and subsequent recovery:

In the beginning of the COVID-19 lockdown in India, the country implemented an alcohol sales ban. When the lockdown measures were relaxed on May 4, 2020, India decided to lift the sales ban on alcohol. Accordingly, from May 4, 2020 onwards L6 and L8 type liquor stores were allowed to open. This is about 50% of ~75,000 liquor stores in the country. Several Indian states increased alcohol taxes soon after the decision to re-open liquor stores in the country. Many state governments cited revenue from alcohol sales as the reason for increasing alcohol taxation during COVID-19, and surprisingly not as a public health policy solution – but as pure revenue generation measure.

States which imposed Corona cess on liquor in May to compensate for the revenue deficit during Covid-19 lockdown saw sale of alcohol plummeting by more than half during the relaxation phase. Based on the data, CIABC (apex body of the Indian Alcoholic Beverage Industry) has urged state governments to reduce the Corona cess to a sustainable level stating that heavy taxation has proved counterproductive resulting in sales decline and downtrading. With the economy returning to normal, state revenues have improved in the last two quarters. Hence, we believe states are likely to refrain from irrational excise hikes on alcohol beverages.

Increase in alcohol tax during Covid-19:

State	Rate hike during Covid-19	Recent Development
Rajasthan	10% increase in excise duty on IMFL	Withdrew the hike but only for beer
Delhi	70% Covid Cess on MRP	Rolled back 70% covid cess & increased VAT by 5%
Karnataka	11% increase in excise duty	
Andhra Pradesh	75% increase in excise duty	Reduced by 2-30%

Telangana	15% Covid Cess on MRP	
West Bengal	30% additional sales tax	Withdrew the hike but only for beer
Odhisa	30% Covid Cess on MRP	Reduced to 15%
Punjab	Additional excise of Rs. 10 per bottle	
Tamil Nadu	15% increase in excise duty	
Kerala	35% Covid Cess on IMFL	
Assam & Meghalaya	25% increase in excise duty	Withdrew the hike
Uttar Pradesh	Hike of Rs. 5 to Rs 400 depending upon type and size	
Jammu & Kashmir	50% increase in excise duty	Withdrew the hike
Goa	20% increase in excise duty	

Key Risks:

Constantly changing regulatory environment: The industry is exposed to multiple regulatory risks emanating from state taxes, adverse ruling from courts and changes in regulations with respect to pricing, licensing, working of operating facilities, manufacturing processes, marketing, advertising and distribution.

Pricing challenges: Pricing continues to remain a challenge for the category since with continuous increase in excise duties, end consumer prices continue to experience upsurge with no benefit to the company.

Political Risk: Increased tendency towards prohibition in an election year. Another concern emerges from the dependence on state governments to get price increases. Margins may get severely impacted in case of inflation in raw material costs or any increase in cost due to change in regulations.

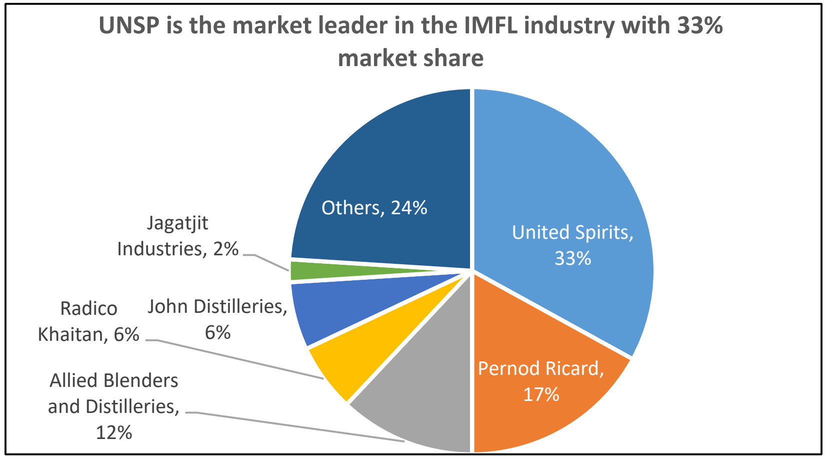
Distribution Concerns: Significant changes in route to market strategies by various state governments pose a concern on establishing distribution network with new intermediaries. This also poses credit risk in case the existing distributors default due to the closure of their respective businesses.

