7 January 2021

Company Update | Sector: Consumer

United Spirits

BSE SENSEX	S&P CNX
48,093	14,137

UNITED SPIRITS

A DIAGEO Group Company

Bloomberg	UNSP IN
Equity Shares (m)	727
M.Cap.(INRb)/(USDb)	445.9 / 5.8
52-Week Range (INR)	743 / 443
1, 6, 12 Rel. Per (%)	-2/-28/-9
12M Avg Val (INR M)	1807

Financials & Valuations (INR b)

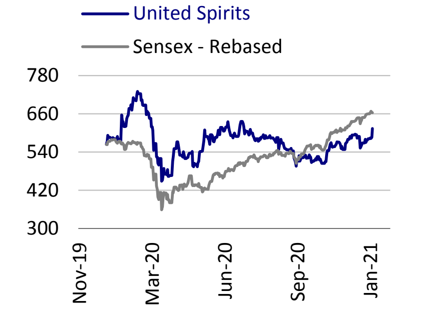
Y/E March	2020	2021E	2022E	2023E
Sales	90.9	84.2	98.5	108.6
Sales Gr. (%)	1.2	-7.4	17.0	10.3
EBITDA	15.1	10.6	16.4	20.4
Margin (%)	16.6	12.6	16.6	18.8
PAT	7.9	4.9	9.7	12.9
EPS (INR)	10.9	6.7	13.3	17.7
EPS Gr. (%)	16.9	-38.6	99.6	32.7
BV/Sh.(INR)	52.4	58.0	71.4	89.1
Ratios				
RoE (%)	20.8	11.5	18.7	19.9
RoCE (%)	17.3	18.4	26.0	27.3
Payout (%)	0.0	0.0	0.0	0.0
Valuations				
P/E (x)	56.4	91.8	46.0	34.7
P/BV (x)	11.7	10.6	8.6	6.9
EV/EBITDA (x)	30.4	42.4	27.1	3.6

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	56.8	56.8	56.8
DII	9.2	9.4	7.9
FII	18.8	19.7	22.4
Others	15.2	14.2	12.9

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR614 TP: INR750 (+22%) Upgrade to Buy

Raising a toast to growth – upgrade to Buy

We believe United Spirits (UNSP)'s prospects are favorable owing to the following factors.

- **Sharper-than-expected recovery; likely to sustain –** Sharp excise increases were seen over Apr–May'20 amid the COVID outbreak, leading to the expectation of a nosedive in sales and volumes. However, in a positive surprise, the company witnessed a strong recovery in 2QFY21, driven by robust in-home consumption. With various occasions of indulgence restricted (outdoor social activity, cinemas, and travel and tourism), spirits offered a convenient alternative for in-home consumption. Accordingly, after 49% volume decline YoY in the lockdown impacted 1QFY21, volume decline was arrested to just 3.9% in the 2QFY21. Hence, we expect volume growth in the positive territory in 3QFY21.
- **Continued high off-trade sales likely to favor spirit players –** On-trade sales (20–25% of total sales) are not likely to normalize anytime soon, particularly with 50% capacity restriction. The bulk of sales is still contributed by in-home consumption. Therefore, spirit players stand to benefit as spirits are more suitable for in-home consumption than beer. Accordingly, visibility for the next few quarters is much better for spirit companies (v/s beer companies) – UNSP is the largest listed player among the spirit players. The stark difference in volumes (reflected in ~4% volume decline for UNSP v/s ~48% decline for UBBL in 2QFY21) is likely to be a feature in FY22 as well. Furthermore, the crucial summer season demand for beer (1QFY22) – a quarter that contributes ~40% to full-year EBITDA for UBBL – is unlikely to achieve normal levels due to the drag on the on-trade channel.
- **Return of premiumization gradually narrowing gap v/s Pernod Ricard's margins –** Premiumization was back in the game from 2QFY21, with the Prestige and Above (P&A) segment reporting slower decline v/s the Popular segment following nearly equivalent decline in 1QFY21. We believe the gap between the two segments would remain significant even when growth resumes. EBITDA margins at 16.6% in FY20 are still a long way from the mid-20% margins of the unlisted Pernod Ricard India (PRI), which operates entirely in the P&A segment. As the P&A segment's share in UNSP's revenues (65% in FY20) keeps on increasing, the margin gap with PRI would continue to narrow.
- **Commendable historical earnings track record –** UNSP's sales CAGR of ~3% in the last five years has been below expectations. However, EBITDA/PBT/PAT CAGR has been quite strong at ~18%/~39%/33% over this period. As the margin gap with Pernod Ricard narrows and debt repayments continue, earnings growth is likely to be healthy at a 17% CAGR over FY20–23E. Notably, this comes despite the sharp COVID impact seen in 1HFY21, which resulted in net loss for the period as EBITDA declined 76% YoY.

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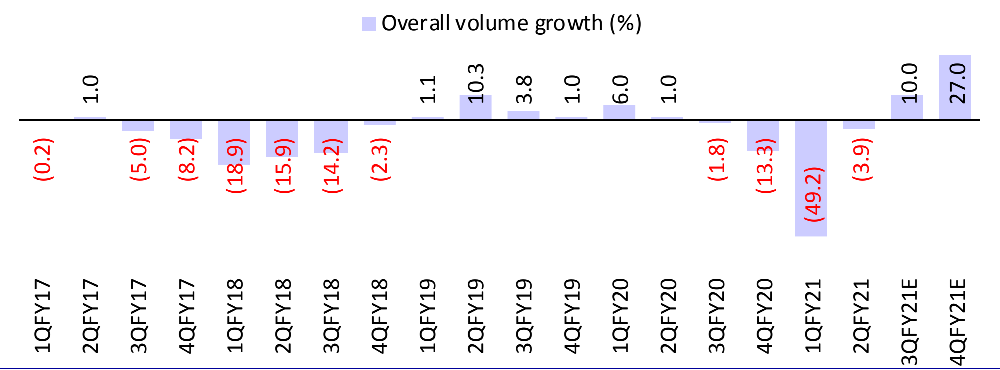
- **Benign material costs, contrary to fears –** Contrary to fears of sharp escalation in 2HFY21, molasses cost continued to be benign in 3QFY21, with a likely benign outlook as well.
- **No material working capital impact; debt repayment on track –** With state finances affected due to COVID, we anticipated an increase in receivable days. As this has fortunately not played out, there has been no material deterioration in working capital. At the same time, debt repayment, a key factor for earnings growth in the last five years, continues unhinged.
- **Underperforming stock; inexpensive relative valuations –** Since our downgrade to Neutral in May'20, UNSP has been the worst performer among discretionary stocks. Valuations, on the other hand, are at a 25% discount to our Coverage Universe at 46x FY22 EPS and 34.7x FY23 EPS. With an improving outlook, we upgrade UNSP to BUY, with TP of INR750, valuing the company at 45x Dec'22 EPS.

