



Fundamental Research Analysis

# UNITED BREWERIES LIMITED

Authored by  
JRK Research Team



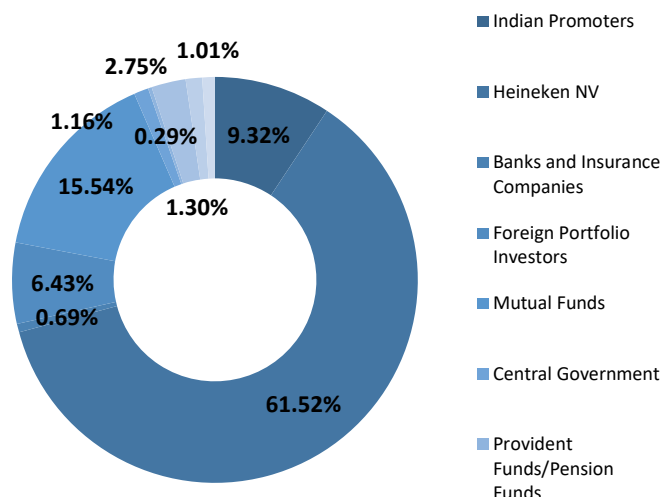
### GENERAL FACTSHEET

NSE Details	United Breweries Limited (UBL)
Company Ticker	NSE:UBL; BSE:532748
Market Capitalization	Rs. 49,733 crore
Current share price (13 <sup>th</sup> March, 2025)	Rs. 1911.65
52 weeks high/low	Rs. 2330/Rs. 1667
EV/EBITDA	59.3
Target Price	UBL has a strong financial profile and liquidity position. The volume growth in high single digits is supported by changing demographics, market leadership position, pan-India presence and significant greenfield expansion in the next 24-36 months. The profitability is expected to remain range-bound because of re-investment in supply chain and brand expansion despite volume growth and softening of raw material prices. A key monitorable risk remains outstanding contingent liability of ~Rs. 751.8 crore via an order issued by CCI, alleging that UBL was engaged in price co-ordination and cartelisation. We initiate the report at a target price of <b>Rs. 2300 based on FY2027 EBITDA</b> , using EV/EBITDA multiple of 60x (5 year average).

Company Details	United Breweries Limited (UBL)	
Promoter Family	Heineken Group (controlling interest; rated Moody's A3/Stable.) and Vijay Mallya	
Ratings Outstanding	[ICRA]AA+(Stable)/ [ICRA]A1+; Ratings reaffirmed in October 2024	
Year of Incorporation	1999	
Board of Directors	Name	Designation
	Mr. Anand Kripalu	Chairman and Independent Director
	Mr Vivek Gupta	Managing Director & Chief Executive Officer
	MR. Jorn Elimar Kersten	Director & Chief Financial Officer
	Mr. Jan Cornelis van der Linden	Non-Executive Director
	Mr. Radovan Sikorsky	Non-Executive Director
	Ms. Yolanda Talamo	Non-Executive Director
	Mr. Manu Anand	Independent Director
	Ms. Geetu Gidwani Verma	Independent Director
	Mr. Subramaniam Somasundaram	Independent Director
	Dr. Ranjan Ramdas Pai	Independent Director

#### EXHIBIT 1. Current Shareholding Pattern

<b>Promoter Group</b>	<b>70.84%</b>
<b>Indian Promoters</b>	<b>9.32%</b>
Vijay Mallya	8.08%
Kamsco Industries Private Limited	1.24%
<b>Foreign Promoters</b>	<b>61.52%</b>
Heineken Group	61.52%
<b>PUBLIC</b>	<b>29.17%</b>
<b>Institutional Investors</b>	<b>24.11%</b>
Mutual Funds	15.54%
Banks	0.03%
Insurance	0.66%
Provident Funds/Pension Funds	0.29%
Foreign Portfolio Investors	6.43%
Central Government	1.16%
<b>Retail Investors</b>	<b>5.06%</b>
Individuals	2.75%
Bodies Corporate	1.30%
Others	1.01%
<b>Total</b>	<b>100.00%</b>



