Equity Research Report

United Spirits Ltd

Industry Type – Alcoholic Beverages

About the company

United Spirits Ltd is India's leading alcoholic beverage company and a subsidiary of global leader, Diageo PLC. It is involved in manufacture, sale, and distribution of a massive portfolio consisting of renowned brands such as Johnnie Walker, Black Dog, Signature, Black & White, Smirnoff, etc. USL's portfolio consists of over 80 brands of scotch whisky, IMFL whisky, rum, brandy, vodka, and gin, out of which 7 brands sell a million cases annually.

USL has the highest market share of ~25% in the Indian spirits industry. It is the 2nd largest spirit company in the world. It enjoys ~45% market share in the Indian whisky segment. In addition to this, the company holds the perpetual right to the Bangalore Franchise of BCCI-IPL.

Diageo India has one of the largest manufacturing footprints in this industry with 36 facilities (including third-party) across India. It has a pan-India manufacturing network consisting of 11 operational facilities across 8 states.

Diageo PLC took over the majority stake in the company in 2013 and started re-structuring by selling off non-core assets over the upcoming years. Since then, the company has focused on reducing its debt and improving its working capital management. At present, Diageo has ~56% stake in the company.

Key Highlights – Q4 FY25

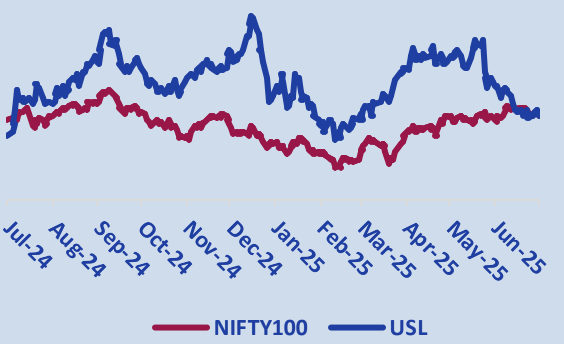
- Revenue in Q4 FY25 was INR 29,460 million, a 10.5% increase from Q4 FY24, which was INR 26,660 million.
- EBITDA Margins for Q4 FY25 vs Q4 FY24 grew by 26% and 0.1% for Q4 and Q3 of FY25.
- Net Profit Margins also increased from 14.3% in Q4 FY24 to 15.3% in Q4 FY25.
- Revenue in FY25 was INR 1,15,730 million, an increase of 8.2% from FY24 revenue of INR 1,06,920 million.
- Net Profit in FY25 grew by 18.75% YoY. Net Profit Margins grew from 12.3% in FY24 to 13.5% in FY25.
- Earnings Per Share (EPS) saw an increase from 18.04 in FY24 to 21.42 in FY25.
- Dividend Payout Ratio of FY25 was 56%, a 28.3% increase from 27.7% in FY24.
- P/E ratio of the company was 90.1x in FY24, and it reduced to 63.3x in FY25.
- ROE did not witness a major increase, but it reached 13.7% in FY25 from 13.2% in FY24.
- Sales growth in FY24 was 3.1%, but in FY25, it increased to 8.2%.
- Gross Margin was 44.7% in FY25, an increase from FY24's 41.6%.

UNITED SPIRITS
A DIAGEO Group Company

Recommendation	: xx
CMP (INR)	: 1,312.1
Target Price (INR)	: xx

Stock Data (as of 15 July, 25)	
NIFTY 100	: 25872.2
52W High/Low	: 1,700/1,263.5
Market Cap (INR mn)	: 9,90,870.1
Outstanding Shares (mn)	: 727.4
Dividend Yield (%)	: 0.88%
NSE Ticker	: UNITDSPR

Stock Performance (1Y)



Performance	1M	6M	1Y
United Spirits Ltd	-6.8%	-4.6%	5.0%
NIFTY100	0.9%	7.1%	0.7%

Shareholding Pattern (as of Mar 2025)	
Promoters	: 56.68%
FII	: 14.98%
DII	: 14.59%
Public	: 13.73%

Financials (INR mn)	FY25	FY26E	FY27E
Net Revenue	1,15,730	1,29,972	1,44,820
YoY Growth (%)	*8.2%*	*12.3%*	*11.4%*
EBITDA	20,580	23,135	26,701
Margins (%)	*17.8%*	*17.8%*	*18.4%*
PAT	15,580	16,854	19,693
YoY Growth (%)	*18.8%*	*8.2%*	*16.8%*
ROE	13.7%	12.1%	11.7%
EPS (INR)	21.4	23.2	27.1
EV/EBITDA	47.3x	41.4x	35.4x
P/E	63.3x	58.5x	50.1x

Prepared By: Mohd Yasir

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Global Economy

After being hit by multiple adversities since 2020, the global economy is once again facing another headwind in 2025 with increased trade barriers and policy uncertainty. The sharp rise in tariffs is majorly contributing to the slowdown and deteriorating global prospects. Global economy is slowing due to a rise in certain trade barriers and uncertain global policy environment. Growth is expected to fall to 2.3% in 2025, the slowest global growth rate since 2008, aside from global recessions. In 2026-27, recovery is expected, depending upon improving trade policy globally. If similar trade concerns persist, growth could turn out to be even lower, resulting in build-up of financial stress. Medium term global growth forecast (2026-2027) is expected to be around 2.5% and recovery drivers include trade flows adjusting to higher tariffs, gradual increase in trade volumes, and decline in policy tensions. Advanced economies contributed majorly to the growth downgrade in 2025. This slowdown is expected to be concentrated in investment (mainly FDIs) and trade, as they are susceptible to demand changes than overall output changes.

Commodity prices witnessed a sharp decline in early April as growth prospects weakened and global outlook worsened. Oil prices experienced a steep fall, driven by a surge in OPEC+ production and further weighted down by weak expectations for future demand. Overall commodity prices are expected to decline by 10% in 2025, followed by an additional dip in 2026 as oil prices continue to weaken.

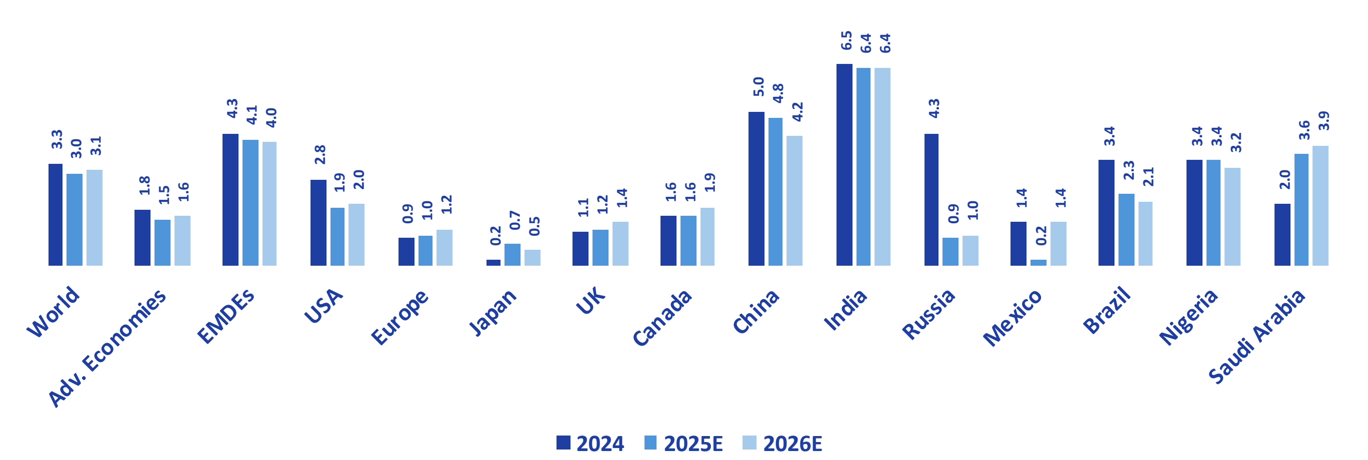
Global inflation for 2025 and 2026 is projected at 2.9%, slightly above the usually central bank target of ~2%. Global headline inflation remains elevated compared to both central bank targets and pre-pandemic averages, which indicates that inflationary pressure has not fully eased globally. In some advanced economies, inflation has increased since last year, reversing previous declines. Slower disinflation in the past 6 months has been noticed, primarily caused by ongoing price pressures in the services sector (housing, hospitality, healthcare etc). Consumer inflation expectations have also risen due to increased import costs and general instability in the economies. Core inflation is expected to remain high due to persistent price increases in services.

The path forward requires clarity and coordination. Countries need to work together to promote a stable and anticipated trade environment and address the concerns and challenges that have occurred. They should also deal with domestic policies and structural imbalance to ensure internal economic stability. This will help in rebalancing global growth, inflation, and re-build growth prospects.

Conclusively, financial conditions globally have been more restrictive in comparison to late 2024 and the main driver for that is trade policy uncertainty. Subsequent recovery was witnessed after the announcement of 90-day tariff pause and rollback of US-China tariffs. Post trade tensions easing, Emerging Markets and Developing Economies (EMDEs) started slowly recovering, sovereign spreads narrowed again.

Source: IMF, World Bank

Exhibit 1: Global Growth Projections (Real GDP, annual percent change)



United Spirits Ltd

Indian Economy

Despite global headwinds, from geopolitical tensions to trade tensions, India's macroeconomic fundamentals have exhibited unparalleled adaptability. India's GDP grew 6.5% in 2024-25, with RBI expecting the same for 2025-26, driven by strong domestic demand, rising exports, and robust capital markets. Record forex reserves, manageable deficit, and rising foreign investment reflect global trust in India's steadily rising economic prospects. Rising rural consumption, climbing private investment, businesses expanding their capacity load, public investments remaining high, and stable borrowing situations support economy's sustained growth.

Inflation eased sharply to 2.82% in May 2025 (the lowest since February 2019) offering relief to consumers and businesses. CFPI recorded food inflation at 0.99% in May 2025, the lowest since October 2021 with rural and urban rates being nearly identical at 0.95% and 0.96%, respectively. Compared to April 2025, May's food inflation dropped by 79 bps, driven by a fall in grains and vegetables. Inflation and food prices are expected to remain favorable due to robust crop production, while slowing global demand may keep crude prices in check. RBI expects inflation to stay aligned with its medium-term target of 4%, reinforcing confidence in sustained price.

Total exports hit a record USD 824.9 billion in 2024-25, up 6.01% from the previous year, driven largely by services and high-value manufacturing. Services exports surged 13.6% to USD 375.5 billion, while merchandise exports (excluding petroleum products) grew 6% USD 374.1 billion. India's export performance is testament of the growing strength of the economy, particularly in services and high-value manufacturing.

Retail participation in capital markets jumped from 4.9 Cr in 2019 to 13.2 Cr by the end of 2024, showing rising equity interest and long-term confidence. FDI inflows rose 14% to USD 81.04 billion in 2024-25, led by services (19%), computer software and hardware (16%), and trading (8%). Forex reserves hit USD 697.9 billion (20 June 2025), enough to cover more than 11+ months of imports. Q4 2024-25 current account surplus was USD 13.5 billion (1.3% of GDP) up from previous year's Q4 (USD 4.6 billion, 0.5% of GDP).

India's steady growth performance, clear direction, and stability amid global turbulence reaffirms confidence in its strong future.

Exhibit 2: India vs Global GDP Growth (%)

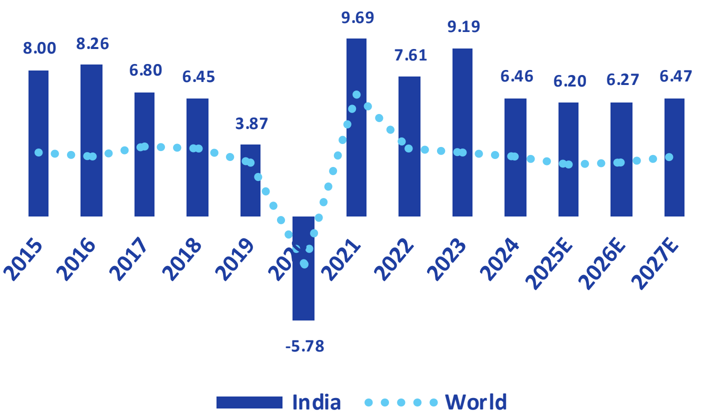


Exhibit 3: India's Inflation Rates for CPI and CFPI

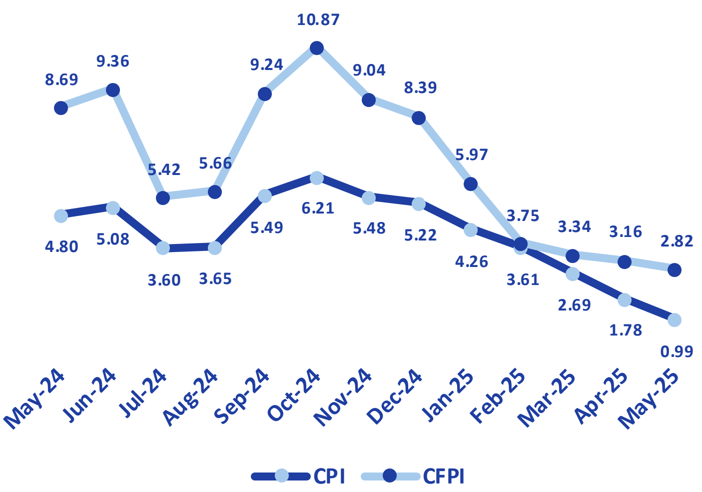
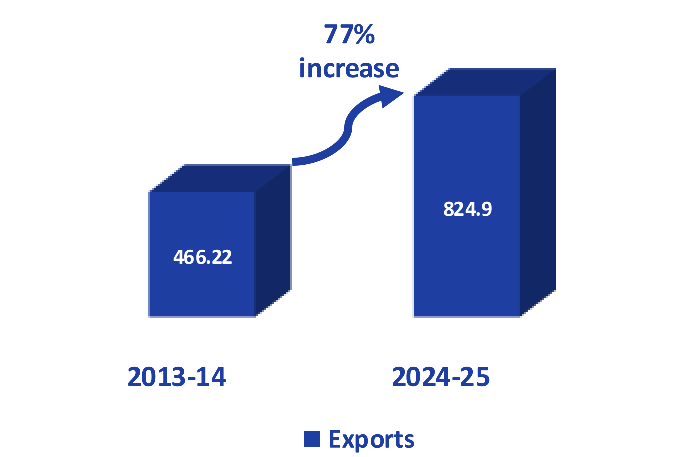


Exhibit 4: India's Export Growth Over the Decade (USD billion)



Source: IMF, World Bank, RBI

United Spirits Ltd

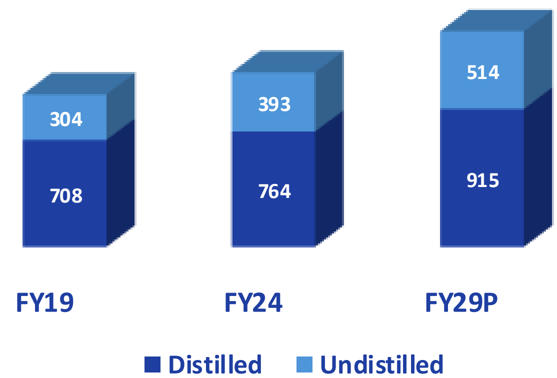
UNITED SPIRITS
A DIAGEO Group Company

Indian Alcoholic Beverage Industry

Indian alcoholic beverage market is projected to rise at a CAGR of 9.29%, reaching a valuation of INR 5,04,900 Cr by FY29. This market has steadily grown at 8% since FY19, reaching a valuation of INR 3,25,500 Cr in FY24.

India is majorly a distilled alcohol market, with a contribution of 82% for FY24. This segment is projected to grow at a CAGR of 8.4% by FY29. In the beer category, strong beer dominates the category, whereas for wines, fortified wines with higher alcohol content has a substantial portion. The undistilled segment is projected to expand by 12.6% by FY29, reflecting the rising consumer preference for beer and wine.

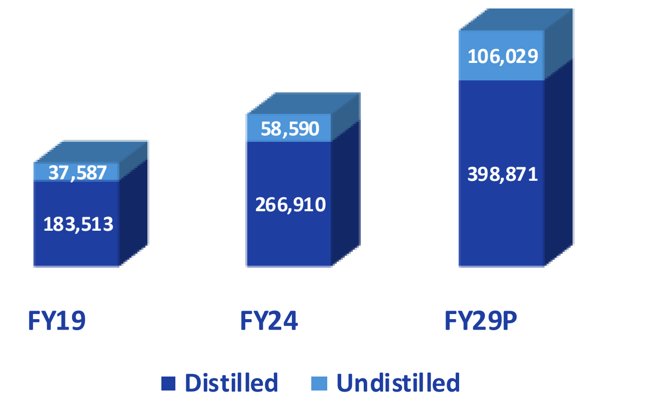
Exhibit 6: Indian AlcoBev Market by Volume (in million cases)



The Indian alco-bev market is divided into four major segments: popular, prestige, premium, and luxury. As of FY24, the value segment (popular and prestige) dominates the market, with a contribution of 91% of total sales. In terms of volume also, this segment accounts for 97.8% of total consumption, with 1,131 million cases in FY24. Whereas the premium and luxury segments contribute 2.2% of total volume, that is, 26 million cases.