Sharper-than-expected recovery

- Sharp excise increases seen over Apr–May'20, amid the COVID outbreak, led to expectations of a plunge in the sales and volumes of UNSP. However, contrary to fears, volume growth in spirits has recovered strongly, led by in-home consumption. With various occasions of indulgence restricted (outdoor social activity, cinemas, and travel and tourism), spirits offered a convenient alternative for in-home consumption. Furthermore, spirit players benefited more (v/s beer companies) as a) spirits do not require refrigeration, unlike beer, and b) beer is consumed more socially and in a group, but spirits not necessarily so. Accordingly, after 49% volume decline YoY in the lockdown impacted 1QFY21, volume decline was arrested to just 3.9% in the 2QFY21. Hence, we expect volume growth in the positive territory in 3QFY21.

Exhibit 1: UNSP's volumes declined sharply due to COVID-led lockdown, but are expected to recover in the coming quarters



Source: Company, MOFSL

- We note that the base is highly favorable from 3QFY21.
- Various states have also reduced the extent of effective excise increase in recent months.

Timeline of excise increases

A. Pre-COVID escalation

- **12th Feb**: Goa increased rates by ~30%, with a consequent price increase of around 25%. We reckon Goa contributes 3–4% to UNSP and UBBL's sales. Despite this increase, excise in Goa continues to be among the lowest in India.
- **6th Mar:** Karnataka increased excise by 6% (news link). Subsequently, companies took a similar price increase. We reckon Karnataka contributes 25% to UNSP's sales and 14% to UBBL's sales.

B. During the COVID-led lockdown

- **30th Apr:** Rajasthan announced a 10% excise increase and allowed a price rise of 10% (news link). We reckon the state contributes 3–4% to the sales of both UBBL and UNSP.
- **3rd May:** Haryana announced it would consider increasing excise duty, but it is yet to decide on the quantum (news link).
- **4th and 5th May:** Andhra Pradesh announced an effective 75% increase in excise over two days (news link). We reckon the state contributes 4% to the sales of UNSP and 6% to the sales of UBBL. The price increase is yet to be determined.
- **4th May:** Delhi announced 70% COVID cess on liquor (news link). An effective price increase is yet to be determined. We reckon Delhi contributes around 3% to the nationwide sales of UBBL and UNSP.

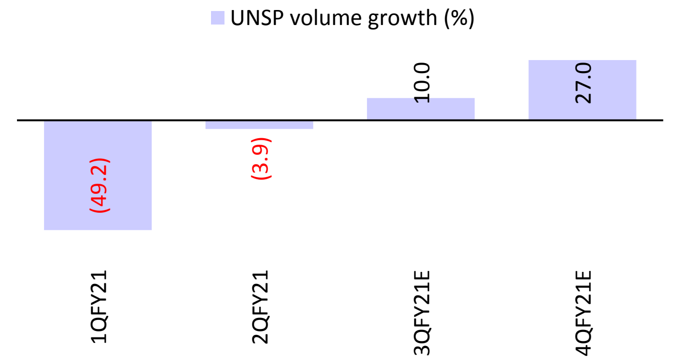
C. Post the COVID-19 unlock

- **7th Jun:** The Delhi government has decided to withdraw the special COVID fee levied at 70% on MRP (news link), which it had placed on the sale of all types of liquor in the state.
- **24th Oct:** States that had imposed a tax of 25% and above in the wake of COVID are likely to end up with lower tax revenue from liquor sales and also collect less tax per bottle due to consumer downtrading, the Confederation of Indian Alcoholic Beverage Companies (CIABC) stated (news link).
- **5th Nov:** Under the new excise policy of West Bengal, the rate of excise duty and additional excise duty would depend on the ex-distillery price (EDP) of the liquor instead of excise duty and sales tax being levied on MRP (news link).

Continued high off-trade sales likely to favor spirit players

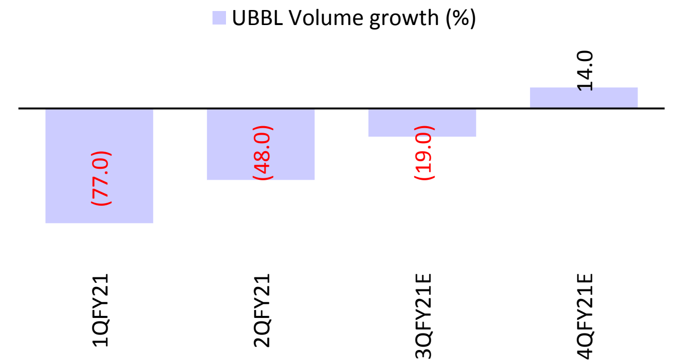
- **On-trade sales** (20–25% of sales) are not likely to normalize anytime soon, particularly with 50% capacity restrictions. The bulk of sales is still contributed by in-home consumption. Therefore, spirit players stand to benefit as spirits are more suitable for in-home consumption than beer. Accordingly, there is much better visibility for spirit companies over the next few quarters v/s beer companies – UNSP is the largest listed spirit player.
- **The stark difference in volumes** (reflected in 4% volume decline for UNSP v/s 48% decline for UBBL in 2QFY21) is likely to be a feature in FY22 as well. Furthermore, crucial summer season demand for beer (1QFY22) – a quarter that contributes ~40% to full-year EBITDA for UBBL – is unlikely to achieve normal levels due to the drag on the on-trade channel. Vaccination for the masses is not scheduled to begin until Aug'21 as the focus would initially be on the most vulnerable 20% of the population.