**ABOUT THE COMPANY**

United Breweries Limited (UBL) is India's largest listed brewery company and market leader for over a century. Established in 1915 with only 5 breweries, UBL has sustained over 50% market share over the past decade with its superior manufacturing capability and extensive distribution network. It has a widespread production footprint spread across 13 states in India and 21 manufacturing plants. The company's brand Kingfisher is India's most recognized beer brand, backed by a premium brand portfolio of Heineken, London Pilsner, and Queenfisher. Backed by Heineken Group, UBL benefits from global expertise, premium product innovation, and robust supply chain. The company has a pan-India presence in urban and rural geographies and exports to over 60 countries. UBL continues to strengthen its premium beer business with brands like Kingfisher Ultra, Ultra Max, and Heineken Silver, while also driving brand engagement through strategic tie-ups in IPL, music festivals, and gaming events.



**STRENGTHS**

**Parent support and financial flexibility from Heineken Group**

As a 61.52% subsidiary of Heineken (Heineken; rated Moody's A3/Stable), UBL enjoys financial flexibility, which will continue to support its business prospects, going forward. The Heineken Group is a global giant in the beer industry with a growing international presence in more than 60 countries with licenses in Europe, Australia, New Zealand, Singapore and Nepal.

**Strong brand equity and 50% market leadership position of UBL**

While there is competition from new brands from competitors and rise of craft and premium beers, UBL has maintained its leading market position of ~50% supported by strong brand equity, innovative offerings, robust product quality and wide distribution network. UBL has built its position as the market leader in India with a strong network of breweries across the country and a wide portfolio with a presence in rural as well as urban markets led by its iconic Kingfisher brand family, complemented by a strong HEINEKEN international brand portfolio.

**EXHIBIT 2. UBL's Marquee Brand Position**



Given the volatility in social and economic scenarios, UBL remains cost conscious at all levels of operations working with a high degree of agility and efficiency. The company also undertakes continuous up gradation and adoption of new technologies to remain efficient and agile to market demands without losing focus on cost and quality

### Driving innovation and premiumisation through new product launches

During the year, UBL accelerated product development across mainstream and premium categories. The company launched Queenfisher Premium, London Pilsner and Heineken Silver Draught Beer that are innovative launches aligned with the trend of consumers seeking quality beer, contributing to category expansion. As per the company, premiumisation is a long-term trend fuelled by a growing demand for distinct flavours and higher quality beers. The company will continue to invest in brands like Kingfisher Ultra, Kingfisher Ultra Max, Kingfisher Ultra Witbier, Queenfisher Premium, and Heineken Silver that will positively contribute to the business largely.



New products like Heineken Silver were launched in key markets like Maharashtra and Goa while Kingfisher Ultra Max draught in Karnataka recently and UBL is planning to launch it in other key markets. Heineken Silver, launched in Q4 FY2022, witnessed significant growth momentum throughout FY2023 driven by the brand's efforts to build credibility among consumers through enhanced distribution and market penetration strategies. The brand's presence was amplified through various campaigns, including Heineken's 150th anniversary, the UEFA Champions League 'Cheers to All Fans', Quality Credentials, and the responsible consumption initiative 'When You Drive, Never Drink'. With the newer generation leaning towards fresher and lighter beers, Heineken Silver Draught Beer provides the same product coupled with Heineken's brewing expertise.

### High entry barriers in the industry; favourable long-term demand outlook driven by consumption

While the highly regulated nature of the industry with extensive Government controls on advertising and taxes restrict growth to a certain extent, it also creates entry barriers for new players, thereby favouring incumbents such as UBL.

The long-term demand outlook for beer in the domestic market remains positive with favourable demographics, rising disposable income and urbanisation expected to drive growth of the Indian beer industry. A young demographic, favourable climate, increasing GDP and corresponding enhanced disposable income, the category is set to significantly strengthen in the future. Additionally, rapid urbanisation, substantial population entering the legal drinking age, enhanced domestic and international tourism and increasing cases of online sale and home delivery support demand prospects. In fact, the consumption of alcoholic beverages is becoming more acceptable to consumers who are developing an appetite for beer, which is emerging as a social beverage in metros and tier two cities.

