

## Retail Equity Research

## United Spirits Ltd.

**HOLD**

Sector: Breweries &amp; Distilleries

04<sup>th</sup> December, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 1,580
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large cap	UNITDSPR:IN	85,265	UNITDSPR	532432	12 Months
				<b>CMP</b>	<b>Rs. 1,432</b>
				<b>Return</b>	<b>+10%</b>

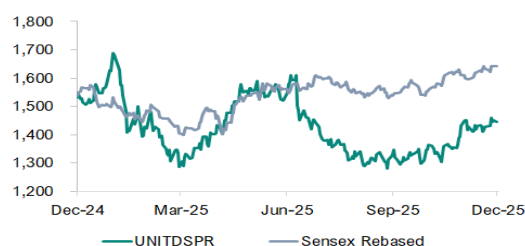
Data as of: 04-Dec-2025, 16:00 hrs

Company Data			
Market Cap (Rs.cr)	104,153		
52 Week High — Low (Rs.)	1700 - 1,271		
Enterprise Value (Rs. cr)	102,568		
Outstanding Shares (cr)	72.7		
Free Float (%)	40.5		
Dividend Yield (%)	0.9		
6m average volume (cr)	0.12		
Beta	0.8		
Face value (Rs. )	2.0		

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	56.7	56.7	56.7
FII's	15.0	15.0	14.4
MFs/Institutions	14.6	14.4	14.9
Public	8.9	8.9	9.1
Others	4.9	5.0	5.0
Total	100	100	100
Promoter Pledge	1.8	1.8	1.8

Price Performance	3 Month	6 Month	1 Year
Absolute Return	8.0%	-7.1%	-6.0%
Absolute Sensex	6.2%	4.6%	6.1%
Relative Return	1.8%	-11.7%	-12.1%

\*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	27,276	28,871	30,518
Growth (%)	4.8	5.8	5.7
EBITDA	2,243	2,528	2,822
EBITDA Margin (%)	8.2	8.8	9.2
PAT Adjusted	1,647	1,903	2,083
Growth (%)	15.6	15.5	9.5
Adjusted EPS	22.6	26.2	28.6
Growth (%)	15.6	15.5	9.5
P/E	61.9	55.0	50.3
P/B	12.6	11.3	9.9
EV/EBITDA	44.5	40.6	36.2
ROE (%)	19.5	20.0	19.7
D/E	0.0	0.0	0.0

## P&amp;A drives growth momentum

**United Spirits Ltd, a subsidiary of Diageo plc, is the second-largest spirits company in the world by volume. Its product portfolio includes foreign liquor, whisky, brandy, rum, vodka, gin and wine.**

- In Q2FY26, the company's consolidated revenue rose 7.9% YoY to Rs. 7,199cr. Net sales, excluding excise duty, increased 11.6% YoY to Rs. 3,173cr, driven by the company's successful re-entry into the Andhra Pradesh market, strong performance of new and revamped products, and a favourable base effect.
- The prestige and above segment (P&A) delivered strong performance, contributing Rs. 2,840cr to net sales, accounting for 89.6% of the overall mix. The segment grew 12.4% YoY supported by robust brand performance.
- The popular segment grew 9.2% YoY, with net sales of Rs. 278cr, aided by healthy demand in key states and strong traction from McDowell's X-series rum and vodka.
- EBITDA rose 31.5% YoY in Q2FY26 to Rs. 660cr and the EBITDA margin expanded by 170bps to 9.2%, aided by higher topline growth and effective management of operating costs.
- Resultantly, profit after tax in Q2FY26 grew 36.1% YoY to Rs. 464cr.

