

PE re-rating, finally; more to go!

- Radico Khaitan (RDCK) Q1FY22 was in-line with volumes marginally above estimate off-set by lower gross margin due to mix change. Revenue/EBITDA/APAT were +47.3/21.5/35.7% YoY and (-3.3/-8.3/-3.2% vs. Q1FY20). UNSP was -24/-45/-27% vs. Q1FY20.
- RDCK trades at attractive 30.6/27.2x FY23/24E EPS vs. 41/35x for UNSP (a 25% discount vs. 40% earlier). This is despite superior performance. Over FY17-20, RDCK revenue/EBITDA/APAT CAGR was 13/21/40% vs. 4/12/19% for UNSP. We see scope for further re-rating in RDCK led by expansion in market size and premiumisation driving superior growth. Launch of two new premium whiskies in large addressable market (~50mn cases) is a potential trigger. Adhering to investors' requests, change of auditors is positive at the margin.
- We thus upgrade RDCK's target multiple from 25x to 35x (12% discount to UNSP) in-view of impending triggers. RDCK's execution in trailing 4 years coupled with resilience during Covid has finally led investors to appreciate the same leading to run-up in price by 52/80% in 3/6m. Reiterate BUY with revised TP of Rs 1,000 @ 35x Jun-23E EPS (vs. Rs 704 earlier @ 25x Jun-23E). Our FY22-24E are largely unchanged. Historically, RDCK has traded at 20x 1-yr forward PE. In absence of delivery, RDCK's multiple may surpass UNSP. Increased competitive intensity in (1) core UP state or (2) Vodka segment and (3) steep RM inflation are key risks.

Appreciable performance, upbeat outlook!

RDCK's IMFL volumes/revenue (~80% of total) were +58.8/56.4%. P&A volumes/revenue were +41.1/44.3% and Popular +66.5/68.7%. Non-IMFL revenue grew by +22.6% YoY. GM declined by 700 (not comparable)/87bps YoY/QoQ to 47.5%. This is largely due to mix change and marginally due to increase in packaging material prices from end Q4FY21. ENA was flat YoY/QoQ. EBITDA margin declined by 320bps YoY but was up 70bps QoQ. Management remains confident of growth led by two new whisky brands in super-premium/luxury segment, variant of premium vodka, export markets and expansion in CSD categories of premium products. RM inflation may be a headwind but led by premiumisation shall get managed.

Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	6,028	4,092	47.3	6,947	(13.2)
Total Expense	5,107	3,334	53.2	5,934	(13.9)
EBITDA	921	758	21.5	1,014	(9.2)
Depreciation	154	129	19.4	142	8.3
EBIT	767	629	21.9	872	(12.0)
Other Income	55	19	196.4	119	(53.5)
Interest	46	66	(29.5)	46	0.3
EBT	776	582	33.3	944	(17.8)
Tax	178	141	25.8	209	(14.8)
RPAT	598	441	35.7	736	(18.7)
APAT	598	441	35.7	736	(18.7)
			(bps)		(bps)
Gross Margin (%)	47.5	54.6	(709)	48.4	(87)
EBITDA Margin (%)	15.3	18.5	(325)	14.6	69
NPM (%)	9.9	10.8	(85)	10.6	(66)
Tax Rate (%)	22.9	24.3	(137)	22.1	82
EBIT Margin (%)	12.7	15.4	(265)	12.5	18

CMP	Rs 879
Target / Upside	Rs 1,000 / 14%
NIFTY	15,709
Scrip Details	
Equity / FV	Rs 267mn / Rs 2
Market Cap	Rs 117bn
	USD 2bn
52-week High/Low	Rs 879 / 361
Avg. Volume (no)	754,356
Bloom Code	RDCK IN
Price Performance	
	1M 3M 12M
Absolute (%)	15 53 134
Rel to NIFTY (%)	15 48 96

	Dec'20	Mar'21	Jun'21
Promoters	40.3	40.3	40.3
MF/Banks/FIs	17.0	17.1	18.2
FII	18.3	19.5	19.8
Public / Others	24.5	23.1	21.8

	FY22E	FY23E	FY24E
P/E	39.2	32.0	27.7
EV/EBITDA	25.7	21.4	18.4
ROE (%)	15.8	16.8	16.8
RoACE (%)	14.5	15.9	16.2

	FY22E	FY23E	FY24E
Revenue	27,651	30,723	33,570
EBITDA	4,599	5,447	6,184
PAT	2,998	3,665	4,237
EPS (Rs.)	22.4	27.4	31.7

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Key concall and other highlights

Statutory auditor change – positive

RDCK would also change its statutory auditor from upcoming AGM to Walker Chandiok (Grant Thornton India Associate) for a period of five years. This has been a long-standing demand from investors.

