

United Spirits (UNITDSPR) - ADD

Result Update

Current Market Price (CMP) Rs. 1350	Fair Value (FV) Rs.1480
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Rationale:

- UNSP’s P&A value/volume growth at 5%/(-)3% yoy was a tad weaker than our estimates.
- EBITDA margin expanded 280 bps yoy to 20% (KIE: 18.4%), aided by Gross Margins.
- UNSP’s FY2026 revenue growth was impacted by headwinds in MH and flat growth in lower-prestige (LP).
- We expect the revenue growth trajectory to improve in FY27E.
- UNSP should be able to offset the inflationary pressure with cost-efficiency measures and premiumization.
- We tweak estimates and revise FV to Rs1,480 (from Rs1,450), valuing alcobev at 44X June 2028E PE.
- Any near-term weakness in the stock price is an opportunity to accumulate.
- We expect earnings to grow 5.1% in FY27E and 12.0% in FY28E.

 Positives:

- Gross Margins expanded 210 bps yoy to 47.3% (150 bps beat).
- EBITDA margin expanded 180 bps yoy to 20% (155 bps beat).
- Reported PAT was up 26.6% yoy to Rs570 cr.

 Negatives:

- UNSP’s revenues grew 3.5% yoy to Rs30.5 bn (1.4% miss).
- Volume declined 5.6% yoy to 15.7 mn cases (2.2% miss).



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months