Exhibit 2: UNSP's volumes were affected by the lockdown…



Source: Company, MOFSL

Exhibit 3: …but the impact was much lower than that on UBBL's volumes



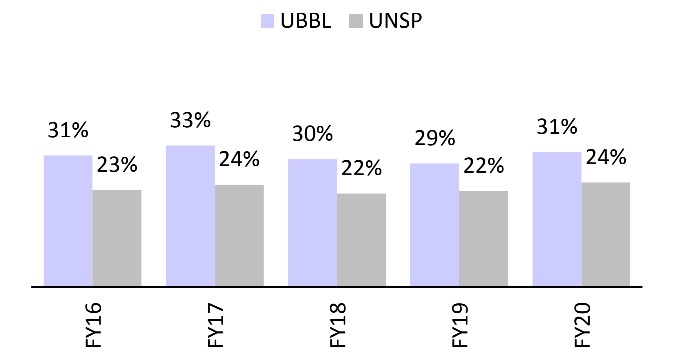
Source: Company, MOFSL

Exhibit 4: UNSP is expected to significantly outperform alcobev peer UBBL

INR m	FY2020	FY2023E	CAGR % (2020–23E)
	UNSP		
Volumes (mn cases)	79.8	91.2	4.6
Sales	90,565	1,08,152	6.1%
EBITDA	15,081	20,423	10.6%
PAT	7,909	12,866	17.6%
	UBBL		
Volumes (mn cases)	176.3	167.5	(1.7)
Sales	65,092	66,400	0.7
EBITDA	8,758	9,820	3.9
PAT	4,277	4,160	-0.9

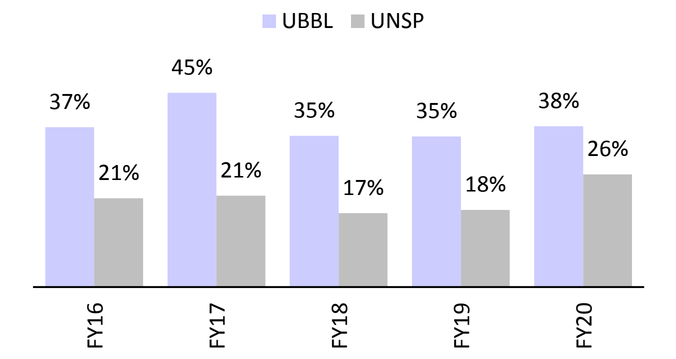
Source: Company, MOFSL

Exhibit 5: 1Q has a higher contribution to UBBL's annual sales…



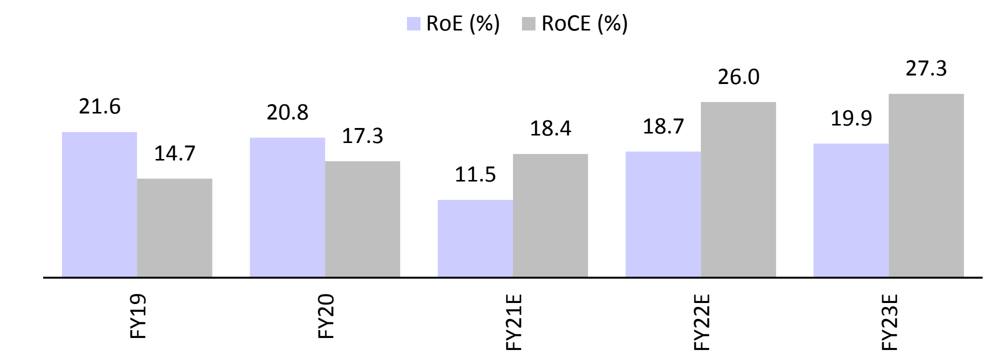
Source: MOFSL, Company

Exhibit 6: …and even higher to EBITDA (v/s UNSP)



Source: MOFSL, Company

Exhibit 7: RoE and RoCE for UNSP are likely to recover rapidly post the 1HFY21 impact

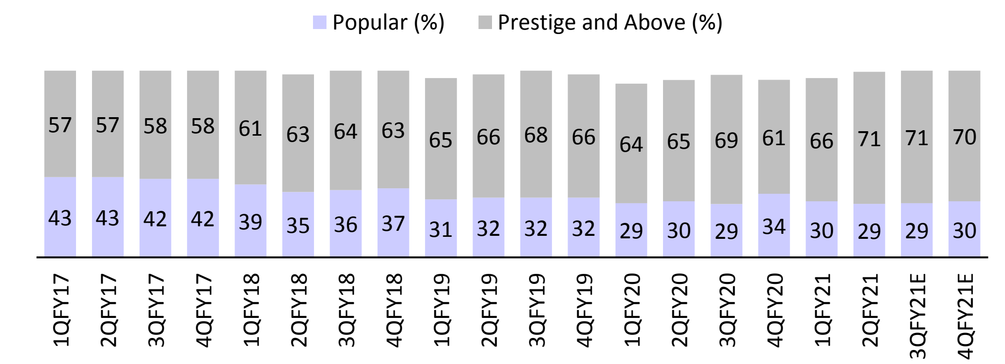


Source: Company, MOFSL

Return of premiumization gradually narrowing gap v/s Pernod Ricard's margins

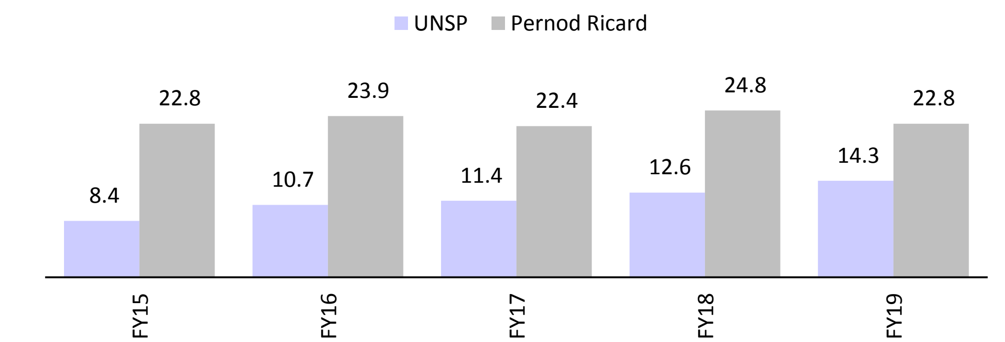
- Premiumization was back in the game from 2QFY21, with the P&A segment reporting slower decline v/s the Popular segment following nearly similar declines in 1QFY21. We believe the gap between the two segments would remain significant even when growth resumes. EBITDA margins at 16.6% in FY20 are still a long way from the mid-20% margins of the unlisted Pernod Ricard India (PRI). As P&A's share in revenues (65% in FY20) keeps on increasing, the margin gap with PRI would continue to narrow. PRI operates entirely in the P&A segment.
- Additionally, the management commentary on premiumization within the P&A category is also encouraging. Management had indicated that the P&A segment is likely to see the return of the trend wherein each premium category grows at a faster pace (or declines at a slower pace) than the one ranked immediately below it. While this had played out in 2QFY21, the trend is expected to continue going forward.

