

AlcoBev | Q1FY25 Result Update

CMP: Rs.1,704 | TP: Rs 2,020 | Upside 19%

In-line and healthy; GM expansion key trigger!

- RDCK's Q1FY25 result was in line and healthy. Revenue/GP/EBITDA/APAT grew by +19/13.5/ 24.6/20.6% YoY.
- The company is expected to grow strongly over FY24-26E with a CAGR of ~33% driven by (1) healthy growth in P&A, especially in Luxury segment (2) revival of its Popular brand on favourable base (3) full-year benefit from backward integration (vs. H2 in FY24) (4) softening of RM and (5) financial leverage playing out. The anticipated RM softening in FY25/26E could result in a significant earnings delta. However, a potential slowdown in P&A growth is a key risk to earnings which may impact the PE multiple.
- We reduce our FY25-27E EPS estimates by 11/7/4% to factor in lower GM due to persistent RM inflation. Valuations at 62/47/38x FY25/26/27E EPS partly capture business optimism, but as growth pans out, we expect earnings to roll forward & stock to re-rate leading to a further price uptick. RDCK has seen 6M of time correction. GM expansion & deleveraging are key triggers. Reiterate 'BUY' rating with revised TP of Rs 2,020 @ 50x H1FY27E EPS (vs. Rs 2,150).

IMFL - P&A shines, Popular drags

Q1 revenue grew 19.1% YoY led by 5.7% growth in IMFL (65% of revenues). Within IMFL, P&A reported healthy growth of 19.1% YoY, led by 14.5% volume growth & 4.2% price/mix. However, de-growth in Popular was steep at 15.1%, led by volume decline of 14% on account of price increases in KTK, payment challenges in Telangana, policy delays, election impact etc. Election impacted ~3-4% volume growth as per mgmt. It has guided 15%+ volume growth in the foreseeable future in P&A with 600-700bps realization improvement driven by price increases and product-mix improvements.

Non-IMFL healthy, led by capacity expansion

Non-IMFL revenue grew by a strong 57.4% YoY (~35% of revs). This is on account of operationalization of Sitapur ENA plant wef Q3FY24. Growth in Country Liquor has been in the high-single digits.

RM inflation impacts GM, visibility dim of softening in near-term

Despite healthy premiumization, GP has trailed revenues due to revenue mix change & ~335bps impact from grain price inflation. However, worst of RM impact is behind, in our view. **Both glass & ENA have stabilized (peaked) and will be moderate in the medium-to-long term, which will be a key earnings trigger besides premiumization.**

Key Data

Nifty	24,835
Equity / FV	Rs 267mn / Rs 2
Market Cap	Rs 228bn
	USD 2.7bn
52-Week High/Low	Rs 1,885/ 1,141
Avg. Volume (no)	2,50,742
Bloom Code	RDCK IN

	Current	Previous
Rating	BUY	Accumulate
Target Price	2,020	2,150

Change in Estimates

(Rs.bn)	Current	Chg (%)	Current	Chg (%)
	FY25E	FY26E	FY25E	FY26E
Revenue	48	52	0.7	1.0
EBITDA	7	8	0.0	(2.3)
EBITDA (%)	13.9	15.3	(10)	(52)
APAT	4	5	(2.3)	(4.8)
EPS (Rs)	27.0	35.3	(2.3)	(4.8)

Valuation (x)

	FY24A	FY25E	FY26E
P/E	89.1	63.1	48.3
EV/EBITDA	46.4	35.1	29.0
ROE (%)	11.3	14.3	16.6
RoACE (%)	10.0	12.6	14.2

Q1FY25 Result (Rs Mn)

Particulars	Q1FY25	YoY (%)	QoQ
Revenue	11,365	19.1	5.4
Total Expense	9,876	18.4	3.3
EBITDA	1,490	24.6	21.6
Depreciation	329	35.0	4.2
EBIT	1,161	22.0	27.6
Other Income	37	229.4	64.7
Interest	185	50.3	10.6
EBT	1,014	20.6	32.4
Tax	250	20.5	26.8
RPAT	763	20.7	34.4
APAT	763	20.7	34.4
		(bps)	(bps)
Gross Margin	41.5	(208)	55
EBITDA (%)	13.1	58	175
NPM (%)	6.7	8	145
Tax Rate (%)	24.7	(2)	(109)
EBIT (%)	10.2	24	178