Demand and growth outlook – confident of outperforming industry for 2-3 years

- RDCK management highlighted that Q4FY21 momentum continued upto 3rd week of April. Led by second wave of covid, May and first fortnight of June were impacted. However, MoM trajectory is improvising. Share of P&A went down to 41% due to covid. On a structural basis, management foresee the share of premium products to drive upward. From July the share of P&A is back to 50%+.
- **New brands:** Led by strong demand for their P&A brands in its key states of UP, Uttarakhand, AP, Telangana, Karnataka etc, RDCK remains confident of double-digit volume growth in P&A segment. New brand launches in premium whisky segment to further boost momentum. RDCK has been working on it for past three years.
- RDCK has launched new variant of Magic Moment in parallel to Absolut. Further, 8PM Black is currently available in 16 states and RDCK will expand the same to balance 5-6 states in FY22.
- **Exports:** RDCK was the largest exporter in IMFL category from India. Exports is likely to be another growth driver with ramp-up in capacities of single-malt from 2023. To boost exports company is looking for local bottling in the key markets to bring down the impact of taxes and duties. On a pilot basis, co has tied-up for local bottling in Malaysia and initial response has been good.
- **CSD:** CSD is likely to be another potential growth driver. RDCK enjoys a healthy 25-30% market share in CSD but primarily in Popular segment. With BIO brands facing reluctance in CSD, RDCK sees opportunity for Rampur Single Malt, Jaisalmer Gin and 1965 Pluton Bay Rum in the P&A segment.
- Punjab, Haryana and Delhi are looking at adopting UP model in a restricted way. UP has been the most progressive state. This shall be beneficial for industry.

Overall, RDCK management remain confident of outperforming industry growth for 2-3 years.

Raw material inflation – near term headwind

RDCK witnessed price inflation in packaged goods towards end of Q4FY21 and it has been stable since then. Co doesn't anticipate further inflation in packaged goods.

Glass prices have increased by 15% in last two years. With new capacities coming on-stream management expect the prices to remain stable. This is in contrast to price increases given by UNSP to glass manufacturers in exit Q1FY22.

ENA prices were flat YoY/QoQ and are likely to remain stable in short-term. However, ENA prices may inch upwards post the revised pricing for ethanol by the Government in Oct/Nov under the Ethanol blending program. However, RDCK expect to mitigate the same through its premiumisation drive. Some headwinds in ENA prices during EBP. Co has taken all steps to mitigate the impact. Aggressively investing behind the brands to gain market share.

Other highlights

RDCK management categorically highlighted that motivated team, fast in decision making, understands Indian market well, blending background of company and core strength of production have been the key factors for performance in trailing 4-5 years.

Exhibit 1: Actual vs. Estimates

(Rs Mn)	Actual	Estimate	% Variance	Remarks
Revenue	6,028	5,779	4.3	
Gross Profit	2,866	2,868	(0.1)	
EBITDA	921	868	6.1	
Margin %	15.3	15.0	26 bps	
APAT	598	523	14.4	RDCK's performance was broadly in-line. Higher revenues led by better volumes in IMFL was off-set by lower GM. PAT higher than estimates led by other income.

Source: DART, Company

Exhibit 2: Change in Estimates

Particulars	FY22E			FY23E			FY24E			Comments
	Old	New	Old	Old	New	% Chg	Old	New	% Chg	
Volume (Mn cases)	24.4	25.5	4.7	27.3	27.7	1.4	28.9	29.5	2.0	
- P&A	7.4	7.4	0.1	8.5	8.4	(0.7)	9.3	9.3	0.3	
- Popular	17.0	18.1	6.7	18.8	19.3	2.4	19.7	20.2	2.8	
Realization (Rs/case)	892	877	(1.7)	925	917	(0.8)	962	955	(0.8)	
- P&A	1,531	1,528	(0.2)	1,583	1,580	(0.2)	1,639	1,635	(0.2)	
- Popular	613	611	(0.3)	628	627	(0.2)	644	642	(0.3)	
IMFL Revenue	21,747	22,404	3.0	25,271	25,398	0.5	27,835	28,165	1.2	
- P&A	11,331	11,314	(0.1)	13,452	13,335	(0.9)	15,176	15,182	0.0	
- Popular	10,416	11,090	6.5	11,819	12,063	2.1	12,659	12,983	2.6	
Non-IMFL Revenue	5,218	5,246	0.5	5,389	5,325	(1.2)	5,496	5,405	(1.7)	
Revenue	26,965	27,651	2.5	30,659	30,723	0.2	33,332	33,570	0.7	
Gross Profit	13,475	13,602	0.9	15,394	15,182	(1.4)	16,819	16,673	(0.9)	
EBITDA	4,274	4,599	7.6	5,410	5,447	0.7	5,987	6,184	3.3	
APAT	2,757	2,998	8.7	3,650	3,665	0.4	4,100	4,237	3.3	
AEPS (Rs)	20.6	22.4	9.0	27.3	27.4	0.5	30.7	31.7	3.3	
Margin %										
GP %	50.0	49.2	(81)	50.2	49.4	(78)	50.5	49.7	(79)	
EBITDA %	15.8	16.6	83	17.6	17.7	13	18.0	18.4	46	
APAT %	10.2	10.8	64	11.9	11.9	3	12.3	12.6	32	

Source: DART, Company

Nominal change in estimates.
Increase in FY22 EBITDA/ APAT is due to lower other expenses.

