UNITED SPIRITS

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Research Report

United Spirits Ltd

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About

Diageo India incorporated in India as United Spirits Ltd.(USL) is the country's leading beverage alcohol company and a subsidiary of global leader Diageo PLC. The company manufactures, sells, and distributes a wide portfolio of premium brands such as Johnnie Walker, Black Dog, Black & White, VAT 69, Antiquity, Signature, Royal Challenge, McDowell's No.1, Smirnoff and Captain Morgan.

Business segments

USL has a comprehensive brand portfolio with more than 80 brands of Scotch whisky, IMFL whisky, brandy, rum, vodka, and gin. Out of these, 9 brands that sell more than a million cases each year, of which 1 brands sells over more than 25 million cases each annually

Revenue Mix (FY24–25):

- **Prestige & Above (P&A) Segment: 87.4%**
- **Popular Segment: 12.6%**

Synopsis of Financials

United Spirits Ltd (FY 2024–25):

- **Revenue: ₹27,612 crore, up from ₹26,218 crore in the previous year.**
- **Net Sales Value (NSV): ₹12,069 crore, with 6.6% YoY growth and ~6.9% underlying growth.**
- **EBITDA: ₹2,243 crore, up 12.1%, with margins improving to ~18.6%.**
- **Profit After Tax: ₹1,582 crore, up 12.4%, with EPS at ₹21.42 and gross margin rising to ~44.7%.**

Source: Company Annual Report

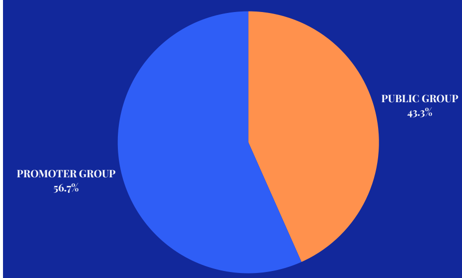
Stock data (as 20th Jun 2025)

Nifty Price	: 23,437.20
52 week High (in Rs.)	: 1,700.00
52 week Low (in Rs.)	: 1,247.40
Market Cap. (in Crore)	: 1,05,989.57
NSE Code	: INE854D01024

Stock data

-NIFTY50
-UNITDSPR

Shareholding Pattern (March 2025)



-PUBLIC GROUP
-PROMOTER GROUP

Financial Summary

Particulars	Mar-23	Mar-24	Mar-25
Sales	10,612	11,321	12,069
Sales Growth %	9.26%	6.68%	6.61%
Expenses	9,195	9,321	9,833
Operating Profit	1,417	2,000	2,236
OPM %	13%	18%	19%
Net Profit	1,126	1,408	1,582
EPS in Rs	15.63	19.36	21.75

Quaterly Results

Particular	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	2,869	3,002	2,783	2,761	2,844	3,433	3,031
Expenses	2,401	2,516	2,449	2,049	2,344	2,868	2,572
Operating Profit	468	486	334	712	500	565	459
OPM %	16%	16%	12%	26%	18%	16%	15%
Other Income	71	52	80	35	54	7	175
Interest	27	16	29	22	25	20	22
Depreciation	66	63	73	72	69	72	70
Profit before tax	446	459	312	653	460	480	542
Tax %	24%	24%	23%	26%	26%	30%	22%
Net Profit	339	350	241	485	341	335	421
EPS in Rs	4.66	4.81	3.31	6.67	4.69	4.61	5.79

