

March 2025

Liquor Companies Deep dive – March-25 edition

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Outlook and Q3FY25 summary

- In alco-beverages, we maintain 'BUY' on both **United Spirits and United Breweries and remain positive on the space.**
- Top brewers in the country shall go on a decadal high capex of INR35bn in 2025, especially in key states such as Uttar Pradesh and Karnataka.
- India is set to have a warm summer. Summer is the main season for beer and the last two year's base is also quite favourable for UBBL. We reckon a very strong Q1FY26 for UBBL.
- ***We forecast double-digit sales growth for UNSP in P&A in FY25 versus a mere 4% in H1FY25.*** UNSP is likely to see a revival aided by higher weddings, low base and reopening of Andhra Pradesh and the new excise policy in Uttar Pradesh.
- The Andhra government's new liquor policy shall lead to market share gains for large players. UNSP aims to reach revenue salience of 4–4.5% (versus negligible over 18–24 months). UBBL is consistently adding business in Andhra. Unlike other companies, UBBL already has a brewery in the state.
- ***Premium portfolio continues to do well:*** UBBL's premium portfolio volumes surged 33% YoY in Q3FY25 while Radico's P&A portfolio grew 25%/18% YoY by value/volume. UNSP's P&A portfolio grew 16%/11% YoY by value/volume.
- ***In terms of YoY sales growth, Radico's P&A tops at 25%, followed by UNSP's P&A at 16% and UNSP (overall) at 15%. UNSP has marginally outperformed Pernod India (2.4% value gap in the July-December period).***
- ***In terms of gross margin, UNSP tops at 44.7%, followed by UBBL at 43.3% and Radico at 43%.***
- ***In terms of EBITDA margin, UNSP tops at 17.1%; Radico follows at 14.2% and UBBL 7.1%.***
- ***On a three-year basis, except UNSP, other two players suffered a dip in gross margin. UNSP experienced an expansion of 61bp. United Breweries is at the bottom with a sharp compression of 687bp.***
- On a three-year basis, Radico posted robust revenue/volume growth in the P&A segment of 92%/61% (versus Q3FY22), followed by UNSP at 44%/20%.
- ***India and UK have resumed FTA talks again. This has been significantly delayed; when it happens, it shall be positive for United Spirits.***

Valuation and ratings

Company Name	Rating	CMP	EPS			P/E		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
United Spirits	BUY	1350	22.6	27.2	31.3	60	50	43
United Breweries	BUY	2028	20.4	34.6	44.1	99	59	46
Radico Khaitan*	Not Rated	2043	27.3	37.6	49.0	75	54	42
Allied Blenders *	Not Rated	331	5.9	8.0	11.0	57	42	30
Sula Vineyards*	Not Rated	280	8.2	10.1	12.2	34	28	23

Source: Bloomberg, Nuvama Research

*Consensus estimates from Bloomberg; CMP as on 24th February, 2025

We continue to like the alcohol space and maintain **‘BUY’** each on United Breweries (UBBL) and United Spirits (UNSP).

India is set to experience the warmest March, which shall be positive for summer categories such as beer. Summer is the main season for beer and the last two year’s base is also quite favourable for UBBL. We expect a very strong Q1FY26 for UBBL. The new MD is taking bold bets on premiumisation, market share and actively engaging with regulators. We estimate United Breweries to gain market share in Premium beer and also from the 15% price hike in Telangana.

We reckon double-digit sales growth for UNSP shall continue. UNSP is likely to experience a revival aided by higher weddings, low base, reopening of Andhra and the new excise policy in Uttar Pradesh.

Brewers expanding capacities shows confidence

- Top brewers in the country shall go on a decadal high capex of INR35bn in 2025.
- In our view, these investments display confidence in India's beer industry.
- United Breweries shall make its first greenfield expansion in nearly 12 years with a INR7.5bn investment to set up a brewery in Uttar Pradesh.
- In Uttar Pradesh, United Breweries currently relies on contract manufacturing. Given category growth and favourable policies are doubling store presence, it aims to ensure long-term supply of its premium brands.
- Som Distilleries is also setting up a greenfield project comprising a brewery and distillery in Uttar Pradesh with a INR6bn investment. Construction shall start post regulatory approvals.
- It takes almost 24–30 months to set up a brewery.
- Carlsberg shall invest INR3.5bn to open a plant in Karnataka while AB InBev also plans to invest ~INR21bn in the next two–three years.
- In terms of demographics, India possesses the most favoured numbers as 800mn people are in the legal drinking age with an addition of 20mn every year.
- Beer drinking population is at 140mn in the country.