This is also supported by the relatively lower per capita consumption of beer in the country, compared to the average Asian as well as global consumption trends. The beer market is highly under penetrated, constrained by historic cultural barriers to alcohol combined with regulatory hurdles. Beer comprises around 10% of total alcohol consumed in India. Compared to the global average of around 30 litres of beer consumption per capita (PCC), the PCC in India still hovers at only around 2 litres. However, in recent years, India has witnessed a notable transformation in its beer industry, propelled by changing consumer preferences, evolving regulatory landscapes, and increasing disposable incomes.

The recently concluded general elections brought the ruling party back to power thus continuing the economic policies and reforms. As states aim to bolster their excise revenues, governments may proactively consider allowing more points of purchase and consumption through online and home delivery. Equally, simplification of the regulatory environment could liberate the industry while enhancing revenues for the states. All in all, the outlook for the beer industry looks bright and with full of potential.

### Robust Supply Network

UBLs’ strong supply chain capabilities enable the company to deliver value to its customers and partners. The company has expanded its manufacturing capacity, particularly for speciality beer offerings and to scale up the production of premium brands across breweries. UBL’s market position is also supported by its pan-India manufacturing presence with 19 owned facilities and 12 contract manufacturing arrangements. With a daily manufacturing capacity of 360,000 litres, the company has focused its investments in further strengthening its supply chain in multiple states within the country.

UBL partnered with popular music festivals like Zomaland, Anjunadeep, Dunk Fest, Odd Ball, and Kappa CULTR Festival which generated trials for the brand and helped embed the brand in popular culture. The brand’s music IP ‘Soulflyp’ scaled up significantly last year with over 40+ events across the major cities and partnered with trending national and international dance music artists.

### Steady growth in operating income led by volume growth, increase in pricing and premiumisation strategy

UBL’s operating income grew 8.3% in FY2024 with broad based volume growth of ~1.8%, primarily supported by price/mix benefits and premiumisation efforts. The volume growth was driven by category growth momentum, premium segment revenue growth (3% YoY) and market share improvement.

UBL’s flagship brand Kingfisher delivered the highest volume and revenue in FY2024, supported by iconic associations and new campaigns. The brand continued its association with film stars (Varun Dhawan and Rashmika Mandanna) through ‘Spread the Cheer’ campaign that was also leverage during the IPL season and with Lucknow Super Giants (cricket team in Indian Premier League).

In Q3 9MFY2025 volumes grew by 8% YoY compared to category segment growth of 7% YoY. The volume was driven by broad-based growth across the entire footprint and positively impacted by 15% price hike in Andhra Pradesh. Other states contributing to growth are from Telangana, Uttar Pradesh, and Rajasthan, partially offset by Tamil Nadu and West Bengal. Premium volumes grew by 33%, with growth from Kingfisher Ultra portfolio.

Operating revenue grew by 10% YoY in 9M FY2025 and Q3 FY2025. In 9MFY2025, volumes grew by 6% YoY driven by strong performance from broad based growth across UBL’s footprint partially off-set by Tamil Nadu, Kerala & Delhi. Positive price mix of +4% YoY is because of price increases in multiple states & mix from premiumisation and state mix partially offset by growth of the economy segment.

