

21 May 2025

India | Equity Research | Results update

United Spirits

Consumer Staples & Discretionary

Premiumisation supports margin sustainability

United Spirits delivered a strong Q4FY25 performance with revenue/ EBITDA growth of 10%/ 40% YoY driven by sustained performance in Prestige & Above (P&A) segment. P&A brands revenue grew 13.2% YoY with volume/ realisation growth of 9%/ 4% YoY. Popular segment grew 1% as volume declined by 2%, offset by 3% realisation growth. The performance during the quarter was partially aided by the commencement of business in the state of Andhra Pradesh. Profitability improvement (gross/ EBITDA margin expansion of 114bps/ 356bps YoY) was driven by premiumisation and better control on overheads, which should continue going ahead.

In our view, United Spirits should continue with its strong performance on the back of sustained momentum in P&A segment supported by innovation and supply chain agility. During FY25, despite an increase in receivable (increase of INR 5.25bn) largely on account of statutory due from Telangana state, FCF generation was strong at INR 14.4bn. Maintain **ADD**.

Growth driven by P&A portfolio and Andhra Pradesh reopening

Q4FY25 standalone revenue / GP / EBITDA / recurring PAT grew by 10.5% / 13.4% / 39.5% / 8.7% YoY, respectively. Reported revenue growth of 10.5% (volume growth of 6.9%) was driven by strong growth in Prestige & Above portfolio (+13.2% NSV; +9.2% volumes), supported by better demand traction and favourable base from Andhra Pradesh re-entry. Realisation grew 4% YoY for P&A segment. Popular segment remained largely stable (+1.1% NSV; -2.2% volume). Underlying NSV grew 11.8% YoY, also reflecting strong brand equity and revenue growth management initiatives.

For FY25, P&A revenue/ volume grew 10%/ 5% YoY with realisation growth of 4% YoY. Re-entry into Andhra Pradesh (since Sep'24) contributed to incremental volumes, with base normalisation expected from H1FY26. This helped strengthen the P&A mix, which now contributes ~89% of FY25 NSV.

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Market Data

Market Cap (INR)	1,133bn
Market Cap (USD)	13,229mn
Bloomberg Code	UNITDSPR IN
Reuters Code	UNSP.BO
52-week Range (INR)	1,700 / 1,136
Free Float (%)	40.0
ADTV-3M (mn) (USD)	12.1

Price Performance (%)	3m	6m	12m
Absolute	15.8	4.7	31.9
Relative to Sensex	8.6	0.1	22.2

ESG Score	2023	2024	Change
ESG score	74.0	70.4	(3.6)
Environment	64.0	53.7	(10.3)
Social	68.7	70.3	1.6
Governance	82.8	84.9	2.1

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,05,540	1,15,730	1,30,010	1,44,432
EBITDA	17,080	20,580	23,568	27,290
EBITDA Margin (%)	16.2	17.8	18.1	18.9
Net Profit	12,540	16,140	18,018	20,778
EPS (INR)	17.3	22.2	24.8	28.6
EPS % Chg YoY	24.8	18.1	16.3	15.3
P/E (x)	86.2	73.0	62.8	54.5
EV/EBITDA (x)	65.1	53.6	46.5	39.7
RoCE (%)	17.4	18.1	18.3	18.7
RoE (%)	19.4	21.7	21.3	21.3

Previous Reports03-05-2025: [Company update](#)26-01-2025: [Q3FY25 results review](#)

Profitability improvement with premiumisation

Gross margin expanded by 114bps YoY to 44.5% led by headline pricing realisation, stable commodity basket (glass), productivity savings and better mix. EBITDA margin expanded 356bps YoY to 17.1% (FY25: 17.8%, +180bps YoY), supported by strong gross profit growth and cost discipline across the value chain. A&P investment rate was healthy at 10.8% (vs 12.2% YoY) as focus on brand equity remains intact. Recurring PAT grew 8.7% (lower than EBITDA growth) due to higher tax outgo and lower other income during the quarter. In our view, UNITDSPR would continue to deliver sustained growth and margin improvement through innovation, premiumisation, and disciplined execution.

Valuation and risks

We maintain our estimates and model revenue/ EBITDA/ PAT CAGR of 12%/ 17%/ 18% over FY25-27E driven by focus on premiumisation. We maintain ADD with DCF-based target price of INR 1,700. Key risks: Changes in taxation, volatility in raw material prices and failure to revive legacy brands.