## Outlook &amp; Valuation

United Spirits continues to demonstrate resilient growth, led by sustained momentum in the P&A portfolio, an improving product mix and steady volume recovery across key markets. Management remains focussed on strengthening the premium portfolio and sharper brand execution, which should continue to support margin traction. With commodity inflation largely stabilised and productivity programme delivering measurable benefits, the margin framework is expected to be stronger into H2FY26. The company expects healthy demand, driven by festive season offtake and continued recovery in Andhra Pradesh. However, policy headwinds in certain states, such as a sharp tax increase in Maharashtra, could potentially affect its profitability. Hence, **we downgrade our rating to HOLD from BUY, with a revised target price of Rs. 1,580, based on 55x FY27E adjusted EPS.**

## Quarterly Financials Consolidated

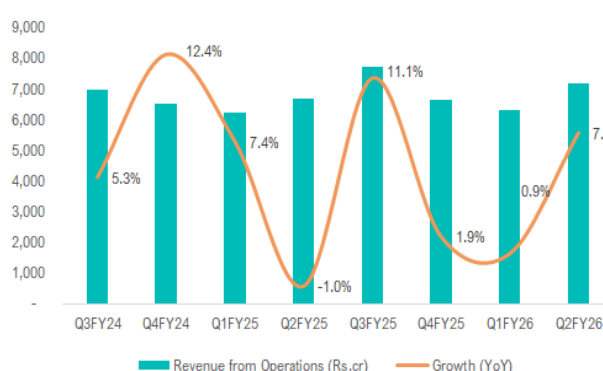
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	7,199	6,672	7.9	6,295	14.4	13,494	12,910	4.5
EBITDA	660	502	31.5	644	2.5	1,304	1,215	7.3
Margin (%)	9.2	7.5	170bps	10.2	-100bps	9.7	9.4	30bps
EBIT	595	433	37.4	568	4.8	1,163	1,074	8.3
PBT	624	460	35.7	571	9.3	1,195	1,113	7.4
Rep. PAT	464	341	36.1	417	11.3	881	826	6.7
Adj PAT	494	341	44.9	431	14.6	925	826	12.0
Adj. EPS (Rs)	6.8	4.7	44.9	5.9	14.6	12.7	11.4	12.0



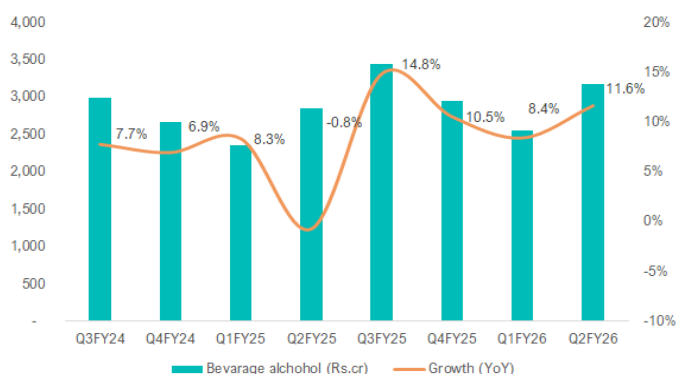
## Key concall highlights

- Consumer spending, as measured by retail sales value, has maintained a strong growth trajectory even after the implementation of price increases. In fact, the growth rate has accelerated to 18-25%, signalling market resilience and strong business performance.
- As the company enters the festive season, management expects a significant boost in both performance and brand equity—not only in the Indian market, but also in key international channels including duty-free and the UK market, driving further growth and expansion.
- Goodwan has achieved a remarkable milestone, surpassing 100 awards in less than two years—a record for the fastest accumulation of awards by any single malt, globally.
- The trademark campaign, which began with the popular show 'Friends' and was further amplified through a 360-degree rollout featuring Kartik Aaryan and Vijay Deverakonda, has been a resounding success. Advertising and promotion spending are expected to remain in the range of 9.5% to 10.0%.
- Smirnoff has delivered double-digit growth, while its new flavours—Jamun and Mango—have gained strong traction in Uttar Pradesh and Haryana.