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Earnings Call KTAs

- **RM Prices & inflation outlook** – While FY24 saw volatility in RM prices – grain, glass & ENA which dented the margins, management saw **early signs of stabilization of RM inflation especially in the first half of Q1FY25**. But with the increase in MSP, the grain prices again inched up in the second half of Q1FY25. With good monsoon expectations, enough rice inventory with FCI, and softening in maize prices, grain prices are expected to come down, which will be margin accretive in the medium term. The near-period outlook remains uncertain.
- Packaging materials prices have softened a bit and benefits shall become visible from Q2FY25.
- **Margin outlook** – A steep increase in grain prices impacted GM by ~335bps YoY in Q1FY25. Adverse product mix with higher growth of low-margin non-IMFL was another reason for the fall in margin YoY, which was partially off-set by high margin P&A volumes. Going forward, as RM prices stabilize, margins are expected to improve further. **Management expects sequential margin improvement from hereon and targets a 16-17% margin in FY26E.**
- With regards to non-IMFL business, FY24 saw EBITDA margin improvement from negative to positive in the mid-single digit. Management expects margins to reach high single-digit by FY25 exit if the inflation scenario remains under control.
- **Volume growth:** Popular segment growth has been muted at the industry level, mainly on account of lower profitability due to the inflationary environment, price increases in Karnataka and strategic reduction in supply by the company due to low profitability. However, with recent price hikes, the company is confident of achieving double-digit volume growth over the next couple of years with P&A.
- **P&A growth drivers:** As per industry reports, India's spirits market is expected to grow significantly driven by lower penetration, higher income levels, urbanization, reduction in social taboo and premiumization. Hence, the scope for growth is not a challenge. RDCK has been consistently launching premium products over the last 4-6 quarters and has a list of products which are planned to be launched in due course over the coming couple of years. Albeit it launched 4-luxury products for the domestic market in the last 30 days.
- Management stated that its P&A portfolio is seeing strong growth momentum. With the focus on growing P&A at double-digit (~15%) for the next couple of years.
- **Portfolio of offerings in the premium segment:**
- RDCK's vision of becoming a global spirits producer taking Indian spirits to the world stage has panned out well and has been reflected in its performance over last couple of years. Management remains confident of growing ahead of the industry average over the next 2-3 years with a robust premium product pipeline.
- **Capex & Debt** – RDCK does not expect any further capex for capacity expansion in the near future. Only maintenance capex of ~Rs. 600-700mn will be incurred over next couple of years. It sounded confident of becoming near debt-free by FY26.
- **Capacity** – Increased the capacity of Jaisalmer gin by 3x. Royal Ranthambore's existing capacity is enough to cater to the demand. On an overall basis, the company has enough capacity to cater to all its brands well without any expansion requirements.

- **Competition in Indian Single Malt** – While demand for Indian single malt is rising, the competition too has gone up. However, Radico's products are priced much higher than their competitor's and hence not comparable. Also, management feels that the expansion of the Indian single malt category will only have a positive impact on the company's operational performance. To compete effectively in the lower price points of the single malts category, RDCK's portfolio includes Victory of 1999, a pure malt single malt launched in the Uttar Pradesh (UP) region, which has received a positive response. The company's product portfolio is well-positioned to take on the competition across segments.
- **Price hike** – RDCK took a price hike in 15 major states in FY24 including MH, DL, KTK, UP etc. in the recent past and hence does not expect any further price hikes in the near future.

Miscellaneous

- FY24 was a year of consolidation with focus on P&A business, rationalization of non-IMFL and managing COGS.

Summary

- Management remains bullish on the opportunity size in the P&A market in India and expects its P&A segment growth to be healthy in double-digit over next couple of years. Also, margins seem to have bottomed out and sequential improvement is expected from here on. Overall, the company expects to grow ahead of the industry average with a strong pipeline of new product launches in the premium portfolio.

Exhibit 1: Actual vs. Estimates

Particulars (Rs Mn)	Actual	Estimate	Variance (%)	Remarks
Volumes (Mn Cases)	6.3	6.2	1.5	
- P&A	2.7	2.7	2.0	
- Popular	3.6	3.5	1.2	
Realization (Rs/Case)	1,168	1,173	(0.4)	
- P&A	1,830	1,825	0.2	
- Popular	662	677	(2.3)	
IMFL Rev. (Rs Mn)	7,454	7,402	0.7	
- P&A	4,995	4,886	2.2	
- Popular	2,363	2,389	(1.1)	
- Others	96	126	(24.1)	
Non-IMFL (Rs Mn)	3,911	4,096	(4.5)	
Revenue	11,365	11,498	(1.2)	
Gross Profit	4,720	4,887	(3.4)	
GP %	41.5	42.5	(98 bps)	
EBITDA	1,490	1,471	1.3	
EBITDA %	13.1	12.8	31 bps	
APAT	763	751	1.6	

Source: Company, Dolat Capital

Exhibit 2: Change in estimates

Particulars	FY25E			FY26E			Comments
	Old	New	Chg. (%)	Old	New	Chg. (%)	
Volume (Mn cases)	27.2	26.6	(2.4)	29.1	28.2	(3.0)	We reduce our revenues estimates to factor weak Q1FY25 especially on gross margins due to steep inflation
- P&A	12.9	12.7	(1.9)	14.4	14.0	(2.5)	
- Popular	14.4	13.9	(3.5)	14.7	14.2	(3.6)	
Realization (Rs/case)	1,208	1,197	(0.9)	1,264	1,262	(0.2)	
- P&A	1,836	1,802	(1.9)	1,882	1,874	(0.4)	
- Popular	645	646	0.2	655	656	0.1	
IMFL Revenue	32,922	31,779	(3.5)	36,750	35,616	(3.1)	
- P&A	23,652	22,796	(3.6)	27,153	26,315	(3.1)	
- Popular	9,270	8,983	(3.1)	9,597	9,300	(3.1)	
Non-IMFL Revenue	16,824	16,456	(2.2)	17,245	16,267	(5.7)	
Revenue	50,177	48,756	(2.8)	54,461	52,447	(3.7)	
Gross Profit	21,050	21,100	0.2	23,529	23,353	(0.7)	
EBITDA	6,430	7,180	11.7	7,921	8,355	5.5	
APAT	3,453	4,051	17.3	4,679	5,055	8.0	
AEPS (Rs)	25.8	30.3	17.4	35.0	37.8	8.0	
Margin %							
GP %	42.0	43.3	128	43.2	44.5	133	
EBITDA %	12.8	14.7	193	14.5	15.9	143	
APAT %	6.9	8.3	141	8.6	9.6	104	