Premiumization trend, reduction in social taboo around social drinking, favorable excise policies, and new channel of sales are some of the key drivers being the growth of this industry in India. Whereas, regulatory barriers, fragmented distribution chain, and marketing levers are a few barriers in front of this industry. Indian alco-bev industry is leveraging growing income level, rapid urbanization, and changing consumer preferences to become one of the fastest growing markets in the world.

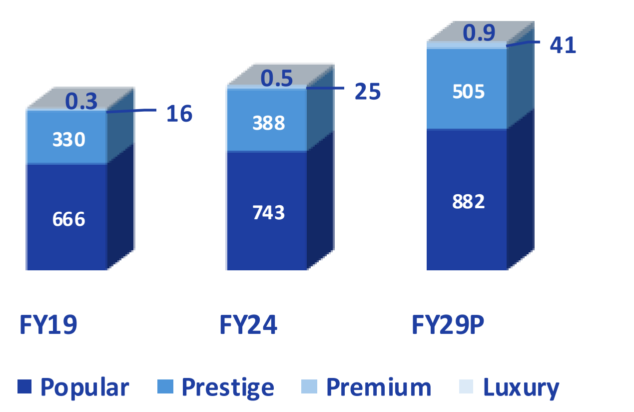
Exhibit 5: Indian AlcoBev Market by Value (in INR Cr)



India is one of the fastest growing alcoholic beverages market in the world, backed by increasing consumer consumption due to rising disposable income, expanding premiumization trend, and increasing party culture in urban areas.

This industry has shown steady volume growth of CAGR 2.7% since FY19 to reach 1,157 million cases in FY24. This pace is expected to accelerate, and the market is projected to grow by CAGR 4.3%, reaching 1,429 million cases by FY29. The distilled segment is the dominant contributor, with 66% (growth of 1.5% since FY19) of total alco-bev consumption in FY24, and is expected to grow by 3.7% by FY29. Undistilled segment has outperformed the distilled segment, achieving a CAGR of 5.3% since FY19 and expected to grow at 5.5% by FY29. Increasing acceptance of beer and wine and evolving consumer taste is driving the growth of undistilled segment.

Exhibit 7: Indian AlcoBev Market by Price Positioning in Volume (in million cases)



Source: Technopak Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Story through charts: Indian Alcoholic Beverage Industry

Exhibit 8: IMFL Sales Trend in Volume (in million cases)

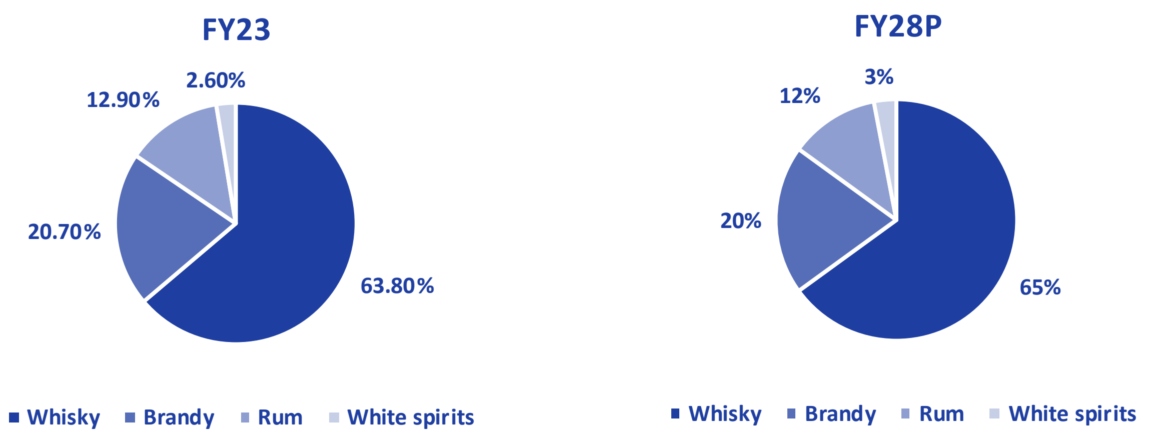


Exhibit 9: Indian Alco-Bev % Sales Market split by Volume (in million cases)

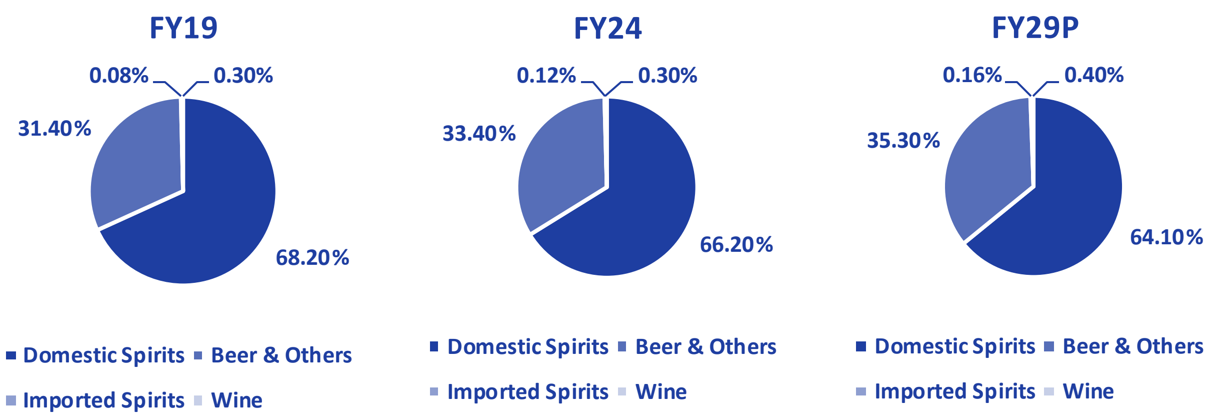
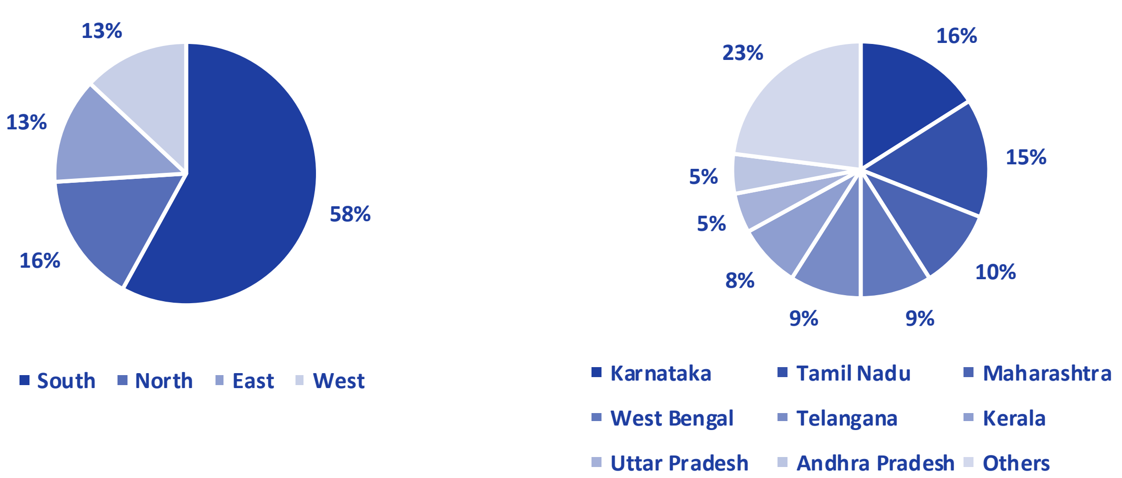


Exhibit 10: Regional split of IMFL market for FY23 (total volume 395 million cases)



Source: Technopak Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Brand Portfolio

United Spirits Ltd, a subsidiary of Diageo, is a leading Indian alco-bev company, owning prestigious brands such as McDowell's No.1, Royal Challenge, Smirnoff, and Johnnie Walker. Three brands, namely Johnnie Walker, McDowell's No.1, and Royal Challenge have INR 1,000 Cr+ revenue, and three other brands, namely, Black & White, Signature, and Black Dog have INR 500-1,000 Cr revenue. There are 5 brands that have sold 1Mn+ cases in FY25, Johnnie Walker, Black & White, Black Dog, Signature, and Director Special Black. McDowell's has sold 10 Mn+ cases in FY25, and Royal Challenge has sold 5 Mn+ cases.

Exhibit 11: Diageo India(USL) Brand Portfolio

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

PESTLE Analysis

POLITICAL

United Spirits operates in a heavily regulated industry with restrictive government oversight at both central and state levels. The company faces regulations on production, movement, and sale of alcoholic beverages, with prohibitively high inter-state duties urging alcobev companies to establish manufacturing setups in every state. Political decisions considerably impact pricing as governments control price notifications in multiple states, while state-controlled retailers create specified quotas that cap market share potential.

ECONOMIC

This industry faces certain economic headwinds from inflation, rising raw material costs, and continuously increasing excise duty that compress margins across the sector. Economic challenges are driving consumers to re-define status and seek affordability, affecting the growth of premium segment, despite premiumization trends at work. Recent UK-FTA presents opportunities to reduce import costs for international premium brands, improving market access and pricing flexibility.

SOCIAL

Consumer behavior in this industry is currently shifting majorly towards craft spirits and premium and modern brands. Young consumers are actively seeking unique experiences and personalized products, and USL is capitalizing on these trends through its premiumization strategy. Social drinking culture is enhancing as it's becoming socially acceptable, especially for women. The brand uses digital-first, hyper-personalized campaigns on social media that tap into social trends by engaging urban consumers and Gen-Z and building brand relevance.

TECHNOLOGICAL

This industry is rapidly embracing digitalization trends, such as e-commerce, data analytics, and IoT transforming production and distribution networks. USL's cloud migration to SAP S/4HANA enables real-time analytics and supply chain transparency, leading to a reduction in lead times and improvement in regulatory compliance. Adoption of AI-driven demand forecasting and inventory management has optimized stock levels across 27 bottling plants. USL has launched consumer platforms and voice-activated technology like 'The Bar Cart' for home cocktail mixing.

LEGAL

USL faces significant legal challenges coming from historical matters, including ongoing disputes related to fund diversions concerning former non-executive chairman Vijay Mallya during his tenure from 2010-14. A significant dispute with IDBI Bank continues regarding pledged assets despite prepaying term loans and received INR 1.13 Cr GST demand notice from Kerala which it plans to challenge. SEBI's scrutiny of corporate governance practices, including rulings on minority shareholder veto rights, reflects amplified regulatory oversight across the industry.

ENVIRONMENTAL

USL is committed to net-zero emissions in direct operations by 2026 and sourcing 100% of raw materials in a sustainable manner by 2030, as part of Diageo's Society 2030 plan. The company has also launched a regenerative agriculture program implementing practices that reduce greenhouse gas emissions by 39% and irrigation water usage by 34%. It also aims for 100% recyclable, compostable, or biodegradable packaging by 2030. USL has invested over INR 50 Cr in community programs while maintaining environmental compliance.

Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

SWOT Analysis

Strengths

- Market leader with ~30% share in the industry
- Remarkable financials and profitability recovery
- Manufacturing excellence and strong distribution network
- Strategic focus on premiumization
- Debt-free company with strong cash flows
- Craft spirits segment expanded by recent acquisition of Nao Spirits
- Multi-year supply agility program
- Brand presence in both mass and premium categories

Weaknesses

- Slow and modest revenue growth
- High valuation
- Heavy dependence on state government policy
- Declined popular segment sales in recent quarters
- High operational costs
- Geographical concentration in states like Maharashtra
- Closure of old manufacturing units
- Rupee depreciation exposure on imports
- Some legacy brands lacking premiumization
- Advertising restrictions limit direct brand building

Opportunities

- Rural consumption growth overtaking urban
- E-commerce channels opening for alcohol in a few states
- Expectation of reduction of import duties on scotch due to India-UK FTA
- Expansion of RTD category and craft spirits
- Increasing alcohol acceptance, especially among women
- Reduction in duties due to state policy reforms, such as Karnataka
- Premiumization in rum, vodka, and tequila

Threats

- Regulatory compliance and taxation complexity
- High and rising excise duties
- Prohibition of alcohol in certain states like Gujarat, Bihar, etc
- Extreme volatility of state policies
- Continuously changing advertising restrictions
- Raw material cost inflation
- Shifting consumer preferences and evolving taste
- Anti-alcohol movements and social opposition
- Supply chain disruptions from regulatory/political shifts

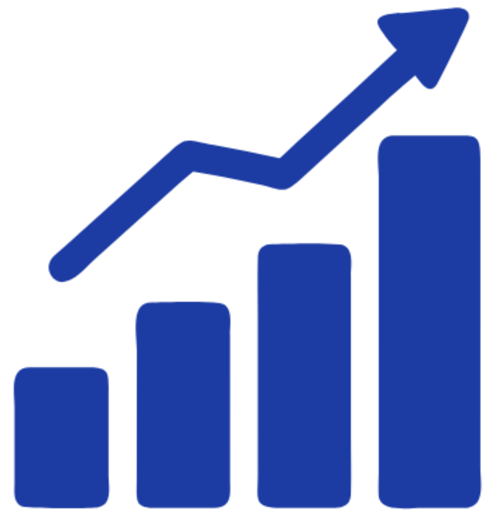
Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Growth Drivers

United Spirits, a dominant force in this industry, has demonstrated considerable growth driven by innovation, premiumization, and operational excellence. One of the most advantageous growth driver for this company has been its diversified product portfolio and diversification that caters to a wide consumer base, from premium to mass-market. Their newer range of craft spirits, limited editions and flavored spirits has been pivotal in attracting a younger consumer base with evolving taste. Strategic developments in distribution, especially in underpenetrated Tier 2 and 3 cities, have extended market reach and are anticipated to contribute materially towards top line growth. The company's strategic focus on premiumization has significantly boosted revenue and margins. Regulatory reforms in alcohol retailing in various Indian states, such as Andhra Pradesh, Jharkhand, and Uttar Pradesh have eased market barriers. Operational efficiencies through cost controls, supply chain agility program, and digital marketing initiatives boosted profitability while supporting sustainable growth. Moreover, shifts in consumer preferences, with rising at-home consumption has created fresh opportunities for growth through digital channels. Lastly, the overall growing industry, powered by urbanization and evolving social norms offers a powerful tailwind.



Key Risks & Mitigants

United Spirits operates in an industry that is known for complexity and volatility, exposing it to several risk factors that impacts its growth and trajectory. Among these risks, the first and foremost is regulatory risk, materializing as varying tax regimes and recurrent policy changes, leading to unpredictability in pricing, distribution, and compliance costs. To mitigate this, USL continuously engages in proactive policy advocacy and closely observes regulatory developments, allowing it to adapt its strategies promptly. Social sensitivity related to alcohol consumption is another risk, especially in regions where existing norms restrict growth. USL addresses this hindrance by engaging in hyperlocal marketing, investing in community programs, and ensuring responsible advertising. The threat from illicit and unregulated activity in the market creates an uneven competitive field and affects volume growth, but the company deals with this using extensive brand protection, frequent innovation, and collaborating with authorities. Volatility of raw material prices, particularly ENA and packing materials exerts an extreme pressure on cost and margins, mitigated by maintaining long-term supplier relationships and dynamic procurement strategies. Lastly, rising health trends and shifting preferences towards low or no-alcohol drinks require product diversification and constant innovation.

Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Concall Analysis: Q4 & FY25 Performance

Under new leadership and strategic policy tailwinds, USL has exhibited robust financial performance and striving plans for market expansion and premiumization.

- **Resilient Financial Performance**

USL's net profit for Q4 surged 74.7% y-o-y to INR 421 Cr, with net sales reaching INR 3,031 Cr, representing a growth of 8.9%. EBITDA grew to INR 460 CR, a dramatic growth of 37.7%, and operating margins improved to 15.2% from 12% in the previous year, achieving the long-targeted high-teen margin that the management had pursued for a decade. For FY25, consolidated NSV was INR 12,069 Cr with a growth of 6.6%, while EBITDA grew 12.1% to INR 2,243 Cr. The company's earnings per share exceeded INR 20 for the first time in its history, and return on capital employed reached 26.4%, indicating improved capital efficiency.