Exhibit 3: Standalone Quarterly Financials

Rs Mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	4,092	6,301	6,842	6,947	6,028
RM Costs	1,856	3,218	3,366	3,584	3,162
Gross Profit	2,235	3,082	3,476	3,364	2,866
Employee cost	387	433	472	471	432
S&D	494	803	922	946	761
Other Exps	596	774	836	934	752
Total Operating Exps	1,477	2,010	2,230	2,350	1,945
EBITDA	758	1,072	1,246	1,014	921
D&A	129	133	136	142	154
Interest costs	66	54	54	46	46
Other Income	19	38	26	119	55
PBT	582	923	1,082	944	776
Exceptional Items	0	0	0	0	0
Tax	141	199	276	209	178
RPAT	441	724	805	736	598
APAT	441	724	805	736	598

Source: DART, Company

Exhibit 4: Margin Analysis (%)

% of Net revenue	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
RM Costs	45.4	51.1	49.2	51.6	52.5
Gross Profit	54.6	48.9	50.8	48.4	47.5
Employee cost	9.5	6.9	6.9	6.8	7.2
S&D	12.1	12.7	13.5	13.6	12.6
Other Exps	14.6	12.3	12.2	13.4	12.5
Total Operating Exps	36.1	31.9	32.6	33.8	32.3
EBITDA	18.5	17.0	18.2	14.6	15.3
PBT	14.2	14.6	15.8	13.6	12.9
RPAT	10.8	11.5	11.8	10.6	9.9
APAT	10.8	11.5	11.8	10.6	9.9
Tax as % of PBT	24.3	21.5	25.6	22.1	22.9

Source: DART, Company

With exception of Q1FY21, RDCK has registered a healthy revenue and EBITDA recovery in FY21 in spite of lockdown

Exhibit 5: Growth YoY (%)

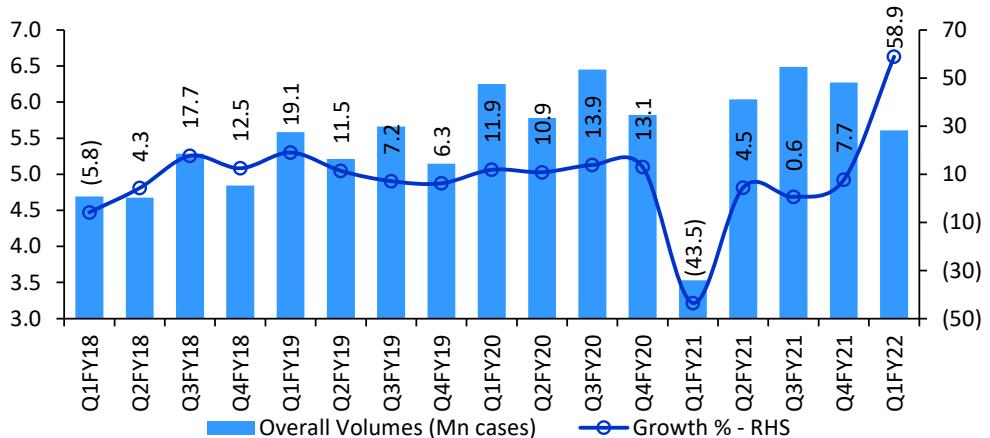
Particulars	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	(34.4)	10.5	5.6	18.7	47.3
RM Costs	(42.8)	8.5	0.8	22.1	70.3
Gross Profit	(25.3)	12.6	10.7	15.3	28.2
Employee cost	(8.1)	(6.7)	(4.7)	(1.8)	11.6
S&D	(38.0)	7.8	18.0	20.0	53.9
Other Exps	(22.5)	16.8	(0.3)	12.8	26.2
Total Operating Exps	(25.7)	7.4	5.4	12.2	31.7
EBITDA	(24.5)	24.0	21.5	23.2	21.5
D&A	0.4	0.4	3.5	6.0	19.4
Interest costs	(11.0)	(29.2)	(33.5)	(45.4)	(29.5)
Other Income	(43.7)	100.2	40.9	446.4	196.4
PBT	(30.3)	36.8	30.1	50.8	33.3
Tax	(48.8)	(217.7)	46.7	33.8	25.8
RPAT	(19.5)	(7.8)	44.6	91.4	35.7
APAT	(28.7)	45.0	30.9	58.8	35.7

Source: DART, Company

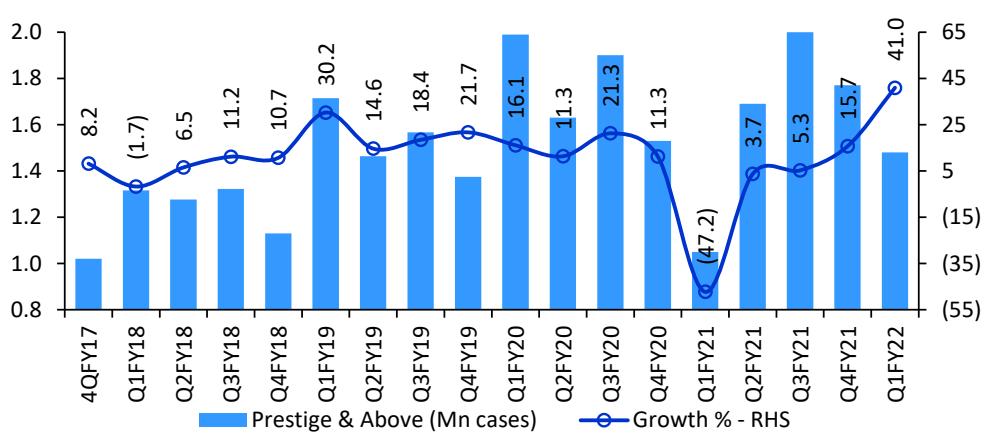
Exhibit 6: IMFL Volume details (Mn Cases)