Source: Company, Dolat Capital

Exhibit 3: Quarterly Standalone P&L

Particulars (Rs Mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Net Revenue	8,318	9,539	9,250	11,609	10,787	11,365	19.1	5.4
RM Costs	4,944	5,380	5,167	6,751	6,367	6,646	23.5	4.4
Gross Profit	3,374	4,159	4,083	4,858	4,420	4,720	13.5	6.8
Employee cost	445	413	486	589	470	504	21.8	7.3
S&D	832	1,078	995	1,132	1,121	995	(7.7)	(11.2)
Other Expenses	1,285	1,473	1,390	1,708	1,605	1,731	17.6	7.9
Total Op. Expenses	2,562	2,964	2,871	3,429	3,195	3,230	9.0	1.1
EBITDA	812	1,195	1,212	1,428	1,225	1,490	24.6	21.6
D&A	199	243	261	318	315	329	35.0	4.2
Interest cost	90	123	125	177	167	185	50.3	10.6
Other Income	14	11	7	48	22	37	229.4	64.7
PBT	536	840	833	982	765	1,014	20.6	32.4
EO Income/(Expense)	(23)	0	0	0	0	0	-	-
Tax	141	208	214	243	197	250	20.5	26.8
APAT	395	632	619	738	568	763	20.7	34.4

Source: Company, Dolat Capital

Exhibit 4: Margin Analysis

% of Net revenue	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
RM Costs	59.4	56.4	55.9	58.2	59.0	58.5	208	(55)
Gross Profit	40.6	43.6	44.1	41.8	41.0	41.5	(208)	55
Employee cost	5.4	4.3	5.3	5.1	4.4	4.4	10	8
S&D	10.0	11.3	10.8	9.8	10.4	8.8	(255)	(163)
Other Expenses	15.4	15.4	15.0	14.7	14.9	15.2	(20)	35
Total Op. Expenses	30.8	31.1	31.0	29.5	29.6	28.4	(265)	(120)
EBITDA	9.8	12.5	13.1	12.3	11.4	13.1	58	175
PBT	6.4	8.8	9.0	8.5	7.1	8.9	11	182
APAT	4.7	6.6	6.7	6.4	5.3	6.7	8	145
Tax as % of PBT	26.3	24.7	25.7	24.8	25.8	24.7	(2)	(109)

Source: Company, Dolat Capital

Exhibit 5: Revenue Mix

(Rs Mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
P&A	2,989	3,611	4,025	4,336	4,195	4,897	5,197	5,035	4,995
Regular	2,944	2,411	2,250	2,175	2,783	2,014	1,997	1,715	2,363
Franchise Fees	46	78	72	77	77	80	100	124	96
IMFL	5,979	6,100	6,347	6,588	7,055	6,991	7,294	6,874	7,454
Non-IMFL/Others	1,596	1,513	1,575	1,729	2,484	2,260	4,315	3,912	3,911
Total	7,575	7,613	7,922	8,317	9,539	9,251	11,609	10,786	11,365
Chg YoY %									
P&A	37.0	25.0	19.1	18.2	40.3	35.6	29.1	16.1	19.1
Regular	18.3	(11.0)	(19.4)	(26.0)	(5.5)	(16.5)	(11.2)	(21.1)	(15.1)
IMFL	27.7	8.5	2.4	(0.7)	18.0	14.6	14.9	4.3	5.7
Non-IMFL	23.1	8.7	15.0	16.0	55.6	49.4	174.0	126.3	57.4
Total	26.7	8.6	4.7	2.4	25.9	21.5	46.5	29.7	19.1
Mix %									
P&A	50.0	59.2	63.4	65.8	59.5	70.0	71.3	73.2	67.0
Regular	49.2	39.5	35.4	33.0	39.4	28.8	27.4	24.9	31.7
IMFL	78.9	80.1	80.1	79.2	74.0	75.6	62.8	63.7	65.6
Non-IMFL	21.1	19.9	19.9	20.8	26.0	24.4	37.2	36.3	34.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