Uttar Pradesh's new excise policy – Higher alcohol prices, e-lottery for licences

- *The new Uttar Pradesh Excise Policy introduced several key changes, including 'composite liquor shops' where beer, liquor and wine shall be sold from a single unit, and all liquor shops shall be handled via an e-lottery system.*
- The composite shops shall allow consumers to purchase all types of alco-bev from one shop.
- The government had introduced 90ml bottles in the regular category of foreign liquor. In the premium segment, 60ml and 90ml bottles shall now be available. The 60 ml and 90 ml bottles of foreign liquor shall be sold for the first time.
- The policy also aims to boost farmer income and local entrepreneurship by enabling state-owned wineries to operate one shop in each district to sell products made from local fruits.
- The state has set a revenue target of INR550bn, an increase of INR40bn from the previous year (8% increase).

Bira maker in tax soup

- During the quarter, B9 Beverages (maker of Bira beer) received unpaid VAT notices of INR380mn.
- Bira plans to go public in 2026 but faces cash flow struggles, distributor disputes and decreasing market presence in North India.
- Maharashtra's MVAT department directed distributors to pay dues directly to tax authorities instead of B9 Beverages.
- Corporate name change caused delays in re-registering brands across 27 states, affecting peak sales and business operations.
- The reprinting of the label of the products stalled sales for a few months; as a result, the company had to write off INR800mn in inventory.
- B9 is aiming for INR7bn revenue in FY25, expects 7% growth, and plans to halve its EBITDA losses.
- Major investors include Kirin (22.5%), Sequoia (13.4%), Peak XV (5.9%), and Mitsubishi UFJ (1.6%), while employees hold 5.3% in stock options.

Madhya Pradesh to see new low alcoholic beverage bars from April 1

- In these new bars, only beer, wine and ready-to-drink alcoholic beverages with a maximum alcohol content of 10% volume on volume (V/V) shall be allowed for consumption.
- This is a positive development for beer consumption in MP. Having said that, MP is a small percentage of the overall alcohol industry.
- We believe this is a well-balanced policy change, as the liquor duty revenues lost(<2%) due to the holy cities ban is being offset by the introduction of new low-alcohol beverage bars.
- The consumption of spirits shall be strictly prohibited in such bars.
- Currently, 460–470 liquor-cum-beer bars exist across MP. The overall number of bars shall shoot up with the addition of these new outlets.

Strong wedding season an opportunity

The current wedding season is a long one in terms of number of days (18 vis-à-vis 11 last year) with an expectation of 4.8mn weddings taking place compared with 3.5mn last year.

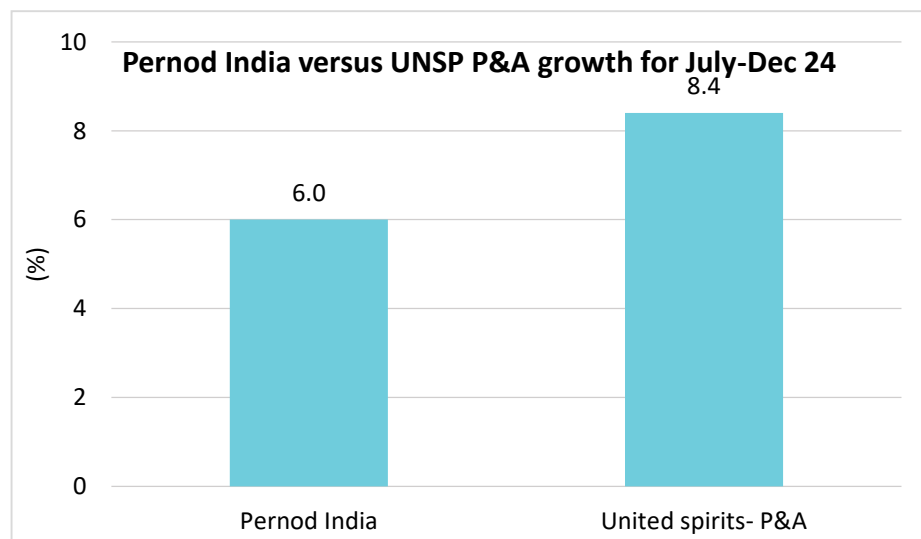
- Other industries such as apparel, jewellery, white goods, travel and hospitality sectors are beginning to witness a positive rub-off effect. Paints shall also see a spike in demand due to painting of homes during wedding season.
- Alco-bev shall join the race too in our view. During this phase, a lot of traction is anticipated among consumers to up-trade leading the Premium portfolio to do well.
- This year, the wedding season is witnessing a shift towards luxury weddings. The latest craze among young couples is immersive bar experiences.
- ***Hence, from an overall demand perspective, we remain positive on the alco-bev industry given the premiumisation trend shall pick up leading to improved volumes and realisations.***

Year	CY2019	CY2020	CY2021	CY2022	CY2023	CY2024	CY2025
Jan	10	6	0	10	9	9	10
Feb	11	11	0	7	13	11	14
Mar	6	7	0	0	6	10	5
Total	27	24	0	17	28	30	29
Apr	9	7	7	8	0	11	9
May	16	15	16	17	15	0	15
Jun	17	8	14	12	11	0	6
Total	42	30	37	37	26	11	30
Jul	5	0	5	6	0	6	0
Aug	0	0	0	0	0	0	0
Sep	0	0	0	0	0	0	0
Total	5	0	5	6	0	6	0
Oct	0	0	0	0	0	0	0
Nov	12	3	9	5	5	11	14
Dec	7	5	7	4	7	5	3
Total	19	8	16	9	12	16	17
Overall Total	93	62	58	69	66	63	76