Exhibit 8: P&A's salience in the total sales of UNSP has been steadily increasing



Source: Company, MOFSL

Exhibit 9: EBITDA margins – UNSP v/s Pernod Ricard India

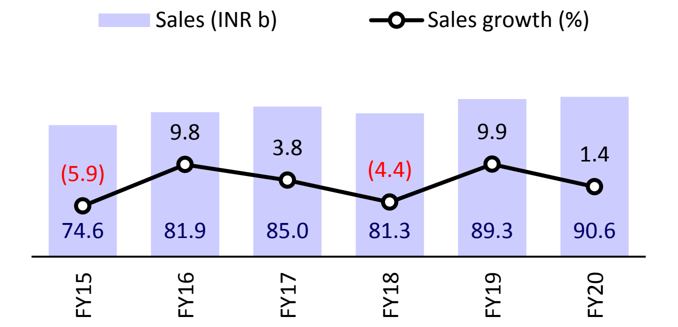


Source: Company, MOFSL

Commendable earnings track record

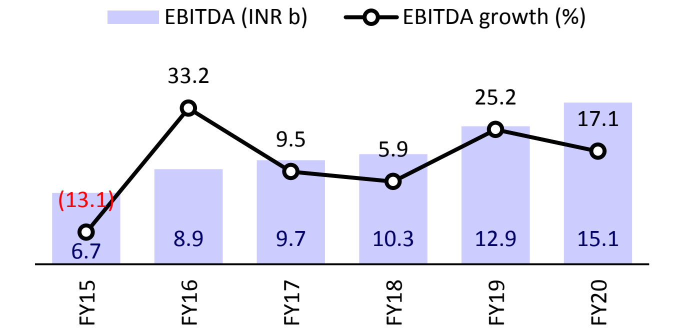
- UNSP's sales CAGR of ~3% in the last five years has been below our expectations. However, the EBITDA/PBT/PAT CAGR has been quite strong at ~18%/~39%/33% over this period. As the EBITDA margin gap with Pernod Ricard narrows and debt repayments continue, earnings growth is likely to be healthy at a 17% CAGR over FY20–23E. Notably, this comes despite the sharp COVID impact in 1HFY21, which resulted in net loss for the period as EBITDA declined 76% YoY.