EXHIBIT 3. Revenue and Volume Trajectory for UBL

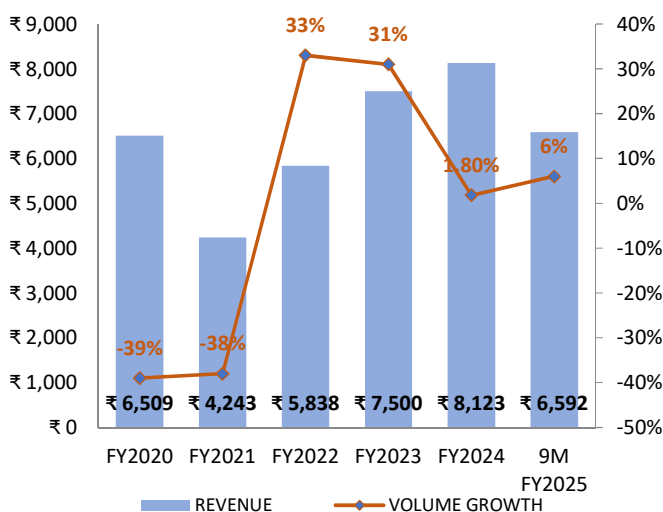
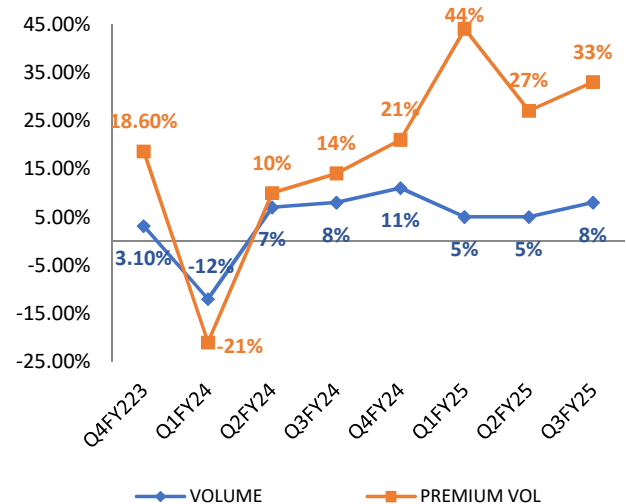


EXHIBIT 3. Quarterly Volume Trend for UBL



Source: JRK Research, Company Data

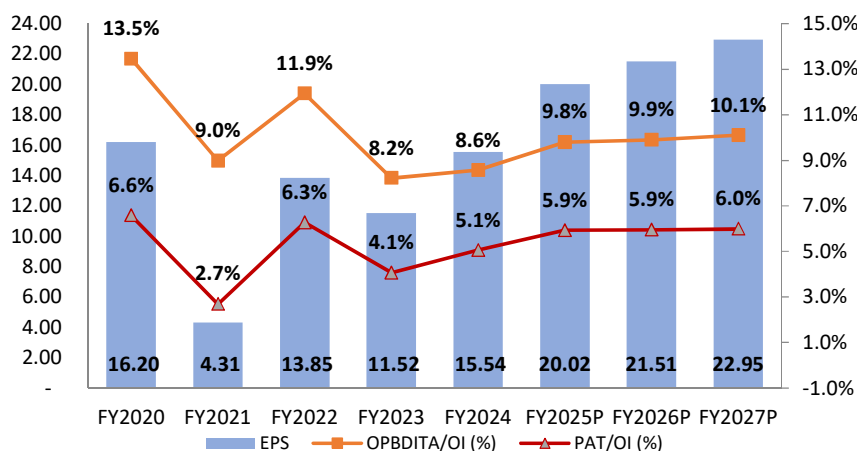
The company expects similar volume growth of 6-8% in FY2025 because of summer heat (summer sales account for roughly 40-45% of the annual beer volumes), overall category growth, the premium share gains and increasing market share in existing markets supported by superior brand positioning, innovative product launches and market leadership. Moreover, the company remains optimistic about the long-term growth potential of the beer category, driven by increasing disposable income, favourable demographics & premiumisation.

### Inflationary pressure on margins in FY2024; UBL's reinvestment in supply chain and branding keeps profitability range-bound offset by premiumisation and cost savings programme

In FY2024, UBL witnessed higher raw material costs that reduced and stabilised in the second half. The company developed various opportunities for raw and packaging material cost savings that were implemented. Key raw material, barley malt was in adequate supply locally reflecting in lower prices in the second half of FY2024. The cost of bottles was high in FY2024 because of a tight supply market, necessitating import of new bottles coupled with low rate of return of used recycled bottles. Inflationary pressure on the packaging commodities of energy, soda ash, paper, steel, and aluminium eased during the year under review. The higher cost of bottles and can salience has resulted in an increase of overall cost of packaging materials. UBL's operations in FY2024 were impacted by elevated prices of key inputs like barley and glass, resulting in an operating margin of 8.6% against 8.2% in FY2023. UBL has invested in various cost control, efficiency improvement and product innovations, which are expected to continue to support its margins.

