UNITED SPIRITS

RESULT FLASH

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,387
12 month price target (INR)	1,710
52 Week High/Low	1,700/1,271
Market cap (INR bn/USD bn)	1,009/11.4
Free float (%)	43.2
Avg. daily value traded (INR mn)	1,305.6

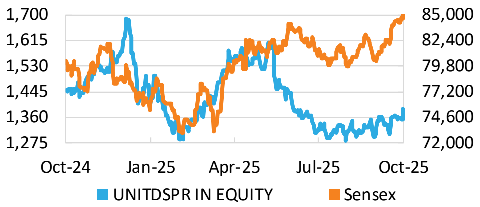
SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	56.68%	56.68%	56.68%
FII	14.38%	15.05%	14.98%
DII	14.90%	14.40%	14.59%
Pledge	1.18%	1.18%	1.18%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	1,20,690	1,32,097	1,46,495	1,60,980
EBITDA	22,430	24,481	28,764	32,373
Adjusted profit	16,377	18,102	21,765	24,366
Diluted EPS (INR)	22.6	25.0	30.0	33.6
EPS growth (%)	15.6	10.5	20.2	12.0
RoAE (%)	20.9	20.9	22.1	21.7
P/E (x)	58.3	52.7	43.8	39.2
EV/EBITDA (x)	41.1	37.3	31.4	27.6
Dividend yield (%)	0.4	0.6	0.8	0.9

PRICE PERFORMANCE



Cheers to a strong quarter

United Spirits (UNSP), reported a solid set of numbers, with overall revenue (up 12% YoY)/EBITDA (up 33% YoY) - ahead of our/consensus. Strong performance was driven by Andhra coupled with innovation and renovation offerings and favourable base. Overall volumes grew 7.7% YoY. P&A sales/volumes grew 12.4%/8% YoY, while Popular sales/volumes grew 9.2%/6.1% YoY. Gross/EBITDA margins (both at multi quarter high) – expanded 190bp/337bp YoY to 47.1%/21.2%. A&P expenses declined 6% YoY but stood flat QoQ – was at 7.6% of sales.

We will revisit our estimates and TP post the earnings conference call. Maintain 'BUY'.

A beat on all fronts

Net sales grew 12% YoY with P&A growing at 12.4%. The growth was driven by the re-entry in Andhra, a favourable base and UNSP's renovations/innovations offerings. **Overall volumes** grew 7.7% YoY in Q2FY26.

Segmental performance: P&A volumes/sales grew 8%/12.4% YoY and accounted 89.6% of sales. Popular volumes/sales 6.1%/9.2% YoY and accounted for 8.8% of net sales salience.

Margins: Gross/EBITDA margins (both at multi quarter high) expanded 190bp/337bp YoY to 47.1%/21.2%. This is on back of prior year headline pricing flow-through, revenue growth management initiatives, mix improvement, sustained productivity as well as relatively stable COGS inflation for major input commodity basket.

Others: A&P expenses declined 6% YoY but stood flat QoQ – was at 7.6% of sales. Staff cost grew 8% YoY/29% QoQ.

More details awaited on the call which is hosted on 31st October at 4pm IST @022 6280 1250. Diamond Pass Registration

What to ask?

- Given the recent excise duty hike and price increase in Maharashtra, how do you see demand evolving in the state over the next 2–3 quarters?
- What is management's outlook on medium-term volume growth given the current consumption trends?
- What is your capex outlook for FY26 and key investment areas?