Exhibit 10: Sales grew at a CAGR of 2.7% over FY15–20



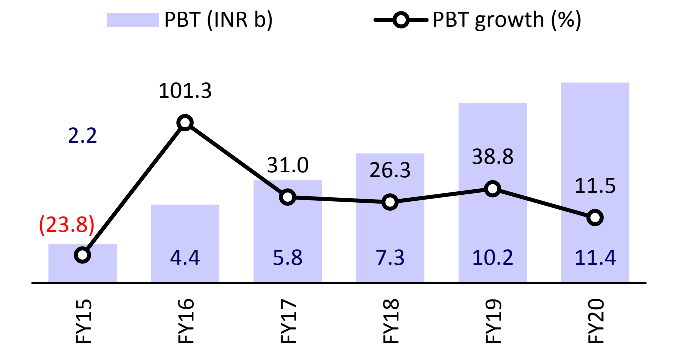
Source: Company, MOFSL

Exhibit 11: EBITDA grew at a CAGR of 17.8% over FY15–20



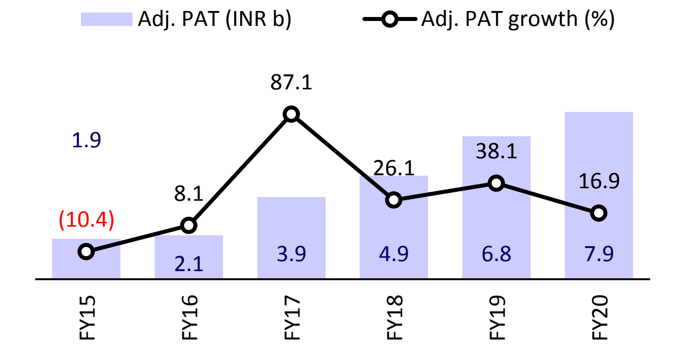
Source: Company, MOFSL

Exhibit 12: PBT grew at a CAGR of 38.8% over FY15–20



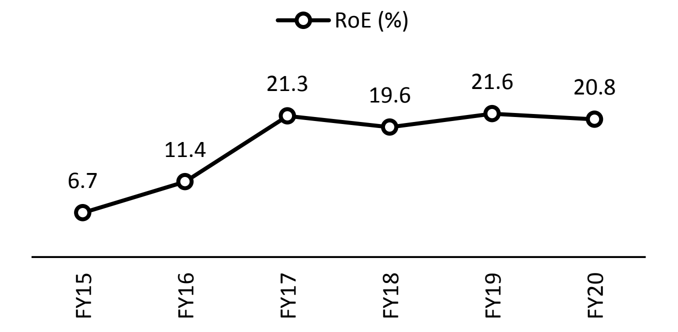
Source: Company, MOFSL

Exhibit 13: PAT grew at a CAGR of 32.7% over FY15–20



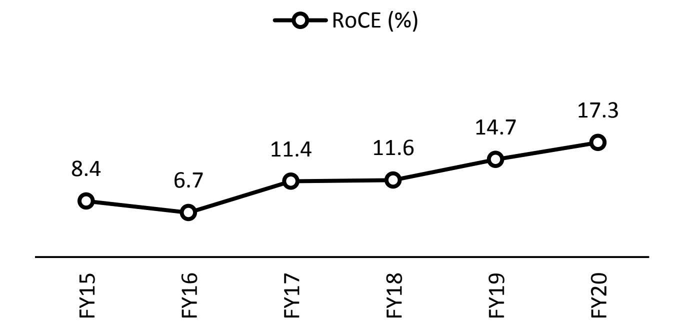
Source: Company, MOFSL

Exhibit 14: RoE improved by 1,410bp over FY15–20



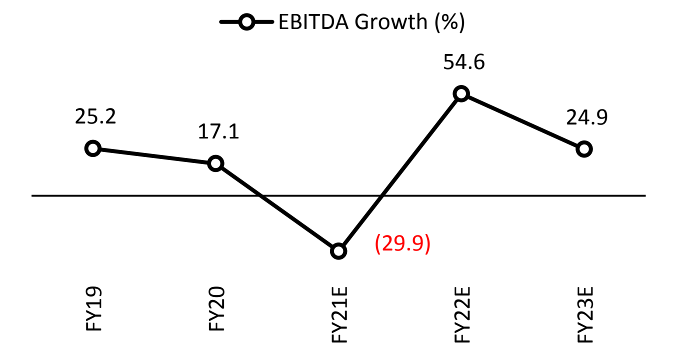
Source: Company, MOFSL

Exhibit 15: RoCE improved by 890bp over FY15–20



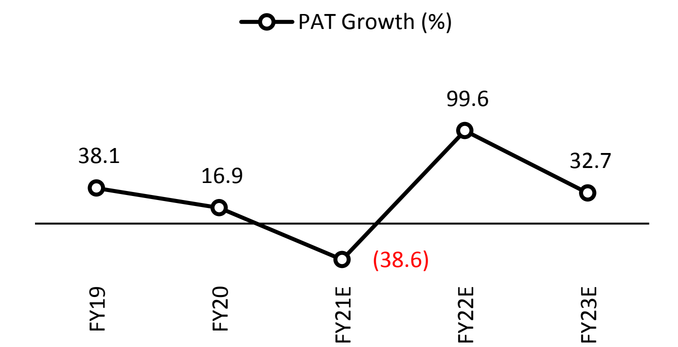
Source: Company, MOFSL

Exhibit 16: EBITDA growth is expected to recover sharply…



Source: Company, MOFSL

Exhibit 17: …with PAT growth to follow suit

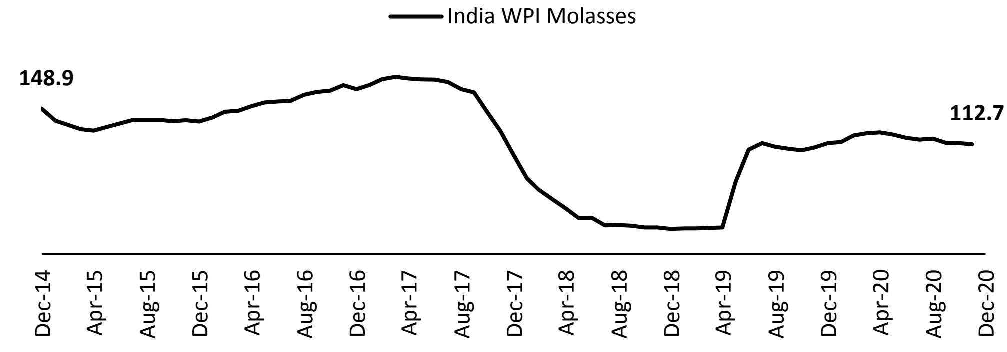


Source: Company, MOFSL

Benign material costs, contrary to fears

- Contrary to fears of a sharp escalation in 2HFY21, molasses cost continued to be benign in 3QFY21, with a likely benign outlook as well.

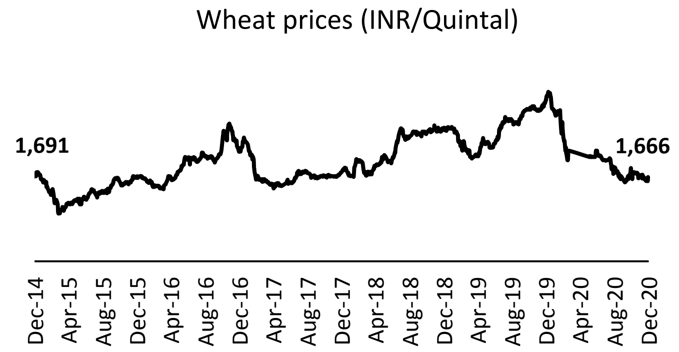
Exhibit 18: WPI molasses (up to Nov'20) was up 3.3% YoY, down 2.9% QoQ



Source: Bloomberg, MOFSL

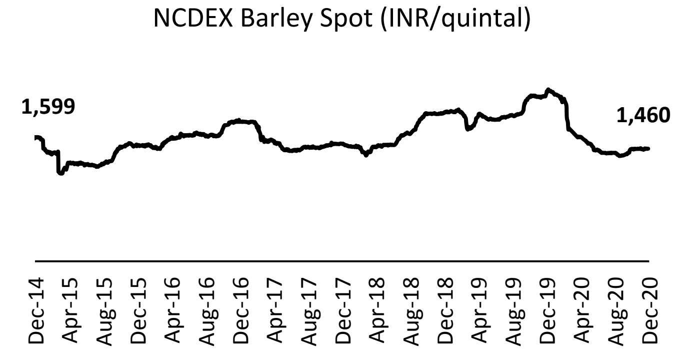
- The material cost movement for grain-based spirits is also benign.

Exhibit 19: Wheat prices were down 24.2% YoY / 5.7% QoQ



Source: Bloomberg, MOFSL

Exhibit 20: Barley prices were down 31.6% YoY / up 2.9% QoQ



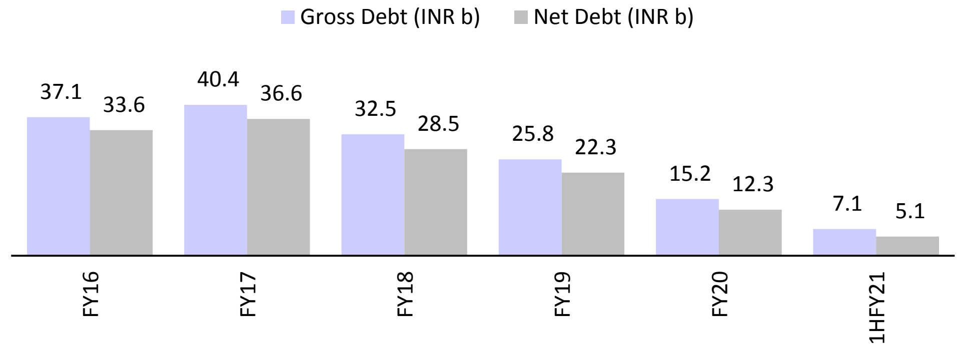
Source: Bloomberg, MOFSL

- Cost of glass bottles – another large material cost component – is also likely to be benign, according to our conversations with industry players. With the sales mix improving going forward as well, owing to faster growth in P&A, the gross and EBITDA margin trend outlook is positive.