- **Premiumization Strategy**

The Prestige & Above (P&A) segment had a NSV growth of 13.2% in Q4 and 9.9% in FY25, a clear example that the premiumization strategy is working well. Remarkably, 70% of the company's growth came from the top half of its portfolio, reinforcing the structural shift towards premium consumption in this industry. This completely aligns with industry trends where the premium segment has seen double-digit growth, while the spirits industry grew at mere 2.6% CAGR from 2019-2023. Ten brands of USL exceed INR 100 Cr NSV, and three out of those (McDowell's, Royal Challenge, and Johnnie Walker) surpassing INR 1,000 Cr, and three brands (Signature, Black & White, and Black Dog) crossing INR 500 Cr. McDowell's remains the world's largest selling whisky brand with 30 million cases annually, portraying USL's product portfolio strength.

- **Policy Reforms Opening up Market Opportunities**

The India UK-FTA agreement is a landmark development, with Scotch import duties reduced from 150% to 75% initially, progressing to 40% over the next decade. This reform is expected to drive high single-digit volume growth for affected segments, while maintaining pricing discipline by passing the cost benefit to the consumers. This decision particularly affects USL positively that imports sizeable quantity of Scotch for blending with domestic spirits. Domestically, UP's excise policy reforms doubled retail outlets for spirits from 6,500 to ~12,500, creating new market access opportunities. Re-entry in Andhra Pradesh after a 5-year hiatus also contributed 3.1% to overall NSV growth, portraying how policy changes translates into business expansion.

- **UK-India Free Trade Agreement**

UK-FTA is a breakthrough event for the Indian spirits industry because it reduced the import duty on Scotch whisky from 150% to 75%, marking a major structural shift in market access and pricing. Management of USL emphasized that this reform will significantly enhance accessibility for premium Scotch in Indian market and bring in more of Diageo's global brands for Indian consumers. Management has committed to pass the benefit of this duty reduction entirely to the consumers, leading to a rise in volumes for affected segments. This is expected to bring in new entrants as well and intensify competition in the industry, but USL's management sees it as an expansion opportunity, rather than diluting their existing market share, given their strong brand portfolio, distribution strength, and consumer loyalty.

- **Growth Outlook**

Despite a challenging demand environment, USL has grown tenaciously. P&A segment contributed substantially to this growth, accounting for 70% of incremental growth, with Lower Prestige witnessing its best performance in 3 years, majorly due to re-entry in Andhra Pradesh market. Excluding Andhra Pradesh, company-wide NSV growth was a solid 5.1%.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Concall Analysis: Q4 & FY25 Performance

❑ **Innovation and Digital Transformation**

New CEO, Praveen Someshwar has outlined ambitious plans to double innovation's contribution to NSV growth over the upcoming 3-5 years from current high single-digit levels. Four pillars of USL's innovation strategy are premiumizing trademarks, driving occasion-based consumption, implementing pack price play strategy, and addressing consumer repertoire. Recent innovations include the McDowell's X-series including rum, vodka, and gin categories, with gin performing remarkably well in initial market phase. USL also launched flavored Smirnoff variants targeting Indian palate marking the brand's first innovation in 13 years.

❑ **Operational Excellence and ESG Leadership**

The supply agility program of USL delivered INR 70 Cr in benefits of cost optimization, and another INR 15-20 Cr on working capital efficiencies. The company maintained solid working capital management within the range of 16-20%, while achieving 99% renewable energy usage and 93% reduction in Scope 1 and 2 emissions from 2020 baseline levels. The company's distillation efficiency has risen to 54% from 48% in previous year, attributable to advanced water use efficiency. USL's ESG initiatives extend beyond environmental metrics, with their Learning for Life program training over 7,000 people since 2020, including special programs for persons with disabilities. Employee engagement scores reached 89%, considerably above external benchmarks.

❑ **Royal Challengers Bangalore: A Strategic Asset**

The Royal Challengers Bangalore (RCB) franchise generated INR 650 Cr revenue in FY24, more than double from the previous year. This IPL franchise, valued at ~$117 million, contributes substantially to USL's sports segment, while also being a commanding brand-building platform.

❑ **Market Leadership Position**

USL's performance remain resilient in the face of subdued demand across the consumer goods sector, a reflection of its strategic adaptability and market leading position. India's demographic with over 100 million people entering legal drinking age over the next 5 years and rising female participation in alcohol consumption is a huge upcoming opportunity for the company.

❑ **Forward Looking Priorities**

USL's management stressed a key priority for sustainable growth, expanding on-premise channel presence to drive sampling, generate visibility for the brand and build habit over time. The company's commitment to A&P spending at 9-10% of sales ensures continued brand investment while targeting operational leverage.

United Spirits portrayed robust financial and strategic execution in FY25, despite macroeconomic challenges. With sustained profitability, brand building, and favorable reforms, USL is well-positioned to maintain their leadership in this industry and deliver consistent performance.

Source: Concall Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Management Analysis

Board of Directors

S.No.	Name	Designation	Description & Work Experience	Educational Qualification
1	Mr. V. K. Viswanathan	Chairperson & Independent Director	Mr. Viswanathan has over 40 years of experience in the automotive and consumer goods sector. He was previously the Chairman of Bosch Ltd. He has also held various leadership positions in Bosch Group, Tata Consultancy, and Hindustan Lever. He has served on the board of several companies, such as Bharti Airtel Ltd, HDFC Life Insurance Company Ltd, and many more. He has been associated with USL since 2016 as an Independent Director, appointed as Chairman in 2025. Under his leadership, Bosch witnessed a sustained growth through innovation and focused market oriented approach, thereby enhancing value creation for all stakeholders. While working in HUL, he worked in many senior leadership positions, and played a key role in transforming the loss making beverages segment into a profitable one within a short span of 3 years.	He is a Commerce graduate from Madras University, and Chartered Accountant from ICAI. He has completed several advanced leadership management programmes from many prestigious institutions, such as Stanford University.
2	Mr. Praveen Someshwar	CEO & Managing Director	Praveen joined USL as CEO and Managing Director, effective from April 1, 2025 and he brings in lots of experience for these roles as he previously served as MD and CEO of HT Media, where he led various digital, print, and radio outlets, transforming a traditional media powerhouse into a digital-first, tech-driven company. He also has a 24-year experience at PepsiCo, working in various departments, such as finance, strategy, and general management etc. During this time, he also served as the CEO of India Foods, managing brands like Lay's, Kurkure, and Quaker. He has also served as the CEO of South Asia Beverages, expanding the company's portfolio in segments like juices, sports drinks, etc across various countries. He has hordes of experience of a leadership role and is a good fit to be the CEO and MD of an alcoholic beverages business.	He is a Chartered Accountant and a Cost Accountant, and he holds a B.Com(Hons) degree from Delhi University.
3	Mr. Pradeep Jain	Chief Financial Officer & Executive Director	Pradeep Jain joined USL in 2017 as Executive Vice President- financial planning and reporting and commercial finance, with a vast experience in general finance, strategic financial planning, controllership, treasury, optimal capital structuring, global organisation design, and performance transformation. In his 25+ year career, he has held various leadership positions in companies like Eicher Motors, PepsiCo, and Pidilite Industries. Prior to joining USL, he was the CFO of both the beverages and foods businesses of PepsiCo India. He possesses a robust skill set that includes management, leadership, strategic planning, forecasting, and more.	Pradeep is a Chartered Accountant (ICAI) and a graduate of SRCC, Delhi University. He has also completed 'CFO as a Strategic Partner', a leadership development program, at Wharton Business School, Philadelphia.

Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

S.No.	Name	Designation	Description & Work Experience	Educational Qualification
4	Dr. Indu Bhushan	Independent Director	Dr. Bhushan joined USL as an independent director, effective from March 1, 2024. He served as an IAS officer in the Rajasthan cadre from 1983-92, before taking voluntary retirement to pursue doctoral studies in the US. He worked with the World Bank as a Senior Economist, before joining the Asian Development Bank in 1997. He was also appointed as the first CEO of Ayushman Bharat in 2018. He serves as an Independent Director for various companies like Godrej Properties Ltd, Colgate-Palmolive (India) Ltd, HDFC Securities IFSC Ltd, and more. He has received several awards in his very successful career, including Population Award from Vietnam's government, Global Achievement Award from the Johns Hopkins University, and many more.	Dr. Bhushan received his B.Tech from IIT-BHU and his PGD from IIT-Delhi. An electrical engineer by background, he also holds a PhD in health economics and CFA.
5	Mr. Mukesh Hari Butani	Independent Director	Mr. Butani joined USL as an independent director, effective from March 1, 2024. He is the founder and managing partner of BMR Legal Advocates, a law firm specialising in corporate international tax and matters. Prior to this, he was the leader of tax practice in Big 4 accounting firms. He has over three decades of experience in advising multinationals and Indian conglomerates on various matters related to FDI policy, cross-border tax structuring, regulatory policy, business re-organizations, and tax controversy. He is also deposed as an expert witness on contentious cross-border tax treaties, and transfer pricing matters in foreign jurisdictions. He holds other directorships as well, namely Bata India Ltd, Hitachi Energy India Ltd, Latent View Analytics Ltd, and more.	Mr. Butani is a commerce graduate from the University of Mumbai and also holds a bachelor's degree in law. He qualified as a Chartered Accountant in 1985 and enrolled as an advocate in 2010. He is also a member of the Bar Council of Delhi and practices in various tribunals, high courts, and in the Supreme Court of India.
6	Ms. Amrita Gangotra	Independent Director	Ms. Gangotra was appointed as an independent director effective September 1, 2024. She is an award-winning technology leader with experience in India, UK, and Europe of using technology to drive business performance and deliver value in various sectors like IT services, FMCG, and telecommunications. She is also a founder and managing director of ITyukt Digital Solutions, providing consultancy and advisory services in 5G, IoT, AI/ML based digital transformation. She has also worked for firms like Vodafone UK, Vodafone Hungary, Airtel. She has held vital roles in many business-impacting transformation initiatives like revenue-share IT outsourcing deal for Bharti Airtel with IBM, launch of technology platform for Airtel Payment, 4G network roll out and preparing for 5G introduction. She is also an independent board member for companies like Max Healthcare Institute Ltd, India1 Payments, and more.	She has a Master of Science, Operational Research from University of Delhi, gold medallist and Bachelor of Science, Mathematics, University of Delhi.

Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

S.No.	Name	Designation	Description & Work Experience	Educational Qualification
7	Mr. Mark Sandys	Non-Executive Director	He was appointed as Non-Executive Director in March 2024. Beginning as a graduate trainee, Mr Sandys has worked at Diageo for 25 years since 1997. In July 2022, he was appointed as Chief Innovation Officer for Diageo, responsible for the full worldwide portfolio of brands and for all of Diageo's R&D, sustainability, and digital innovation. Prior to this role, he was the Global Head of Beer, Baileys, Smirnoff, and Captain Morgan, where he was accountable for all of their beer businesses worldwide and some of the largest and most loved spirits brands in the world. Before that, he was the Category Director, Whiskey & Reserve, for Diageo Asia Pacific and the MD for Diageo Russia and Eastern Europe.	He has graduated from Oxford University and became a Fellow of The Marketing Academy in 2018.
8	Ms. Preeti Arora	Non-Executive Director	Ms. Arora was appointed as an independent director from October 1, 2024. She is currently Managing Director of South-East Asia business of Diageo and has well-rounded experience of more than 25 years in general management, finance leadership and transformational roles, running business ranging from USD 2 billion to USD 10 billion, specialising in the areas of strategy development and financial planning, mergers and acquisition, corporate restructuring, product sourcing strategy, joint business planning and value creation, etc. She has experience in leading teams of 500-600 people across sites, developing and building finance organisation. Prior to joining Diageo in 2017, she spent over 15 years at P&G, serving various local, regional, and global roles in general management, product supply, and finance.	Ms. Arora holds BA(Hons) in Economics from SRCC and Master of Finance and Control from University of Delhi.

Commentary

United Spirits’ board looks sturdy, skillful and well-balanced. The blend of Diageo’s veterans, finance and tax experts, policymakers, and digital transformation leaders gives the company both global best practices and local regulatory strength. From consumer goods expertise and premium brand building to financial discipline, each director adds a specialized strength that helps the company in navigating India’s alcoholic beverage industry. The presence of seasoned Diageo leaders ensures strategic alignment with innovation and premiumization, whereas independent directors like Dr. Bhushan and Mr. Butani safeguard governance standards and help in policy and taxation, critical for such a highly regulated industry. Meanwhile, technology-focused directors such as Ms. Gangotra adds a modern touch to the innovation edge of USL and push digital transformation. Most importantly, the independence of the board enhances accountability, ensuring management’s decisions are balanced with the interests of the shareholders. This diverse and well-rounded board structure provides USL the necessary guidance, operational expertise, and strategic vision to grow in this regulated, yet high-potential industry.

Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Board Expertise

Exhibit 12: Board Expertise and Competence

S.No	Skills	V. K. Viswanathan	Praveen Someshwar	Pradeep Jain	Indu Bhushan	Mukesh Butani	Amrita Gangotra	Mark Sandys	Preeti Arora
1	Operating Leadership Experience	✓	✓	✓	✓	✓	✓	✓	✓
2	FMCG/Regulated Industry Experience	✓	✓	✓		✓	✓	✓	✓
3	Corporate Governance and Risk Management	✓	✓	✓	✓	✓	✓	✓	✓
4	Financial Management	✓	✓	✓	✓	✓	✓	✓	✓
5	ESG	✓	✓	✓	✓		✓	✓	✓
6	Digital and Technology	✓	✓		✓		✓	✓	✓
7	Public Affairs and Policy	✓	✓		✓	✓	✓	✓	✓

The board of USL looks skilled and sturdy, with a strong mix of leadership expertise, regulatory experience, and financial insight, which is well-suited for the complex business of alcoholic beverages. Their collective experience ensures regulatory compliance, sound capital management, and strategic implementation of strategies. Digital and technology representation on the board remains limited, presenting an opportunity to boost the board's ability to drive digital transformation in a fast-evolving market.

Source: Annual Report

Shareholding Pattern

Exhibit 13: Quarterly Shareholding Pattern

	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	56.68%	56.68%	56.68%	56.68%	56.68%	56.68%	56.68%	56.68%	56.68%
FIIs	15.92%	16.51%	16.23%	16.68%	15.09%	16.11%	15.93%	14.98%	15.05%
DIIs	12.64%	12.32%	12.49%	12.27%	14.00%	13.15%	13.54%	14.59%	14.40%
Government	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Public	14.77%	14.49%	14.60%	14.37%	14.22%	14.04%	13.83%	13.73%	13.88%

Promoter holding has remained constant at 56.68% across recent quarters, and on the institutional side, FIIs have shown a little volatility, peaking at 16.68% in March 2024. DIIs have gradually increased their holdings from 12.64% in June 2023 to 14.4% in June 2025. Government holding is negligible, and public holding has steadily fallen from 14.77% in June 2023 to 13.88% in June 2025, indicating a shift from retail investors to institutional investors.