Source: Drikpanchang, Nuvama Research

Pernod Ricard India versus UNSP's P&A (Jul-Dec'24)

- **United Spirits's P&A with growth at 8.4% YoY between Jun-Dec 2024 outperformed Pernod Ricard India which recorded 6% YoY growth in the same period.**
- Pernod reckons the strong growth momentum shall continue in H1CY25 (Jan-Jun'25). India salience stood at 12% of total revenue in the same period.
- Pernod India has experienced very strong growth in 'Jameson' along with good performance from 'Ballantine', 'The Glenlivet' and 'Royal Salute' Seagram's whiskies, particularly "Royal Stag" witnessed saw strong growth.
- The trend of premiumisation is driving growth in imported spirits brands and higher-end local spirits, *leading to margin expansion*. Operating margins are also improving, moving towards the group average.
- Pernod has collaborated with Accenture to optimise its operations, enhance efficiency, sustainability, and prepare its manufacturing processes.



Trends over five years: UNSP, Radico and UBL

Particulars	United Spirits						Radico						United Breweries					
(INR mn)	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24	Q3FY25
Revenue	25,825	24,887	28,847	27,811	29,893	34,320	6,479	6,842	7,566	7,922	11,609	12,942	14,548	12,911	15,828	16,130	18,245	20,003
Revenue - P&A	17,880	17,740	21,290	24,000	26,390	30,630	2,666	2,881	3,379	4,025	5,197	6,479	NA	NA	NA	NA	NA	NA
Revenue - P&A Growth	8.0	-0.8	20.0	12.7	10.0	16.1	17.0	8.0	17.3	19.1	29.1	24.7	NA	NA	NA	NA	NA	NA
Volume Growth (%) - P&A	2.7	0.6	7.9	3.1	4.6	11.2	21.0	5.3	18.2	14.1	20.2	17.7	NA	NA	NA	NA	14	33.0
Volume Growth (%)	-1.8	-0.8	3.7	3.2	-1.8	10.2	13.9	0.7	7.4	-10.3	3.7	15.3	NA	-15.0	19.0	4.0	8.0	8.4
Gross Profit	11,459	11,102	12,727	11,281	12,979	15,350	3,141	3,476	3,446	3,273	4,858	5,568	7,692	6,983	7,937	6,780	8,059	8,656
EBITDA	4,240	3,838	4,907	3,678	4,914	5,880	1,022	1,240	1,187	964	1,422	1,839	2,215	1,744	1,742	770	1,460	1,415
Margins:																		
Gross Profit margin (%)	44.4	44.6	44.1	40.6	43.4	44.7	48.5	50.8	45.5	41.3	41.8	43.0	52.9	54.1	50.1	42.0	44.2	43.3
EBITDA margin (%)	16.4	15.4	17.0	13.2	16.4	17.1	15.8	18.1	15.7	12.2	12.2	14.2	15.2	13.5	11.0	4.8	8.0	7.1

Source: Company, Nuvama Research

Margin comparison: UNSP ahead on gross, EBITDA margin

- Gross margin (GM) of all the three companies is in a narrow range of mid-forties.
- In terms of gross margin, **UNSP tops at 44.7%, followed closely behind by United Breweries at 43.3% and Radico at 43.0%.**

Gross Margin %	Q3FY25
United Spirits	44.7
United Breweries	43.3
Radico	43.0

Source: Company, Nuvama Research

- In terms of **EBITDA margin, UNSP tops at 17.1%; Radico follows at 14.2% and UBBL thereafter at 7.1%.**

EBITDA Margin %	Q3FY25
United Spirits	17.1
Radico	14.2
United Breweries	7.1

Source: Company, Nuvama Research

YoY comparison – Revenue and volume

- In terms of YoY sales growth, Radico P&A tops at 25%, followed by UNSP P&A at 16% and UNSP (overall) at 15%.
- In terms of YoY volume growth, United Breweries' premium performed the best at 33%, followed by Radico's P&A at 18% and overall growth at 15%. UNSP's P&A reported 11% volume growth for P&A and 10% for overall.

Revenue growth (%)	YoY
Radico P&A	25
United spirits - P&A	16
United spirits	15
Radico	11
United breweries	10

Source: Company, Nuvama Research

Volume growth (%)	YoY
United breweries P&A	33
Radico P&A	18
Radico	15
United spirits - P&A	11
United spirits	10
United breweries	8

Source: Company, Nuvama Research

YoY comparison – Margins

- UNSP registered decent gross/EBITDA margin expansion of 131bp/69bp on a low base and relatively subdued commodity inflation for UNSP.
- UBBL's gross margin/EBITDA margin decreased 90bp/93bp. This decline was mainly due to additional new premium bottles and negative state mix.
- Radico's gross margin/EBITDA margin expanded 118bp/196bp due to ongoing premiumisation in the IMFL business and relatively stable raw materials.