No material working capital impact; debt repayment on track

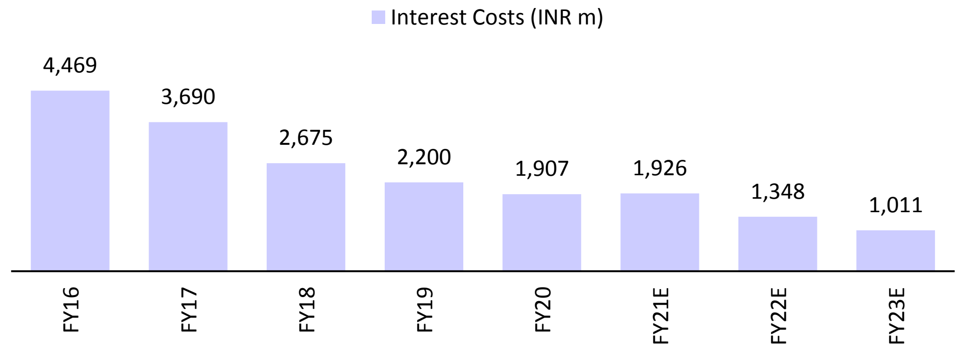
- With state finances being affected due to COVID, we anticipated an increase in receivable days. As this has fortunately not played out, there has been no material deterioration in working capital.
- In fact, the amount of trade receivables reduced marginally in Sep'20 v/s Mar'20 levels. At the same time, debt repayments – a key factor for earnings growth in the last five years – continue at a healthy pace.
- There is no large capex plan over the next 2.5 years. Due to legacy issues, the company is in the process of reducing the number of distilleries rather than planning any major greenfield expansion.
- Debt repayments continued to be a feature in 1HFY21. Net debt has reduced significantly over the last two quarters.

Exhibit 21: UNSP has steadily reduced its debt levels over the years…



Source: Company, MOFSL

Exhibit 22: …consequently reducing its interest burden



Source: Company, MOFSL

Underperforming stock; inexpensive relative valuations

- Since our downgrade to Neutral in May'20, UNSP has been the worst performer among Discretionary stocks..

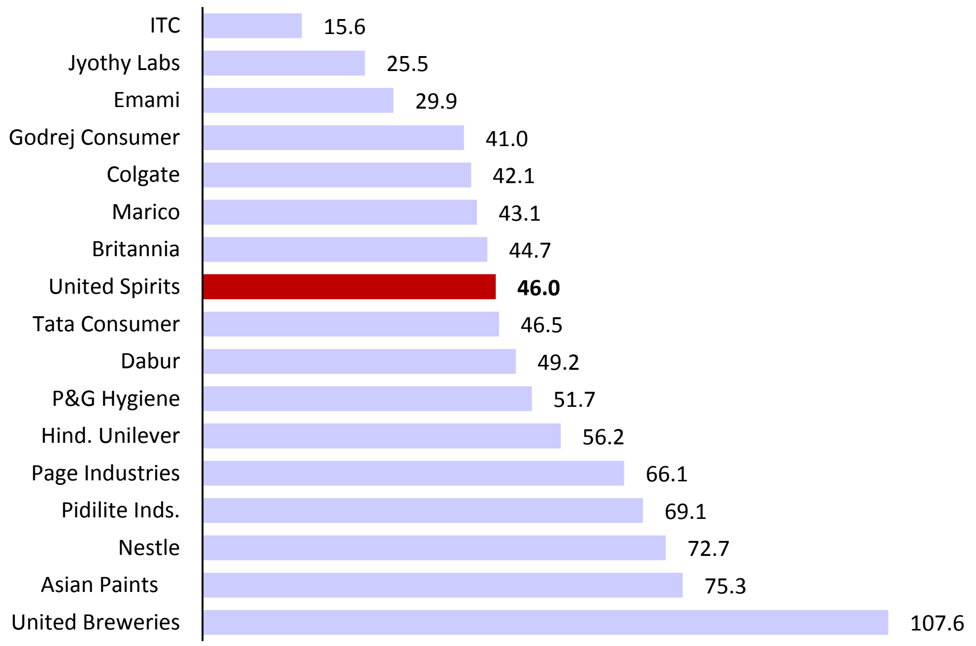
Exhibit 23: UNSP's stock has returned 22.5%, v/s an average of 44.5% for our Consumer Universe, since 8th May 2020

Company	08-05-2020	CMP	Change
Emami	182	453	148.9%
Titan Company	833	1,542	85.2%
Jubilant Food.	1,567	2,866	82.9%
Asian Paints	1,578	2,791	76.9%
Page Industries	16,983	28,658	68.7%
Westlife Development	288	445	54.5%
Godrej Consumer	500	735	47.0%
United Breweries	890	1,247	40.1%
Marico	300	418	39.3%
Jyothy Lab.	106	147	38.4%
Pidilite Inds.	1,368	1,773	29.6%
ITC	158	203	28.3%
UNSP	**501**	**614**	**22.5%**
Dabur India	447	536	19.8%
Britannia Inds.	2,995	3,554	18.7%
Colgate	1,360	1,593	17.1%
Hind. Unilever	2,089	2,370	13.4%
P & G Hygiene	10,028	11,237	12.1%
Nestle India	17,803	18,140	1.9%

Source: MOFSL

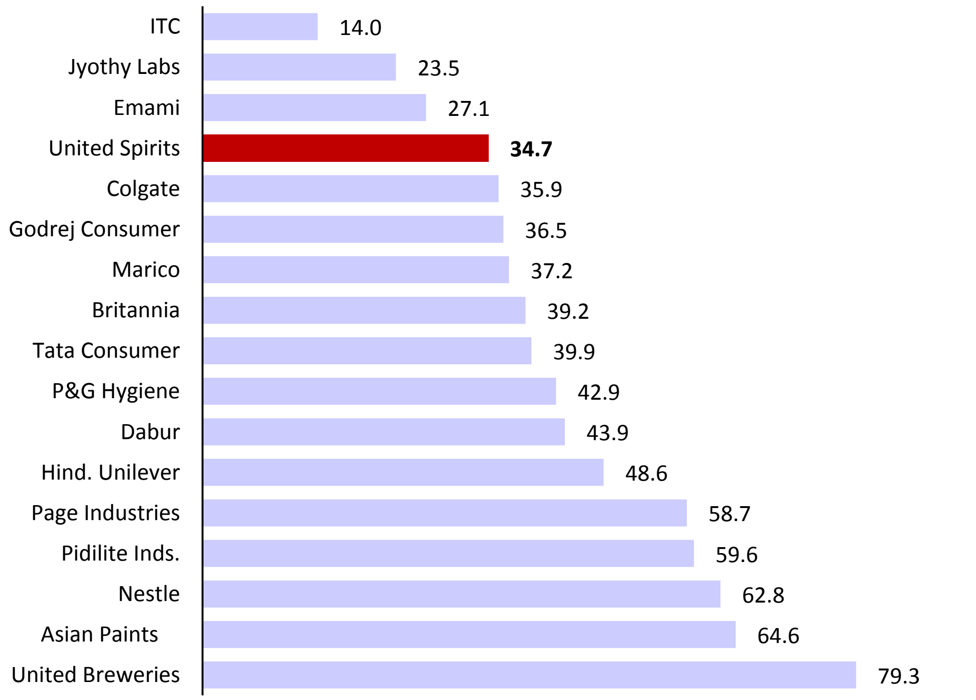
- Valuations at 46x FY22 EPS and 34.7x FY23 EPS, on the other hand, are at a 25% discount to our Coverage Universe. With an improving outlook, we upgrade UNSP to BUY, with TP of INR750 (22% upside to CMP).