Source: Screener

Exhibit 14: Quarterly DIIs Holdings

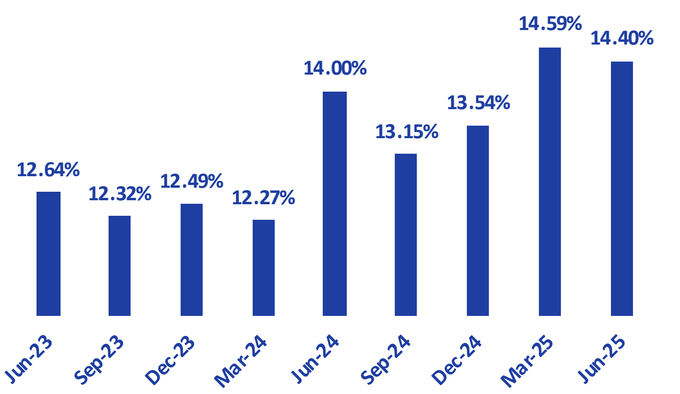
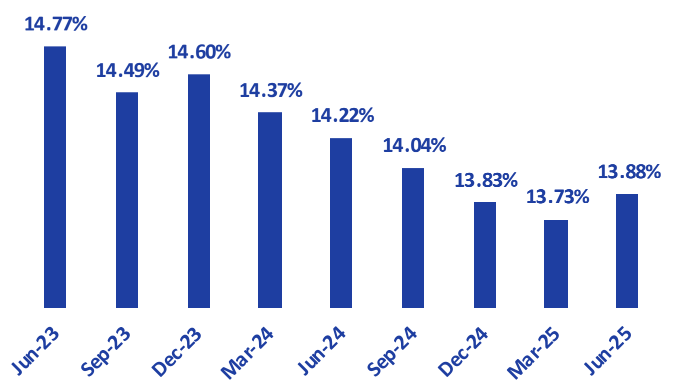


Exhibit 15: Quarterly Public Holdings



United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Financial Statement Analysis

Quarterly Snapshot

Y/E March (Standalone) (INR mn)	FY24 Q1	FY24 Q2	FY24 Q3	FY24 Q4	FY25 Q1	FY25 Q2	FY25 Q3	FY25 Q4
Revenue From Operations	21,720	28,650	29,890	26,660	23,520	28,430	34,320	29,460
QoQ Change (%)		*31.9%*	*4.3%*	*-10.8%*	*-11.8%*	*20.9%*	*20.7%*	*-14.2%*
Total Operating Expenses	17,870	23,950	24,990	23,040	18,940	23,360	28,440	24,410
EBITDA	**3,850**	**4,700**	**4,900**	**3,620**	**4,580**	**5,070**	**5,880**	**5,050**
QoQ Change (%)		*22.1%*	*4.3%*	*-26.1%*	*26.5%*	*10.7%*	*16.0%*	*-14.1%*
EBITDA Margin (%)	*17.7%*	*16.4%*	*16.4%*	*13.6%*	*19.5%*	*17.8%*	*17.1%*	*17.1%*
Depreciation & Amortization	650	650	630	710	650	690	720	680
EBIT	**3,200**	**4,050**	**4,270**	**2,910**	**3,930**	**4,380**	**5,160**	**4,370**
EBIT Margin (%)	*14.7%*	*14.1%*	*14.3%*	*10.9%*	*16.7%*	*15.4%*	*15.0%*	*14.8%*
Interest Expense	40	270	160	290	220	250	200	220
Other Income	210	390	460	2,290	320	340	1,900	1,700
Exceptional Items	-170	310	0	-310	0	0	-650	0
Profit Before Tax	**3,200**	**4,480**	**4,570**	**4,600**	**4,030**	**4,470**	**6,210**	**5,850**
Tax	832	1,075	1,097	782	1,048	1,118	1,490	1,346
Rate (%)	*26.0%*	*24.0%*	*24.0%*	*17.0%*	*26.0%*	*25.0%*	*24.0%*	*23.0%*
Net Profit	**2,368**	**3,405**	**3,473**	**3,818**	**2,982**	**3,353**	**4,720**	**4,505**
QoQ Change (%)		*43.8%*	*2.0%*	*9.9%*	*-21.9%*	*12.4%*	*40.8%*	*-4.6%*
Net Profit Margin (%)	*10.9%*	*11.9%*	*11.6%*	*14.3%*	*12.7%*	*11.8%*	*13.8%*	*15.3%*

Source: Company Reports

Results Snapshot

Particulars (INR mn)	Q4 FY24	Q4 FY25	YoY (%)	Q3 FY25	QoQ (%)	FY24	FY25	YoY (%)
Revenue From Operations	26,660	29,460	10.5%	34,320	-14.2%	1,06,920	1,15,730	*8.2%*
Total Expenditure	23,040	24,410	5.9%	28,440	-14.2%	89,840	95,150	*5.9%*
EBITDA	**3,620**	**5,050**	**39.50%**	**5,880**	**-14.12%**	**17,080**	**20,580**	***20.49%***
EBITDA Margin (%)	*13.6%*	*17.1%*	*26.2%*	*17.1%*	*0.1%*	*16.0%*	*17.8%*	*11.3%*
Depreciation	710	680	-4.2%	720	-5.6%	2,640	2,740	*3.8%*
Interest	290	220	-24.1%	200	10.0%	760	890	*17.1%*
Other Income	1,980	1,700	-14.1%	1,250	36.0%	3,180	3,610	*13.5%*
Profit Before Tax	**4,600**	**5,850**	**27.17%**	**6,210**	**-5.80%**	**16,860**	**20,560**	***21.95%***
Tax	782	1,346	72.1%	1,490	-9.7%	3,740	4,980	*33.2%*
Rate (%)	*17.0%*	*23.0%*	*35.3%*	*24.0%*	*-4.2%*	*25.2%*	*25.2%*	*0.0%*
Net Profit	**3,818**	**4,505**	**17.98%**	**4,720**	**-4.56%**	**13,120**	**15,580**	***18.75%***
Net Profit Margin (%)	*14.3%*	*15.3%*	*6.8%*	*13.8%*	*11.2%*	*12.3%*	*13.5%*	*9.7%*

Source: Company Reports

Commentary

United Spirits Ltd delivered a resilient performance in FY25 with 8.2% YoY growth, supported by steadily growing demand. Cost discipline is strong as total expenditure grew a mere 5.9%, leading to a 20.5% jump in EBITDA and an improved EBITDA margin of 17.8% in FY25. Net profit expanded by 18.8% YoY, aided by operational efficiency. Q4 FY25 was mixed, with revenue rising 10.5% YoY, but falling 14.1% QoQ, likely due to seasonality effects. EBITDA followed a similar trend with a fall of 14.1% QoQ but increased 17.1% YoY. Net profit was up 18% YoY, but down 4.6% QoQ, mirroring the EBITDA and revenue trend. Overall, Q4 sheds light on USL's ability deliver stronger margins, despite profit pressures in the quarter.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Income Statement

Particulars (Standalone) (INR mn)	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Sales	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730	1,29,972	1,44,820
Growth YoY (%)		*9.9%*	*1.2%*	*-13.2%*	*19.5%*	*10.1%*	*3.1%*	*8.2%*	*12.3%*	*11.4%*
COGS	43,674	47,799	52,293	46,850	55,081	62,780	62,420	63,970	71,161	78,455
COGS % Sales	*53.5%*	*53.2%*	*57.5%*	*59.4%*	*58.4%*	*60.5%*	*58.4%*	*55.3%*	*54.8%*	*54.2%*
Gross Profit	**38,026**	**42,011**	**38,617**	**32,040**	**39,159**	**40,960**	**44,500**	**51,760**	**58,811**	**66,365**
Gross Margin (%)	*46.5%*	*46.8%*	*42.5%*	*40.6%*	*41.6%*	*39.5%*	*41.6%*	*44.7%*	*45.2%*	*45.8%*
SG&A Expenses	27,748	29,133	23,555	22,165	24,181	26,770	27,420	31,180	35,676	39,664
S&G Expenses % Sales	*34.0%*	*32.4%*	*25.9%*	*28.1%*	*25.7%*	*25.8%*	*25.6%*	*26.9%*	*27.4%*	*27.4%*
EBITDA	**10,278**	**12,878**	**15,062**	**9,875**	**14,978**	**14,190**	**17,080**	**20,580**	**23,135**	**26,701**
EBITDA Margin (%)	*12.6%*	*14.3%*	*16.6%*	*12.5%*	*15.9%*	*13.7%*	*16.0%*	*17.8%*	*17.8%*	*18.4%*
EBITDA Growth (%)		*25.3%*	*17.0%*	*-34.4%*	*51.7%*	*-5.3%*	*20.4%*	*20.5%*	*12.4%*	*15.4%*
Depreciation	1,350	1,440	2,280	2,490	2,890	2,710	2,640	2,740	2,933	3,092
EBIT	**8,928**	**11,438**	**12,782**	**7,385**	**12,088**	**11,480**	**14,440**	**17,840**	**20,202**	**23,609**
EBIT Margin (%)	*10.9%*	*12.7%*	*14.1%*	*9.4%*	*12.8%*	*11.1%*	*13.5%*	*15.4%*	*15.5%*	*16.3%*
Interest	2,680	2,200	1,910	1,660	880	1,040	760	890	987	930
Other Income	2,150	680	470	-1,040	-1,090	2,450	3,180	3,610	3,317	3,648
Other Income % Sales	*2.6%*	*0.8%*	*0.5%*	*-1.3%*	*-1.2%*	*2.4%*	*3.0%*	*3.1%*	*2.6%*	*2.5%*
Profit Before Tax	**8,398**	**9,918**	**11,342**	**4,685**	**10,118**	**12,890**	**16,860**	**20,560**	**22,532**	**26,327**
PBT Margin (%)	*10.3%*	*11.0%*	*12.5%*	*5.9%*	*10.7%*	*12.4%*	*15.8%*	*17.8%*	*17.3%*	*18.2%*
Tax	2,786	3,328	4,300	1,587	1,606	2,370	3,740	4,980	5,678	6,634
Effective Tax Rate (%)	*33.2%*	*33.6%*	*37.9%*	*33.9%*	*15.9%*	*18.4%*	*22.2%*	*24.2%*	*25.2%*	*25.2%*
Net Profit	**5,612**	**6,590**	**7,042**	**3,098**	**8,512**	**10,520**	**13,120**	**15,580**	**16,854**	**19,693**
Net Profit Margin (%)	*6.9%*	*7.3%*	*7.7%*	*3.9%*	*9.0%*	*10.1%*	*12.3%*	*13.5%*	*13.0%*	*13.6%*
Net Profit Growth (%)		17.4%	6.9%	-56.0%	174.8%	23.6%	24.7%	18.8%	8.2%	16.8%

Balance Sheet

Particulars (Standalone) (INR mn)	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
Equity Share Capital	1,453	1,453	1,453	1,453	1,455	1,450	1,450	1,450	1,453	1,453
Reserves	23,585	29,862	36,644	39,815	47,468	57,990	68,180	77,340	98,900	1,16,920
Borrowings	32,505	25,825	22,695	7,134	6,054	1,830	2,400	4,800	0	0
Payables	13,940	13,360	11,710	13,810	15,280	17,380	18,270	21,520	18,888	20,651
Other Liabilities	14,927	15,507	17,157	15,057	13,587	11,487	10,597	7,347	19,582	21,421
Total Liabilities	**86,410**	**86,007**	**89,659**	**77,269**	**83,844**	**90,137**	**1,00,897**	**1,12,457**	**1,38,823**	**1,60,445**
Fixed Asset Net Block	10,021	11,282	13,347	13,008	14,866	12,070	12,450	14,060	11,839	12,128
Capital Work in Progress	980	1,171	1,187	865	957	830	370	720	208	156
Investments	2,775	2,984	2,526	2,021	4,390	4,620	8,230	11,070	9,402	9,301
Other Assets	25,744	26,650	26,944	23,554	22,022	23,570	26,020	27,670	24,520	26,790
Total Non Current Assets	**39,520**	**42,087**	**44,004**	**39,448**	**42,235**	**41,090**	**47,070**	**53,520**	**45,969**	**48,375**
Receivables	26,998	25,181	22,835	21,601	23,021	23,830	27,630	32,880	37,351	40,836
Inventory	18,694	18,767	18,361	19,810	21,643	22,300	20,630	23,050	26,234	28,682
Cash & Bank	1,198	588	345	553	328	8,490	12,090	17,730	29,270	42,552
Total Current Assets	**46,890**	**44,536**	**41,541**	**41,964**	**44,992**	**54,620**	**60,350**	**73,660**	**92,855**	**1,12,070**
Total Assets	**86,410**	**86,623**	**85,545**	**81,412**	**87,227**	**95,710**	**1,07,420**	**1,27,180**	**1,38,823**	**1,60,445**

Source: Company Reports, Consensus Estimates

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Revenue Analysis

United Spirits Revenue Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Revenue Growth YOY%		*9.9%*	*1.2%*	*-13.2%*	*19.5%*	*10.1%*	*3.1%*	*8.2%*

Peers Revenue Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Radico Khaitan Revenue	17,970	20,630	23,950	23,740	28,590	31,330	41,060	48,510
Growth YOY%		*14.8%*	*16.1%*	*-0.9%*	*20.4%*	*9.6%*	*31.1%*	*18.1%*
United Breweries	56,290	64,720	65,050	42,410	58,320	74,920	81,150	89,070
Growth YOY%		*15.0%*	*0.5%*	*-34.8%*	*37.5%*	*28.5%*	*8.3%*	*9.8%*
Tilaknagar Industries	3,080	4,890	6,490	5,490	7,830	11,640	13,940	14,340
Growth YOY%		*58.8%*	*32.7%*	*-15.4%*	*42.6%*	*48.7%*	*19.8%*	*2.9%*
Globus Industries	8,530	9,850	11,610	12,240	15,790	21,030	24,140	25,360
Growth YOY%		*15.5%*	*17.9%*	*5.4%*	*29.0%*	*33.2%*	*14.8%*	*5.1%*

Source: Company Reports & Concall Analysis

Exhibit 16: USL's Revenue vs Growth YoY%

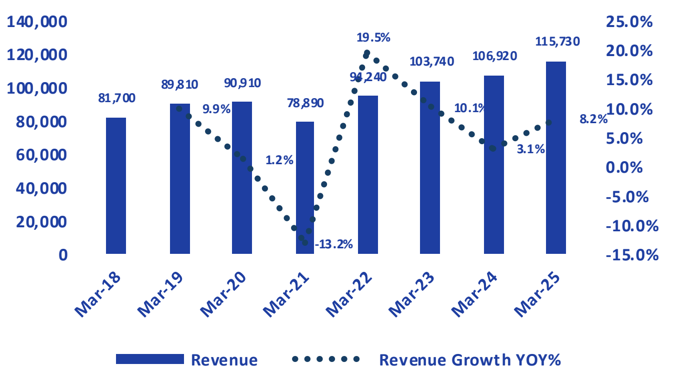
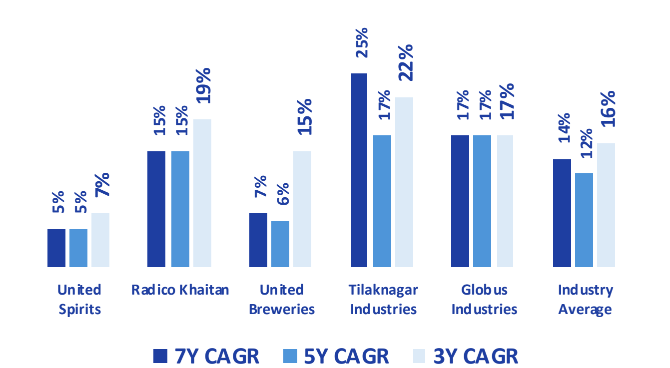


Exhibit 17: USL vs Peers CAGR



Commentary

United Spirits delivered a mixed revenue performance in recent years, with INR 1,15,730 in FY25, a growth of 8.2%. This growth pattern was significantly impacted by COVID-19 disruptions, experiencing a sharp downfall of 13.2% in FY21, followed by a robust recovery of 19.5% in FY22. The company's revenue trajectory reflects a successful navigation of structural headwinds and rising opportunities, with management highlighting that 70% of growth originated from the top half of the portfolio, validating the premiumization efforts. Re-entry in Andhra Pradesh's market after a 5-year hiatus has significantly boosted performance, contributing 3.1% to overall growth, while the underlying business excluding Andhra delivered a solid 5.1% growth. New product launches like McDowell's X-series and premium extensions are driving incremental revenue. Management has also highlighted three pillars of revenue growth, namely premiumization, strategic innovation, and global portfolio integration. UK-FTA is also expected to bring an increase in volume, leading to revenue growth. UP policy reforms, doubling retail touchpoints for the company, will help in retail expansion and top line growth. Despite this progress, USL's long-term growth metrics remain modest with 3-year CAGR of 7.1%, 5-year CAGR of 4.9%, and 7-year CAGR of 5.1%, a reflection of the lingering effects of COVID-19 disruptions and succeeding recovery challenges. USL commands the biggest market share, but it's 8.2% growth pales in comparison to peers like Radico Khaitan's 18.1% and United Breweries' 9.8%, and USL also trails industry peers on long-term growth metrics with a mere 7% 3-year CAGR, versus the industry average of 16%. This lag in USL's growth relative to peers reflects its status as a mature market leader, where scale becomes a mixed blessing. On top of this, restrictive route-to-market rules, bureaucratic delays, and such can burden a large-scale operator like USL.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Receivables Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Revenue Growth (%)		*9.9%*	*1.2%*	*-13.2%*	*19.5%*	*10.1%*	*3.1%*	*8.2%*
Receivables	26,998	25,181	22,835	21,601	23,021	23,830	27,630	32,880
Receivables Growth (%)		*-6.7%*	*-9.3%*	*-5.4%*	*6.6%*	*3.5%*	*15.9%*	*19.0%*
Receivable Days	**121**	**102**	**92**	**100**	**89**	**84**	**94**	**104**
Receivables Turnover Ratio		**3.4x**	**3.8x**	**3.6x**	**4.2x**	**4.4x**	**4.2x**	**3.8x**
Receivables % of Current Assets	58%	57%	55%	51%	51%	44%	46%	45%