Exhibit 1: Q4FY25 results review (standalone)

INR mn	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Total Operating Income	29,460	26,660	10.5	34,320	(14.2)	1,15,730	1,06,919	8.2
Cost of Raw material	16,360	15,110	8.3	18,970	(13.8)	63,970	60,479	5.8
% of sales	55.5	56.7	-114 bps	55.3	26 bps	55.3	56.6	-129 bps
Gross Profit	13,100	11,550	13.4	15,350	-14.7	51,760	46,440	11.5
Margin %	44.5	43.3	114 bps	44.7	-26 bps	44.7	43.4	129 bps
Employees cost	1,370	1,340	2.2	1,730	(20.8)	6,050	5,428	11.5
% of net sales	4.7	5.0	-38 bps	5.0	-39 bps	5.2	5.1	15 bps
A&P Spends	3,170	3,260	(2.8)	3,790	(16.4)	11,280	10,408	8.4
% of net sales	10.8	12.2	-147 bps	11.0	-28 bps	9.7	9.7	1 bps
Other expenditure	3,510	3,330	5.4	3,950	(11.1)	13,850	13,518	2.5
% of net sales	11.9	12.5	-58 bps	11.5	41 bps	12.0	12.6	-68 bps
EBITDA	5,050	3,620	39.5	5,880	(14.1)	20,580	17,086	20.4
EBITDA margin%	17.1	13.6	356 bps	17.1	1 bps	17.8	16.0	180 bps
Depreciation	680	710	(4.2)	720	(5.6)	2,740	2,641	3.7
Interest	220	290	(24.1)	200	10.0	890	759	17.3
Other Income	1,700	2,290	(25.8)	1,900	(10.5)	4,260	3,348	27.2
Non-recurring items	-	(310)	(100.0)	(650)	(100.0)	(650)	(174)	273.6
PBT	5,850	4,600	27.2	6,210	(5.8)	20,560	16,860	21.9
Tax	1,340	760	76.3	1,480	-9.5	4,980	3,744	33.0
Tax rate (%)	22.9	16.5	638 bps	23.8	-93 bps	24.2	22.2	202 bps
Reported PAT	4,510	3,840	17.4	4,730	(4.7)	15,580	13,116	18.8
Recurring PAT	4,510	4,150	8.7	5,380	(16.2)	16,230	13,290	22.1
EPS	6.2	5.7	8.7	7.4	(16)	22.3	18.3	22.1

Segment Performance

Volume (mn Cases)	P&A volume	13.6	12.4	9.2	14.9	(9.1)	52.9	50.2	5.4
Popular volume		3.1	3.2	(2.2)	3.2	(3.9)	11.0	11.3	(1.9)
Total Volume		16.7	15.6	6.9	18.2	(8.2)	63.9	61.4	4.1

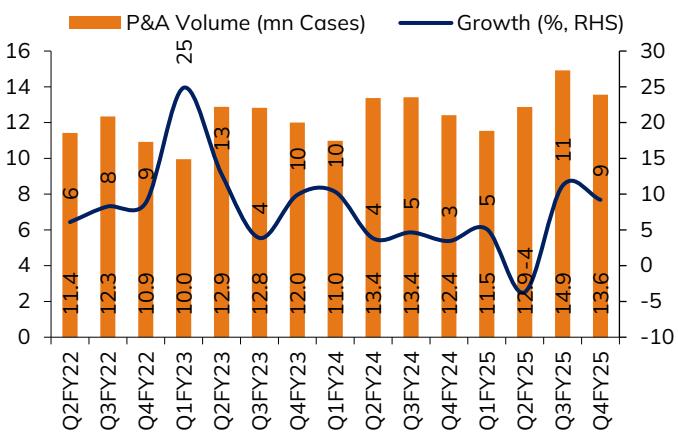
Revenue (INR mn)

P&A sales	26,160	23,100	13.2	30,630	(14.6)	1,02,720	93,440	9.9
Popular sales	3,120	3,090	1.0	3,340	(6.6)	11,210	11,140	0.6
Total Revenue	29,280	26,190	11.8	33,970	(13.8)	1,13,930	1,04,580	8.9