Exhibit 24: UNSP has one of the lowest P/E valuations in our Consumer Universe for FY22E…



Source: Company, MOFSL

Exhibit 25: …and even lower for FY23E

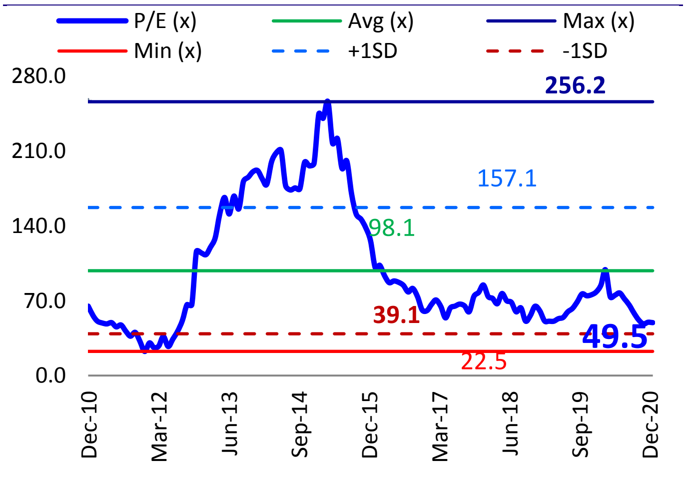


Source: Company, MOFSL

Valuation and view

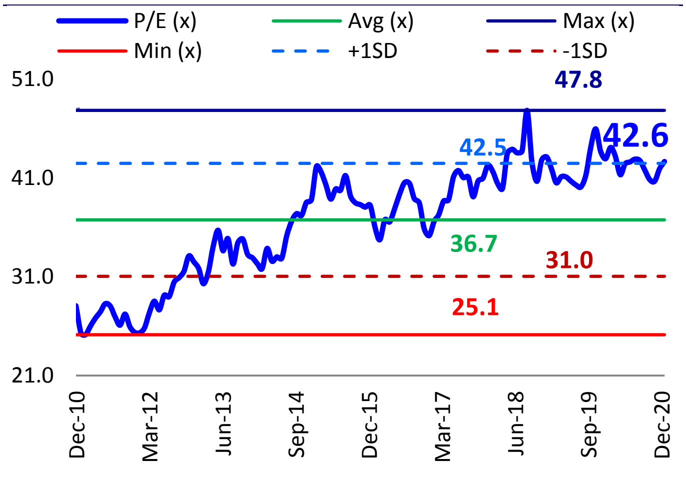
- Recovery in volumes has been better than we expected, with the company likely to report positive volume growth in 3QFY21E. Higher in-home consumption would favor UNSP, relative to beer players.
- With the return of premiumization in favor of P&A, the company is also back on track to gradually bridge the 800–900bps margin gap between UNSP and Pernod Ricard India. Moreover, prior concerns of higher molasses cost in 2HFY21 are proving unfounded – as molasses costs remained benign in 3QFY21 and industry sources indicate a swift outlook going forward as well.
- Working capital has not worsened, unlike earlier concerns, and debt repayment is on track, with a further sharp reduction seen in 1HFY21.
- The earnings track record has been healthy – with the EBITDA/PBT/PAT CAGR at ~18%/~39%/33% over the past five years – and is likely to be strong going forward as well. Resultantly, the EPS CAGR is likely to be 17% over FY20–23; this is despite the massive lockdown impact leading to net loss in 1HFY21 (as EBITDA declined 76% YoY during this period).
- Since our downgrade to Neutral in May 2020, UNSP has been the worst performer among the Discretionary stocks. Valuations, on the other hand, are at a 25% discount to the Coverage Universe at 46x FY22 EPS and 34.7 FY23 EPS. With an improving outlook, we upgrade UNSP to BUY, with TP of INR750, valuing the company at 45x Dec'22 EPS.

Exhibit 26: UNSP P/E chart



Source: MOFSL, Company

Exhibit 27: Consumer P/E chart



Source: MOFSL, Company

Financials and valuations

Income Statement								(INR m)
Y/E March	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Net Sales	**81,886**	**85,030**	**81,269**	**89,322**	**90,565**	**83,820**	**98,078**	**1,08,152**
Other Operating Inc	596	446	432	484	344	400	440	484
Total Revenue	**82,482**	**85,476**	**81,701**	**89,806**	**90,909**	**84,220**	**98,518**	**1,08,636**
Change (%)	3.7	3.6	-4.4	9.9	1.2	-7.4	17.0	10.3
Gross Profit	**34,076**	**36,632**	**39,725**	**43,857**	**40,689**	**36,552**	**45,318**	**53,232**
Margin (%)	41.3	42.9	48.6	48.8	44.8	43.4	46.0	49.0
Other Expenditure	-25,212	-26,922	-29,446	-30,983	-25,608	-25,974	-28,964	-88,213
EBITDA	**8,864**	**9,710**	**10,279**	**12,874**	**15,081**	**10,578**	**16,354**	**20,423**
Change (%)	33.2	9.5	5.9	25.2	17.1	-29.9	54.6	24.9
Margin (%)	10.7	11.4	12.6	14.3	16.6	12.6	16.6	18.8
Depreciation	-1,017	-1,323	-1,351	-1,445	-2,275	-2,434	-2,678	-2,972
Int. and Fin. Charges	-4,469	-3,690	-2,675	-2,200	-1,907	-1,926	-1,348	-1,011
Other Income	1,057	1,111	1,080	952	455	528	633	760
Profit before Taxes	**4,435**	**5,808**	**7,333**	**10,181**	**11,354**	**6,745**	**12,961**	**17,200**
Change (%)	101.3	31.0	26.3	38.8	11.5	-40.6	92.1	32.7
Margin (%)	5.4	6.8	9.0	11.3	12.5	8.0	13.2	15.8
Tax	2,358	1,923	2,433	3,416	3,445	1,889	3,266	4,334
Tax Rate (%)	53.2	33.1	33.2	33.6	30.3	28.0	25.2	25.2
Adjusted PAT	**2,076**	**3,884**	**4,900**	**6,765**	**7,909**	**4,857**	**9,695**	**12,866**
Change (%)	8.1	87.1	26.1	38.1	16.9	-38.6	99.6	32.7
Margin (%)	2.5	4.5	6.0	7.5	8.7	5.8	9.8	11.8
Non-rec. (Exp)/Income	-858	-2,186	717	-179	-862	-750	0	0
Reported PAT	**1,219**	**1,699**	**5,617**	**6,586**	**7,047**	**4,107**	**9,695**	**12,866**