Gross profit growth (%)	YoY
United spirits	18
Radico	15
United breweries	7

Source: Company, Nuvama Research

EBITDA growth (%)	YoY
Radico	29
United spirits	20
United breweries	-3

Source: Company, Nuvama Research

Gross margin change (bp)	YoY
United spirits	131
Radico	118
United breweries	-90

Source: Company, Nuvama Research

EBITDA margin change (bp)	YoY
Radico	196
United spirits	69
United breweries	-93

Source: Company, Nuvama Research

Margin analysis over three years: UNSP fares better

- On a three-year basis, **except UNSP, the other two players suffered a dip in the gross margin.** UNSP's gross margin expanded 61bp while Radico/UBBL's gross margin dipped 252bp/687bp.

Gross profit growth (%)	3 year
Radico	62
United spirits	21
United breweries	9

Source: Company, Nuvama Research

Gross margin change (bp)	3 year
United spirits	61
Radico	-252
United breweries	-687

Source: Company, Nuvama Research

- Except UNSP, the other two companies' EBITDA margins got compressed.** UNSP performed the best with 12bp expansion while Radico's margins contracted 148bp. UBBL lags with decrease of 393bp.

EBITDA growth (%)	3 year
Radico	55
United spirits	20
United breweries	-19

Source: Company, Nuvama Research

EBITDA margin change (bp)	3 year
United spirits	12
Radico	-148
United breweries	-393

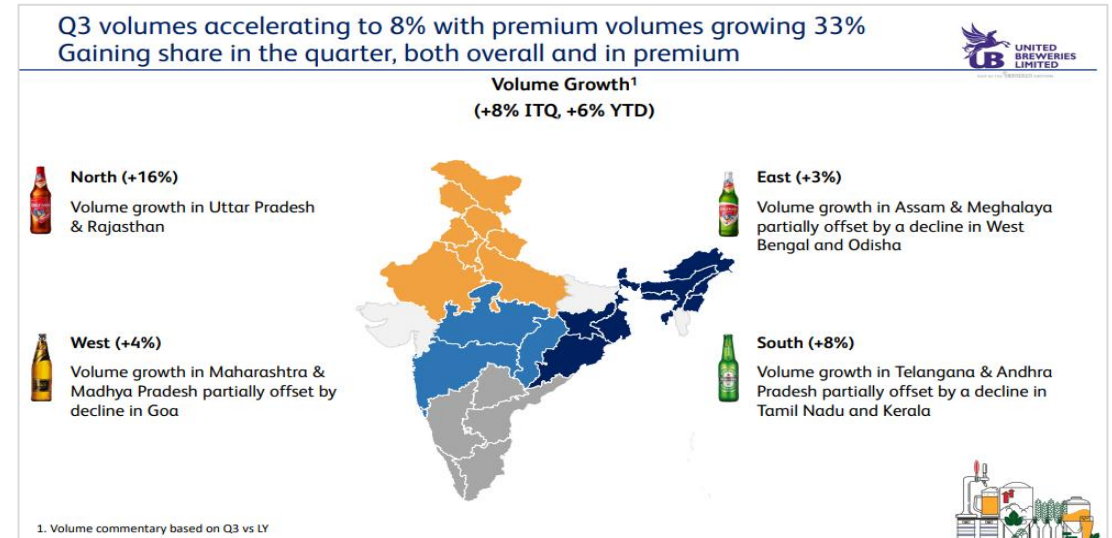
Source: Company, Nuvama Research

United Breweries: Q3FY25 – Impressive catch-up in premium

- UBBL recorded overall volume growth of 8.4% YoY, outpacing the industry's 7% growth—implying market share gains.
- Premium portfolio surged 33% YoY aided by strong growth in Kingfisher Ultra, Ultra Max and Heineken Silver.
- UP, Rajasthan, Telangana and Andhra Pradesh drove overall volume growth for the company.
- The 15% price hike in Telangana (17% of volume) shall make UBBL's state EBITDA neutral versus loss-making earlier.
- During the quarter, INR258mn (one-time cost) incurred towards productivity programme shall deliver future annual gross saving of ~INR500mn.