Particulars	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Prestige & Above	1.53	1.05	1.69	2.00	1.77	1.48
Regular	4.29	2.48	4.35	4.49	4.50	4.13
Total	5.82	3.53	6.04	6.49	6.27	5.61
Chg YoY (%)						
Prestige & Above	11.3	-47.2	3.7	5.3	15.7	41.0
Regular	13.7	-41.8	4.8	-1.3	4.9	66.5
Total	13.1	-43.5	4.5	0.6	7.7	58.9
Mix %						
Prestige & Above	26.3	29.7	28.0	30.8	28.2	26.4
Regular	73.7	70.3	72.0	69.2	71.8	73.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: DART, Company

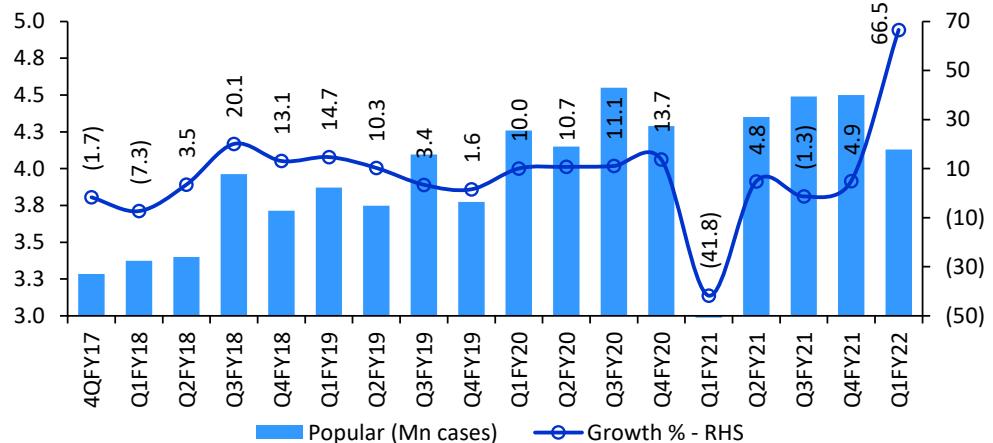
Exhibit 7: IMFL Volumes (Overall)