Peers Receivable Days Analysis	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Radico Khaitan	128	114	125	107	96	96	87	89
United Breweries	97	85	76	120	79	69	104	117
Tilaknagar Industries	80	132	133	116	107	104	110	104
Globus Spirits	21	18	9	26	27	36	42	46
Median	*89*	*100*	*101*	*112*	*88*	*83*	*96*	*97*
Average	*82*	*87*	*86*	*92*	*77*	*76*	*86*	*89*
United Spirits	**121**	**102**	**92**	**100**	**89**	**84**	**94**	**104**

Source: Company Reports & Concall Analysis

Exhibit 18: Revenue vs Receivables vs Receivable Days

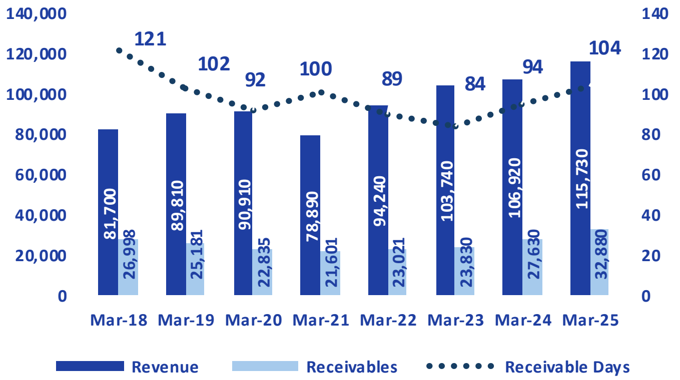
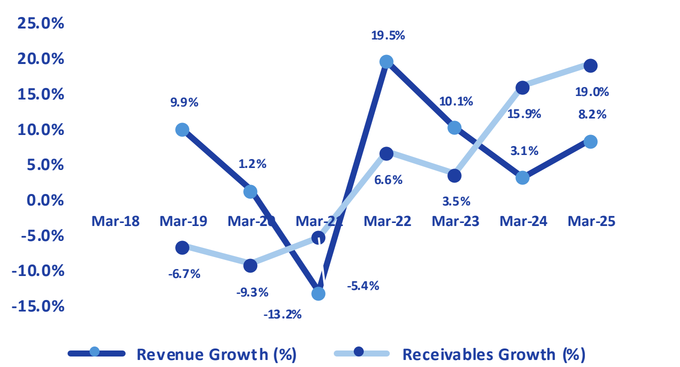


Exhibit 19: Revenue vs Receivables Growth



Commentary

USL reported a 19% receivables growth in FY25, outpacing the revenue growth of 8.2% in the same period. The company's receivable days rose to 104 in FY25 from 94 in FY24, reflecting a lengthening of collection cycle, which is fairly common across the highly regulated Indian alcoholic beverages industry where delayed payments from large institutional customers, including government-controlled distribution agencies and vendors are prevalent. This expansion of receivable days despite revenue growth and market leadership signals a tightening working capital environment. Receivables turnover declined to 3.8x in FY25 from 4.2x in FY24, indicating a slowdown in collections relative to turnover. Despite robust top-line growth, weakening of asset efficiency highlights logistical and regulatory bottlenecks, further escalated by periodic state-level delays and varied payment cycles across the country, a typical risk of India's alcohol distribution system. USL's receivable days (104) are slightly higher than peer median days (97), but sits within the sector range of 46-117, pertaining to extended credit policies and evolving state regulations that impacts collection period. The bulk of receivables are categorized as 'undisputed-considered good', with INR 25,350 Mn classified as not yet due, and only INR 91 Cr overdue by more than one year, proving that the overall asset quality remains stable. USL's receivables are highly concentrated with government corporations and government-owned agencies accounting for INR 23,110 Mn, 60% of total trade receivables as of FY25, whereas receivables from private consumers is INR 15,230 Mn, 40% of total trade receivables, reflecting the company's significant exposure to institutional customers, inherent in this industry. Conclusively, USL's receivables management reflects the challenges associated with operating at scale in a cash-intensive industry, where credit discipline is frequently struck by regulatory and logistical hurdles, yet the performance remains consistent with industry peers.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Payables Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Revenue Growth (%)		*10%*	*1%*	*-13%*	*19%*	*10%*	*3%*	*8%*
Payables	13,940	13,360	11,710	13,810	15,280	17,380	18,270	21,520
Payables Growth (%)		*-4%*	*-12%*	*18%*	*11%*	*14%*	*5%*	*18%*
Payables % Revenue	*17%*	*15%*	*13%*	*18%*	*16%*	*17%*	*17%*	*19%*
COGS	43,674	47,799	52,293	46,850	55,081	62,780	62,420	63,970
COGS Growth (%)		*9%*	*9%*	*-10%*	*18%*	*14%*	*-1%*	*2%*
Payables % COGS	*32%*	*28%*	*22%*	*29%*	*28%*	*28%*	*29%*	*34%*
Payable Days	**117**	**102**	**82**	**108**	**101**	**101**	**107**	**123**
Payables Turnover Ratio		**3.5x**	**4.2x**	**3.7x**	**3.8x**	**3.8x**	**3.5x**	**3.2x**
Payables % of Total Liabilities	16%	16%	13%	18%	18%	19%	18%	19%

Peers Payable Days Analysis	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Radico Khaitan	159	183	148	151	102	112	71	41
United Breweries	172	185	154	308	204	160	206	83
Tilaknagar Industries	467	544	272	369	321	165	134	74
Globus Spirits	68	57	54	66	60	60	70	38
Median	*166*	*184*	*151*	*230*	*153*	*136*	*103*	*58*
Average	*217*	*242*	*157*	*224*	*172*	*124*	*120*	*59*
United Spirits	**117**	**102**	**82**	**108**	**101**	**101**	**107**	**123**

Source: Company Reports & Concall Analysis

Exhibit 20: Revenue vs Payables vs Payable Days

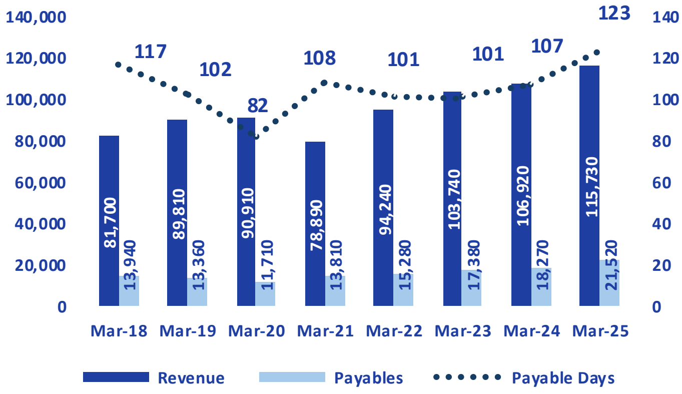
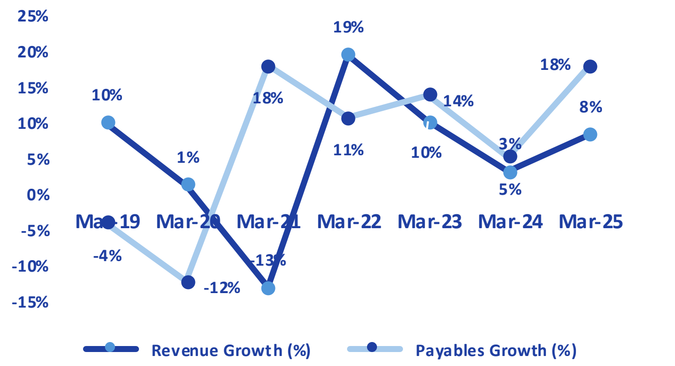


Exhibit 21: Revenue vs Payables Growth



Commentary

USL exhibited a rise in payables of 18% to INR 21,520 Mn in FY25, outpacing the 8% revenue growth, resulting in an increase in payable days from 107 to 123. This extension in payable days shows that USL has managed to negotiate longer credit terms with its suppliers or delayed the settlements, thereby optimizing short-term cash flow and providing working capital flexibility. Payables as a percentage of COGS reached 34%, the highest in the recent 7 years, reflecting strategic use of supplier credit to manage liquidity. USL's payables turnover ratio decreasing to 3.2x in FY25 aligns with the increased payable days and implies that the company taking longer to pay its suppliers. The sector's median payable days dropped sharply from 153 in FY22 to 58 in FY25, whereas USL stands at 123 days, portraying that USL's working capital strategy is more aggressive compared to its peers, reflecting its market influence and negotiating power. While peers like Radico and Globus have moved towards reducing their payable days to 41 and 38 days respectively in FY25, USL has increased its payable days from 107 in FY24 to 123 in FY25, hinting at a strategy to stretch supplier payment terms to improve cash flow. Other than that, USL's payable days have remained fairly stable in the past years, excluding FY20, where it came to a low of 82 days. Overall, USL's payables management shows that the company is strategically utilizing supplier credit terms amid a challenging operational environment, but careful oversight is needed to maintain supplier relations and ensure sustained growth and financial health.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Inventory Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Revenue Growth (%)		*10%*	*1%*	*-13%*	*19%*	*10%*	*3%*	*8%*
Inventory	18,694	18,767	18,361	19,810	21,643	22,300	20,630	23,050
Inventory Growth (%)		*0%*	*-2%*	*8%*	*9%*	*3%*	*-7%*	*12%*
Inventory % Revenue	*23%*	*21%*	*20%*	*25%*	*23%*	*21%*	*19%*	*20%*
COGS	43,674	47,799	52,293	46,850	55,081	62,780	62,420	63,970
COGS Growth (%)		*9%*	*9%*	*-10%*	*18%*	*14%*	*-1%*	*2%*
Inventory % COGS	*43%*	*39%*	*35%*	*42%*	*39%*	*36%*	*33%*	*36%*
Inventory Days	**156**	**143**	**128**	**154**	**143**	**130**	**121**	**132**
Inventory Turnover Ratio		**2.6x**	**2.8x**	**2.5x**	**2.7x**	**2.9x**	**2.9x**	**2.9x**
Inventory % of Current Assets	40%	42%	44%	47%	48%	41%	34%	31%

Peers Inventory Days Analysis	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Radico Khaitan	231	270	209	283	234	292	211	142
United Breweries	265	323	310	555	300	318	296	116
Tilaknagar Industries	227	273	116	198	142	152	113	83
Globus Spirits	43	43	50	58	48	46	42	42
Median	*229*	*272*	*163*	*241*	*188*	*222*	*162*	*100*
Average	*192*	*227*	*171*	*274*	*181*	*202*	*166*	*96*
United Spirits	**156**	**143**	**128**	**154**	**143**	**130**	**121**	**132**

Source: Company Reports & Concall Analysis

Exhibit 22: Revenue vs Inventory vs Inventory Days

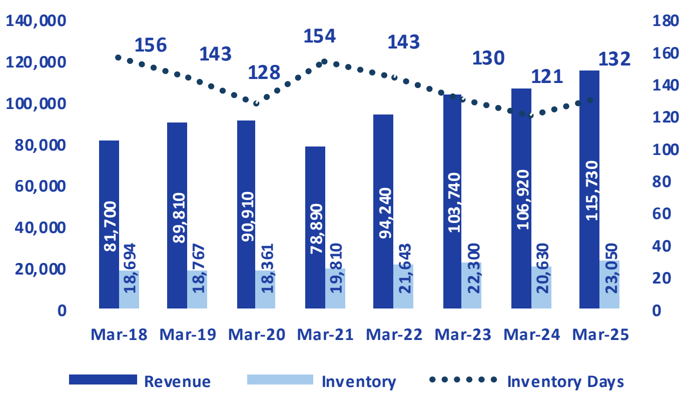
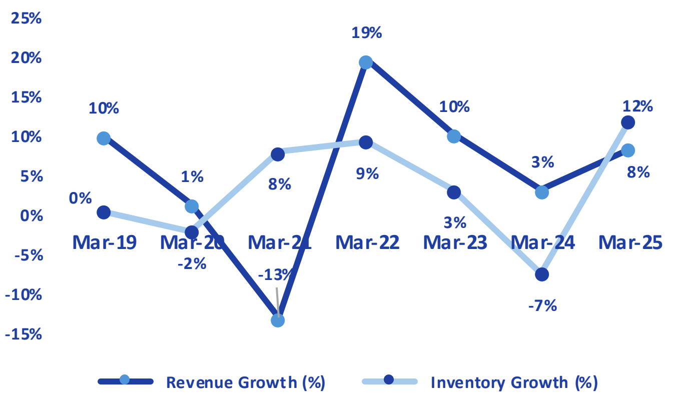


Exhibit 23: Revenue vs Inventory Growth



Commentary

USL exhibited inventory of INR 23,050 Cr in FY25 from FY24's inventory of INR 20,630 Cr. USL's inventory growth historically tracked below or at par with revenue growth, until FY25, when inventory growth (12%) surpassed revenue growth (8%). This rise is driven by cost pressures on key raw materials, cautious stock buildup for supply uncertainties, around 60 days of inventory held in retail and depot pipelines, effect of seasonality and stocking ahead of high-demand festive period in the second half of the calendar year. Despite rising inventory value, inventory days remained controlled at 132, only a slight increase from FY24's 121 days. Inventory turnover is sustained at 2.9x since the past three years, reflecting consistent stock rotation and supply chain efficiency. USL's inventory as a percentage of current assets declined to 31%, confirming improved asset utilization. Seasonality is a key aspect in USL's operations, with higher build-up of inventory in July-December due to festive and wedding demand, management suggests a typical split of 54% inventory in the second half of the year and 46% in the first. Peers median inventory days is 100, whereas USL outpaces this with 132 days, validating the company's working capital optimization efforts. USL and its larger peers like United Breweries and Radico consistently maintain inventory days above 100, reflecting requirement for higher stock levels to manage their broad product portfolios and extensive distribution network. Overall, USL successfully balances inventory build-up with stronger turnover to match rising demand, demonstrating disciplined control over inventory management.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Cash Conversion Cycle

Particulars	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Receivable Days	121	102	92	100	89	84	94	104
Inventory Days	156	143	128	154	143	130	121	132
Payable Days	117	102	82	108	101	101	107	123
Cash Conversion Cycle	**160**	**144**	**138**	**147**	**131**	**112**	**108**	**112**

Peers Cash Conversion Cycle Analysis	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Radico Khaitan	201	201	187	239	228	277	226	190
United Breweries	190	223	231	368	174	227	195	151
Tilaknagar Industries	-159	-139	-23	-54	-71	91	89	114
Globus Spirits	-5	4	5	17	15	22	14	51
Median	*93*	*103*	*96*	*128*	*95*	*159*	*142*	*133*
Average	*57*	*72*	*100*	*143*	*87*	*154*	*131*	*127*
United Spirits	**160**	**144**	**138**	**147**	**131**	**112**	**108**	**112**

Source: Company Reports & Concall Analysis

Exhibit 25: Cash Conversion Cycle

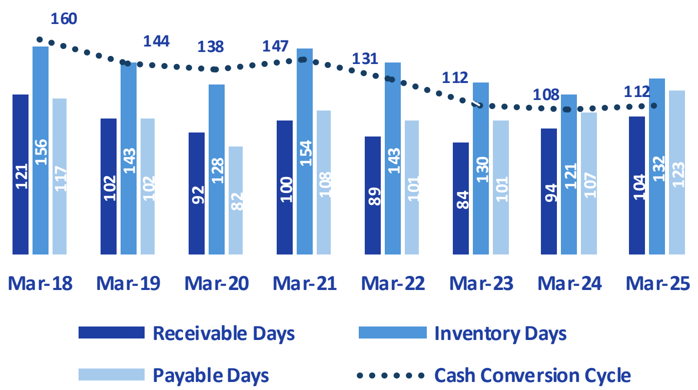
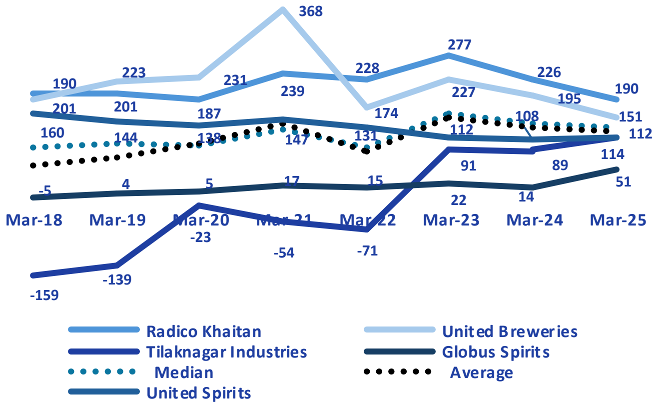


Exhibit 26: USL's Cash Conversion Cycle vs Peers



Commentary

USL demonstrated a cash conversion cycle (CCC) of 112 days in FY25, an increase from FY24's 108 days, but maintaining stability within the range of 108-147 days for the past seven years. This 4-day increase in CCC emerges from rising receivable days (104 from 94) and increasing inventory days (132 from 121), partially offset by extended payable days (123 from 107). This CCC composition states that the company requires approximately 3.7 months to convert its working capital investment into cash, with the cycle consisting 132 days to sell inventory, additional 104 days to collect receivables, minus the 123 days of credit extended by suppliers. This slight increase in CCC in FY25 also reflects certain industry realities including higher input costs (particularly neutral alcohol spirit), retail pipeline inventory management, and seasonal inventory build-up. The operational implications of USL's CCC reflects the structural characteristics of this industry, where receivables are predominantly concentrated with government entities, leading to extended collection cycles. Inventory management for USL is shaped by aging requirements for premium spirits, strategic stock positioning, and supply chain complexities. Despite these challenges, payables management leverages USL's market position to negotiate favorable credit terms, providing cash flow flexibility which is crucial for operational continuity. USL's CCC of 112 days in FY25 positions it more favorably than most peers, with the industry median of 133 days and average of 127 days. Among all the peers, Globus has the shortest CCC of 51 days owing to their asset-light operations and shorter supply chains, whereas peers like Radico and UBL operates on longer CCC days of 190 and 151 respectively. In conclusion, USL's cash conversion cycle represents efficient working capital management within the constraints on such a highly regulated industry. Despite the slight increase in CCC due to external cost pressures and seasonal factors, USL has achieved operational excellence.