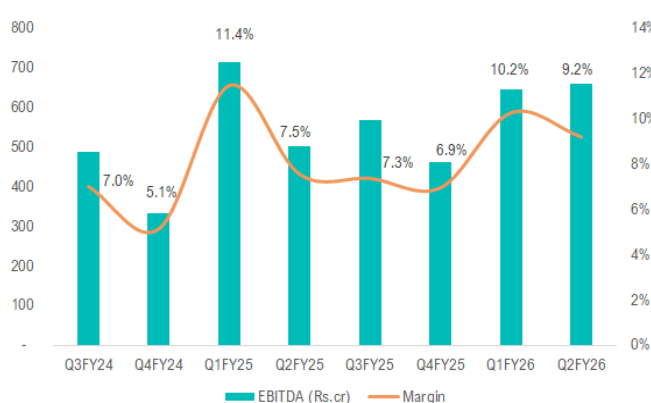
## Revenue



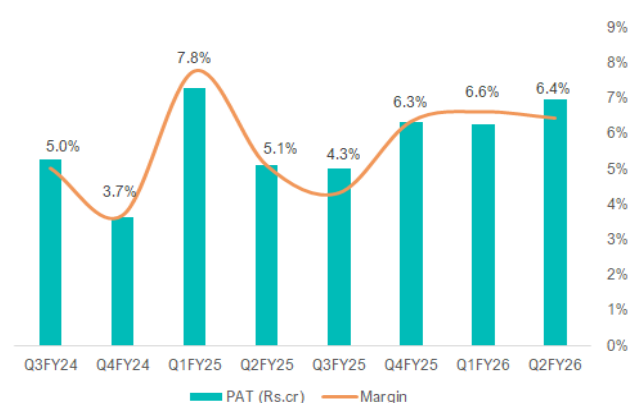
## Key segment - Beverage Alcohol



## EBITDA



## PAT



## Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	28,996	30,844	28,871	30,518	-0.4	-1.1
EBITDA	2,508	2,907	2,528	2,822	0.8	-2.9
Margins (%)	8.6	9.4	8.8	9.2	20bps	-20bps
Adj. PAT	1,809	2,103	1,903	2,083	5.2	-1.0
EPS	24.9	28.9	26.2	28.6	5.2	-1.0



## Consolidated Financials

### Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales*</b>	<b>27,815</b>	<b>26,018</b>	<b>27,276</b>	<b>28,871</b>	<b>30,518</b>
% change	-10.5	-6.5	4.8	5.8	5.7
<b>EBITDA</b>	<b>1,417</b>	<b>2,001</b>	<b>2,243</b>	<b>2,528</b>	<b>2,822</b>
% change	-11.9	41.2	12.1	12.7	11.6
Depreciation	283	275	283	290	332
<b>EBIT</b>	<b>1,134</b>	<b>1,726</b>	<b>1,960</b>	<b>2,237</b>	<b>2,489</b>
Interest	104	76	89	94	99
Other Income	248	207	264	335	387
<b>PBT</b>	<b>1,279</b>	<b>1,857</b>	<b>2,135</b>	<b>2,478</b>	<b>2,777</b>
% change	17.7	45.2	15.0	16.1	12.1
Tax	153	449	553	620	694
Tax Rate (%)	12.0	24.2	25.9	25.0	25.0
<b>Reported PAT</b>	<b>1,136</b>	<b>1,408</b>	<b>1,582</b>	<b>1,859</b>	<b>2,083</b>
<b>PAT att. to common shareholders</b>	<b>1,136</b>	<b>1,408</b>	<b>1,582</b>	<b>1,859</b>	<b>2,083</b>
Adj.*	-176	17	65	44	-
<b>Adj. PAT</b>	<b>960</b>	<b>1,425</b>	<b>1,647</b>	<b>1,903</b>	<b>2,083</b>
% change	-3.4	48.5	15.6	15.5	9.5
No. of shares (cr)	72.7	72.7	72.7	72.7	72.7
<b>Adj EPS (Rs.)</b>	<b>13.2</b>	<b>19.6</b>	<b>22.6</b>	<b>26.2</b>	<b>28.6</b>
% change	-3.5	48.5	15.6	15.5	9.5
DPS (Rs.)	4.0	5.0	12.0	10.5	12.3