Q3FY25 versus	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24
Revenue Growth	37	55	26	24	10
Volume-P&A	NA	NA	NA	NA	33
Volume Growth	23	45	22	17	8
Gross Profit Growth	13	24	9	28	7
Gross margin (bp)	-960	-1,081	-687	124	-90
EBITDA Growth	-36	-19	-19	84	-3
EBITDA margin (bp)	-815	-643	-393	230	-93

Source: Company, Nuvama Research



United Breweries: Outlook

- India is set to experience a warm summer. Summer is the main season for beer and the last two year's base is also quite Favourable for UBBL. We forecast a very strong Q1FY26 for UBBL.
- We estimate United Breweries shall gain market share in Premium beer and also from the 15% price hike in Telangana.
- United Breweries shall make its first greenfield expansion in nearly 12 years with a INR7.5bn investment to set up a brewery in Uttar Pradesh.
- The beer category shall continue to grow at 6–8% and hence more beer shall be required to produced locally.
- UBBL is in talks with other state governments on various models of expanding scale.
- Any change in Delhi policy will not happen immediately. Usually, it takes around six–nine months for policy to come into position.
- The investments—which UBBL is doing in its breweries—shall help in making the premium capabilities available in many more places in the coming season and shall impact margins in the short term.

UBBL: Trends at a glance

Particulars	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net revenue (INR mn)	16,130	17,659	22,748	18,901	18,245	21,334	24,751	21,167	20,003
EBITDA (INR mn)	770	536	2,231	1,843	1,460	1,428	2,854	2,272	1,415
PAT (INR mn)	312	98	1,363	1,073	852	812	1,738	1,321	642
Volume growth (YoY %)	4	3.1	-12	7	8	10.9	5	5	8.4
Volume growth (YoY %) - Excl. RTM	NA	NA	-4	9	NA	NA	NA	NA	NA
Premium segment volume	NA	18.6	-21.1	10	14	21	44	27	33
Premium segment volume - Excl. RTM	NA	NA	FLAT	10	NA	NA	NA	NA	NA
Net revenue growth (YoY)	1.9	3.3	-6.7	12.3	13.1	20.8	8.8	12	9.6
Gross margin (%)	42.0	38.8	40.7	44.7	44.2	41.9	43.2	44	43.3
EBITDA margin (%)	4.8	3.0	9.8	9.8	8.0	6.7	11.5	10.7	7.1
<u>Region wise volumes growth (%)</u>									
- North	13	14	-15	1	-1	3	7	12	16
- West	2	10	2	2	9	0	6	12	4
- East	3	29	-8	11	22	10	2	-6	3
- South	0	-10	-18	11	10	21	6	1	8

Source: Company, Nuvama Research

UNSP: Q3FY25—Strong showing

- UNSP is on track to achieve its full-year guidance of double-digit growth in P&A.
- Full-year portfolio volume growth target is high single to low double-digit growth.
- Q3FY25 net sales/EBITDA grew 14.8%/19.7% YoY. P&A volumes shot up 11.2% YoY with price mix of 4.9%.
- Andhra Pradesh (AP) contributed 6.1% growth in Q3FY25. Ex-AP, P&A grew 9.2% with price mix of 5.2%.
- Popular net sales/volumes rose 9.5%/5.9% YoY led by value righting and duty reduction in Karnataka.
- Commodity inflation is relatively muted for UNSP, which led to margin expansion. ENA remains inflationary in high-single to low double-digits and the government is considering another price increase on ethanol. Glass is neutralising and has been deflationary over the past three quarters and there will be price-lapping in one–two months.

Q3FY25 versus	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24
Revenue Growth	33	38	19	23	15
Revenue - P&A Growth	71	73	44	28	16
Volume-Premium	30	29	20	16	11
Volume Growth	15	16	12	8	10
Gross Profit Growth	34	38	21	36	18
Gross margin change (bp)	35	12	61	416	131
EBITDA Growth	39	53	20	60	20
EBITDA margin (bp)	71	171	12	391	69

Source: Company, Nuvama Research

UNSP: Outlook

Operating environment and financial outlook

- UNSP is aiming for full-year double-digit growth for P&A (including Andhra). Full-year portfolio growth target is high-single to low double-digit growth. UNSP remains cautiously optimistic on the demand environment in the short-term.
- UNSP remains optimistic about the medium-and long-term outlook and shall continue to invest in brands for long-term sustainability and relevance of its portfolio.
- In the past few quarters, UNSP has seen good growth in mid-Prestige, which led to improvement in price mix. UNSP did see some rebound at the top end of the P&A and expects it to gain traction in a couple of quarters.
- EBITDA margins are likely to sustain in the range of 17–18% in Q4FY25.
- UNSP is strengthening the innovation team and hence employee investments will inch up, but this will be in line with internal growth targets.