In 9M FY2025, the gross margins improved by 11% YoY because of increased premiumisation and improving state mix. Gross margin is expected to continue to improve but gradually. UBL also implemented a cost savings programme and related changes to improve efficiency, productivity and competitiveness. The company incurred a one-time exceptional cost of Rs. 26 crore in Q3 FY2025 towards these cost saving initiatives but estimates net annual savings of Rs. 50 crore going forward. There is a 5% improvement in bottle return network with a goal to get 70% bottle recovery by FY2026. The increase in other expenses in Q3 FY2025 were because of higher maintenance costs and continued investments in the organization and supply chain as the company readies itself for the peak summer season.

**EXHIBIT 4. Profitability Trend of UBL**



Going forward, we expect margins to remain range-bound in the high single digits to low single digits given fluctuating raw material prices, higher prices of glass and bottling equipment and reinvestment in supply chain and branding programme.

Source: JRK Research

### Substantial capex plans over the near-medium term to drive UBL's market leadership

UBL plans to incur a capex of Rs. 250-300 crore in FY2025, ~Rs. 600 crore in FY2026 and a further enhanced amount in FY2027 for increasing its manufacturing footprint (in Uttar Pradesh), upgrading its existing breweries (in terms of safety and manufacturing excellence), expanding via brownfield or greenfield facilities in states where capacity expansion is required, as well as making commercial capex investments. Its capex is expected to be funded through internal accruals and additional term debt, if required. While the company expects to fund the same mainly through internal accruals in FY2025 and FY2026, it may opt to avail term loans to partially fund the capex in FY2027.

The company is incurring a greenfield expansion in Uttar Pradesh that is expected to start operations in FY2028 with a capacity of two million hectolitres per year, potentially expanding to 5 million hectolitres. The company has identified the land parcel in UP and intends to use local technology and machinery with premium brands like Kingfisher to be manufactured in UP. UBL chose Uttar Pradesh, with its expanding population exceeding 200 million, with a rapidly growing middle class, increasing urbanisation, and evolving social norms around alcohol consumption. The company estimates a growth rate of 6-8% from UP alone based on the environment, the number of stores, the excise policy, positivity of the government, access to raw materials and cans versus bottles. In FY2024, UBL volume grew almost 20% in Uttar Pradesh

Other capex includes upgrade and maintenance in Andhra Pradesh to enhance returns to 2.5x from current 1.5x-1.7x. UBL is also investing in warehouses to support the nine-month shelf life of a beer and produce in the non-season. The company continues to make long-term investments in fixed costs that include technology, trade marketing and corporate affairs.

### **Comfortable liquidity, debt and coverage metrics; high receivable levels impact working capital debt**

UBL's financial profile is characterised by low reliance on debt and robust debt protection metrics supported by strong cash accruals. Its strong liquidity position is because of unutilised sanctioned limits and financial flexibility enabling it to raise debt in a short notice. Despite the significant capex that UBL is undertaking in FY2025-FY2028, its reliance on debt funded capex remains low. The management intends to fund a capex of nearly Rs. 1500 crore from internal accruals and term debt, if required

Delays in payments from high-revenue states like Telangana have disrupted the company's cash flow, affecting liquidity and working capital management. The debtor days were high in FY2024 and remained elevated in H1 FY2025 which impacted UBL's financing costs and cost of working capital impacted margins. This delay in working capital can further lead to challenges in meeting operational expenses, supplier payments, and future investments. Over time, prolonged payment delays may create financial strain, impacting overall business stability. Going forward, timely receipt of the pending dues will remain a monitorable for the company. However in January 2025, Telangana increased prices on beer by 15% and also started repaying outstanding due as is witnessed across the alcohol beverage industry.