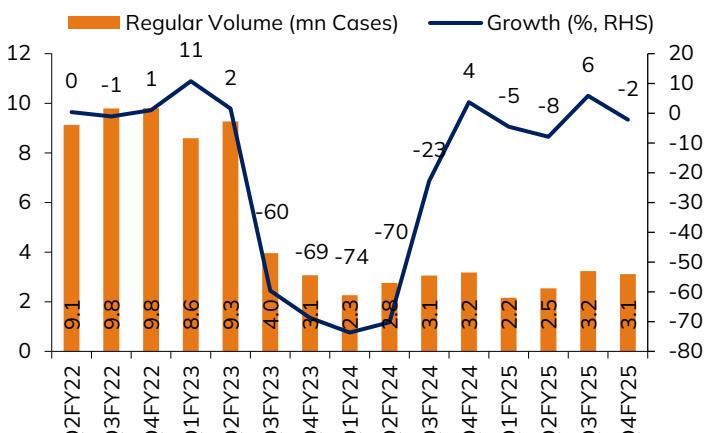
Realisation (per case)

P&A	1,929	1,861	3.7	2,053	(6.0)	1,942	1,862	4.3
Popular	1,003	972	3.2	1,032	(2.8)	1,015	989	2.6
Total Realisation	1,757	1,679	4.6	1,871	(6.1)	1,782	1,702	4.7

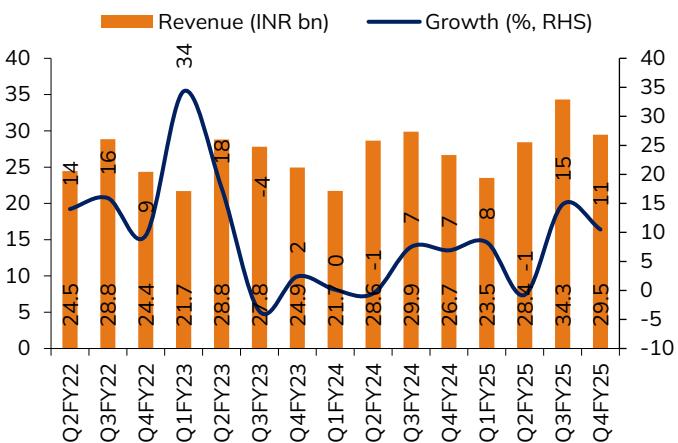
Source: I-Sec research, Company data

Exhibit 2: Prestige & above – volume growth

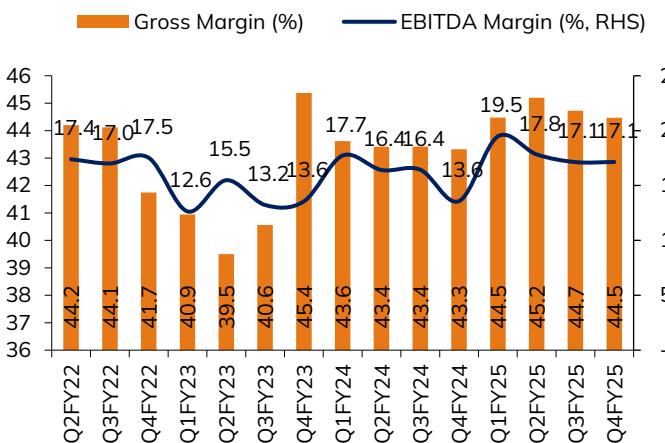
Source: Company data, I-Sec research

Exhibit 3: Popular – volume growth

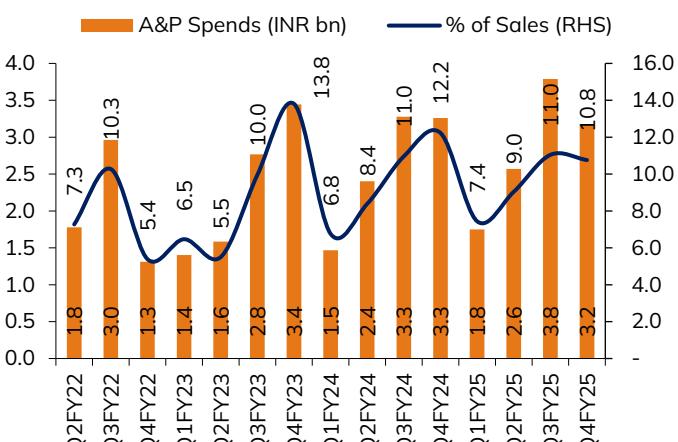
Source: Company data, I-Sec research

Exhibit 4: Revenue and revenue growth (%)