Source: DART, Company

Exhibit 8: Prestige & Above (Premium) volumes


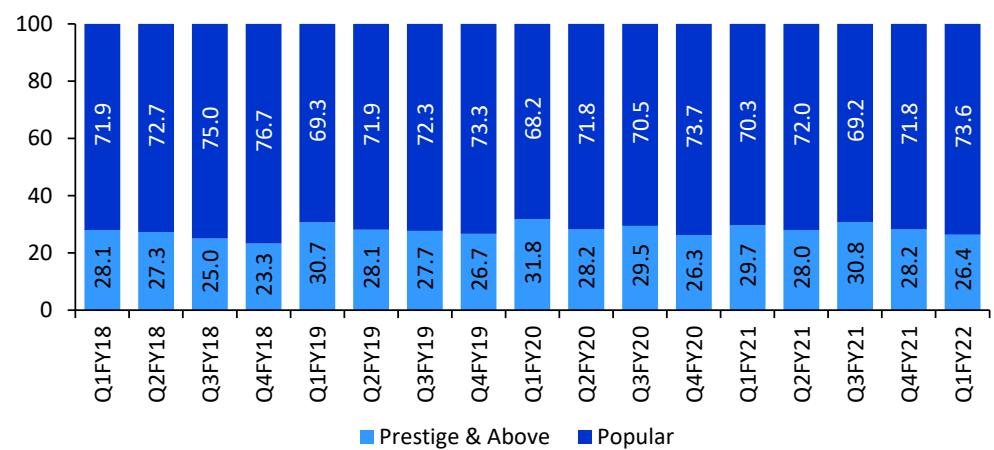
Source: DART, Company

Exhibit 9: Regular (Popular) volumes



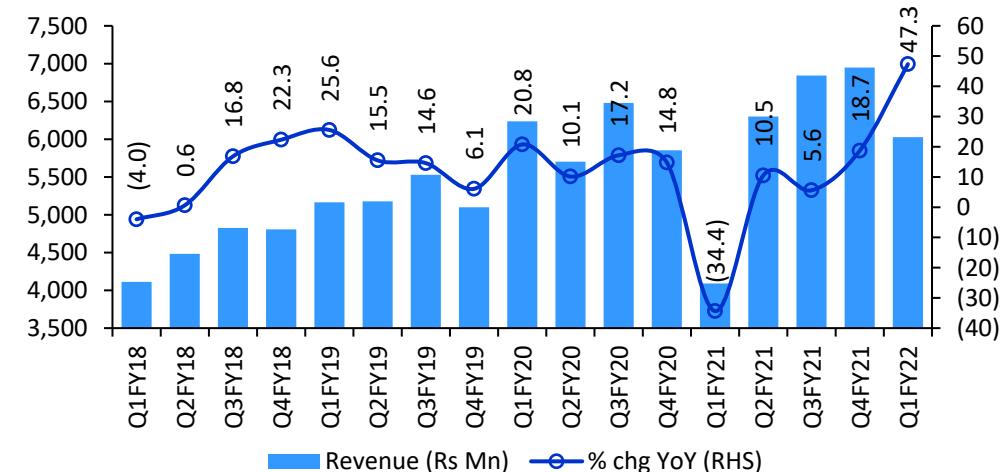
Source: DART, Company

Exhibit 10: P&A vs. Regular Volume Mix (%)