## CHALLENGES

### **Adverse impact of raw material prices being in a regulated industry**

Price fluctuations and non-availability of key raw materials like barley, glass bottles, aluminum cans and other packaging materials pose a significant challenge for the company. Key inputs have seen price volatility due to supply chain disruptions, inflationary pressures and global commodity market trends. Due to unfavorable climatic conditions, lower domestic production and import restrictions barley prices have remained volatile in the past. For example in H1 FY2024, the prices of barley were high resulting in lower margins that softened in H2 FY2024. Since, India relies on both domestic production and imports to meet its barley needs any disruption in global supply chain can impact costs adversely. Due to shortage of new glass availability in India and low return rates of glass bottles the company may need to pay higher for procuring glass bottles thus pressurizing margins. Aluminum prices have also remained volatile thus, impacting the cost of cans. Given the industry structure wherein pricing is regulated by the state governments, industry players do not have the flexibility to pass on the increase in raw material costs to customers immediately. This makes the company's operating margins vulnerable to raw material price trends.

### **Regulatory challenges for UBL**

The liquor industry is highly regulated in India, with each state controlling the production, sales, and duty structure, independently. As a result, there are difficulties in the transfer of production from one state to another and the huge burden of duties and taxes, though this is mitigated by UBL's pan-India presence across states. There is a series of taxes and charges imposed at different stages, i.e., production, movement, and retail, and have a direct bearing on price and profitability. Due to such regulatory barriers, inter-state movement of inventories is a hurdle, leading to supply chain inefficiencies. The production costs accounted for almost 57% of FY2024's net revenue but due to strict price regulations imposed by state governments, the company is unable to pass on these costs resulting in margin pressure. There is also the risk of the introduction of prohibition laws in states, with negative connotations associated with the liquor industry in India. Apart from that, market infrastructure controls such as retail expansion limits and advertisement ban continue to remain as obstacles to business growth.

### **High competitive intensity with changing consumer preferences**

UBL faces stiff competition from other global breweries like Carlsberg and AB-in Bev in the domestic market though it enjoys market leadership with a market share of more than 50%. UBL has a strong brand recall and distribution reach that continue to support its market dominance. Recently the beer industry is experiencing a shift towards craft breweries and international brands which has intensified competition for the company. Also, rising health awareness is leading consumers to opt for low or no alcoholic beverages, which could impact the company in the long run.

### **Impact of Excise Duty and Taxation resulting in State-Wise Challenges**

- **Telangana**

On January 8, 2025, UBL temporarily suspended the supply of beer Telangana Beverages Corporation Limited (TGBCL) that contributes to double digit share of UBL's annual consolidated volumes. The company took this step as TGBCL had not revised its prices sine FY2020 and while UBL had been in discussion with them for the same thus impacting the contribution margin from sales to TGBCL. Since prices did not increase at the procurement stage, UBL was suffering losses in Telangana. Additionally the company has sizeable receivables of Rs. 900-950 crore outstanding from TGBCL, which has resulted in an increase in its working capital blockage.

In February 2025, Telangana declared 15% price hikes on beer. As per the company, while this price increase is significant, the company is not yet EBITDA positive in Telangana (including overall Group overhead expenses) though there is a definite improvement in gross margins. The company expects another phased wise increase in prices in the foreseeable future. The price increase has been completely passed on to consumers, in line with prices in neighbouring states. UBL also has outstanding dues from TGBCL with payments being made since September 2024 with an assurance plan to recover all remaining outstanding shortly.

- **Uttar Pradesh Market**

With the new excise policy in Uttar Pradesh, the IMFL and beer stores that were once separate have been combined, thus increasing the presence of beer stores to 10,000-11,000 stores from 6,000 stores. This lead to a near doubling in UBL's Ultra and Ultra Max brand and growth in other premium brands.

- **Karnataka Market**

In January 2025, the State Government increased prices of beer in Karnataka. The company made the strategic decision to not pass on duty for Kingfisher, Ultra and its allied brands.

- **Market Share Status in Other States**

UBL lost share in West Bengal, Rajasthan and Tamil Nadu after the duty increase but gained share in UP, Haryana, Maharashtra, Assam, Arunachal, Meghalaya, and Andhra Pradesh.