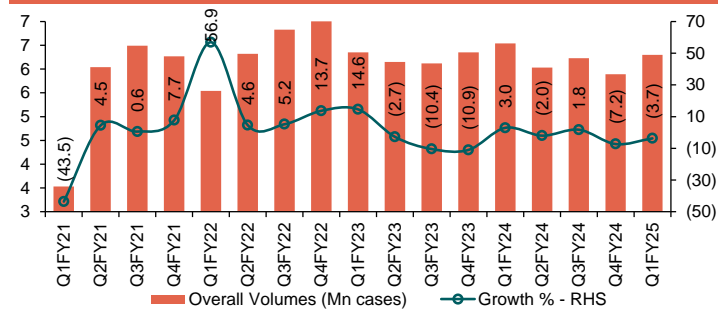
Source: Company, Bloomberg

Exhibit 6: IMFL Volume and Realization/case trend

Particulars	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Volumes (Mn Cases)									
P&A	1.88	2.33	2.59	2.55	2.39	2.84	3.11	2.92	2.73
Regular	4.47	3.82	3.53	3.80	4.15	3.19	3.12	2.97	3.57
Total	6.35	6.15	6.12	6.35	6.54	6.03	6.23	5.89	6.30
Chg YoY (%)									
P&A	29.7	22.0	14.1	17.5	27.1	21.9	20.1	14.5	14.2
Regular	9.3	(13.4)	(22.6)	(23.4)	(7.2)	(16.5)	(11.6)	(21.8)	(14.0)
Total	14.6	(2.7)	(10.4)	(10.9)	3.0	(2.0)	1.8	(7.2)	(3.7)
Mix %									
P&A	29.6	37.9	42.3	40.2	36.5	47.1	49.9	49.6	43.3
Regular	70.4	62.1	57.7	59.8	63.5	52.9	50.1	50.4	56.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Realization/case (Rs)									
P&A	1,590	1,550	1,554	1,700	1,755	1,724	1,671	1,724	1,830
Regular	659	631	637	572	671	631	640	577	662
IMFL	942	992	1,037	1,037	1,079	1,159	1,171	1,167	1,183
Chg YoY (%)									
P&A	5.7	2.5	4.4	0.6	10.4	11.3	7.5	1.4	4.2
Regular	8.3	2.8	4.1	(3.5)	1.8	0.0	0.4	0.9	(1.3)
Total	11.4	11.5	14.3	11.5	14.6	16.9	12.9	12.5	9.7

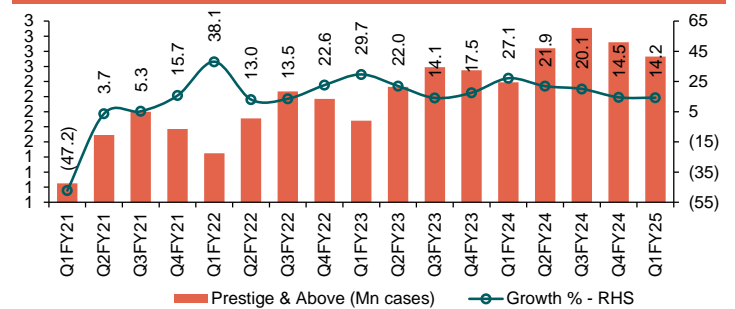
Source: Company, Dolat Capital

Exhibit 7: Total IMFL Volumes



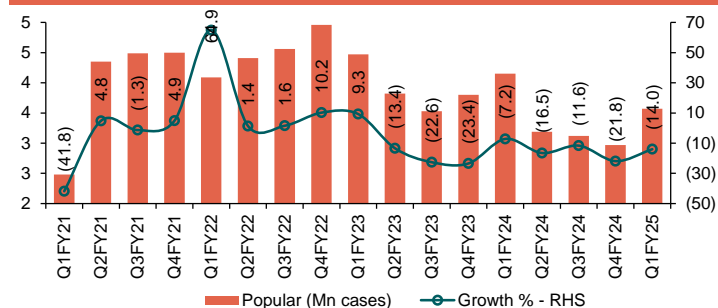
Source: Company, Dolat Capital

Exhibit 8: Prestige & Above Volumes (Premium)