UNSP: Trends at a glance

Particulars	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Sales growth (%)	-3.6	2.4	0.1	-1.4	7.5	6.9	8.3	-0.8	14.8
Volume growth (%)	3.2	2.9	5.8	1.0	-1.8	3.7	3.5	-4.4	10.2
Prestige and above volume growth (%)	3.1	9.9	10.3	3.8	4.6	3.7	5.1	-3.7	11.2
Popular volume growth (%)	3.2	-17.6	-11.9	-10.8	-22.8	4.0	-4.6	-7.9	5.9
Prestige and above net sales growth (%)	11.7	23.2	21.2	12.8	10.0	6.6	10.1	0.3	16.1
Prestige and above sales per case (INR)	1,872	1,812	1,709	1,885	1,967	1,861	1,790	1,963	2,053
Popular sales per case (INR)	879	978	999	993	998	972	1,019	1,004	1,032
Gross margins (%)	40.6	45.4	43.6	43.4	43.4	43.3	44.5	45.2	44.7
COGS per case (INR)	985	904	925	1,005	1,027	969	953	1,011	1,045
A&P spends (% of sales)	10.0	13.8	6.8	8.4	11.0	12.2	7.4	9.0	11.0
Employee spends (% of sales)	5.8	4.9	5.8	5.0	4.7	5.0	5.7	5.7	5.0
Other expenditure (% of sales)	11.6	13.1	13.4	13.6	11.3	12.5	11.9	12.6	11.5
EBITDA margins (%)	13.2	13.6	17.7	16.4	16.4	13.6	19.5	17.8	17.1
EBITDA per case (INR)	219.2	224.3	290.8	291.4	298.3	232.1	334.3	328.9	323.9
Net Sales (INR mn)	27,811	24,938	21,719	28,657	29,893	26,660	23,250	28,430	34,320
EBITDA (INR mn)	3,678	3,380	3,851	4,701	4,914	3,620	4,580	5,070	5,880

Source: Company, Nuvama Research

Radico Khaitan — Q3FY25

- The company aims to deliver ~15% premium volume growth in FY25. For its regular category, Radico expects mid-single digit kind of growth for next year.
- Radico aims to improve margins by 100–125bp every year over the next three years with target of 15% EBITDA margin for medium term.
- Radico Khaitan clocked sales growth of 11% YoY while P&A grew 25% YoY in Q3FY25. In terms of YoY volume, P&A clocked 17.7% growth while overall volume growth stood at 15.3%.
- Luxury, semi-luxury brands, which have a better margin profile than P&A category, clocked revenue of INR1bn/2.5bn in Q3FY25/9MFY25. It expects the segment to cross INR5bn of net sales in FY26. The ratio of sales of this segment improved 300 bps to 12% in Q3FY25.
- Regular segment in Q3FY25 delivered strong 15% value growth driven by Andhra's opportunity to sell brands below the P&A at attractive price, contributing to healthy margins. Kerala's 6–7% price increase is likely to further benefit Radico.
- Gross margin was 43%, up 118bp YoY, hurt by the ongoing premiumisation in the IMFL business with relatively stable raw material scenario. Food grain inflation led to a 60bp decline in gross margin QoQ.

Q3FY25 versus	Q3FY20	Q3FY21	Q3FY22	Q3FY23	Q3FY24
Revenue Growth	100	89	71	63	11
Revenue - P&A Growth	143	125	92	61	25
Volume-P&A	101	91	61	41	18
Volume Growth	16	15	7	20	15
Gross Profit Growth	77	60	62	70	15
Gross margin (bp)	-546	-778	-252	171	118
EBITDA Growth	80	48	55	91	29
EBITDA margin (bp)	-156	-391	-148	204	196

Source: Company, Nuvama Research

Radico Khaitan: Outlook

Operating environment and financial outlook

- While it has completed major capex projects, It expects capex for the next two–three years to be in the range of INR1–1.25bn every year.
- It is experiencing a declining trend in debt scenario and aims to achieve a debt free status by mid-FY27.
- Interest costs rose sequentially due to higher working capital utilisation led by cyclical building of grain inventory buildup and increased receivables in certain states. This temporary trend is likely to normalise by March-end.
- Radico expects Telangana issues to get resolved soon. Overdue from Telangana remain limited and payments are being received as per 45 days policy. Any overdue amounts are likely to be cleared by Q4FY25.

Product portfolio continues to do well

- Royal Ranthambore Whisky recorded strong 55% growth in Q3FY25. To expand, it will be introduced to CSD channel, which is a very large market.
- Following the launch of Rampur Asava, Sangam World Malt and Jaisalmer Gold Gin, its rollout continues across more states with Asava now available in ten states, Sangam in eight and Jaisalmer Gold in six.
- The company launched a limited-edition celebration pack for Magic Moments Vodka, blending premium quality with festive vibrance.
- Dark Whisky in Q3FY25 became eighth brand to achieve over 1mn cases sales volume. It clocked 1.34mn cases in 9MFY25, an increase of 100% YoY.

RM outlook

- It is optimistic about the inflationary scenario for ENA and grains to improve going forward, it continues to cautiously monitor the trends.
- Earlier investments made in malt capacity are likely to double malt availability in the next three years.
- Grain prices increased from 17,000 to 28,000 per ton due to ethanol supply and the stoppage of FCI rice, since the government has recently announced that ethanol can be produced from FCI rice, which is cheaper at 22,500 per ton, which could lead to an easing of raw material costs.