Source: Screener

Key Ratios

Ratios	Numerator	Denominator	Year ended March 31, 2024	Year ended March 31, 2023	% Variance
Current ratio	Current assets	Current liabilities	1.9	1.8	9.9%
Debt-equity ratio (Refer note 32a)	Debt / borrowings	Shareholder's equity	NA	0.0	NA
Debt service coverage ratio	Earnings available for debt service	Debt service	11.2	2.9	294.0%
Return on equity ratio	Profit after tax	Average shareholder's equity	20.3%	19.4%	4.7%
Inventory turnover ratio	Cost of goods sold and excise duty	Average inventory	9.7	10.6	-8.8%
Trade receivables turnover ratio	Gross sales	Average receivables	9.2	11.8	-21.7%
Trade payables turnover ratio	Net purchases	Average payables	4.7	5.1	-7.4%
Net capital turnover ratio	Gross sales	Working capital (inventories, trade receivables and trade payables)	8.5	9.6	-11.8%
Net profit ratio	Net profit	Net sales (sales-excise duty)	12.3%	10.1%	21.1%
Return on capital employed	Earnings before interest and taxes	Capital employed(equity, debt and lease liabilities)	24.7%	19.9%	23.8%
Return on investment	Earnings before interest and taxes	Average total assets	17.5%	13.4%	31.1%

Source: Annual Report

Yearly Results

Particulars	Mar-23	Mar-24	Mar-25
Equity Capital	145	145	145
Reserves	5,854	6,976	7,959
Borrowings	183	265	480
Other Liabilities	3,534	3,790	4,664
Total Liabilities	9,716	11,176	13,248
Fixed Assets	1,534	1,560	1,712
CWIP	83	37	72
Investments	286	645	923
Other Assets	7,813	8,934	10,541
Total Assets	9,716	11,176	13,248

Source: Screener

Synopsis Quarter Results

Concall Notes - May-2025: Key Highlights

Financial Performance:

Standalone net sales rose 7% YoY to INR26.7b (est. of INR25.9b), with P&A revenue increasing 7% YoY (88% revenue mix). Popular revenue grew 3% YoY. Volume growth was 3.7%, with P&A volume rising 3.7% YoY to 12.4m cases (est. 12.3m cases). The Popular portfolio saw 4% volume growth to 3.2m cases (est. 2.9m cases).

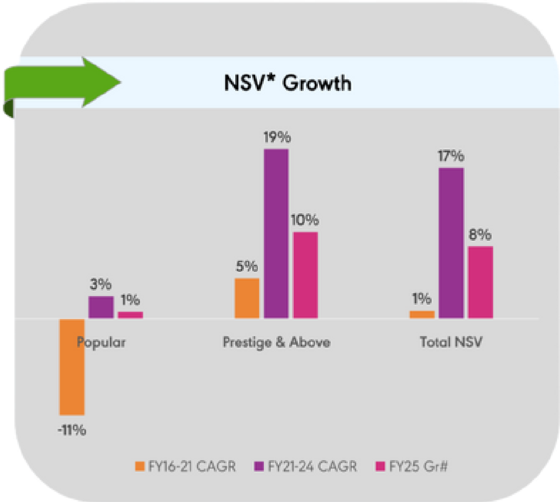
Gross margin contracted 200bp YoY/ flat QoQ to 43.3%. (est. 43.2%). Employee and other expenses were up by 10% and 2% YoY, while A&P was down by 5% YoY. As a % of sales, advertising costs declined 160p YoY to 12%, while staff costs rose 10bp to 5%; other expenses dipped 60bp YoY to 12%. EBITDA margin was flat YoY at 13.6% (est. 14.0%); while it contracted 300bp QoQ. EBITDA grew 7% YoY to INR3.6b (est. INR3.6b).

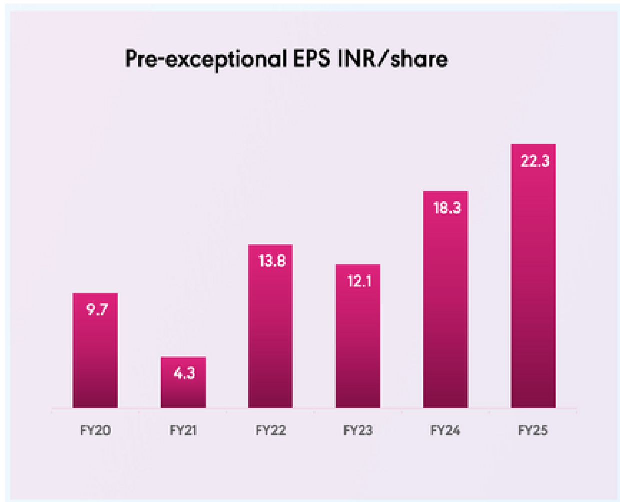
Exceptionally high other income: D&A was up by 4%, interest was down by 19%. While other income was exceptionally high at INR2,290m vs. INR169m YoY and INR460m QoQ. Hence, PBT jumped 96% YoY to INR4.9b and PAT surged 92% to INR4.1b (est. INR2.4b).