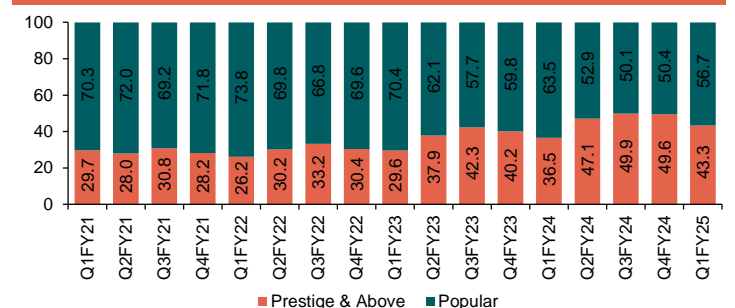
Source: Company, Dolat Capital

Exhibit 9: Popular Volumes



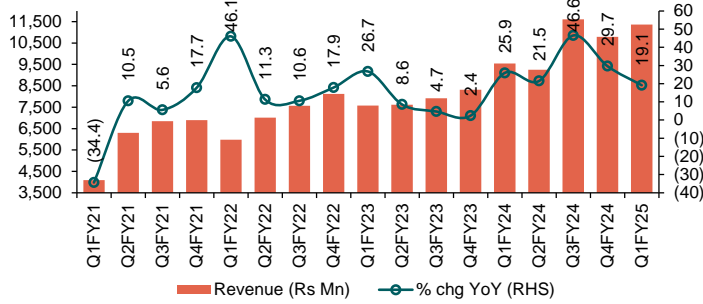
Source: Company, Dolat Capital

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



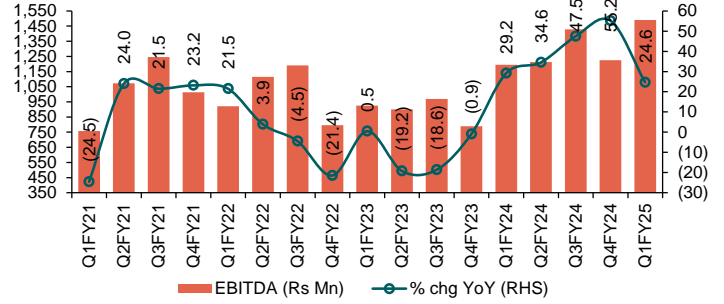
Source: Company, Dolat Capital

Exhibit 11: Revenue Trend



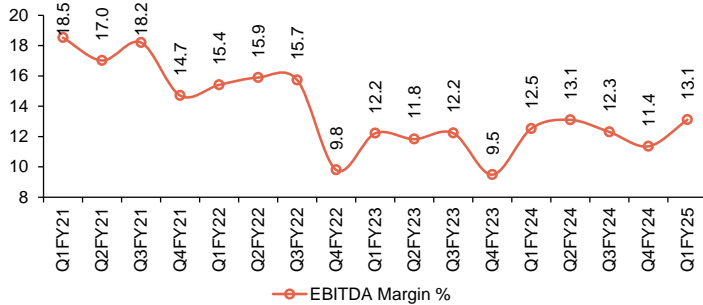
Source: Company, Dolat Capital

Exhibit 12: EBITDA Trend



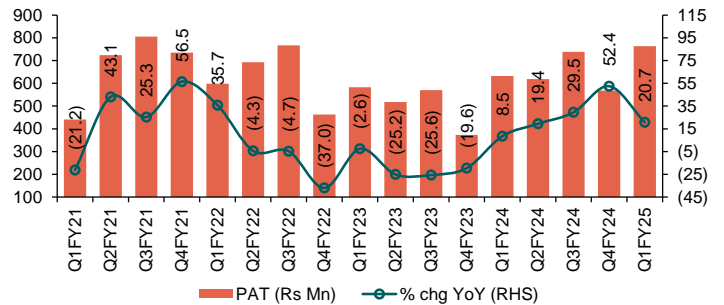
Source: Company, Dolat Capital

Exhibit 13: EBITDA Margin Trend



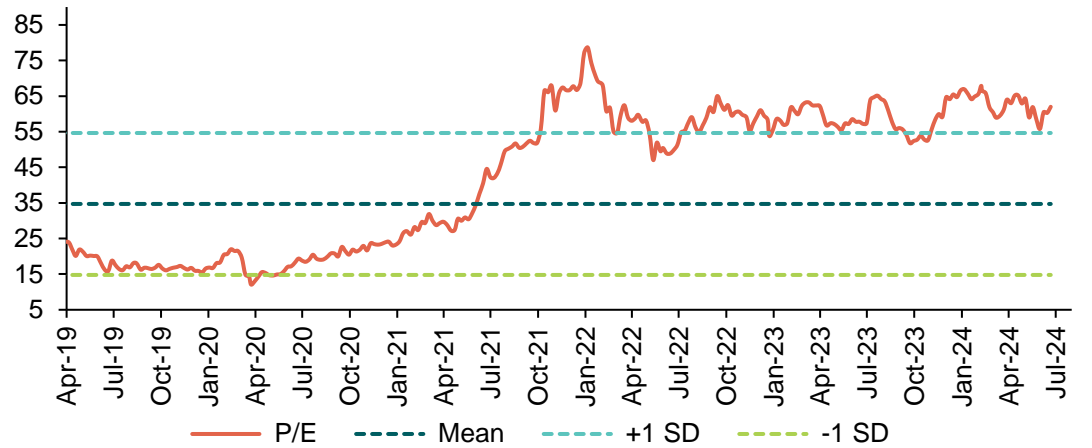
Source: Company, Dolat Capital

Exhibit 14: PAT Trend



Source: Company, Dolat Capital

Exhibit 15: RDCK's P/E Valuation Trend



Source: Company, Dolat Capital

Exhibit 16: Peer Valuation

	Mcap	CMP	TP *	+ / (-)	P/E (x)			EV/EBITDA (x)			P/B (x)			ROE (%)		
	Rs bn	Rs	(Rs)	%	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
UNSP	1,062	1,460	1,425	(2.4)	77.8	65.6	56.6	50.3	43.5	38.1	12.8	10.7	9.0	17.9	17.7	17.2
Radico	228	1,704	2,020	18.6	63.1	48.3	38.6	34.9	28.9	24.2	8.6	7.5	6.5	13.6	16.4	17.6
UBL	514	1,945	1,940	(0.3)	90.5	62.9	49.1	54.2	39.7	31.5	11.5	10.2	8.8	13.1	17.2	19.3

Source: Company, Dolat Capital | *Target prices mentioned as per the last published report.