Balance Sheet								(INR m)
Y/E March	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Share Capital	1,453	1,453	1,453	1,453	1,453	1,453	1,453	1,453
Reserves	15,687	17,925	23,585	29,862	36,644	40,693	50,388	63,253
Net Worth	**17,140**	**19,378**	**25,038**	**31,315**	**38,097**	**42,146**	**51,841**	**64,706**
Loans	37,082	40,407	32,505	25,825	15,195	6,695	4,695	3,695
Deferred Tax Liabilities	-1,539	-1,241	-856	-1,878	-1,590	-1,590	-1,590	-1,590
Capital Employed	**52,683**	**58,544**	**56,687**	**55,262**	**51,702**	**47,251**	**54,946**	**66,811**
Gross Block	17,389	14,091	13,561	16,406	19,315	19,815	21,315	23,815
Less: Accum. Depn.	-6,627	-2,219	-3,540	-5,124	-5,968	-8,402	-11,080	-14,052
Net Fixed Assets	**10,762**	**11,872**	**10,021**	**11,282**	**13,347**	**11,413**	**10,235**	**9,763**
Capital WIP	2,449	851	980	1,171	1,187	1,187	1,187	1,187
Investments	93	3,238	2,775	2,984	2,526	3,476	5,776	4,026
Curr. Assets, L&A	**67,082**	**70,763**	**71,778**	**69,308**	**66,895**	**67,456**	**78,063**	**87,604**
Inventory	18,999	18,538	18,694	18,767	18,361	17,686	20,689	22,814
Account Receivables	23,140	29,605	26,998	25,181	22,835	23,074	26,991	28,275
Cash and Bank	3,362	523	1,198	588	345	606	839	5,425
Others	21,581	22,097	24,888	24,772	25,354	26,090	29,544	31,090
Curr. Liab. and Prov.	**27,703**	**28,180**	**28,867**	**29,483**	**32,253**	**36,281**	**40,315**	**35,768**
Account Payables	10,018	11,798	13,935	13,360	11,712	13,686	14,726	15,477
Other Liabilities	14,643	13,345	11,490	12,346	16,196	17,816	20,331	14,508
Provisions	3,042	3,037	3,442	3,777	4,345	4,780	5,257	5,783
Net Current Assets	**39,379**	**42,583**	**42,911**	**39,825**	**34,642**	**31,175**	**37,748**	**51,835**
Application of Funds	**52,683**	**58,544**	**56,687**	**55,262**	**51,702**	**47,251**	**54,946**	**66,811**

E: MOFSL Estimates

Financials and valuations

Ratios								
Y/E March	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
Basic (INR)								
EPS	**2.9**	**5.3**	**6.7**	**9.3**	**10.9**	**6.7**	**13.3**	**17.7**
Cash EPS	4.3	7.2	8.6	11.3	14.0	10.0	17.0	21.8
BV/Share	23.6	26.7	34.5	43.1	52.4	58.0	71.4	89.1
Valuation (x)								
P/E	214.7	114.8	91.0	65.9	56.4	91.8	46.0	34.7
Cash P/E	144.1	85.6	71.3	54.3	43.8	61.2	36.0	28.2
EV/Sales	1.4	1.4	1.3	1.1	1.0	1.0	0.8	0.7
EV/EBITDA	54.1	49.7	46.2	36.4	30.4	42.4	27.1	3.6
P/BV	26.0	23.0	17.8	14.2	11.7	10.6	8.6	6.9
Return Ratios (%)								
RoE	11.4	21.3	19.6	21.6	20.8	11.5	18.7	19.9
RoCE	6.7	11.4	11.6	14.7	17.3	18.4	26.0	27.3
RoIC	6.7	11.1	11.3	14.9	18.2	13.1	23.0	25.3
Working Capital Ratios								
Asset Turnover (x)	1.6	1.5	1.4	1.6	1.8	1.8	1.8	1.6
Leverage Ratio								
Debt/Equity (x)	2.2	2.1	1.3	0.8	0.4	0.2	0.1	0.1

Cash Flow Statement								(INR m)
Y/E March	**2016**	**2017**	**2018**	**2019**	**2020**	**2021E**	**2022E**	**2023E**
OP/(loss) before Tax	3,155	2,546	8,403	9,914	11,347	6,745	12,961	17,200
Int./Div. Received	1,567	-413	205	1,245	-559	-528	-633	-760
Depreciation and Amort.	1,017	1,323	1,351	1,445	2,275	2,434	2,678	2,972
Interest Paid	3,990	3,488	1,708	1,775	1,626	1,926	1,348	1,011
Direct Taxes Paid	-1,637	-1,943	-3,898	-8,238	-5,658	-1,889	-3,266	-4,334
Incr/Decr in WC	-5,826	1,732	1,694	2,434	-2,361	3,728	-6,339	-9,502
CF from Operations	**2,266**	**6,733**	**9,463**	**8,575**	**6,670**	**12,417**	**6,748**	**6,587**
(Incr)/Decr in FA	-2,222	-1,509	41	-656	-1,978	-500	-1,500	-2,500
Free Cash Flow	**1,232**	**5,476**	**9,621**	**8,332**	**6,331**	**12,445**	**5,882**	**4,847**
(Pur)/Sale of Investments	8,686	111	213	319	0	-950	-2,300	1,750
Other investing items	2,140	-2,973	1,174	-142	599	-808	0	0
CF from Invest.	**9,792**	**-4,119**	**1,545**	**-66**	**260**	**-1,730**	**-3,167**	**10**
Issue of Shares	0	0	0	0	0	0	0	0
Incr/Decr in Debt	-6,606	-3,325	-7,902	-7,004	-5,572	-8,500	-2,000	-1,000
Dividend Paid	0	0	0	0	0	0	0	0
Others	-4,487	-2,128	-2,431	-2,115	-1,601	-1,926	-1,348	-1,011
CF from Fin. Activity	**-11,093**	**-5,453**	**-10,333**	**-9,119**	**-7,173**	**-10,426**	**-3,348**	**-2,011**
Incr/Decr of Cash	**965**	**-2,839**	**675**	**-610**	**-243**	**261**	**233**	**4,586**
Add: Opening Balance	2,397	3,362	523	1,198	588	345	606	839
Closing Balance	**3,362**	**523**	**1,198**	**588**	**345**	**606**	**839**	**5,425**

E: MOFSL Estimates

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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