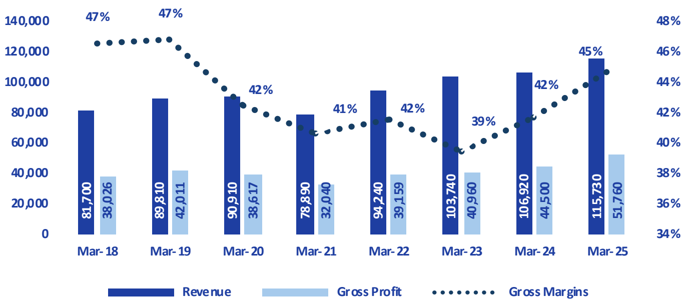
United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Gross Margin Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Gross Profit	**38,026**	**42,011**	**38,617**	**32,040**	**39,159**	**40,960**	**44,500**	**51,760**
Gross Margin	**47%**	**47%**	**42%**	**41%**	**42%**	**39%**	**42%**	**45%**
Gross Profit Growth (%)		*10%*	*-8%*	*-17%*	*22%*	*5%*	*9%*	*16%*

Exhibit 27: Revenue vs Gross Profit vs Gross Margin



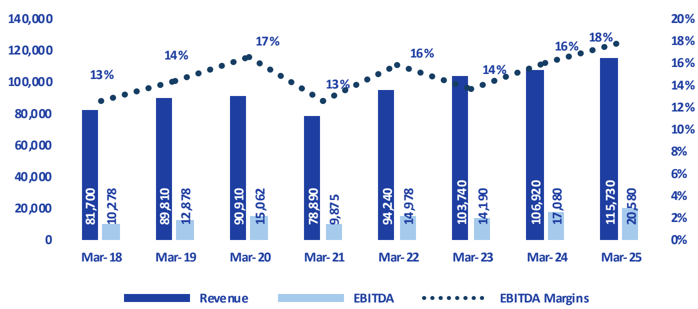
United Spirits' gross margin reflects a remarkable structural improvement from 39% in FY23 to 45% in FY25, despite facing cost pressures. The premiumization strategy, with 88.5% contribution from P&A segment is the primary driver of this margin expansion. However, recent quarterly performance shows margin pressure due to elevated costs of ENA and glass, partially offset by scale benefits and optimized supply-chain interventions. Glass deflation in Q2 FY26 is expected to ease the cost pressure going forward.

EBITDA Margin Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
EBITDA	**10,278**	**12,878**	**15,062**	**9,875**	**14,978**	**14,190**	**17,080**	**20,580**
EBITDA Margin	**13%**	**14%**	**17%**	**13%**	**16%**	**14%**	**16%**	**18%**
EBITDA Growth (%)		*25%*	*17%*	*-34%*	*52%*	*-5%*	*20%*	*20%*

USL's EBITDA increased by 20% to INR 20,580 Mn in FY25, and EBITDA margin improved from 16% in FY24 to 18% in FY25, reflecting successful cost discipline and operational leverage. The recent quarterly volatility, from 19.5% in Q1 FY25 to 16.3% in Q1 FY26, stems from higher advertising and promotional investments behind key trademarks and initial margin dilution from re-entry in Andhra market. Management's guidance of high-teen margins in FY26-27 seems achievable, given the company's ability to manage cost pressure and revenue management capabilities.

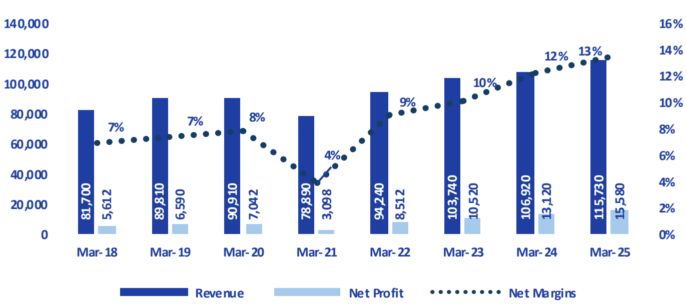
Exhibit 28: Revenue vs EBITDA vs EBITDA Margin



Net Margin Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Profit	**5,612**	**6,590**	**7,042**	**3,098**	**8,512**	**10,520**	**13,120**	**15,580**
Net Margin	**7%**	**7%**	**8%**	**4%**	**9%**	**10%**	**12%**	**13%**
Net Profit Growth (%)		*17%*	*7%*	*-56%*	*175%*	*24%*	*25%*	*19%*

Exhibit 29: Revenue vs Net Profit vs Net Margin



United Spirits showed a consistent improvement in net margin, reaching 13% in FY25. The steady progression from 7% in FY18 to 13% in FY25, only hitting 4% once in FY21 due to COVID-19 effects, clearly reflects the management's ability to balance growth investments with profitability optimization. Management has showcased their confidence in sustaining double-digit net margins through continued premiumization, though the company remains cautious about moderation of demand in luxury segments. The integration of Nao Spirits will support the sustainability of this margin expansion.

Source: Company & Concall Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Fixed Assets Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Gross Block	13,561	16,406	19,306	20,093	25,166	22,880	24,270	26,610
Less: Accumulated Depreciation	3,540	5,124	5,959	7,085	10,300	10,810	11,820	12,550
Net Fixed Assets	**10,021**	**11,282**	**13,347**	**13,008**	**14,866**	**12,070**	**12,450**	**14,060**
Growth in Net Fixed Assets		*12.6%*	*18.3%*	*-2.5%*	*14.3%*	*-18.8%*	*3.1%*	*12.9%*
Change in Net Fixed Assets		*1,261*	*2,065*	*-339*	*1,858*	*-2,796*	*380*	*1,610*
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Growth in Revenue		*9.9%*	*1.2%*	*-13.2%*	*19.5%*	*10.1%*	*3.1%*	*8.2%*
Change in Revenue		*8,110*	*1,100*	*-12,020*	*15,350*	*9,500*	*3,180*	*8,810*
Growth in Gross Block		*21.0%*	*17.7%*	*4.1%*	*25.2%*	*-9.1%*	*6.1%*	*9.6%*
Change in Gross Block		*2,845*	*2,900*	*787*	*5,073*	*-2,286*	*1,390*	*2,340*
Change in Revenue/Change in Gross Block		3x	0x	-15x	3x	-4x	2x	4x
Fixed Asset Turnover Ratio	**8x**	**8x**	**7x**	**6x**	**6x**	**9x**	**9x**	**8x**

Source: Company Reports & Concall Analysis

Exhibit 30: Cash Conversion Cycle

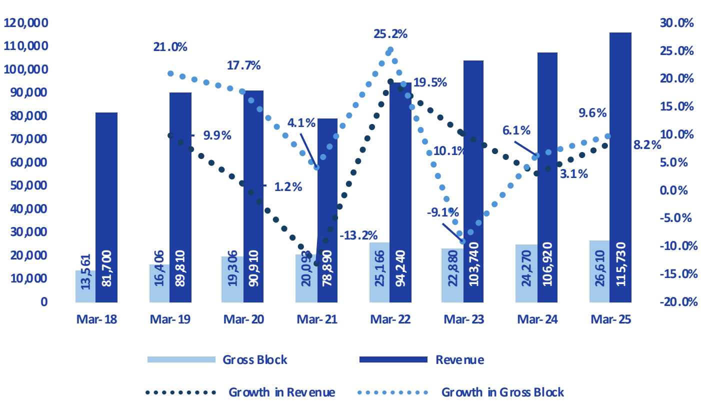
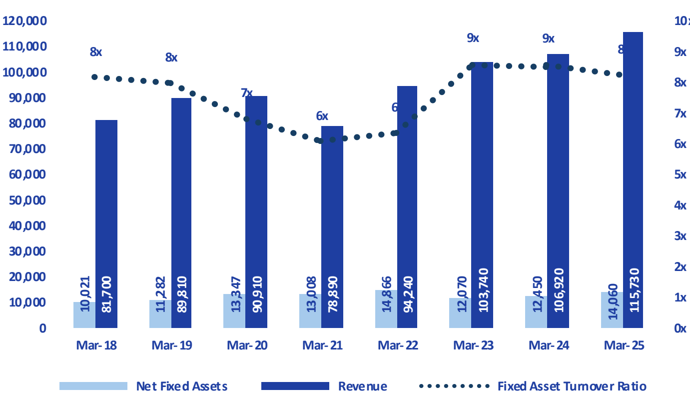


Exhibit 31: USL's Cash Conversion Cycle vs Peers



Commentary

United Spirits' gross block has increased from INR 13,561 Mn in FY18 to INR 26,610 Mn in FY25, driving net fixed assets from INR 10,021 Mn to INR 14,060 Mn, a CAGR of 5%, while accumulated depreciation rose from INR 3,540 Mn to INR 12,550 Mn (47.2% of gross block in FY25, up from 26.1%), leading to remaining productive asset ratio of 52.8%. Gross block expanded by NR 13,049 Mn over seven years, attributing to various reasons such as capital expenditure, revaluations, and such. As of FY25, plant and equipment dominates the gross block category by 60.1%, after that comes buildings with 16%, and then land holdings with 6.1%. On the other hand, accumulated depreciation of 19.2% CAGR reflects the company's substantial historical investments now contributing to operations. USL operates 11 operational facilities across 8 different states, maintaining strategic geographical diversification. The company implemented a multi-year supply chain agility program in 2023, directed towards optimizing existing manufacturing footprint with the goal of strengthening their supply chain and operations. Post Diageo takeover in 2013, USL re-focused its asset base on core production capacity, major write-offs occurred, and cash capex shifted to selective investments, enhancing capital productivity and supporting a leaner and more premium-focused manufacturing strategy. USL's hybrid approach to selectively shift towards an asset light model, while also maintaining critical in-house plant and machinery capacity, enhances capital efficiency and increasing fixed asset turnover from 6x in FY21 to 8x in FY25. The fixed asset turnover improvement corresponding with the reduction in net fixed asset showcases efficient asset rationalization and capacity optimization, whereas gross block growth vs net block growth signifies certain depreciation provisions and potential asset write-downs, reflecting prudent asset management. USL has sharpened its fixed asset strategy by prioritizing critical production assets and shedding non-core assets, leading to an agile, cash efficient manufacturing footprint, leading to sustainable growth in the future.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Depreciation Analysis

Particulars (INR mn)	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	81,700	89,810	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Revenue Growth (%)		*9.9%*	*1.2%*	*-13.2%*	*19.5%*	*10.1%*	*3.1%*	*8.2%*
Fixed Assets	10,020	11,280	13,350	13,010	14,870	12,070	12,450	14,060
Fixed Assets Growth (%)		*12.6%*	*18.4%*	*-2.5%*	*14.3%*	*-18.8%*	*3.1%*	*12.9%*
Fixed Assets % of Revenue	*12.3%*	*12.6%*	*14.7%*	*16.5%*	*15.8%*	*11.6%*	*11.6%*	*12.1%*
Depreciation for the Year	**1,350**	**1,440**	**2,280**	**2,490**	**2,890**	**2,710**	**2,640**	**2,740**
Depreciation Growth (%)		*6.7%*	*58.3%*	*9.2%*	*16.1%*	*-6.2%*	*-2.6%*	*3.8%*
Depreciation % of Revenue	*1.7%*	*1.6%*	*2.5%*	*3.2%*	*3.1%*	*2.6%*	*2.5%*	*2.4%*
Depreciation % of Fixed Assets	*13.5%*	*12.8%*	*17.1%*	*19.1%*	*19.4%*	*22.5%*	*21.2%*	*19.5%*
Average Life of Asset	**10 yrs**	**11 yrs**	**8 yrs**	**8 yrs**	**9 yrs**	**8 yrs**	**9 yrs**	**10 yrs**
Average Age of Asset	**3 yrs**	**4 yrs**	**3 yrs**	**3 yrs**	**4 yrs**	**4 yrs**	**4 yrs**	**5 yrs**
% of Assets Consumed	**26.1%**	**31.2%**	**30.9%**	**35.3%**	**40.9%**	**47.2%**	**48.7%**	**47.2%**
Asset Turnover	**8x**	**8x**	**7x**	**6x**	**6x**	**9x**	**9x**	**8x**
Change in Revenue/Change in Fixed Assets		**6x**	**1x**	**35x**	**8x**	**-3x**	**8x**	**5x**

Source: Company Reports & Concall Analysis

Exhibit 32: Depreciation % of Revenue & Fixed Assets

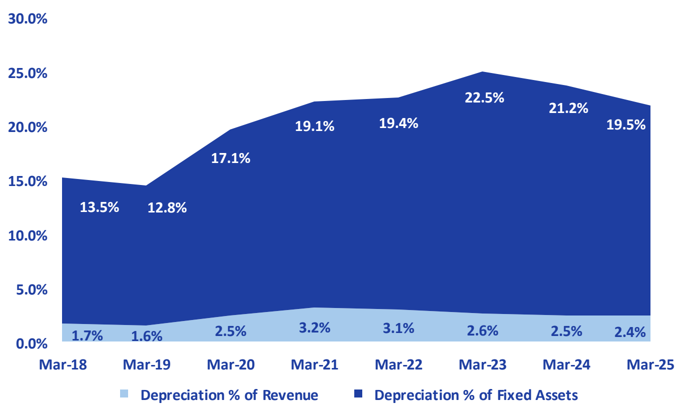
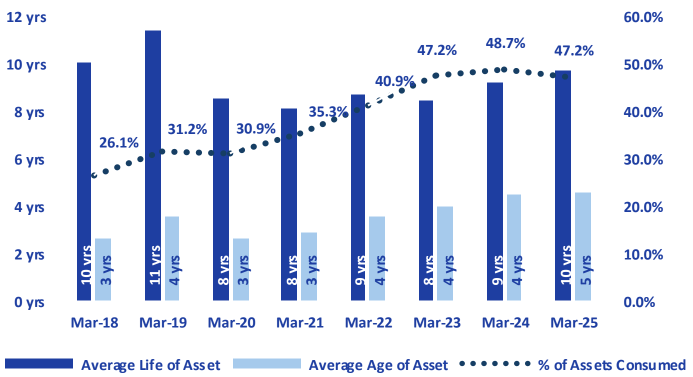


Exhibit 33: Average Life & Use of Asset vs % Consumed



Commentary

USL's depreciation profile over the past seven years reflects a maturing yet well-maintained asset base. The company's average useful life has remained between 8 and 11 years, dipping to 8 years in expansion phase, but jumping back to 10 years in FY25. Meanwhile, the average age of the assets has increased from 3 years in FY18 to 5 years in FY25, staying in the range of 3-5 years, highlighting that a growing proportion of the asset base is mid-life rather than brand new. The proportion of assets consumed has increased steadily from 26.1% in FY18 to 47.2% in FY25, almost the mid-point of the overall asset base life. Depreciation peaked at 22.5% of fixed assets in FY23, before easing to 19.5% in FY25. Despite these changes, depreciation as a percentage of revenue remained in the range of 1.6% to 3.2% from FY18 to FY25, being 2.4% in FY25, reflecting USL's ability to grow revenue without incurring higher non-cash expense. In FY25, the average age of the asset base reached 5 years and consumed 47.2% of its depreciable life, with 52.8% remaining, marking a mid-point, where United Spirits faces a mid-cycle point where almost half of their gross block is depreciated and current depreciation supports healthy cash flow, but older assets highlights the importance of continuing investments to maintain productivity. In conclusion, USL exhibits a balanced approach between asset utilization and renewal. The company maintains a mature but well-managed asset base, ensuring stable expense recognition without comprising productivity and operational efficiency. This prudent control of depreciation and the quality of asset base supports sustainable cash flow and preserves the productivity over time.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Ratio Analysis

