

United Spirits | ADD

Soft revenue delivery; medium term growth guidance intact

- Revenue performance soft; volume delivery impacted by adverse policy in Maharashtra and Andhra Pradesh normalisation:** United Spirits'(UNSP) 4QFY26 standalone net revenue grew 3.4% YoY to INR 30.5bn (1-2% below our and street estimates). Overall volumes declined by 5.6% YoY (tad weaker versus our estimate of ~5% decline), due to impact of adverse policy in Maharashtra (full quarter impact of MML on popular and lower-prestige segments) and RTM benefit in Andhra Pradesh normalising into base.
- Volume performance across both P&A and popular segments disappoints, better realisation/case supports revenue:** During the quarter, P&A sales grew 5% YoY (~1% below estimate), as stronger realisations per case of 8.3% YoY was partly offset by volume decline of 3% YoY; while popular segment reported volume and sales decline of 16.1%/13.1% YoY respectively. Excluding the impact of Maharashtra and Andhra Pradesh, P&A portfolio sales grew by 8.5% YoY (versus double-digit in 1H and 14% in 3Q) during the quarter.
- Gross margin surprise positively which along with lower staff cost and A&P spends drives EBITDA beat:** Gross margin expansion of 281bps/36bps YoY/QoQ to 47.3% (better than our estimate – 46.4%) was driven by stable RM environment, benefit of headline pricing flow-through, revenue management and COGS productivity gains. Staff costs (+2.2% YoY) and A&P spends (-5.4% YoY) were tightly controlled, while other overheads (+16.5% YoY) remained elevated. Consequently, EBITDA grew 17% YoY to INR 5.9bn (7%/4% above ours and consensus estimate) with EBITDA margin expansion of 226bps YoY to 19.4% (JMF: 17.9%). PBT (before exceptional items) grew 27.5% YoY, as impact of higher interest expense (3x versus base quarter, includes one-off impact of provisioning of old litigation matter of INR 0.4bn) was offset by higher other income (+73.5% YoY, includes one-off benefit of interest on tax refund of INR 2.2bn in current quarter and INR 1 bn in base quarter). Adjusted for these one-offs, PBT growth was 18% YoY to INR 5.7bn (c.5% below our estimate). Reported PBT grew by 20.7% YoY while PAT grew 26.6% to INR 5.7bn due to lower tax outgo YoY.
- FY26 performance:** Standalone sales grew 7.6% YoY to INR 124bn, driven by modest volume growth of 1.5% YoY and realisation growth of 6.1% YoY. Within this, P&A segment reported volume and sales growth of 2.6% YoY and 8.6% YoY respectively, while popular segment reported volume decline of 3.5% YoY with flat sales YoY. Gross margin delivery remained healthy with margin expansion of 172bps to 46.4%. This was partly offset by higher A&P spends (+14.8% YoY) and other expenses (+13.2% YoY), resulting into EBITDA margin expansion of 66bps to 18.4%.
- Management remains confident to deliver its medium-term guidance of double-digit growth, driven by potential uptick in its premiumisation journey led by progressive Karnataka policy and UK-FTA benefit.**
- Management conference call is scheduled for 4:00pm on 15th May ([Diamond pass link](#)).



Mehul Desai

mehul.desai@jmfl.com | Tel: (91 22) 66303065

Gaurav Jogani

gaurav.jogani@jmfl.com | Tel: (91 22) 66303085

Pooja Kubadia

pooja.kubadia@jmfl.com | Tel: (91 22) 66303074

Rajat Gupta

rajat.gupta@jmfl.com | Tel: (91 22) 66303077

Recommendation and Price Target

Current Reco.	ADD
Previous Reco.	ADD
Current Price Target (12M)	1,400
Upside/(Downside)	10.0%
Previous Price Target	1,400
Change	0.0%

Key Data – UNITDSPR IN EQUITY

Current Market Price	INR1,273
Market cap (bn)	INR925.6/US\$9.7
Free Float (%)	39.4
Shares in issue (mn)	727.4
Diluted share (mn)	727.4
3-mon avg daily val (mn)	INR1,678.3/US\$17.6
52-week range	INR1,645/1,210
Sensex/Nifty	75,399/23,690
INR/US\$	95.8

Price Performance

%	1M	6M	12M
Absolute	3.3	-11.0	-17.1
Relative*	7.0	-0.2	-9.2

*To the NSE Nifty 50

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1: 4QFY26 result snapshot (Parent): Soft revenue; better gross margin and lower staff cost and A&P spends drive EBITDA growth

INR mn	4QFY26	4QFY25	YoY growth	4QFY26E	% variance	3QFY26	QoQ growth
Net Revenue	30,460	29,460	3.4%	30,835	-1.2%	36,830	-17.3%
COGS	16,060	16,360	-1.8%	16,527	-2.8%	19,550	-17.9%
Gross Profit	14,400	13,100	9.9%	14,307	0.6%	17,280	-16.7%
Gross Profit Margin %	47.3%	44.5%	281 bps	46.4%	88 bps	46.9%	36 bps
Staff Cost	1,400	1,370	2.2%	1,560	-10.3%	1,720	-18.6%
A&P spends	3,000	3,170	-5.4%	3,330	-9.9%	5,160	-41.9%
Other expenses	4,090	3,510	16.5%	3,900	4.9%	4,220	-3.1%
EBITDA	5,910	5,050	17.0%	5,517	7.1%	6,180	-4.4%
EBITDA margin %	19.4%	17.1%	226 bps	17.9%	151 bps	16.8%	262 bps
Depreciation	710	680	4.4%	750	-5.3%	790	-10.1%
EBIT	5,200	4,370	19.0%	4,767	9.1%	5,390	-3.5%
EBIT margin %	17.1%	14.8%	224 bps	15.5%	161 bps	14.6%	244 bps
Interest expense	690	220	213.6%	210	228.6%	190	263.2%
Other Income	2,950	1,700	73.5%	1,450	103.4%	1,440	104.9%
PBT (before exceptional item)	7,460	5,850	27.5%	6,007	24.2%	6,640	12.3%
Exceptional income/(expense)	-400	-	NM	-	NM	-100	NM
PBT (after exceptional item)	7,060	5,850	20.7%	6,007	17.5%	6,540	8.0%
Taxes	1,350	1,340	0.7%	1,532	-11.9%	1,250	8.0%
Reported Net Profit	5,710	4,510	26.6%	4,475	27.6%	5,290	7.9%
Adjusted Net Profit*	5,988	4,510	32.8%	4,475	33.8%	5,385	11.2%