Exhibit 17: Target price derivation

Target price	
H1FY27E EPS	39.7
Multiple (x)	50
Standalone TP	1987
Share in JV	33
Consol TP	2,020

Exhibit 18: Per share price for stake in NV Distilleries, Aurangabad

FY23 Share of Profit from JV (Rs Mn)	160
EPS/share of Radico (Rs)	1.2
Target multiple (x)	28
Per Share value for stake in JV	33

Exhibit 19: Target Price Sensitivity to EPS estimates

EPS ----->	27.0	35.3	44.2
gt PE (x)	FY25	FY26	FY27
30	843	1,092	1,358
40	1,113	1,445	1,800
50	1,382	1,798	2,242
60	1,652	2,151	2,683

Source: Company, Dolat Capital

Exhibit 20: Key Assumptions

Particulars	IndAS FY17	IndAS FY18	IndAS FY19	IndAS FY20	IndAS FY21	IndAS FY22	IndAS FY23	IndAS FY24	IndAS FY25E	IndAS FY26E	IndAS FY27E
Volumes (Mn Cases)											
P&A	4.8	5.0	6.1	7.1	6.5	8.1	9.4	11.3	12.9	14.5	16.1
Popular	13.5	14.5	15.5	17.3	15.8	18.3	15.6	13.4	12.9	13.3	13.6
Total	18.3	19.5	21.6	24.3	22.3	26.4	25.0	24.7	25.8	27.9	29.7
Growth YoY (%)											
P&A	8.0	6.2	21.3	15.2	(7.7)	24.6	15.3	20.4	14.8	12.5	11.0
Popular	(2.0)	7.0	7.2	11.4	(8.3)	15.3	(13.4)	(13.9)	(4.2)	3.5	2.0
Total	0.4	6.8	10.8	12.4	(8.1)	18.0	(4.5)	(1.0)	4.5	8.0	6.7
Mix (%)											
P&A	26.0	25.9	28.3	29.0	29.2	30.8	37.5	45.6	50.1	52.2	54.3
Popular	74.0	74.1	71.7	71.0	70.8	69.2	62.5	54.4	49.9	47.8	45.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Realization (Rs/Case)											
P&A	1,120	1,202	1,315	1,390	1,477	1,498	1,600	1,716	1,793	1,864	1,911
Popular	500	533	558	573	597	598	627	634	638	648	657
Total	661	707	772	810	854	875	992	1,127	1,217	1,283	1,338
Growth YoY (%)											
P&A	0.8	7.4	9.3	5.7	6.2	1.8	6.8	7.3	4.5	4.0	2.5
Popular	(2.0)	6.6	4.6	2.7	4.2	1.2	3.4	1.1	0.7	1.5	1.5
Total	0.9	6.8	9.3	4.9	5.4	3.2	12.3	13.7	7.9	5.4	4.3
Revenue (Rs Mn)											
P&A	5,319	6,067	8,046	9,800	9,639	12,147	14,961	19,324	23,179	27,119	30,855
Popular	6,759	7,710	8,647	9,887	9,436	10,921	9,780	8,509	8,213	8,628	8,932
IMFL subtotal	12,077	13,776	16,693	19,686	19,076	23,069	24,741	27,833	31,392	35,747	39,787
Non IMFL	4,722	4,453	4,277	4,584	5,051	5,611	6,413	12,971	16,496	16,309	16,116
Total	16,799	18,230	20,970	24,270	24,126	28,680	31,427	41,185	48,284	52,484	56,359
Growth YoY (%)											
P&A	8.8	14.1	32.6	21.8	(2.3)	26.9	23.2	29.2	19.9	17.0	13.8
Popular	(3.9)	14.1	12.2	14.3	(5.3)	16.6	(10.5)	(13.0)	(3.5)	5.1	3.5
IMFL subtotal	1.3	14.1	21.2	17.9	(3.8)	21.8	7.2	12.5	12.8	13.9	11.3
Non IMFL	2.8	(5.7)	(4.0)	7.2	10.2	11.1	14.3	102.3	27.2	(1.1)	(1.2)
Total	1.7	8.5	15.0	15.7	(1.2)	19.6	9.6	31.1	17.2	8.7	7.4
Mix (%)											
P&A	31.7	33.3	38.4	40.4	39.9	42.4	47.6	46.9	48.0	51.7	54.7
Popular	40.2	42.3	41.2	40.7	39.0	38.4	31.1	20.7	17.0	16.4	15.8
IMFL subtotal	71.9	75.6	79.6	81.1	78.9	80.7	78.7	67.6	65.0	68.1	70.6
Non IMFL	28.1	24.4	20.4	18.9	21.1	19.6	20.4	31.5	34.2	31.1	28.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Exhibit 21: Key Assumptions (continued)