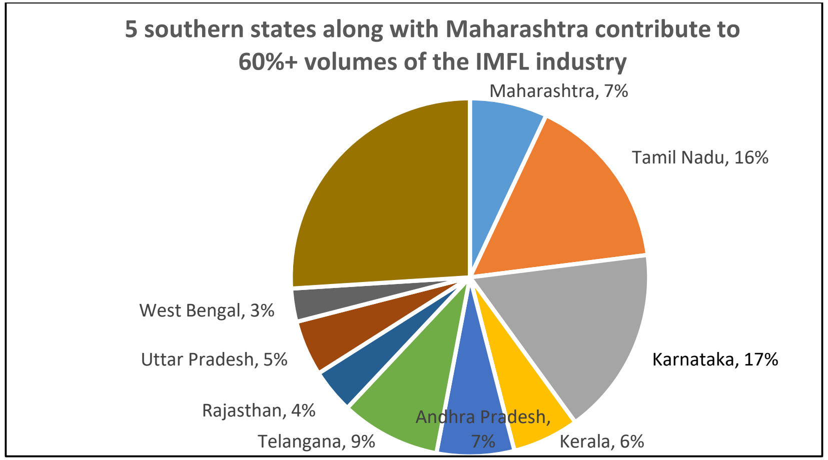
Illegal Liquor: Prohibition in certain states poses a threat to legitimate sales and gives rise to inter-state smuggling impacting industry growth. This may also lead to a proliferation of country liquor sales in absence of / curtailed availability of branded products.

United Spirits Ltd

About Company

United Spirits Ltd (UNSP) is the largest alcoholic beverage company in India and is the second largest spirits company in the world by the volume and is subsidiary of Diageo PLC (55.94% Shareholding). The company is involved in the manufacture, sale and distribution of beverage alcohol. It has a comprehensive brand portfolio with over about 120 brands of Scotch, Whisky, Brandy, Rum, Vodka and Gin. 11 of these brands sell more than a million cases annually. UNSP has brands spanning across price points operating in all segments of Popular, Prestige, Premium and Luxury. The company produces and sells around 80 million cases. McDowell's No.1, Royal Challenge, Signature, Antiquity, Black Dog, Director's Special Black, McDowell's Rum, McDowell's Brandy, Bagpiper, Old Tavern, Haywards are some of the marquee brands owned by the company. In addition, UNSP also imports, manufactures, distributes and sells various iconic Diageo brands such as Haig Gold Label, Captain Morgan, Johnnie Walker, J&B, Baileys, Lagavulin, Talisker, VAT 69, Black & White, Smirnoff and Ciroc in India under different licensing agreements. UNSP has a strong distribution network, and its route to consumer is superior in the industry with almost 1 in every 2 branded spirits bottles being sold in India coming from the company's portfolio. As per a UK India Business Council Report (2017), the IMFL contributed 65/35% in value and volume terms to the entire industry. UNSP is the market leader with more than 45% market share in whisky, which comprises ~73% value of total liquor sold in India.





United Spirits Ltd

Financials (Standalone)

Income Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	**8981**	**9091**	**8016**	**9918**	**10657**
Growth (%)	9.92	1.23	-11.83	23.73	7.45
Operating Expenses	7657	7583	7107	8404	8963
EBITDA	**1323**	**1508**	**908**	**1514**	**1694**
Growth (%)	**35.58**	**13.96**	**-39.76**	**66.66**	**11.89**
EBITDA Margin (%)	**14.74**	**16.59**	**11.33**	**15.26**	**15.90**
Depreciation	145	228	274	320	342
EBIT	**1179**	**1281**	**634**	**1194**	**1352**
Other Income	62	46	46	48	56
Interest expenses	220	191	174	125	92
PBT	1021	1135	506	1117	1316
Tax	333	430	251	335	341
APAT	**688**	**790**	**430**	**909**	**1069**
Growth (%)	35.68	14.83	-45.59	111.46	17.55
EPS	**9.47**	**10.88**	**5.92**	**12.52**	**14.71**

Balance Sheet

As at March (in Rs. Cr.)	FY19	FY20	FY21E	FY22E	FY23E
SOURCE OF FUNDS					
Share Capital	145	145	145	145	145
Reserves	2986	3664	4019	4929	5998
Shareholders' Funds	**3132**	**3810**	**4165**	**5074**	**6143**
Long Term Debt	764	0	0	0	0
Short Term Debt	1825	2073	1469	1084	833
Total Source of Funds	**5772**	**5813**	**5641**	**6166**	**6985**
APPLICATION OF FUNDS					
Net Block	1245	1256	1152	1009	850
Investment in Subsidiaries	298	253	240	228	217
Other Non-Current Assets	2211	2067	2202	2354	2525
Total Non Current Assets	**3755**	**3575**	**3594**	**3591**	**3592**
Inventories	1877	1836	1669	2038	2190
Trade Receivables	2518	2284	2013	2491	2677
Other Current Assets	454	628	554	685	736
Total Current Assets	**4848**	**4747**	**4236**	**5214**	**5602**
Trade Payables	1336	1171	1164	1413	1518
Other Current Liab & Provisions	1554	1373	1266	1528	1650
Total Current Liabilities	**2890**	**2545**	**2430**	**2941**	**3168**
Net Current Assets	1958	2203	1806	2273	2435
Cash & Equivalents	59	35	241	302	959
Total Application of Funds	**5772**	**5813**	**5641**	**6166**	**6985**