Particulars	2020	2021	2022	2023	2024	2025	2026E	2027E
Growth Ratios								
Sales Growth	1.2%	-13.2%	19.5%	10.1%	3.1%	8.2%	12.3%	11.4%
EBITDA Growth	17.0%	-34.4%	51.7%	-5.3%	20.4%	20.5%	12.4%	15.4%
Net Profit Growth	6.9%	-56.0%	174.8%	23.6%	24.7%	18.8%	8.2%	16.8%
Margin Ratios								
Gross Margin	42.5%	40.6%	41.6%	39.5%	41.6%	44.7%	45.2%	45.8%
EBITDA Margin	16.6%	12.5%	15.9%	13.7%	16.0%	17.8%	17.8%	18.4%
EBIT Margin	14.1%	9.4%	12.8%	11.1%	13.5%	15.4%	15.5%	16.3%
PBT Margin	12.5%	5.9%	10.7%	12.4%	15.8%	17.8%	17.3%	18.2%
Net Profit Margin	7.7%	3.9%	9.0%	10.1%	12.3%	13.5%	13.0%	13.6%
Return Ratios								
RoE	13.1%	5.1%	12.2%	12.5%	13.2%	13.7%	12.1%	11.7%
RoCE	21.0%	15.3%	22.0%	18.7%	20.0%	21.3%	20.1%	19.9%
RoIC	18.0%	11.8%	22.5%	22.5%	26.2%	27.5%	26.6%	28.9%
Efficiency Ratios								
Receivables Days	92	100	89	84	94	104	105	103
Receivables Turnover	3.8x	3.6x	4.2x	4.4x	4.2x	3.8x	3.7x	3.7x
Inventory Days	128	154	143	130	121	132	135	133
Inventory Turnover	2.8x	2.5x	2.7x	2.9x	2.9x	2.9x	2.9x	2.9x
Net Fixed Asset Turnover	6.8x	6.1x	6.3x	8.6x	8.6x	8.2x	11.0x	11.9x
Total Asset Turnover	1.1x	0.9x	1.1x	1.1x	1.1x	1.0x	1.0x	1.0x
Leverage Ratios								
Debt/Equity	0.6x	0.2x	0.1x	0.0x	0.0x	0.1x	0.0x	0.0x
Interest Coverage Ratio	6.7x	4.4x	13.7x	11.0x	19.0x	20.0x	20.5x	25.4x
Operating Leverage	9.6x	3.2x	3.3x	-0.5x	8.4x	2.9x	1.1x	1.5x
Financial Leverage	1.6x	1.4x	1.2x	1.1x	1.0x	1.0x	1.0x	0.9x
Valuation Ratios								
Price/Earnings	59.1x	208.9x	74.3x	77.0x	90.1x	63.3x	58.5x	50.1x
Price/Book Value	10.9x	15.7x	12.9x	13.6x	17.0x	12.5x	9.8x	8.3x
EV/Sales	4.8x	8.3x	6.8x	7.7x	11.0x	8.4x	7.4x	6.5x
EV/EBITDA	29.1x	66.2x	42.6x	56.6x	68.7x	47.3x	41.4x	35.4x
Per Share Data								
EPS	9.7	4.3	11.7	14.5	18.0	21.4	23.2	27.1
Book Value Per Share	52.4	56.8	67.3	81.7	95.7	108.3	138.0	162.7
Dividend Per Share	0	0	0	4	5	12	12	14
Dividend Payout Ratio	0.0%	0.0%	0.0%	27.7%	27.7%	56.0%	51.8%	51.7%

Source: Company Analysis

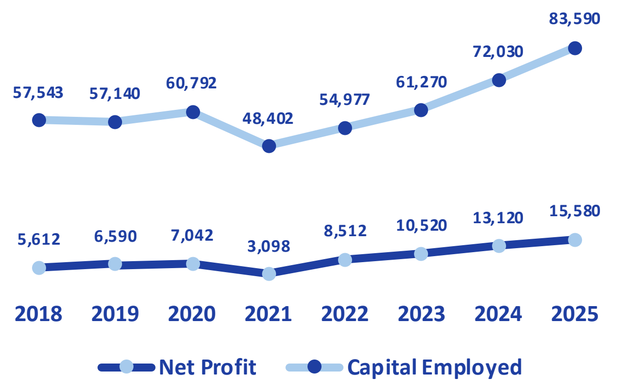
United Spirits Ltd

ROIIC Profiling

Particulars (INR mn)	2018	2019	2020	2021	2022	2023	2024	2025
Net Profit	5,612	6,590	7,042	3,098	8,512	10,520	13,120	15,580
Capital Employed	57,543	57,140	60,792	48,402	54,977	61,270	72,030	83,590

ROIIC Profiling	
Cumulative Net Profit	70,074
Incremental Capital Deployed	26,047
Reinvestment Rate	**37.2%**
ROIIC	**38.3%**
Intrinsic Compounding Rate	**14.2%**
Stock Price (10 Year CAGR)	8.8%
Stock Price (5 Year CAGR)	19.2%

Exhibit 42: Net Profit vs Capital Employed



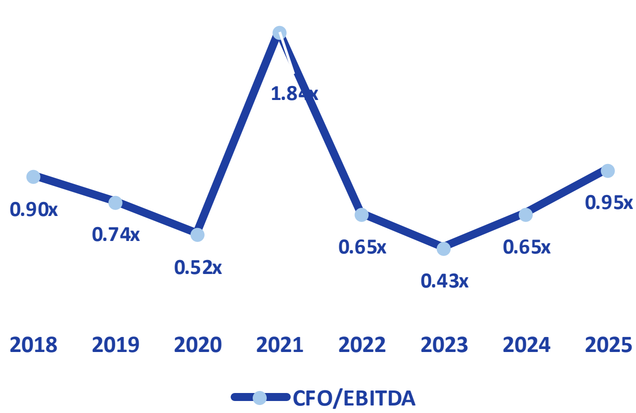
Source: Company Analysis

CFO vs EBITDA

Particulars (INR mn)	2018	2019	2020	2021	2022	2023	2024	2025
CFO	9,250	9,480	7,830	18,180	9,770	6,150	11,180	19,470
Growth in CFO (%)		*2.5%*	*-17.4%*	*132.2%*	*-46.3%*	*-37.1%*	*81.8%*	*74.2%*
EBITDA	10,278	12,878	15,062	9,875	14,978	14,190	17,080	20,580
Growth in EBITDA (%)		*25.3%*	*17.0%*	*-34.4%*	*51.7%*	*-5.3%*	*20.4%*	*20.5%*
CFO/EBITDA	**0.90x**	**0.74x**	**0.52x**	**1.84x**	**0.65x**	**0.43x**	**0.65x**	**0.95x**

Exhibit 43: CFO vs EBITDA vs Growth

Exhibit 44: CFO/EBITDA



Source: Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Story through charts

Exhibit 34: Realization per Case (INR)

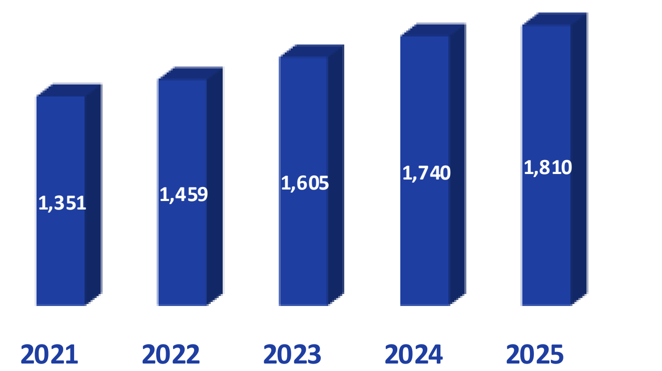


Exhibit 35: Prestige & Above Portfolio NSV (%)

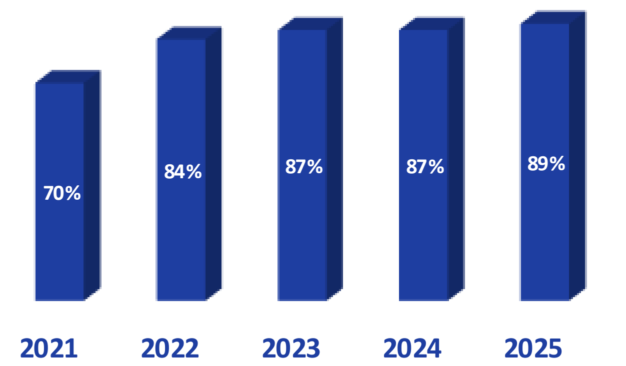


Exhibit 36: Net Sales By Segment

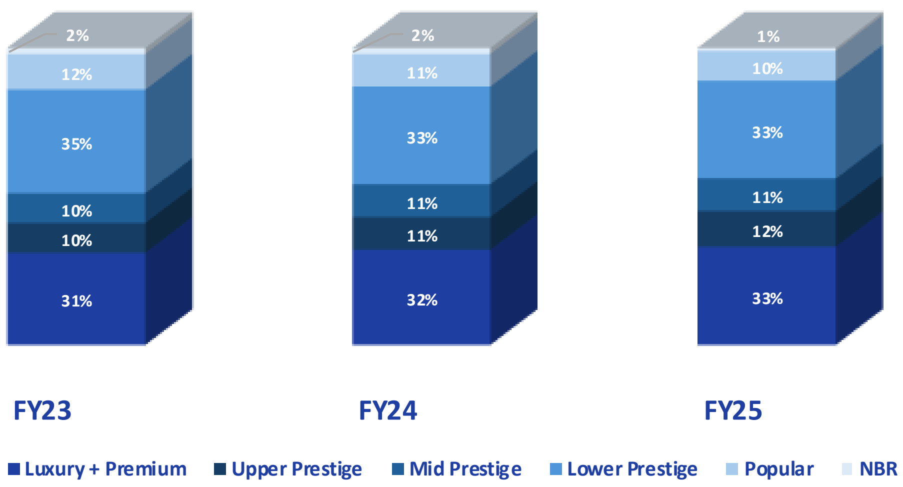


Exhibit 37: Return on Capital Employed (%)

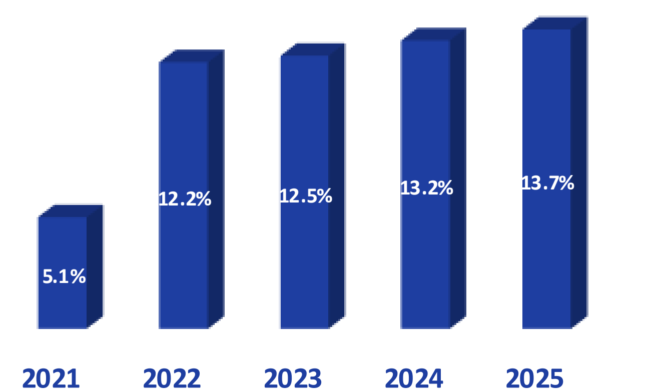
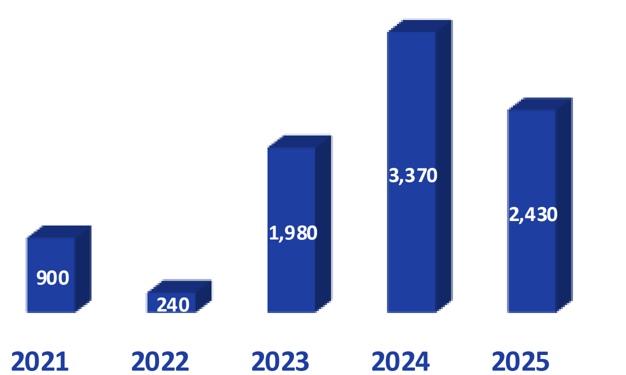


Exhibit 38: Pricing & Revenue Growth Management (INR mn)



Source: Company Reports

United Spirits Ltd

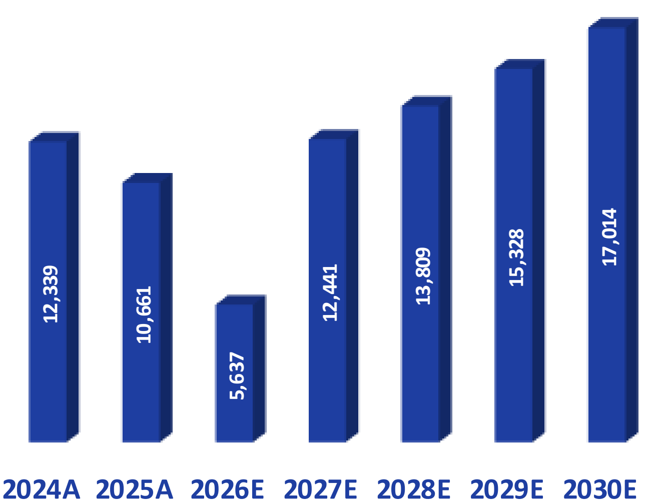
UNITED SPIRITS
A DIAGEO Group Company

Discounted Cash Flow Valuation

	Historical			Explicit Growth Period				
Particulars (INR mn)	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Sales	1,03,740	1,06,920	1,15,730	1,28,460	1,42,591	1,58,276	1,75,686	1,95,012
Sales Growth (%)	*10.1%*	*3.1%*	*8.2%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*	*11.0%*
EBIT Margin (%)	11.1%	13.5%	15.4%	16.0%	16.0%	16.0%	16.0%	16.0%
EBIT	**11,480**	**14,440**	**17,840**	**20,554**	**22,815**	**25,324**	**28,110**	**31,202**
Less: Actual Tax Payment	-2,893	-3,639	-4,496	-5,180	-5,749	-6,382	-7,084	-7,863
NOPAT	**8,587**	**10,801**	**13,344**	**15,374**	**17,065**	**18,942**	**21,026**	**23,339**
Less: Capex		-1,390	-1,448	-2,829	-3,140	-3,486	-3,869	-4,295
Less: Change in Working Capital		288	-3,975	-10,105	-5,033	-5,586	-6,201	-6,883
Add: Depreciation	2,710	2,640	2,740	3,197	3,548	3,939	4,372	4,853
Free Cash Flow to Firm (FCFF)		**12,339**	**10,661**	**5,637**	**12,441**	**13,809**	**15,328**	**17,014**
Weighted Average Cost of Capital	14.58%							
Discounting Period (Years)				1	2	3	4	5
Present Value Factor				0.873	0.762	0.665	0.580	0.506
Present Value of FCFF				**4,919**	**9,475**	**9,179**	**8,892**	**8,613**

DCF Valuation	
Terminal Year FCFF	17,014
Terminal Year Growth Rate	6%
Value of Terminal Year CF at 5th Year	1,16,658
PV of Terminal CF	59,058
PV of Forecasted CF	41,079
Enterprise Value	**1,00,136**
Less: Value of Debt	4,800
Add: Cash & Other Non-Operating Investments	45,400
Equity Value	**1,40,736**
No. of Shares	727
Equity Value Per Share	193
Market Price Per Share (as of Sept 4, 2025)	1,320.1
Verdict	**Undervalued**

Exhibit 39: Free Cash Flow to Firm (FCFF) (INR mn)



Source: Company Analysis, Consensus Reports

Commentary

United Spirits' DCF analysis yields an intrinsic value of INR 193 per share, compared to the current market price (as of September 4, 2025) of INR 1320.1, implying that the market is trading at 6.8 times the DCF fair value, representing a significant overvaluation with 85.4% downside potential from current levels. This valuation assumes an aggressive top-line growth of 11% and EBIT margin of 16%, and a terminal year growth rate of 6%, based on consensus estimates.