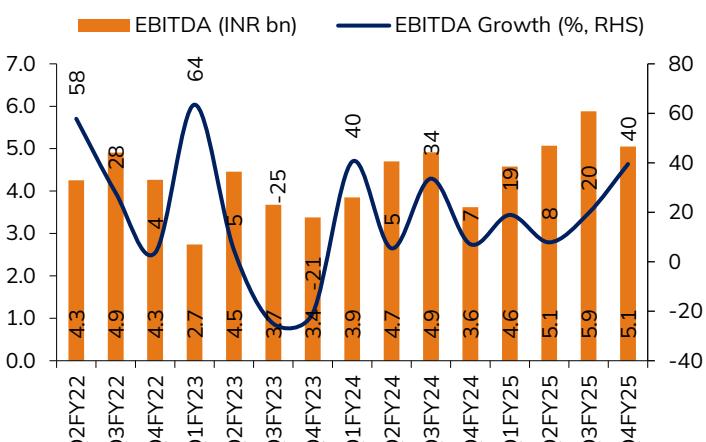
Source: Company data, I-Sec research

Exhibit 5: Gross and EBITDA margin

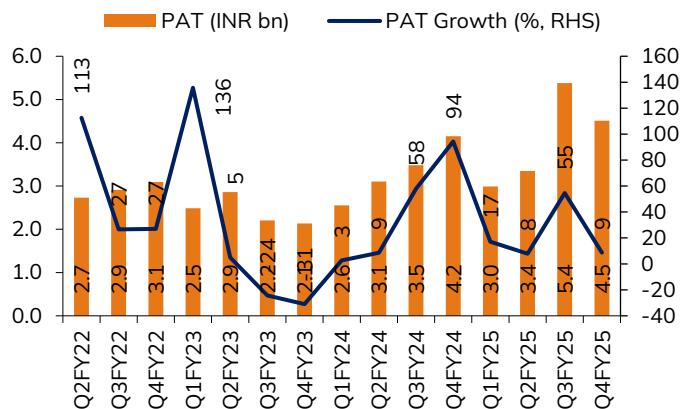
Source: Company data, I-Sec research

Exhibit 6: Ad-spends as a % of sales

Source: Company data, I-Sec research

Exhibit 7: EBITDA and EBITDA growth

Source: Company data, I-Sec research

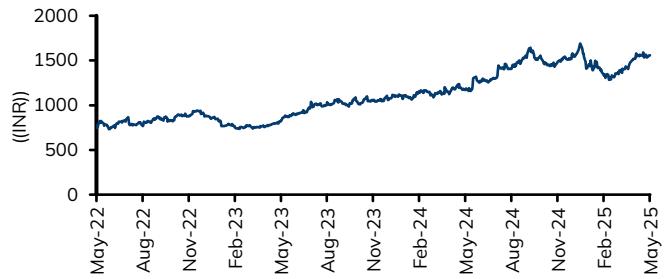
Exhibit 8: PAT and PAT growth

Source: Company data, I-Sec research

Exhibit 9: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	56.7	56.7	56.7
Institutional investors	29.2	29.2	29.2
MFs and others	11.4	11.5	12.6
Banks, FI's, Ins	0.9	0.9	1.3
FII's	16.9	16.8	15.6
Others	14.1	14.1	13.8

Source: Bloomberg, I-Sec research

Exhibit 10: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 11: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,05,540	1,15,730	1,30,010	1,44,432
Operating Expenses	89,840	95,150	1,06,442	1,17,142
EBITDA	17,080	20,580	23,568	27,290
EBITDA Margin (%)	16.2	17.8	18.1	18.9
Depreciation & Amortization	2,640	2,740	2,894	3,002
EBIT	14,440	17,840	20,674	24,288
Interest expenditure	760	890	420	420
Other Non-operating Income	2,600	4,260	3,834	3,911
Recurring PBT	16,860	20,560	24,088	27,779
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	3,740	5,070	6,070	7,000
PAT	13,120	15,490	18,018	20,778
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	580	(650)	-	-
Net Income (Reported)	13,120	15,490	18,018	20,778
Net Income (Adjusted)	12,540	16,140	18,018	20,778