Source: Company, JM Financial *Adjusted profit is calculated as Reported profit adjusted for exceptional items*(1-tax).

Exhibit 2: Quarterly segmental performance – on standalone basis

Segmental information	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Volume (mn cases)										
P&A volumes	13.4	12.4	11.5	12.9	14.9	13.6	12.6	13.9	14.6	13.1
YoY	5.4%	3.4%	5.1%	-3.7%	11.2%	9.2%	9.0%	8.0%	-2.0%	-3.1%
Popular volumes	3.1	3.2	2.2	2.5	3.2	3.1	2.4	2.7	2.9	2.6
YoY	-21.4%	3.7%	-4.6%	-7.9%	5.9%	-2.2%	11.6%	6.1%	-9.0%	-16.1%
Total	16.5	15.6	13.7	15.4	18.2	16.7	15.0	16.6	17.6	15.7
YoY	-0.9%	3.5%	3.5%	-4.4%	10.2%	6.9%	9.4%	7.7%	-3.2%	-5.6%
Sales (INR mn)										
P&A sales	26,380	23,100	20,660	25,270	30,630	26,160	22,510	28,400	33,160	27,450
YoY	10.9%	6.2%	10.1%	0.3%	16.1%	13.2%	9.0%	12.4%	8.3%	4.9%
Popular sales	3,050	3,090	2,200	2,550	3,340	3,120	2,500	2,780	3,180	2,710
YoY	-11.1%	3.0%	-2.7%	-6.9%	9.5%	1.0%	13.6%	9.0%	-4.8%	-13.1%
Total	29,430	26,190	22,860	27,820	33,970	29,280	25,010	31,180	36,340	30,160
YoY	8.2%	5.8%	8.8%	-0.4%	15.4%	11.8%	9.4%	12.1%	7.0%	3.0%
Realisation per case (INR)										
P&A realisation per case	1,966	1,861	1,790	1,963	2,053	1,929	1,790	2,042	2,268	2,090
YoY	5.3%	2.7%	4.8%	4.1%	4.4%	3.7%	0.0%	4.0%	10.4%	8.3%
Popular realisation per case	998	972	1,019	1,004	1,032	1,003	1,037	1,031	1,080	1,039
YoY	13.1%	-0.7%	2.0%	1.1%	3.5%	3.2%	1.8%	2.8%	4.6%	3.6%
Total	1,786	1,679	1,669	1,805	1,871	1,757	1,669	1,878	2,068	1,916
YoY	9.1%	2.2%	5.1%	4.2%	4.8%	4.6%	0.0%	4.0%	10.5%	9.1%

Source: Company, JM Financial

Exhibit 3: FY26 operating performance snapshot - on standalone basis

INR mn	FY26	FY25	YoY growth
Net revenue	1,24,480	1,15,730	7.6%
EBITDA	22,960	20,580	11.6%
EBITDA margin (%)	18.4%	17.8%	66 bps
PBT (before exceptional item)	24,310	21,210	14.6%
PBT (after exceptional item)	23,400	20,560	13.8%
Adjusted PAT	19,002	15,971	19.0%

Source: Company, JM Financial

Exhibit 4: FY26 segmental performance snapshot – on standalone basis

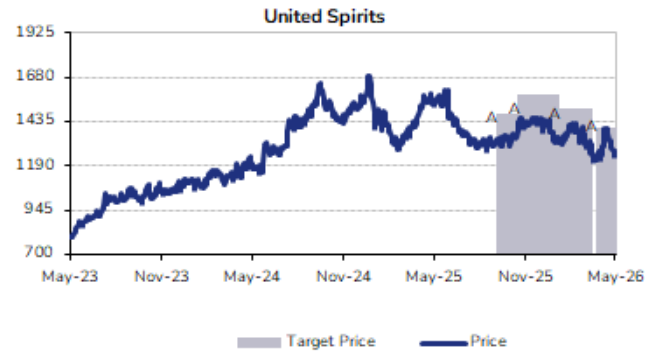
Segmental information	FY26	FY25	YoY growth
<u>Volume (mn cases)</u>			
P&A volumes	54.2	52.9	2.6%
Popular volumes	10.7	11.0	-3.5%
<u>Sales (INR mn)</u>			
P&A sales	1,11,520	1,02,710	8.6%
Popular sales	11,170	11,210	-0.4%
<u>Realisation per case (INR)</u>			
P&A realisation per case	2,056	1,942	5.9%
Popular realisation per case	1,048	1,015	3.3%

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
7-Apr-26	Add	1,400	-7.3%
21-Jan-26	Add	1,510	-4.7
1-Nov-25	Add	1,585	7.5
18-Sep-25	Add	1,475	

Recommendation History Chart



APPENDIX I

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SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: ashley.johnson@jmfl.com

Grievance Officer: Ms. Ashley Johnson | Tel: +91 22 6224 1862 | Email: instcompliance@jmfl.com