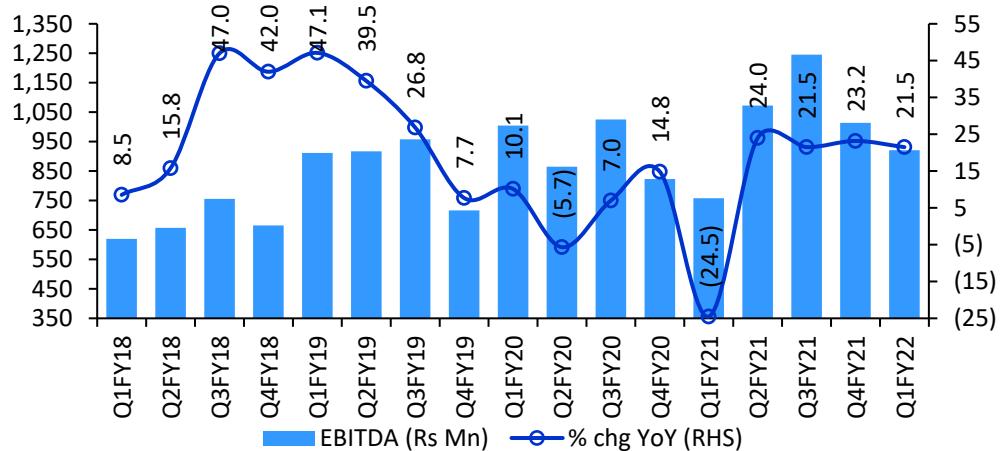


Source: DART, Company

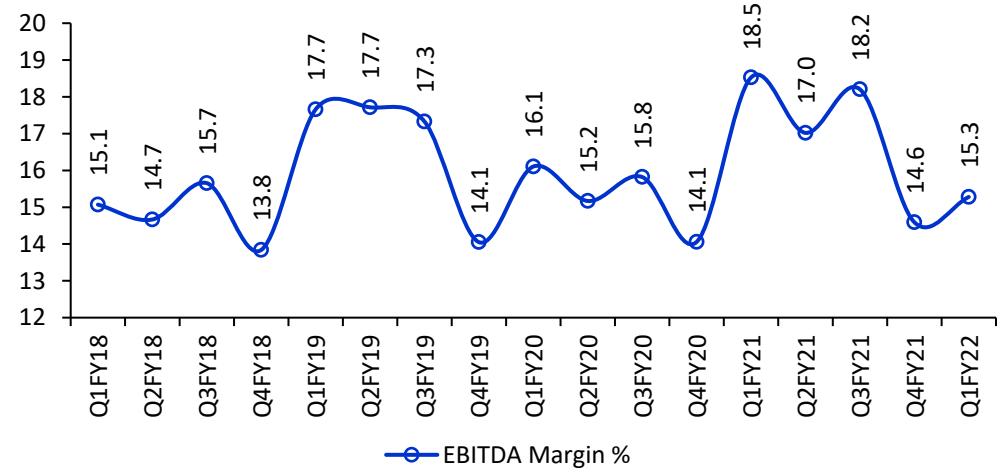
Exhibit 11: Revenue trend



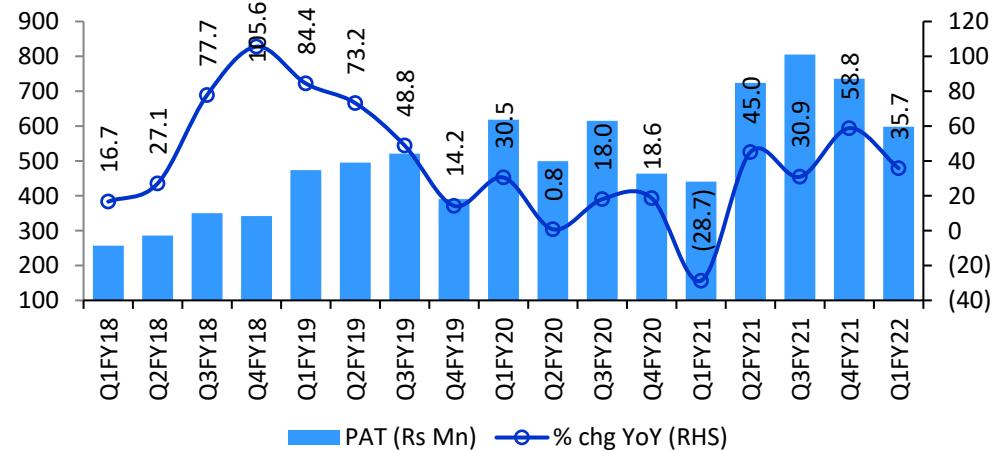
Source: DART, Company

Exhibit 12: EBITDA trend


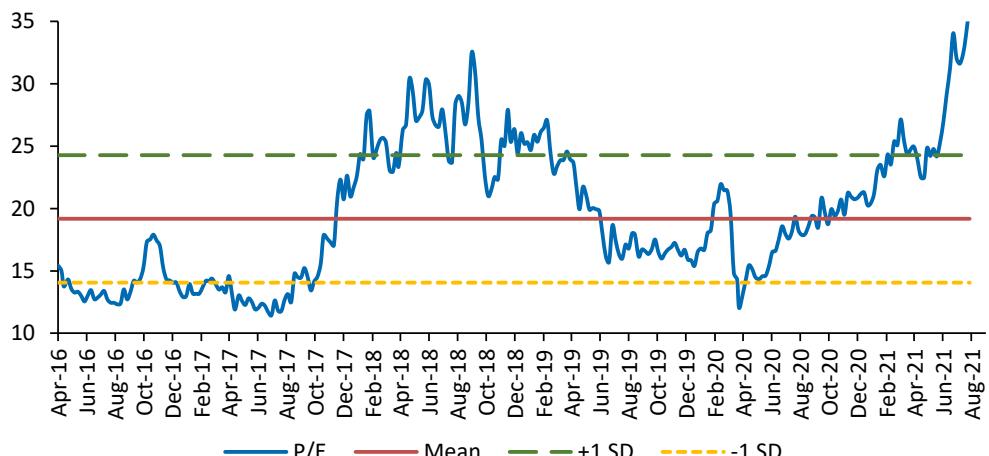
Source: DART, Company

Exhibit 13: EBITDA margin (%)


Source: DART, Company

Exhibit 14: PAT trend


Source: DART, Company

Exhibit 15: RDCK's PE valuation trend


Source: DART, Company

Exhibit 16: Peer valuation comparison

	Mcap	CMP	TP	+ / (-)	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)		
	Rs bn	Rs	(Rs)	%	FY22 E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
UBL	375	1,420	1,504	5.9	85.7	47.7	42.2	42.9	27.8	24.9	9.7	8.4	7.4	11.7	18.8	18.6
UNSP	463	639	668	4.6	54.8	41.4	35.2	33.7	26.3	22.9	9.4	7.7	6.3	18.7	20.4	19.6
Radico	117	876	1,000	14.2	39.0	31.9	27.6	25.5	21.2	18.3	5.8	5.0	4.3	16.0	16.8	16.7

Source: DART, Company

Exhibit 17: Key assumptions

IGAAP	IndAS								
	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Volumes (Mn Cases)									
P&A	4.4	4.8	5.0	6.1	7.1	6.5	7.4	8.4	9.3
Popular	13.8	13.5	14.5	15.5	17.3	15.8	18.1	19.3	20.2
Total	18.2	18.3	19.5	21.6	24.3	22.3	25.5	27.7	29.5
Growth YoY (%)									
P&A	8.9	8.0	6.2	21.3	15.2	(7.7)	13.8	14.0	10.0
Popular	-10.7	-2.0	7.0	7.2	11.4	(8.3)	14.6	6.1	5.0
Total	-6.6	0.4	6.8	10.8	12.4	(8.1)	14.4	8.4	6.5
Mix (%)									
P&A	24.2	26.0	25.9	28.3	29.0	29.2	29.0	30.5	31.5
Popular	75.8	74.0	74.1	71.7	71.0	70.8	71.0	69.5	68.5
Total	100.0								
Realization (Rs/Case)									
P&A	1,111	1,120	1,202	1,315	1,390	1,480	1,528	1,580	1,635
Popular	510	500	533	558	573	598	611	627	642
Total	656	661	707	772	810	855	877	917	955
Growth YoY (%)									
P&A	-11.4	0.8	7.4	9.3	5.7	6.5	3.2	3.4	3.5
Popular	-5.7	-2.0	6.6	4.6	2.7	4.4	2.2	2.5	2.5
Total	-4.9	0.9	6.8	9.3	4.9	5.6	2.5	4.6	4.1
Revenue (Rs Mn)									
P&A	4,890	5,319	6,067	8,046	9,800	9,637	11,314	13,335	15,182
Popular	7,036	6,759	7,710	8,647	9,887	9,466	11,090	12,063	12,983
IMFL subtotal	11,926	12,077	13,776	16,693	19,686	19,103	22,404	25,398	28,165
Non IMFL	4,592	4,722	4,453	4,277	4,584	5,078	5,246	5,325	5,405
Total	16,518	16,799	18,230	20,970	24,270	24,181	27,651	30,723	33,570
Growth YoY (%)									
P&A	(3.6)	8.8	14.1	32.6	21.8	(1.7)	17.4	17.9	13.9
Popular	(15.8)	(3.9)	14.1	12.2	14.3	(4.3)	17.2	8.8	7.6
IMFL subtotal	(11.2)	1.3	14.1	21.2	17.9	(3.0)	17.3	13.4	10.9
Non IMFL	(8.9)	2.8	(5.7)	(4.0)	7.2	10.8	3.3	1.5	1.5
Total	(10.5)	1.7	8.5	15.0	15.7	(0.4)	14.3	11.1	9.3
Mix (%)									
P&A	29.6	31.7	33.3	38.4	40.4	39.9	40.9	43.4	45.2
Popular	42.6	40.2	42.3	41.2	40.7	39.1	40.1	39.3	38.7
IMFL subtotal	72.2	71.9	75.6	79.6	81.1	79.0	81.0	82.7	83.9
Non IMFL	27.8	28.1	24.4	20.4	18.9	21.0	19.0	17.3	16.1
Total	100.0								

