Twitter Thread by Techno Funda Investing

Techno Funda Investing
@TechnoFunda6

Case Study 3 : #UnitedSpirits / #DiageoIndia ■
CMP – 629.25 (4/6/2021)

(Must read Thread ■for #TA & #FA learners)

Fundamentals Sound & Technically Breakout Soon Candidate !

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@dmuthuk hope you like our detailed analysis■

@caniravkaria
@rohanshah619



1■United Spirits Limited, abbreviated to #USL (Diageo India) is an Indian alcoholic beverages company, and the world's second-largest spirits company by volume.

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2■Company has a comprehensive brand portfolio with over about 80 brands of Scotch whisky, IMFL whisky, brandy, rum, vodka and gin.

11 of these brands sell more than a million cases annually.

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3■Company’s popular brands include - Johnnie Walker, Black Dog, Black & White, Vat 69, Antiquity, Signature, Royal Challenge, McDowell’s No. 1, Smirnoff and Captain Morgan.

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4■■Few Fundamental Positives■

■Company Market Cap – 45,723.74 Cr
■TTM EPS – 5.28
■TTM P/E – 119.20
■Industry Average P/E – 113.63
■Book Value – Rs. 56.20.
■Promoter Holding Pledge – 1.19% (Reduced from 3.22% in 9 quarters)

5■■Diageo India's debt in FY14 was Rs.8307 crores which as of FY21, it is just Rs. 556 crores.

■Company likely to be debt free by this H1.

6■Anand Kripalu - present MD & CEO cleaned the company thoroughly, making it debt free and successfully changed the product mix.

(Will step down effective 30 June 2021)

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7■Diageo India's 3 year profit CAGR is 26%, 5 years 21%

Sales remained flat but with Hina Nagarajan, an aggressive growth person taking over as MD & CEO from 1 July 2021 one can expect good growth in coming years

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8■Total Equity - 72.66 Cr Shares

Public Share Holding around 14.66% i.e., ~10 Cr shares.

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9■ Most of the Mutual Fund Houses have increased their holding in the counter in April 2021.

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■■Technical Analysis■

Specially for @dmuthuk

Have analyzed chart on daily & monthly time frame

On daily chart there is a strong resistance around 645 – 670 levels. If this resistance is broken then surely stock can go to 740 soon.

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1■1■On monthly chart, #ascendingtriangle is being formed which can give #breakout around 730 – 740 levels.

On breakout stock can go towards levels of around 1370 + in 18 – 24 months.

Technically, for investment one should place a stop loss around 400 - 410

@caniravkaria



1■2■ Would like to conclude with a few tweets of @dmuthuk sir himself -

■China's largest spirit maker is valued at $300 billion. Diageo, a well respected global company, largest spirit maker in India is valued at $5 billion.

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1■3■

@dmuthuk adds -
In my view, Diageo India would be a huge wealth creator in the next two decades.

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1■4■

@dmuthuk sir adds -

■Diageo India is just a $5 billion market cap company. I think many have no clue how big this can be in another 10 to 20 years.

■Globally, Diageo stands for ethics and integrity; very much important especially for liquor industry.

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Disclaimer : This is not a stock recommendation on #UnitedSpirits. Just a case study for educational purpose explaining how #TechnoFunda Investing works.

Consult your Financial Advisor before Investing !

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