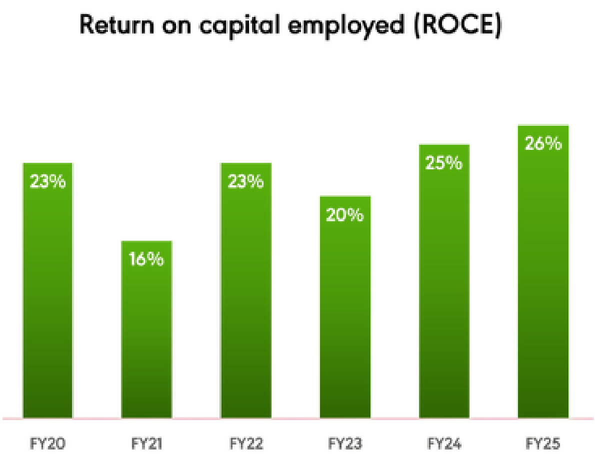
In FY24, net sales/EBITDA/Adj. PAT rose 3%/20%/43% YoY. Net sales (on rebased FY23) grew 10.5% YoY. In FY24, P&A clocked a value/volume growth of 12%/5% YoY, while Popular (on rebased) reported a value/volume decline of 2.5%/11.2% YoY.

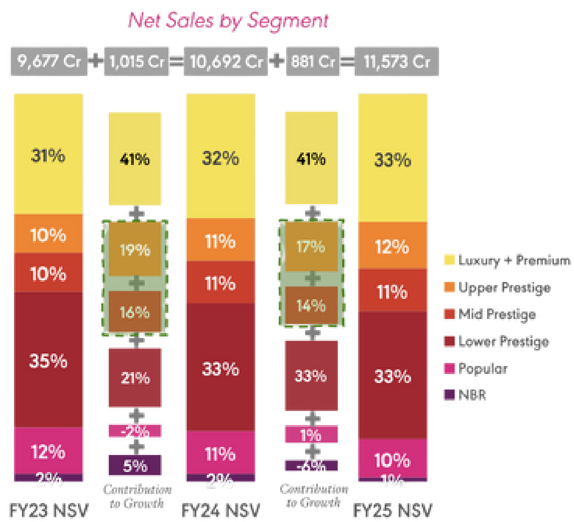
Source: Screener

Highlights





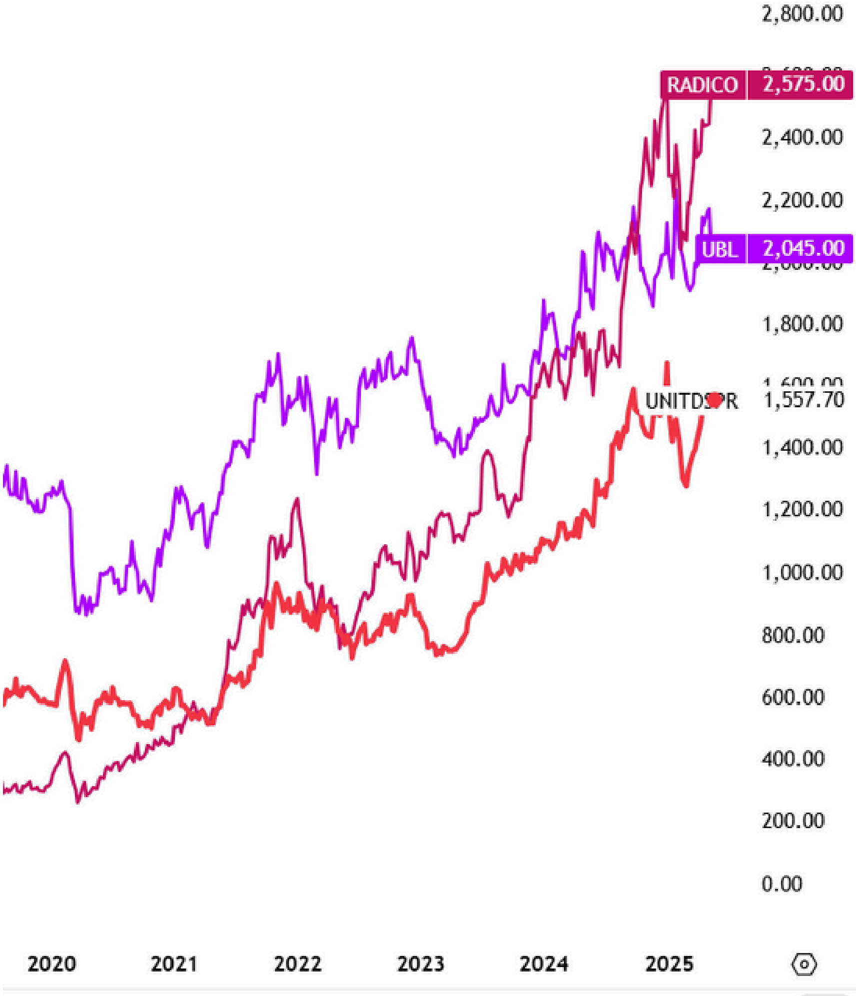




Source: Investor Presentation

Peer Comparison

Peer Stock Performance (1Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
United Spirits	1456.15	64.98	105913.14	0.61	421.00	61.01	3031.00	8.91	28.67
United Breweries	1940.65	111.56	51311.78	0.51	97.76	20.16	2322.98	8.89	13.88
Radico Khaitan	2646.00	102.61	35409.74	0.15	90.71	59.73	1304.08	20.90	16.22
Allied Blenders	421.00	60.50	11775.81	0.86	78.62	3362.24	920.65	19.94	21.08
Tilaknagar Inds.	363.15	30.66	7038.31	0.14	77.35	95.72	405.81	13.11	28.43

Source: Screener

Final Outlook

LTIM: HOLD| LTP: 1,420.00

Q3FY25 performance review Revenue in Q3FY25 was INR 36.0bn (up 10.9% QoQ/31.0% YoY), in line with our estimates. EBITDA loss was INR 7.3bn (from INR 5.5bn in Q2FY25). EBITDA margin was -18.2% (down 279bps QoQ/94bps YoY). Net loss was INR 8.0bn. Consolidated adj. revenue in Q3FY25 was INR 42.6bn (up 10.1% QoQ/29.3% YoY).

Despite healthy topline growth across segments, profitability remains a key concern. Consolidated adjusted revenue rose 10.1% QoQ and 29.3% YoY, supported by consistent momentum in food delivery and rapid expansion in quick commerce. However, the widening adjusted EBITDA loss (INR 4.9bn) and deteriorating margins underscore rising operational pressures.

Food delivery continues to show encouraging trends with stable growth (GOV up 3.4% QoQ) and improved contribution margins (up 80 bps QoQ), leading to a positive adjusted EBITDA of INR 1.8bn. This signals operating leverage and cost efficiency gains.

In contrast, quick commerce is scaling fast (GOV up 15.5% QoQ), but at the cost of profitability. Adjusted EBITDA margins fell to -14.8%, driven by higher marketing spends, manpower costs, and declining contribution margins. While the topline trajectory remains robust, sustained losses pose risks to the segment's path to break-even.

The company ended the quarter with a strong cash balance of INR 81.8bn, offering a cushion to support near-term investments. However, going forward, the focus must shift toward balancing growth with disciplined capital allocation and improving unit economics—especially in quick commerce.