Exhibit 18: Key assumptions...

	IGAAP	IndAS							
	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
P&L (Rs Mn)									
Net revenue	16,518	16,799	18,228	20,969	24,270	24,181	27,651	30,723	33,570
RM	8,938	9,214	9,522	10,143	12,662	12,024	14,048	15,541	16,897
GP	7,580	7,585	8,706	10,826	11,609	12,157	13,602	15,182	16,673
Employee cost	1,283	1,403	1,549	1,714	1,861	1,763	1,884	2,044	2,218
S&D	1,772	1,979	2,159	2,881	3,112	3,165	3,651	3,997	4,337
Other Exps	2,647	2,082	2,300	2,728	2,918	3,139	3,469	3,694	3,934
Operating Exps	5,703	5,464	6,008	7,323	7,891	8,068	9,003	9,736	10,489
EBITDA	1,877	2,121	2,698	3,503	3,717	4,090	4,599	5,447	6,184
PBT	987	1,097	1,873	2,857	2,968	3,531	3,997	4,919	5,687
RPAT	734	809	1,235	1,881	2,274	2,706	2,998	3,665	4,237
APAT	734	809	1,235	1,881	2,196	2,706	2,998	3,665	4,237
Common Size (%)									
Net revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
RM	54.1	54.8	52.2	48.4	52.2	49.7	50.8	50.6	50.3
GP	45.9	45.2	47.8	51.6	47.8	50.3	49.2	49.4	49.7
Employee cost	7.8	8.4	8.5	8.2	7.7	7.3	6.8	6.7	6.6
S&D	10.7	11.8	11.8	13.7	12.8	13.1	13.2	13.0	12.9
Other Exps	16.0	12.4	12.6	13.0	12.0	13.0	12.5	12.0	11.7
Operating Exps	34.5	32.5	33.0	34.9	32.5	33.4	32.6	31.7	31.2
EBITDA	11.4	12.6	14.8	16.7	15.3	16.9	16.6	17.7	18.4
PBT	6.0	6.5	10.3	13.6	12.2	14.6	14.5	16.0	16.9
RPAT	4.4	4.8	6.8	9.0	9.4	11.2	10.8	11.9	12.6
APAT	4.4	4.8	6.8	9.0	9.0	11.2	10.8	11.9	12.6
Change YoY (%)									
Net revenue	11.0	1.7	8.5	15.0	15.7	-0.4	14.3	11.1	9.3
RM	24.2	3.1	3.3	6.5	24.8	-5.0	16.8	10.6	8.7
GP	-1.4	0.1	14.8	24.4	7.2	4.7	11.9	11.6	9.8
Employee cost	7.4	9.4	10.4	10.6	8.6	-5.2	6.8	8.5	8.5
S&D	-7.7	11.7	9.1	33.5	8.0	1.7	15.3	9.5	8.5
Other Exps	0.0	-21.4	10.5	18.6	7.0	7.6	10.5	6.5	6.5
Operating Exps	-4.7	-4.2	10.0	21.9	7.8	2.2	11.6	8.1	7.7
EBITDA	10.2	13.0	27.2	29.9	6.1	10.0	12.5	18.4	13.5
PBT	13.3	11.1	70.8	52.5	3.9	19.0	13.2	23.1	15.6
RPAT	8.6	10.1	52.7	52.3	20.9	19.0	10.8	22.2	15.6
APAT	8.6	10.1	52.7	52.3	16.8	23.2	10.8	22.2	15.6

Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
Revenue	24,181	27,651	30,723	33,570
Total Expense	20,092	23,051	25,277	27,386
COGS	12,024	14,048	15,541	16,897
Employees Cost	1,763	1,884	2,044	2,218
Other expenses	6,304	7,119	7,691	8,271
EBIDTA	4,090	4,599	5,447	6,184
Depreciation	539	627	659	691
EBIT	3,550	3,972	4,788	5,493
Interest	220	169	82	41
Other Income	201	194	213	234
Exc. / E.O. items	0	0	0	0
EBT	3,531	3,997	4,919	5,687
Tax	825	999	1,254	1,450
RPAT	2,706	2,998	3,665	4,237
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	2,706	2,998	3,665	4,237