\*Sales figure includes excise duty

### Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Net inc. + Depn.</b>	<b>1,419</b>	<b>1,683</b>	<b>1,865</b>	<b>2,149</b>	<b>2,415</b>
Non-cash adj.	-469	185	396	-63	56
Other adjustments	-	-	-	-	-
Changes in W.C	-335	-750	-313	-497	-195
<b>C.F. Operation</b>	<b>615</b>	<b>1,118</b>	<b>1,948</b>	<b>1,589</b>	<b>2,277</b>
Capital exp.	-110	-79	-161	-188	-220
Change in inv.	-809	257	-978	-500	-811
Other invest.CF	866	48	25	-	-
<b>C.F - Investment</b>	<b>-53</b>	<b>226</b>	<b>-1,114</b>	<b>-688</b>	<b>-1,031</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	-339	25	-25	-	-
Dividends paid	-	-284	-355	-764	-895
Other finance.CF	-162	-148	-177	-	-
<b>C.F - Finance</b>	<b>-501</b>	<b>-407</b>	<b>-557</b>	<b>-764</b>	<b>-895</b>
Chg. in cash	61	937	277	137	351
<b>Closing Cash</b>	<b>883</b>	<b>1,269</b>	<b>2,030</b>	<b>2,167</b>	<b>2,518</b>

### Balance Sheet

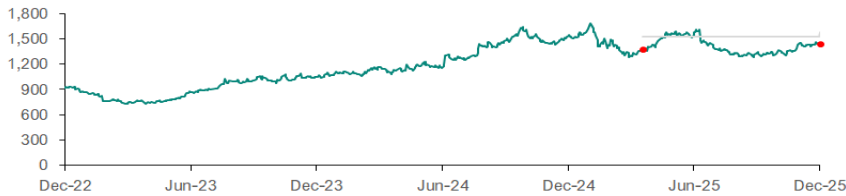
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	883	1,269	2,030	2,167	2,518
Accts. Receivable	2,434	3,056	3,410	3,349	3,510
Inventories	2,230	2,063	2,305	2,945	3,128
Other Cur. Assets	687	989	1,457	1,490	1,524
Investments	85	185	125	117	109
Gross Fixed As-sets	1,988	1,869	1,939	2,218	2,437
Net Fixed Assets	1,151	1,071	1,307	1,686	2,365
CWIP	67	37	72	73	75
Intangible Assets	374	350	330	435	445
Def. Tax -Net	157	177	155	168	165
Other Assets	1,693	2,052	2,057	2,148	2,244
<b>Total Assets</b>	<b>9,761</b>	<b>11,249</b>	<b>13,248</b>	<b>14,578</b>	<b>16,082</b>
Current Liabilities	3,624	3,878	4,722	4,859	5,066
Provisions	12	15	16	9	8
Debt Funds	1	25	-	-	-
Other Liabilities	125	210	406	416	427
Equity Capital	145	145	145	145	145
Res. & Surplus	5,854	6,976	7,959	9,148	10,436
Shareholder Funds	5,999	7,121	8,104	9,293	10,581
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>9,761</b>	<b>11,249</b>	<b>13,248</b>	<b>14,578</b>	<b>16,082</b>
BVPS	82	98	111	128	145

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	5.1	7.7	8.2	8.8	9.2
EBIT margin (%)	4.1	6.6	7.2	7.7	8.2
Net profit mgn. (%)	4.1	5.4	5.8	6.4	6.8
ROE (%)	18.9	19.8	19.5	20.0	19.7
ROCE (%)	18.9	24.2	24.2	24.1	23.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	31.9	42.9	45.6	42.3	42.0
Inventory (days)	35.0	36.3	38.9	47.5	47.8
Payables (days)	28.0	34.4	37.8	37.4	37.8
Current ratio (x)	1.7	1.9	1.9	2.0	2.1
Quick ratio (x)	1.0	1.3	1.3	1.3	1.4
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	13.3	13.5	14.3	14.2	13.6
Total asset T.O (x)	3.0	2.5	2.2	2.1	2.0
Int. covge. ratio (x)	10.9	22.7	22.0	23.7	25.1
Adj. debt/equity (x)	-	-	-	-	-
<b>Valuation</b>					
EV/Sales (x)	1.9	3.1	3.7	3.6	3.3
EV/EBITDA (x)	37.9	40.4	44.5	40.6	36.2
P/E (x)	56.9	57.7	61.9	55.0	50.3
P/BV (x)	9.1	11.5	12.6	11.3	9.9



## Recommendation Summary - (Last 3 years)



Dates	Rating	Target
20-Mar-25	BUY	1,530
04-Dec-25	HOLD	1,580

## Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:

▲ Upgrade

● No Change

▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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