Three-year analysis — Revenue and volume

- On a three-year basis, among our coverage, UBBL clocked robust volume growth of 22%, followed by UNSP's P&A at 20%.
- Premiumisation marks the most important theme for these companies given the consumer trend and low margins at entry level.
- ***For instance, on a three-year basis for its P&A segments, Radico posted robust revenue/volume growth in the P&A segment of 92%/61% (versus Q3FY22), followed by UNSP at 44%/20%.***
- On a three-year basis (overall top line), Radico posted robust revenue growth of 71% followed by UBBL at 26% and UNSP at 19%.

Revenue growth in Q3FY25 on a three-year basis

Revenue growth (%)	3 year
Radico - P&A	92
Radico	71
United spirits - P&A	44
United breweries	26
United spirits	19

Source: Company, Nuvama Research

Volume growth in Q3FY25 on a three-year basis

Volume growth (%)	3 year
Radico - P&A	61
United breweries	22
United spirits - P&A	20
United spirits	12
Radico	7

Source: Company, Nuvama Research

Allied Blenders & Distillers – Q3FY25 performance

- In Q3FY25, net revenue grew 8.8% YoY/12.2% QoQ. This was driven by strong consumer demand in the festive season and volume growth across all 4 millionaire brands in P&A and Mass premium categories . Overall realisation/case improved by 3.8% to INR1,036.
- Overall volume growth stood at 11.3% YoY. Volume growth was driven by P&A category. P&A volume salience improved to 42% in Q3FY25 vs 39.7% in Q2FY25.
- P&A value salience also improved to 52.1% in Q3FY25 compared with 49% in Q2FY25.
- EBITDA was up 97% YoY/13% QoQ; EBITDA margin of 12% expanded 538bp YoY but remained flat QoQ. Gross margin of 42.8% expanded 745bp YoY but remained flat QoQ.
- Adjusted PAT improved to INR575mn in Q3FY25 versus INR476mn in Q2FY25 due to lower interest and depreciation expense.

ABD Q3FY25 results

Allied Blenders	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ
Net revenues	9,739	8,948	8.8	8,677	12.2
EBITDA	1,168	591	97.5	1,033	13.0
PAT	575	-44	NM	476	20.8
EBITDA margin (%)	12.0	7.0	538	12.0	8

Source: Company, Nuvama Research

Allied Blenders & Distillers- Outlook

Outlook/guidance given during Q3FY25 conference call

- The company anticipates single-digit growth in the mass premium segment for Q4FY25. It also provides an opportunity to leverage strength of brand Officer's Choice and distribution to beat segment growth.
- The company anticipates grain and ENA prices shall remain neutral to soft while glass and PET prices are likely to stay stable, which should support its growth outlook.
- Aims to improve salience of P&A and above brand to 50% from 42% currently.
- Expects to reach a high single-digit or double-digit share of the 18-20 million case market over the next few years.
- The company expects the luxury portfolio to start contributing to EBITDA within two years, with a "cap neutral" approach to E&P spend in the meantime.
- The company has proposed capex of INR52.5bn over three years with INR1.85bn in year 1, INR2.2bn in year 2 and INR1.2bn in year 3 funded from internal sources.

Allied Blenders & Distillers: Key business highlights

- **ABD enters luxury spirits market:** In Nov-24, ABD entered the luxury spirits market with the launch of Arthaus Blended Malt Scotch Whisky. The brand, now is available in Maharashtra, Haryana, Goa, and West Bengal, strengthens ABD's portfolio and meets the growing demand for luxury spirits.
- **Zoya:** Zoya Gin expanded to West Bengal and Chandigarh following successful launches in Haryana, Maharashtra, Goa, and Rajasthan. Moreover, two new flavours—Watermelon Gin and Espresso Coffee Gin—were launched in January 2025 in Maharashtra.
- **ICONiQ White: Continued expansion across India:** ICONiQ White, the world's fastest-growing spirits brand of 2023, launched in Karnataka and Andhra Pradesh in Q3FY25, expanding to 23 states and union territories. The brand is currently on track for an annual run-rate of 4.5-5 million cases, double the volume of FY24.
- **Expanding exports markets:** ABD expanded exports to 22 countries in FY24, up from 14, with growing presence in Africa. ICONiQ White, a new millionaire brand, launched in three countries while Zoya Gin shall debut in the UAE in Q4FY25. ABD also secured approvals for exporting to the US.
- **Two recent acquisitions:** The two recent acquisitions are Good Barrel Distillery Private Limited i.e. a startup with premium rum brand (Rock Paper Rum) and Woodburns, which is a rich Indian malt whisky aged in handcrafted barrels.

Sula Vineyards– Q3FY25 performance

- In Q3FY25, net revenue of INR2bn remained flat YoY/51.2% QoQ. Revenue ex-Maharashtra and Karnataka expanded 8% YoY. West Bengal, Haryana, Delhi, MP, Rajasthan, Chandigarh, among others saw strong double-digit growth.
- The company's volume growth in Q3FY25 for economy & popular dipped 5.6% and grew 3% in Elite and premium.
- EBITDA of INR531mn reduced 26.2% YoY but expanded 57.9% QoQ; EBITDA margin decreased 888bp YoY but increased 112bp QoQ to 26.5%. Gross margin of 62.4% dipped 462bp YoY.
- Adjusted PAT for Q3FY25 is INR281mn versus INR145mn in Q2FY25.
- Wine tourism recorded revenue of INR164mn in Q3FY25, which is up 11.6% YoY. Average room occupancy in Q3FY25 is 81%, which is up 500bp YoY.

