



Pick of the week

United Spirits (UNSP)

Recommendation: **ADD**

Current Price: ₹807

Potential Upside: **16.5%**

Date: **6th June 2022**

Time Period: **12 Months**

Target Price: ₹940

Why invest?

- UNSP aims to bring successful global trends which have seen signs of early traction in India.
- UNSP divests/franchises 32/11 Popular brands to Inbrew Beverages. This sets the stage for the company to accelerate its premiumization journey.
- The company noted that the regulatory environment has turned favorable for the industry over the past few quarters.
- UNSP reported 5%/9% yoy growth in volume/value (3-yr CAGR -0.6%/+3%) in Q4FY22, in line with expectations.
- The management reiterated its earlier guidance of sustained double-digit profitable growth with mid-to-high teen margins.
- Our FV of Rs940 implies about 44X Jun-24E PE and Rs90/share for the IPL franchise.