Quick Take:

INR mn	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ	Q2FY25E	Deviation
Net Sales	31700	28430	11.5%	25,490	24.4%	30,419	4.2%
EBITDA	6720	5070	32.5%	4,150	61.9%	5,475	22.7%
PAT	4947	3350	47.7%	2,690	83.9%	3,729	32.7%

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Exhibit 1: Trends at a glance

	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Revenue (INR mn)	28,657	29,893	26,660	23,250	28,430	34,320	29,460	25,490	31,700
EBITDA (INR mn)	4,701	4,914	3,620	4,580	5,070	5,880	5,050	4,150	6,720
Adj PAT (INR mn)	3,185	3,481	4,150	2,990	3,350	4,730	4,510	2,662	4,947
Sales growth (%)	(1.4)	7.5	6.9	8.3	(0.8)	14.8	10.5	8.4	11.5
EBITDA growth (%)	6.3	33.6	7.1	18.9	7.8	19.7	39.5	(9.4)	32.5
Volume growth (%)	1.0	(1.8)	3.7	3.5	(4.4)	10.2	6.9	9.4	7.7
Prestige and above volume growth (%)	3.8	4.6	3.7	5.1	(3.7)	11.2	9.2	9.0	8.0
Popular volume growth (%)	(10.8)	(22.8)	4.0	(4.6)	(7.9)	5.9	(2.2)	11.6	6.1
Prestige and above net sales growth (%)	12.8	10.0	6.6	10.1	0.3	16.1	13.2	9.0	12.4
Prestige and above sales per case (INR)	1,885	1,967	1,861	1,790	1,963	2,053	1,929	1,790	2,042
Popular sales per case (INR)	993	998	972	1,019	1,004	1,032	1,003	1,037	1,031
Gross margins (%)	43.4	43.4	43.3	44.5	45.2	44.7	44.5	44.0	47.1
COGS per case (INR)	1,005	1,027	969	953	1,011	1,045	981	953	1,010
A&P spends (% of sales)	8.4	11.0	12.2	7.4	9.0	11.0	10.8	9.3	7.6
Employee spends (% of sales)	5.0	4.7	5.0	5.7	5.7	5.0	4.7	5.3	5.5
Other expenditure (% of sales)	13.6	11.3	12.5	11.9	12.6	11.5	11.9	13.0	12.8
EBITDA margins (%)	16.4	16.4	13.6	19.5	17.8	17.1	17.1	16.3	21.2
EBITDA per case (INR)	291	298	232	334	329	324	303	277	405

Source: Company, Nuvama Research

Exhibit 2: Standalone financial snapshot

Year to March	Q2FY26	Q2FY25	% change	Q1FY26	% change
Net sales	31,700	28,430	11.5	25,490	24.4
Cost of goods sold	16,770	15,580	7.6	14,280	17.4
Gross profit	14,930	12,850	16.2	11,210	33.2
Staff cost	1,750	1,620	8.0	1,360	28.7
Advertising	2,410	2,570	(6.2)	2,380	1.3
Other expenditure	4,050	3,590	12.8	3,320	22.0
EBITDA	6,720	5,070	32.5	4,150	61.9
Dep., amortisation & impairment	650	690	(5.8)	680	(4.4)
EBIT	6,070	4,380	38.6	3,470	74.9
Interest expense	210	250	(16.0)	490	(57.1)
Other income	760	340	123.5	610	24.6
Profit Before Tax	6,620	4,470	48.1	3,590	84.4
Provision for Tax	1,600	1,120	42.9	900	77.8
Exceptional items	(300)	0	NM	(110)	NM
Reported Profit	4,720	3,350	40.9	2,580	82.9
Exceptionals	(227)	0	NM	(110)	NM
Adjusted Profit	4,947	3,350	47.7	2,690	83.9
No. of Shares outstanding (mn)	727	727	NA	727	NA
Adjusted Diluted EPS (INR)	6.8	4.6	47.7	3.7	83.9
as % of net revenues					
COGS	52.9	54.8	(190)	56.0	(312)
Staff costs	5.5	5.7	(18)	5.3	19
Advertising & sales promotions	7.6	9.0	(144)	9.3	(173)
Other expenditure	12.8	12.6	15	13.0	(25)
EBIDTA	21.2	17.8	337	16.3	492
EBIT	19.1	15.4	374	13.6	554
PBT	20.9	15.7	516	14.1	680
Net profit	15.6	11.8	382	10.6	505
Tax rate	24.2	25.1	(89)	25.1	(90)

Source: Company, Nuvama Research

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