Outlook/guidance given during Q3FY25 conference call

- Expects Q4FY25 to be largely in-line with Q4FY24.
- The company expects a significant boost to its wine tourism business in FY–26 due to the expansion of its facilities.

Sula Vineyards Q3FY25 results

Sula Vineyards	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ
Net revenues (excluding excise)	2,002	2,030	-1.4	1,324	51.2
EBITDA	531	719	-26.2	336	57.9
PAT	281	430	-34.7	145	93.8
EBITDA margin (%)	26.5	35.4	-888	25.4	112

Source: Company, Nuvama Research

UBBL launches Amstel Grande and Flavoured Beer

Some of the recent launches:



Source: Company, Nuvama Research



New launches- Sula Vineyards

Some of the recent launches:

An advertisement for Sula Merlot wine. The background is a dark, warm-toned image of a wine cellar or kitchen with various items like bread and fruit. In the center, a bottle of Sula Merlot 2024 is displayed next to a glass of red wine. The bottle has a label with a stylized sun face and the text 'SULA VINEYARDS MERLOT 2024 RED WINE BOTTLED IN NASHIK'. To the left of the bottle, there are bunches of grapes and some fruit. In the top left corner, a yellow box contains the text 'Our Latest Launch'. Below this, the text 'Sula Merlot' is written in a large, white, serif font. Underneath the name, there are two lines of descriptive text in a smaller, white, sans-serif font. In the bottom right corner, there is a small Sula Vineyards logo and a yellow box with the number '4'.

Our Latest Launch

Sula Merlot

With its velvety smooth texture, rich fruit flavors, and notes of chocolate and cherries, Sula Merlot is a smooth, lush red crafted to captivate wine lovers.

Perfectly suited to the Indian palate, this elegant and delightful wine is best enjoyed slightly chilled, making it a refreshing choice for any occasion.

SULA VINEYARDS
MERLOT
2024
RED WINE
BOTTLED IN NASHIK

SULA VINEYARDS 4

Source: Company, Nuvama Research

Allied Blenders new launches



Source: Company, Nuvama Research



After dark whisky launched in 180ml trendy pocket– Radico

After Dark Whisky Becomes the 8th Brand to Join the millionaire's club

Radico
SPIRIT OF EXCELLENCE



- Launched in 2011, this brand's story took an exciting turn in 2022 with the launch of After Dark Blue Whisky, designed to captivate the younger generation.
- After a 50% volume growth in FY24, After Dark achieved 1.34 million case volumes, representing over 100% growth y-o-y in the first nine months of FY25.
- Launched a trendy pocket pack in 180 ML SKU which has been very successful among the consumers.
- It is positioned very strongly in the largest segment of the premium whisky industry.
- Currently present in 13 states, we plan to increase its width of distribution to pan India next year.

Earnings Presentation | Q3 FY2025

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Source: Company presentation

A cocktail to sip!

- India is **one of the most attractive/fastest growing** alcohol markets in the world. **It is the third-largest market** in the world after China and the US by volume and will likely have 39% drinking population by 2025.
- The market is dominated by whisky, followed by beer and wine.
- The premium end of the Indian spirits market is largely **dominated by the top two global companies: Diageo and Pernod Ricard**.
- According to IWSR, the Indian spirits market is likely to clock flat growth in CY24.
- The prestige segment, also known as the deluxe segment, is the largest one in the whisky market at 50% by volume in India.
- Alco-beverage companies continue to focus on investing in their brands to drive longer-term equity. Building a strategic portfolio at different price points and driving the premiumisation trend remain key focus areas.

Key players in Indian Alco-beverage market

Alcohol	Company	Brands
Spirits	Diageo India	McDowell No. 1, Royal Challenge, Signature, VAT 69, Black Dog, Johnnie Walker
	Pernod Ricard	Imperial Blue, Royal Stag, Blenders Pride, 100 Pipers, Ballentine's, Chivas, Glenlivet
	Radico Khaitan	8 PM, Magic Moments
	Allied Blenders	Officer's Choice Blue, Officer's Choice Black, Sterling Reserve B7, Sterling Reserve B10
Beer	United Breweries	Kingfisher, Kalyani Black label, Sandpiper, Heineken
	Anheuser-Busch InBev NV	Haywards, Fosters, Budweiser, Corona
	Bira 91	Bira Light, Bira Strong, Bira Blonde, Bira White
	Carlsberg	Tuborg, Carlsber

Source: Nuvama Research, Industry reports

All price charts cannot be included given the large of number of companies in our coverage. Specific charts may be available upon request.

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