Particulars	IndAS FY17	IndAS FY18	IndAS FY19	IndAS FY20	IndAS FY21	IndAS FY22	IndAS FY23	IndAS FY24	IndAS FY25E	IndAS FY26E	IndAS FY27E
P&L (Rs Mn)											
Net revenue	16,799	18,228	20,969	24,270	24,126	28,680	31,428	41,185	48,284	52,484	56,359
RM	9,214	9,522	10,143	12,483	12,024	15,774	18,279	23,665	27,809	29,572	30,909
GP	7,585	8,706	10,826	11,788	12,102	12,906	13,149	17,520	20,475	22,912	25,450
Employee cost	1,403	1,549	1,714	1,861	1,619	1,413	1,689	1,958	2,121	2,258	2,405
S&D	1,979	2,159	2,881	3,112	3,110	3,137	3,290	4,326	4,713	5,298	5,975
Other Exps	2,082	2,300	2,728	3,097	3,284	4,295	4,586	6,176	6,928	7,304	7,633
Operating Exps	5,464	6,008	7,323	8,070	8,013	8,844	9,565	12,460	13,762	14,860	16,013
EBITDA	2,121	2,698	3,503	3,717	4,089	4,061	3,583	5,061	6,713	8,052	9,437
PBT	1,097	1,873	2,857	2,968	3,531	3,392	2,747	3,420	4,834	6,335	7,929
RPAT	809	1,235	1,881	2,274	2,706	2,561	2,044	2,558	3,609	4,720	5,907
APAT	809	1,235	1,881	2,516	2,706	2,522	2,044	2,558	3,609	4,720	5,907
Common Size (%)											
Net revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
RM	54.8	52.2	48.4	51.4	49.8	55.0	58.2	57.5	57.6	56.3	54.8
GP	45.2	47.8	51.6	48.6	50.2	45.0	41.8	42.5	42.4	43.7	45.2
Employee cost	8.4	8.5	8.2	7.7	6.7	4.9	5.4	4.8	4.4	4.3	4.3
S&D	11.8	11.8	13.7	12.8	12.9	10.9	10.5	10.5	9.8	10.1	10.6
Other Exps	12.4	12.6	13.0	12.8	13.6	15.0	14.6	15.0	14.3	13.9	13.5
Operating Exps	32.5	33.0	34.9	33.3	33.2	30.8	30.4	30.3	28.5	28.3	28.4
EBITDA	12.6	14.8	16.7	15.3	17.0	14.2	11.4	12.3	13.9	15.3	16.7
PBT	6.5	10.3	13.6	12.2	14.6	11.8	8.7	8.3	10.0	12.1	14.1
RPAT	4.8	6.8	9.0	9.4	11.2	8.9	6.5	6.2	7.5	9.0	10.5
APAT	4.8	6.8	9.0	10.4	11.2	8.8	6.5	6.2	7.5	9.0	10.5
Change YoY (%)											
Net revenue	1.7	8.5	15.0	15.7	(0.6)	19.6	9.6	31.0	17.2	8.7	7.4
RM	3.1	3.3	6.5	23.1	(3.7)	31.2	15.9	29.5	17.5	6.3	4.5
GP	0.1	14.8	24.4	8.9	2.7	7.9	1.9	33.2	16.9	11.9	11.1
Employee cost	9.4	10.4	10.6	8.6	(13.0)	13.9	19.6	15.9	8.3	6.5	6.5
S&D	11.7	9.1	33.5	8.0	(0.1)	5.6	4.9	31.5	9.0	12.4	12.8
Other Exps	(21.4)	10.5	18.6	13.5	6.0	17.3	5.8	34.7	12.2	5.4	4.5
Operating Exps	(4.2)	10.0	21.9	10.2	(0.7)	12.3	7.7	30.3	10.4	8.0	7.8
EBITDA	13.0	27.2	29.9	6.1	10.0	(0.7)	(10.9)	41.2	32.6	19.9	17.2
PBT	11.1	70.8	52.5	3.9	19.0	(4.0)	(18.0)	24.5	41.3	31.1	25.1
RPAT	10.1	52.7	52.3	20.9	19.0	(5.3)	(18.9)	25.1	41.1	30.8	25.1
APAT	10.1	52.7	52.3	33.8	7.5	(6.8)	(18.9)	25.1	41.1	30.8	25.1

Source: Company, Dolat Capital

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	31,428	41,185	48,284	52,484
Total Expense	27,845	36,125	41,571	44,432
COGS	18,279	23,665	27,809	29,572
Employees Cost	1,689	1,958	2,121	2,258
Other expenses	7,876	10,502	11,641	12,602
EBIDTA	3,583	5,061	6,713	8,052
Depreciation	709	1,138	1,344	1,424
EBIT	2,874	3,923	5,369	6,628
Interest	221	591	661	437
Other Income	94	89	126	145
Exc. / E.O. items	0	0	0	0
EBT	2,747	3,420	4,834	6,335
Tax	704	863	1,225	1,616
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
RPAT	2,044	2,558	3,609	4,720
Adjustments	0	0	0	0
APAT	2,044	2,558	3,609	4,720

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	267	267	267	267
Minority Interest	0	0	0	0
Reserves & Surplus	21,253	23,506	26,313	30,097
Net Worth	21,520	23,774	26,581	30,365
Total Debt	7,536	8,184	7,818	6,901
Net Deferred Tax Liability	901	921	646	453
Total Capital Employed	29,957	32,878	35,044	37,719

Applications of Funds

Net Block	12,143	16,570	16,819	16,139
CWIP	3,256	529	715	965
Investments	2,430	2,433	2,632	2,632
Current Assets, Loans & Advances	18,803	20,782	23,806	26,735
Current Investments	0	0	0	0
Inventories	7,154	7,797	9,062	9,859
Receivables	8,241	9,782	12,284	13,193
Cash and Bank Balances	1,308	1,000	146	1,253
Loans and Advances	0	0	0	0
Other Current Assets	2,100	2,204	2,314	2,430
Less: Current Liabilities & Provisions	6,675	7,435	8,928	8,752
Payables	2,749	2,670	3,743	3,619
Other Current Liabilities	3,925	4,765	5,185	5,133
<i>sub total</i>				
Net Current Assets	12,128	13,347	14,878	17,983
Total Assets	29,957	32,878	35,044	37,719