Source Company data, I-Sec research

Exhibit 12: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	64,190	79,440	93,768	1,14,568
of which cash & cash eqv.	12,090	17,730	25,106	38,290
Total Current Liabilities & Provisions	36,270	44,890	46,933	52,140
Net Current Assets	27,920	34,550	46,834	62,429
Investments	8,230	11,070	11,070	11,070
Net Fixed Assets	10,180	9,490	8,096	6,094
ROU Assets	2,270	4,570	4,570	4,570
Capital Work-in-Progress	370	720	720	720
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	1,120	3,840	4,224	4,646
Deferred Tax assets	15,250	12,500	12,500	12,500
Total Assets	71,150	82,290	94,119	1,08,744
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	-	-	-	-
Provisions	150	160	176	194
Other Liabilities	1,370	3,340	3,674	4,041
Equity Share Capital	1,450	1,450	1,450	1,450
Reserves & Surplus	68,180	77,340	88,819	1,03,059
Total Net Worth	69,630	78,790	90,269	1,04,509
Minority Interest	-	-	-	-
Total Liabilities	71,150	82,290	94,119	1,08,744

Source Company data, I-Sec research

Exhibit 13: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	23,520	28,430	34,320	29,460
% growth (YOY)	8.3	(0.8)	14.8	10.5
EBITDA	4,580	5,070	5,880	5,050
Margin %	19.5	17.8	17.1	17.1
Other Income	320	340	1,900	1,700
Extraordinaries	-	-	(650)	-
Adjusted Net Profit	2,990	3,350	5,380	4,510

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	13,471	16,060	15,835	21,143
Working Capital Changes	(3,049)	(6,400)	(5,497)	(3,058)
Capital Commitments	(2,811)	(1,620)	(1,500)	(1,000)
Free Cashflow	10,660	14,440	14,335	20,143
Other investing cashflow	(3,360)	(7,880)	-	-
Cashflow from Investing Activities	(6,171)	(9,500)	(1,500)	(1,000)
Issue of Share Capital	(5)	-	-	-
Interest Cost	(760)	(400)	(420)	(420)
Inc (Dec) in Borrowings	(11)	-	-	-
Dividend paid	(3,633)	(3,500)	(6,539)	(6,539)
Others	703	2,980	-	-
Cash flow from Financing Activities	(3,706)	(920)	(6,959)	(6,959)
Chg. in Cash & Bank balance	3,594	5,640	7,376	13,184
Closing cash & balance	12,090	17,730	25,106	38,290

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	18.1	21.3	24.8	28.6
Adjusted EPS (Diluted)	17.3	22.2	24.8	28.6
Cash EPS	20.9	26.0	28.8	32.7
Dividend per share (DPS)	5.0	8.0	9.0	9.0
Book Value per share (BV)	95.8	108.5	124.3	143.9
Dividend Payout (%)	27.7	37.5	36.3	31.5
Growth (%)				
Net Sales	3.0	9.7	12.3	11.1
EBITDA	20.4	20.5	14.5	15.8
EPS (INR)	24.8	18.1	16.3	15.3
Valuation Ratios (x)				
P/E	86.2	73.0	62.8	54.5
P/CEPS	74.5	59.9	54.1	47.6
P/BV	16.2	14.4	12.5	10.8
EV / EBITDA	65.1	53.6	46.5	39.7
P / Sales	10.7	9.8	8.7	7.8
Dividend Yield (%)	0.3	0.5	0.6	0.6
Operating Ratios				
Gross Profit Margins (%)	44.0	44.7	44.8	45.0
EBITDA Margins (%)	16.2	17.8	18.1	18.9
Effective Tax Rate (%)	22.2	24.7	25.2	25.2
Net Profit Margins (%)	12.4	13.4	13.9	14.4
Net Debt / Equity (x)	(0.3)	(0.4)	(0.4)	(0.5)
Net Debt / EBITDA (x)	(1.2)	(1.4)	(1.5)	(1.8)
Fixed Asset Turnover (x)	5.0	5.0	5.2	5.5
Working Capital Days	57	56	67	68
Inventory Turnover Days	71	76	77	77
Receivables Days	96	108	110	109
Payables Days	63	71	74	74
Profitability Ratios				
RoCE (%)	17.4	18.1	18.3	18.7
RoE (%)	19.4	21.7	21.3	21.3
RoIC (%)	20.5	22.4	21.7	21.7

Source Company data, I-Sec research

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