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

DuPont Analysis

Return on Equity (ROE)

Particulars	2020	2021	2022	2023	2024	2025
Net Profit	7,042	3,098	8,512	10,520	13,120	15,580
Revenue	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Net Profit Margin (A)	**7.7%**	**3.9%**	**9.0%**	**10.1%**	**12.3%**	**13.5%**
Revenue	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Average Total Assets	86,084	83,479	84,320	91,469	1,01,565	1,17,300
Asset Turnover Ratio (B)	**1.1x**	**0.9x**	**1.1x**	**1.1x**	**1.1x**	**1.0x**
Average Total Assets	86,084	83,479	84,320	91,469	1,01,565	1,17,300
Average Shareholder Equity	53,755	60,317	69,557	83,902	99,350	1,13,605
Financial Leverage (C)	**1.6x**	**1.4x**	**1.2x**	**1.1x**	**1.0x**	**1.0x**
Return on Equity (A x B x C)	**13.1%**	**5.1%**	**12.2%**	**12.5%**	**13.2%**	**13.7%**

Return on Asset (ROA)

Particulars	2020	2021	2022	2023	2024	2025
Net Profit	7,042	3,098	8,512	10,520	13,120	15,580
Revenue	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Net Profit Margin (A)	**7.7%**	**3.9%**	**9.0%**	**10.1%**	**12.3%**	**13.5%**
Revenue	90,910	78,890	94,240	1,03,740	1,06,920	1,15,730
Average Total Assets	86,084	83,479	84,320	91,469	1,01,565	1,17,300
Asset Turnover Ratio (B)	**105.6%**	**94.5%**	**111.8%**	**113.4%**	**105.3%**	**98.7%**
Return on Asset (A x B)	**8.2%**	**3.7%**	**10.1%**	**11.5%**	**12.9%**	**13.3%**

Peer Comparison

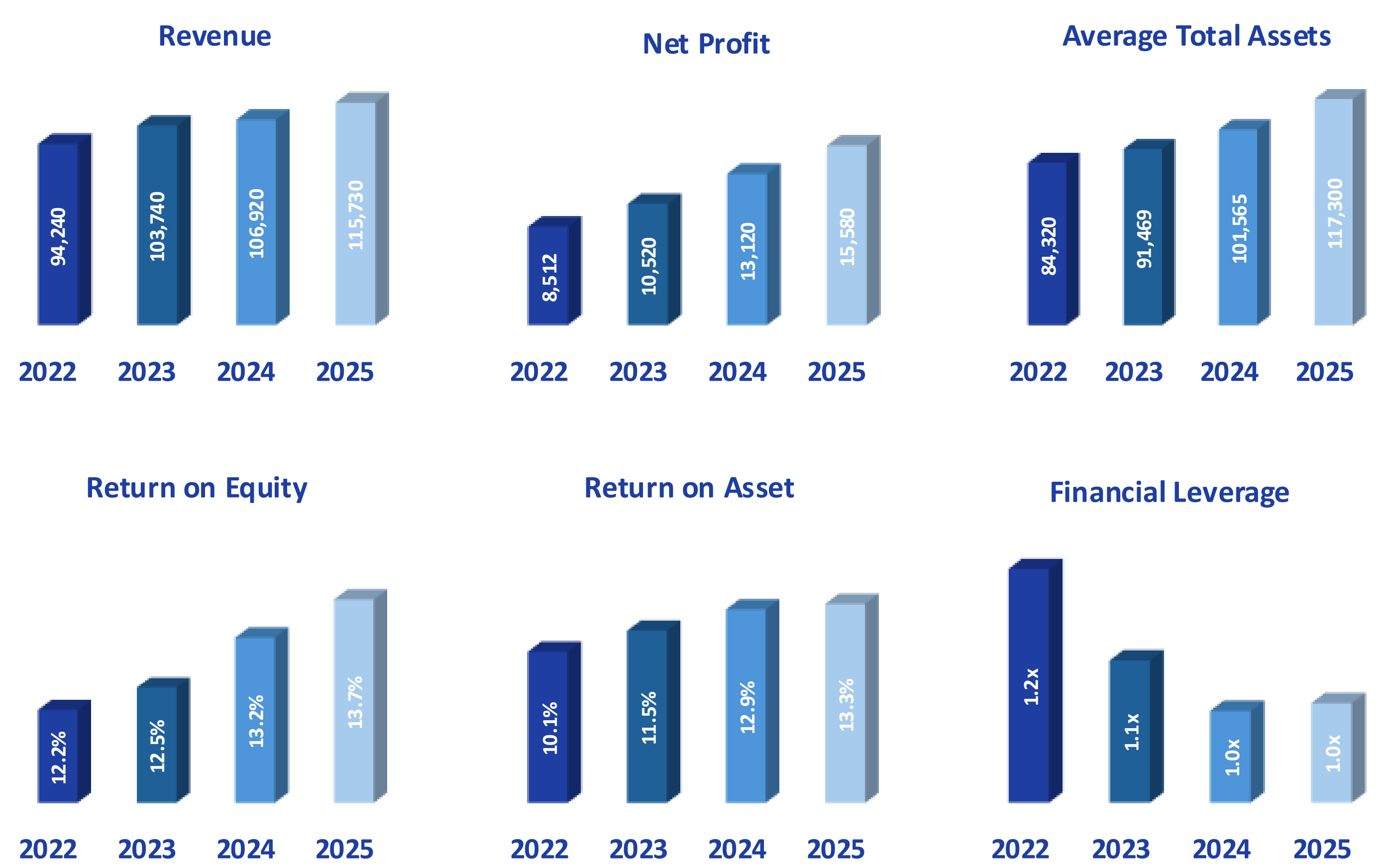
	United Spirits	Radico Khaitan	United Breweries	Tilaknagar Industries	Globus Spirits	Median	Average
Net Profit Margin (A)	13.5%	7.1%	5.0%	16.0%	1.0%	7.1%	8.5%
Asset Turnover Ratio (B)	1.0x	1.1x	1.2x	1.3x	1.3x	1.2x	1.2x
Financial Leverage (C)	1.0x	1.6x	1.8x	1.3x	1.3x	1.3x	1.4x
Return on Equity (A x B x C)	**13.7%**	**12.8%**	**10.1%**	**26.0%**	**1.7%**	**12.8%**	**12.9%**
Return on Asset (A x B)	**13.3%**	**8.0%**	**5.8%**	**20.5%**	**1.3%**	**8.0%**	**9.8%**

Source: Company Reports, Screener

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

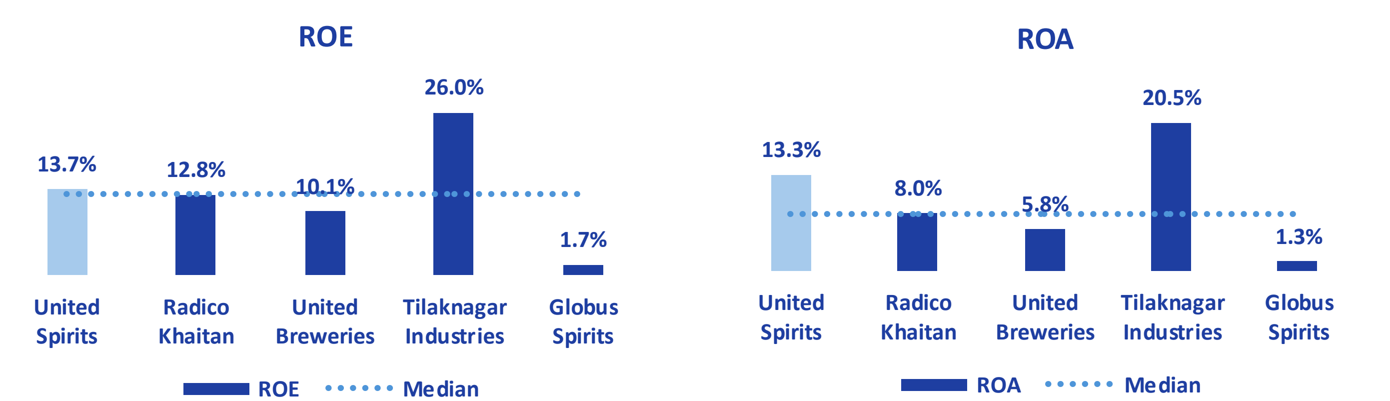
Exhibit 40: DuPont Analysis through charts



Commentary

United Spirits' DuPont metrics reveal an impressive margin turnaround from 3.9% in 2021 to 13.5% in 2025, driven by cost efficiencies and premiumization tactics, yielding INR 15,580 Mn net profit on a revenue of INR 115,730 Mn, primary reason behind the expansion of ROE from 5.1% in 2021 to 13.7% in 2025. On the other hand, ROA escalated from 3.7% in 2021 to 13.3% in 2025, entirely through profit margin expansion. USL's 13.7% ROE in 2025 surpasses the peer median of 12.8%, outperforming all its peers, except Tilaknagar Industries. Conclusively, USL combines strong profitability with lower leverage, delivering superior asset returns relative to most peers.

Exhibit 41: USL vs Peers: ROE and ROA



United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Peers Key Financials

Partculars (INR mn)	United Spirits	Radico Khaitan	United Breweries	Tilaknagar Industries	Globus Spirits
Sales	1,15,730	48,426	89,151	14,342	25,360
COGS	63,970	32,310	63,198	7,822	22,889
Gross Profit	51,760	16,116	25,953	6,520	2,471
Gross Margin (%)	44.7%	33.3%	29.1%	45.5%	9.7%
EBITDA	20,580	6,742	8,408	2,549	1,539
EBITDA Margin (%)	17.8%	13.9%	9.4%	17.8%	6.1%
PAT	15,580	3,450	4,420	2,300	250
PAT Margin (%)	13.5%	7.1%	5.0%	16.0%	1.0%
Cash	17,730	572	4,429	1,028	691
Debt	4,800	7,504	6,200	442	5,266
Equity	78,790	26,910	43,639	8,822	9,947
No. of Shares	727	134	264	194	29
EPS	21	26	17	12	9
CMP	1,312.1	2,787.2	1,825.2	459.4	1,087.9
Market Cap	9,53,897	3,73,485	4,81,853	89,124	31,549
EV	9,40,967	3,80,417	4,83,624	88,538	36,124
Net Debt	(12,930)	(6,932)	(1,771)	(586)	(4,575)

Source: Screener

Comparable Company Valuation (Relative Pricing)

	Financials				Valuation			
Company	Enterprise Value	Sales	EBITDA	Net Profit	P/E	P/S	EV/Sales	EV/EBITDA
United Spirits	9,40,967	1,15,730	20,580	15,580	61x	8x	8x	46x
Radico Khaitan	3,80,417	48,426	6,742	3,450	108x	8x	8x	56x
United Breweries	4,83,624	89,151	8,408	4,420	109x	5x	5x	58x
Tilaknagar Industries	88,538	14,342	2,549	2,300	39x	6x	6x	35x
Globus Spirits	36,124	25,360	1,539	250	126x	1x	1x	23x
High					**126x**	**8x**	**8x**	**58x**
75th Percentile					**109x**	**8x**	**8x**	**56x**
Average					**89x**	**6x**	**6x**	**44x**
Median					**108x**	**6x**	**6x**	**46x**
25th Percentile					**61x**	**5x**	**5x**	**35x**
Low					**39x**	**1x**	**1x**	**23x**

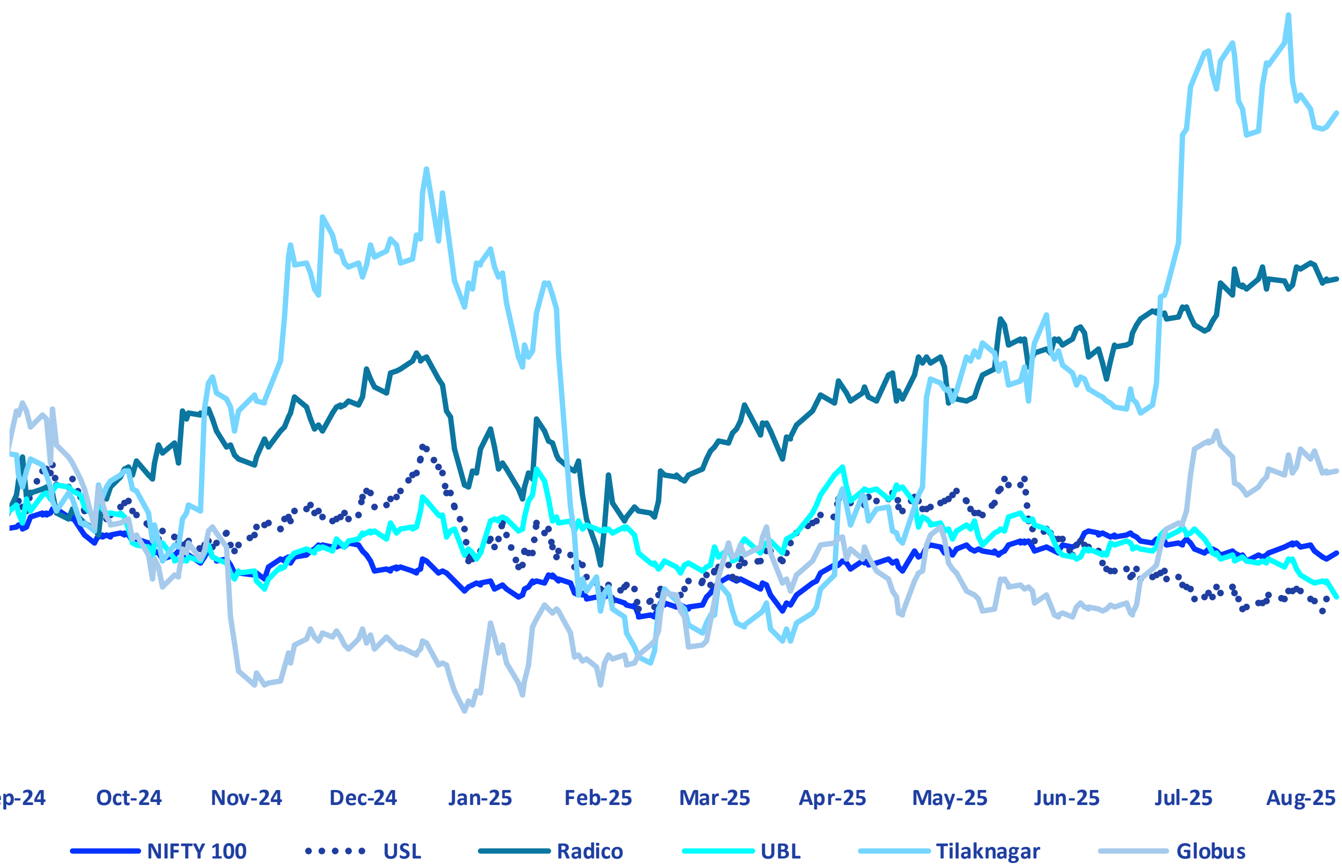
Source: Screener, Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Peer Comparison

Exhibit 42: Peer Stock Performance (1Y) - Indexed



Source: NSE Website

Peer Financial Performance

	CMP	EBITDA Margin	PAT Margin	P/E	P/Sales	EV/ EBITDA	ROE	ROCE	ROA	Total Debt (INR mn)	CCC
United Spirits	1,312.1	17.8%	13.5%	61x	8x	46x	13.70%	21.30%	13.30%	4,800	112
Radico Khaitan	2,787.2	13.9%	7.1%	108x	8x	56x	13.62%	16.24%	7.98%	7,504	190
United Breweries	1,825.2	9.4%	5.0%	109x	5x	58x	10.77%	13.88%	6.03%	6,200	151
Tilaknagar Industries	459.4	17.8%	16.0%	39x	6x	35x	28.89%	28.43%	20.44%	442	114
Globus Spirits	1,087.9	6.1%	1.0%	126x	1x	23x	2.54%	5.80%	1.29%	5,266	51

Source: Screener, Company Analysis

United Spirits Ltd

UNITED SPIRITS
A DIAGEO Group Company

Analyst Coverage Universe

Exhibit 43: Ratings of various Research Houses

S.No	Date	Research House	Rating	Price at Reco	Target
1	24-Jan-25	Motilal Oswal	Neutral	1,469.75	1,650
2	26-Jul-24	Keynote Capitals Ltd	Sell	1,415.40	1,285
3	24-Jul-24	Motilal Oswal	Neutral	1,382.85	1,400
4	28-May-24	Keynote Capitals Ltd	Neutral	1,190.15	1,191
5	27-May-24	Motilal Oswal	Neutral	1,157.70	1,200
6	29-Jan-24	Keynote Capitals Ltd	Neutral	1,093.90	1,124
7	25-Jan-24	Motilal Oswal	Neutral	1,096.00	1,150
8	13-Dec-23	ICICI Direct	Buy	1,072.60	1,250
9	13-Nov-23	Keynote Capitals Ltd	Neutral	1,044.95	1,062
10	09-Nov-23	ICICI Securities Ltd	Accumulate	1,099.55	1,200
11	24-Jul-23	Keynote Capitals Ltd	Neutral	977.65	999
12	23-Jul-23	ICICI Securities Ltd	Accumulate	1,039.05	1,100
13	22-May-23	Keynote Capitals Ltd	Neutral	823.65	891
14	21-May-23	ICICI Securities Ltd	Accumulate	817.05	900
15	21-May-23	ICICI Direct	Buy	817.05	1,000
16	24-Mar-23	Keynote Capitals Ltd	Buy	763.75	887
17	27-Jan-23	ICICI Direct	Buy	767.15	900
18	25-Jan-23	ICICI Securities Ltd	Accumulate	768.55	900
19	22-Dec-22	Motilal Oswal	Neutral	874.25	880
20	17-Nov-22	ICICI Securities Ltd	Accumulate	888.70	940

Source: Trendlyne