

## Iii India independent insight

Independent, Unbiased

Accounting + On-Ground Insights from India

United Spirits Limited (UNSP IN)
The Best Walk Forward

**Nitin Mangal** 

Independent Research Analyst +91 82 249 00 841 nitin@nmadvisors.com SEBI Reg. INH 000004723 Pranav Bhavsar Founder, ASA Capital Management +91 98 98 38 32 98 pab@asacapital.in SEBI Reg. INA 000011510

Iii | January 2021

Page 1 of 28

India independent insight

## **Table of Contents**

Executive Summary	3
United Spirits Limited – Walk down the memory lane	5
Leadership in a structurally strong industry	6
Legacy left for good	8
Deleveraging accomplished	9
Working capital turnaround	10
Asset monetization provides additional comfort	
Cost rationalization fueling profitability	13
Management transition will further strengthen strategy	15
Channel feedbacks suggest USL on the best foot forward	16
Proven brand resilience	16
Market communication and Brand Equity has improved	
Premiumisation strategy the only way forward	19
"MNC" Culture needs to change	22
Market Structure is a sector overhang	22
Heads I win, tails I don't lose	25
USL balance sheet set to improve return ratios	26
About lii	27
Disclaimer	

India Independent Insight is available as a subscription service exclusively via Smartkarma's Premium Offering, to know more reach out to <u>sales@smartkarma.com</u>

## **About lii**

India independent Insights (Iii), Iii is a collaborative effort of SEBI registered and regulated Analyst Nitin Mangal (SEBI Reg. INH 000004723), and SEBI registered & regulated Advisor Pranav Bhavsar (SEBI Reg. INA 000011510).

We at lii, aim to bring truly independent insights on Indian Equities. Our research process is a combination of a deep dive on accounting and governance, an area typically avoided by traditional sell-side research. We also when required, use on-ground primary research for re-validation of our own hypothesis or growth promises typically made to institutional investors. Independence is the core of our research which often means no management Interaction before or after the publication of the research report.

Month	Company	Service
December 2019	IndiaMART Intermesh Limited	lii India Independent Insight
February 2020	UPL Limited	lii India Independent Insight
March 2020	Prataap Snacks Limited	lii India Independent Insight
June 2020	Motherson Sumi Systems Limited	lii India Independent Insight
July 2020	Havells India Limited	lii India Independent Insight
August 2020	Apollo Tyres Limited	lii India Independent Insight
September 2020	India Autos	lii Bharat Connect
October 2020	Ashok Leyland Limited	lii India Independent Insight
October 2020	India Restaurants	lii Bharat Connect
November 2020	IndiaMART Intermesh Limited	lii India Independent Insight
November 2020	India Autos – Commercial Vehicles	lii Bharat Connect
December 2020	India Staples	lii Bharat Connect

## Disclaimer

This report is prepared by Research Analyst Nitin Mangal (SEBI Registration no. INH000004723) & Investment Advisor Pranav Bhavsar (SEBI Registration no. INA0000011510). Nitin Mangal ("Nitin") is registered with SEBI as Research Analyst with Registration No. INH000004723. Pranav Bhavsar ("Pranav") is registered with SEBI as investment advisor with Registration No. INA0000011510. The focus of Nitin & Pranav is to provide research advice to the clients. Nitin & Pranav aligns its interests with those of the client and seeks to provide the best suited analysis. Nitin & Pranav is not involved in any other business activities which are in conflict to its research activities. There are no material conflict of interest at the time of public appearance, it would be communicated to the clients as and when arise.

No action has been taken against Nitin & Pranav or Firm as a Research Analyst or investment advisors by any regulator. Nitin & Pranav or its associates have not received any compensation from the subject company in the past twelve months. Research Analyst or its associates have not managed or co-managed public offering of securities for the subject company in the past twelve months. Nitin & Pranav or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months, Nitin & Pranav or its associates have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Nitin & Pranav or its associates have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Nitin & Pranav or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. The subject company was not a client of Nitin & Pranav during twelve months preceding the date of distribution of the research report and the types of services provided. Nitin & Pranav has not served as an officer, director or employee of the subject company. Research analyst or research entity has not been engaged in market making activity for the subject company;

The information contained in this report has been obtained from sources believed reliable however the accuracy and/or completeness of the information is not guaranteed by Nitin & Pranav, nor does Nitin & Pranav assume any responsibility or liability whatsoever. All opinions expressed are subject to change without notification. This report is for information purposes only and does not constitute and should in no way be construed as a solicitation to buy or sell any of the securities mentioned herein. The intention of this report is to provide a forthright discussion of business, accounting and financial reporting issues, as well as generally accepted accounting principles and the limits of their usefulness to investors. As such, please do not infer from this report that the accounting policies of any company mentioned herein are not allowed within the broad range of generally accepted accounting principles, or that the policies employed by that company were not approved by its auditor(s). This report may not be reproduced in whole or in part without the express prior written consent of Nitin & Pranav.