Balance Sheet

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
Sources of Funds				
Equity Capital	267	267	267	267
Minority Interest	0	0	0	0
Reserves & Surplus	17,372	19,969	23,100	26,668
Net Worth	17,639	20,236	23,367	26,935
Total Debt	2,721	1,360	680	340
Net Deferred Tax Liability	1,021	824	708	653
Total Capital Employed	21,381	22,421	24,755	27,929

Applications of Funds

Net Block	7,899	7,966	8,096	8,195
CWIP	378	283	213	159
Investments	2,330	2,329	2,329	2,329
Current Assets, Loans & Advances	16,247	17,288	19,892	23,614
Inventories	4,891	4,715	5,228	5,891
Receivables	6,975	8,605	9,614	10,211
Cash and Bank Balances	1,300	731	1,649	3,938
Loans and Advances	0	0	0	0
Other Current Assets	3,082	3,238	3,401	3,573
Less: Current Liabilities & Provisions	5,472	5,446	5,775	6,369
Payables	2,619	2,770	2,925	3,059
Other Current Liabilities	2,853	2,676	2,850	3,310
<i>sub total</i>				
Net Current Assets	10,775	11,842	14,117	17,245
Total Assets	21,381	22,421	24,755	27,929

E – Estimates

Important Ratios

Particulars	FY21A	FY22E	FY23E	FY24E
(A) Margins (%)				
Gross Profit Margin	50.3	49.2	49.4	49.7
EBIDTA Margin	16.9	16.6	17.7	18.4
EBIT Margin	14.7	14.4	15.6	16.4
Tax rate	23.4	25.0	25.5	25.5
Net Profit Margin	11.2	10.8	11.9	12.6
(B) As Percentage of Net Sales (%)				
COGS	49.7	50.8	50.6	50.3
Employee	7.3	6.8	6.7	6.6
Other	26.1	25.7	25.0	24.6
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.1	0.0	0.0
Interest Coverage	16.1	23.5	58.7	134.6
Inventory days	74	62	62	64
Debtors days	105	114	114	111
Average Cost of Debt	6.6	8.3	8.0	8.0
Payable days	40	37	35	33
Working Capital days	163	156	168	188
FA T/O	3.1	3.5	3.8	4.1
(D) Measures of Investment				
AEPS (Rs)	20.3	22.4	27.4	31.7
CEPS (Rs)	24.3	27.1	32.4	36.9
DPS (Rs)	2.4	3.0	4.0	5.0
Dividend Payout (%)	11.8	13.4	14.6	15.8
BVPS (Rs)	132.1	151.5	174.9	201.7
RoANW (%)	16.5	15.8	16.8	16.8
RoACE (%)	14.1	14.5	15.9	16.2
RoAIC (%)	17.7	19.0	21.4	23.3
(E) Valuation Ratios				
CMP (Rs)	879	879	879	879
P/E	43.4	39.2	32.0	27.7
Mcap (Rs Mn)	117,407	117,407	117,407	117,407
MCap/ Sales	4.9	4.2	3.8	3.5
EV	118,828	118,036	116,438	113,809
EV/Sales	4.9	4.3	3.8	3.4
EV/EBITDA	29.1	25.7	21.4	18.4
P/BV	6.7	5.8	5.0	4.4
Dividend Yield (%)	0.3	0.3	0.5	0.6
(F) Growth Rate (%)				
Revenue	(0.4)	14.3	11.1	9.3
EBITDA	10.0	12.5	18.4	13.5
EBIT	11.2	11.9	20.5	14.7
PBT	29.5	13.2	23.1	15.6
APAT	23.2	10.8	22.2	15.6
EPS	23.2	10.8	22.2	15.6

Cash Flow

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
CFO	3,567	2,158	3,048	4,129
CFI	(690)	(797)	(834)	(792)
CFF	(1,760)	(1,930)	(1,296)	(1,049)
FCFF	2,366	1,558	2,330	3,392
Opening Cash	182	1,300	731	1,649
Closing Cash	1,300	731	1,649	3,938

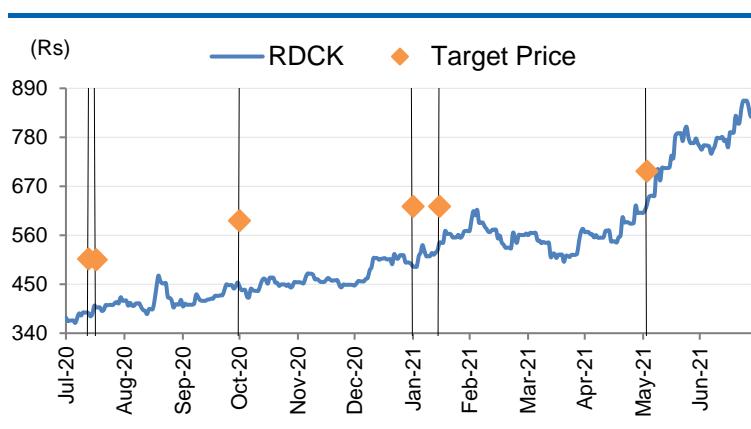
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

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

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-20	BUY	507	385
Aug-20	BUY	505	398
Oct-20	BUY	593	446
Jan-21	BUY	625	489
Feb-21	BUY	625	543
Jun-21	BUY	704	628

*Price as on recommendation date

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