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	41.8	42.5	42.4	43.7
EBIDTA Margin	11.4	12.3	13.9	15.3
EBIT Margin	9.1	9.5	11.1	12.6
Tax rate	25.6	25.2	25.3	25.5
Net Profit Margin	6.5	6.2	7.5	9.0
(B) As Percentage of Net Sales (%)				
COGS	58.2	57.5	57.6	56.3
Employee	5.4	4.8	4.4	4.3
Other	25.1	25.5	24.1	24.0
(C) Measure of Financial Status				
Gross Debt / Equity	0.4	0.3	0.3	0.2
Interest Coverage	13.0	6.6	8.1	15.2
Inventory days	83	69	69	69
Debtors days	96	87	93	92
Average Cost of Debt	4.6	7.5	8.3	5.9
Payable days	32	24	28	25
Working Capital days	141	118	112	125
FA T/O	2.6	2.5	2.9	3.3
(D) Measures of Investment				
AEPS (Rs)	15.3	19.1	27.0	35.3
CEPS (Rs)	20.6	27.6	37.0	45.9
DPS (Rs)	4.0	5.0	6.0	7.0
Dividend Payout (%)	26.2	26.1	22.2	19.8
BVPS (Rs)	160.9	177.8	198.8	227.1
RoANW (%)	9.9	11.3	14.3	16.6
RoACE (%)	8.6	10.0	12.6	14.2
RoAIC (%)	11.4	13.0	16.1	18.6
(E) Valuation Ratios				
CMP (Rs)	1704	1704	1704	1704
Mcap (Rs Mn)	2,27,784	2,27,784	2,27,784	2,27,784
EV	2,34,013	2,34,968	2,35,456	2,33,432
MCap/ Sales	7.2	5.5	4.7	4.3
EV/Sales	7.4	5.7	4.9	4.4
P/E	111.5	89.1	63.1	48.3
EV/EBITDA	65.3	46.4	35.1	29.0
P/BV	10.6	9.6	8.6	7.5
Dividend Yield (%)	0.2	0.3	0.4	0.4
(F) Growth Rate (%)				
Revenue	9.6	31.0	17.2	8.7
EBITDA	(10.9)	41.2	32.6	19.9
EBIT	(14.8)	36.5	36.9	23.4
PBT	(18.0)	24.5	41.3	31.1
APAT	(18.9)	25.1	41.1	30.8
EPS	(18.9)	25.1	41.1	30.8

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	2,747	3,420	4,834	6,335
Depreciation & w.o.	709	1,138	1,344	1,424
Net Interest Exp	221	591	661	437
Direct taxes paid	(704)	(863)	(1,225)	(1,616)
Change in Working Capital	(451)	(1,527)	(2,385)	(1,998)
Non Cash	0	0	0	0
(A) CF from Operating Activities	2,522	2,760	3,229	4,583
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(7,600)	(2,837)	(1,778)	(994)
Free Cash Flow	(5,078)	(77)	1,451	3,589
(Inc.)/ Dec. in Investments	389	17	(475)	(193)
Other	0	0	0	0
(B) CF from Investing Activities	(7,211)	(2,820)	(2,254)	(1,187)
Issue of Equity/ Preference	0	0	0	0
Inc./(Dec.) in Debt	5,521	647	(366)	(917)
Interest exp net	(221)	(591)	(661)	(437)
Dividend Paid (Incl. Tax)	0	0	0	0
Other	(392)	(304)	(802)	(936)
(C) CF from Financing	4,908	(248)	(1,829)	(2,290)
Net Change in Cash	219	(308)	(854)	1,107
Opening Cash balances	1,089	1,308	1,000	146
Closing Cash balances	1,308	1,000	146	1,253

E – Estimates

Notes

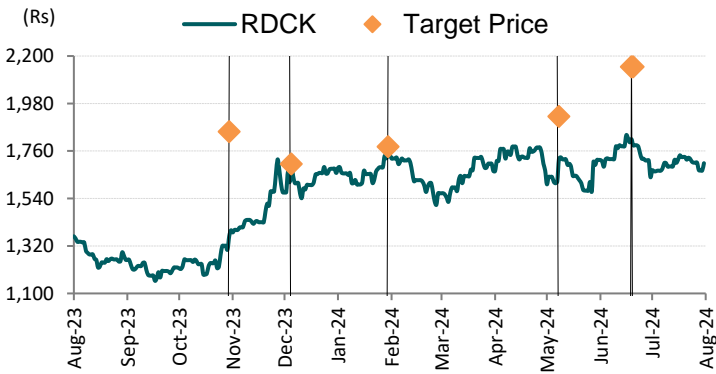
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	2	6	25
Rel to NIFTY (%)	0	(7)	(2)

Shareholding Pattern

Particulars	Dec'23	Mar'24	Jun'24
Promoters	40.3	40.3	40.3
MF/Banks/FIs	24.0	24.7	24.5
FIIIs	19.0	18.6	18.5
Public / Others	16.7	16.4	16.7



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-23	Buy	1,850	1,366
Dec-23	Reduce	1,700	1,694
Feb-24	Reduce	1,780	1,745
May-24	Accumulate	1,920	1,724
Jun-24	Accumulate	2,150	1,815
Jun-24	Accumulate	2,150	1,786

*Price as on recommendation date

Notes

Dolat Rating Matrix

Total Return Expectation (12 Months)

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

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