(Source: Company, HDFC sec)

United Spirits Ltd

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	1021.1	1135.4	506.3	1117.0	1316.0
Non-operating & EO items	-62.2	-45.5	-46.1	-48.0	-55.7
Interest Expenses	220.0	190.7	173.8	124.6	91.5
Depreciation	144.5	227.5	274.3	320.4	342.3
Working Capital Change	364.1	-244.6	396.4	-466.5	-161.6
Tax Paid	-332.8	-430.0	-251.0	-335.0	-341.2
OPERATING CASH FLOW (a)	**1354.7**	**833.5**	**1053.8**	**712.4**	**1191.3**
Capex	-289.7	-238.1	-170.3	-177.7	-183.3
Free Cash Flow	1065.0	595.4	883.5	534.7	1008.0
Investments	-231.1	68.6	-44.6	-139.4	-158.6
Non-operating income	32.5	131.2	121.1	48.0	55.7
INVESTING CASH FLOW (b)	**-488.3**	**-38.3**	**-93.8**	**-269.2**	**-286.1**
Debt Issuance / (Repaid)	-676.5	-515.9	-604.2	-385.0	-251.3
Interest Expenses	-220.0	-190.7	-173.8	-124.6	-91.5
FCFE	-1384.8	-744.9	-871.9	-778.8	-628.9
Share Capital Issuance	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0
Others	-30.9	-26.5	0.0	0.0	0.0
FINANCING CASH FLOW (c)	**-927.4**	**-733.1**	**-778.0**	**-509.6**	**-342.8**
NET CASH FLOW (a+b+c)	**-61.0**	**62.1**	**182.0**	**-66.4**	**562.4**

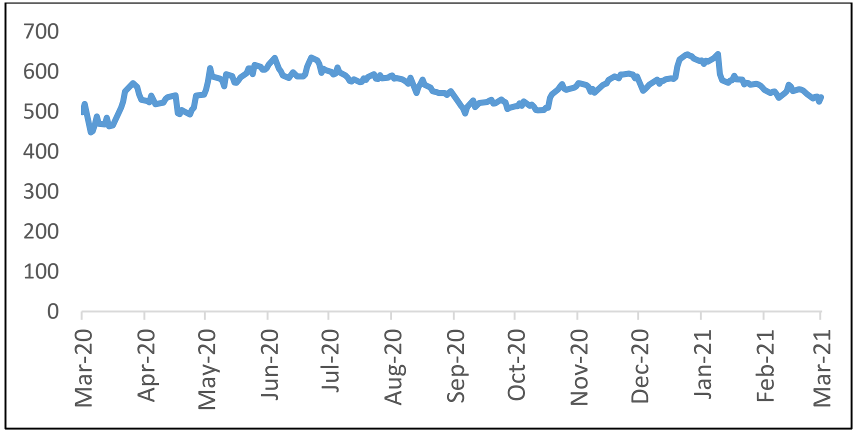
Key Ratios

Particualrs	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin (%)	14.7	16.6	11.3	15.3	15.9
EBIT Margin (%)	13.1	14.1	7.9	12.0	12.7
APAT Margin (%)	7.7	8.7	5.4	9.2	10.0
RoE (%)	24.4	22.8	10.8	19.7	19.1
RoCE (%)	14.1	14.5	5.6	14.2	16.8
Solvency Ratio					
Net Debt/EBITDA (x)	1.9	1.4	1.4	0.5	(0.1)
Net D/E (x)	0.8	0.5	0.3	0.2	(0.0)
PER SHARE DATA					
EPS (in Rs.)	9.5	10.9	5.9	12.5	14.7
CEPS (in Rs.)	11.5	14.0	9.7	16.9	19.4
BV (in Rs.)	43.1	52.4	57.3	69.8	84.6
Dividend	-	-	-	-	-
Cash Conversion Cycle (days)	79.6	88.4	82.3	83.7	83.4
Debtor days	102.3	91.7	91.7	91.7	91.7
Inventory days	76.3	73.7	76.0	75.0	75.0
Creditors days	54.3	47.0	53.0	52.0	52.0
VALUATION					
P/E (x)	58.5	50.9	93.6	44.3	37.7
P/BV (x)	12.9	10.6	9.7	7.9	6.6
EV/EBITDA (x)	32.3	28.0	45.7	27.1	23.7
EV / Revenues (x)	4.8	4.7	5.2	4.1	3.8
Dividend Yield (%)	-	-	-	-	-

(Source: Company, HDFC sec)

United Spirits Ltd

One Year Price Chart



(Source: Company, HDFC sec)

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