### **On-going litigation with Competition Commission of India (CCI)**

UBL was issued an order by the Competition Commission of India, directing UBL to pay ~Rs. 751.8 crore, alleging that UBL was engaged in price co-ordination in certain states and in cartelisation. In 2021, the CCI investigated UBL, along with other major beer companies such as Anheuser Busch InBev India and Carlsberg India, for allegedly engaging in anti-competitive practices. The investigation revealed that these companies coordinated to fix beer prices and restrict supply across various states and union territories in India between 2009 and 2018. The All India Brewers' Association (AIBA) was also implicated for facilitating this cartelization. As a result of the findings, the CCI imposed penalties totalling over ₹873 crore. Specifically, UBL was fined approximately ₹750 crore, while Carlsberg India faced a penalty of around ₹120 crore. AB InBev received a 100% reduction in penalties under the lesser penalty provisions, as it cooperated with the investigation.

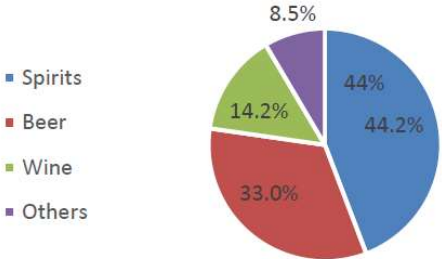
The Company therefore received an order dated September 24, 2021 from the Competition Commission of India ("CCI"), wherein the CCI concluded that the company and certain executives engaged in price co-ordination in certain states and in cartelisation. The CCI levied a penalty of Rs. 751.8 crore on UBL. On December 8, 2021, the company filed an appeal against the CCI order before the National Company Law Appellate Tribunal (NCLAT) and deposited 10% of the penalty amount. On December 23, 2022, NCLAT dismissed the appeals filed by UBL and other appellants.

Subsequently, in January 2023, UBL filed an appeal against the NCLAT order before the Supreme Court. On February 17, 2023, the Supreme Court admitted the appeal and stayed the NCLAT Order, subject to a deposit of additional 10% of the total penalty amount, over and above the amount already deposited. UBL has accordingly deposited 20% of the penalty amount till date (Rs. 162.7 crore) with various authorities and currently, the matter continues to remain sub judice. Any developments in regard to this may impact the business and financial profile of the company.

**INDUSTRY OUTLOOK**

The global beer market has been experiencing consistent growth in recent years. As per a research by the Expertmarket, the beer market was valued at approximately \$649.63 billion in the year 2024. Beer contributes 33% of the world’s total alcohol consumption. Beer market is expect to grow at a CAGR of 3% globally and reach around \$837.05 billion by 2034, driven by factors like rising disposable income, rapid urbanization and shift towards premium, craft and draught segments.

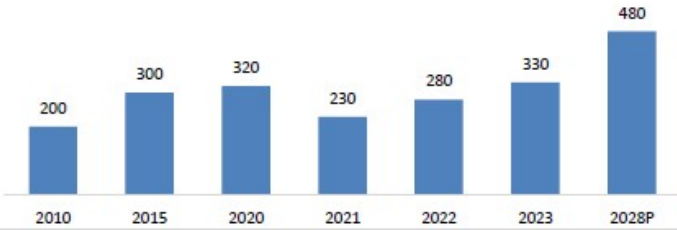
**EXHIBIT 5. % Contribution to alcohol consumption**



Source: Technopak Analysis

India has been primarily a distilled alcohol market with approximately 90% alcohol consumption in the form of distilled spirits; however a rising trend for acceptance of beer and wine can be seen. As per IMARC group, in 2024, the market size reached approximately Rs 444.6 billion and is projected to reach Rs 802.50 billion by 2033. This showcases an average CAGR of 6.72% during 2025.-2033. It is expected that approximately 480million cases of beer, dominated by strong beer, can be sold annually in India by FY2028. The growth can possibly be driven by numerous factors like demographic youth bulge, growing association of beer to social-cultural events and increasing disposable income.

**EXHIBIT 6. Indian Beer Market in Million cases**



Source: Technopak Analysis

The average per capita consumption of beer remains low at 2liters in India compared to a global average of 30 liters thus showcasing a strong potential for growth in consumption based patterns. Strong beer contributes to 85% of the Indian market share; however a growing interest in mild, premium lagers, craft and draught beer segment can be noticeably seen with the advent of new brands like Heineken, Simba and Bira91. Despite, strong growth potential the Indian beer market is faced by regulatory as well as operational challenges. Alcohol is regulated at the state level with varying taxation policies, price regulations and distribution challenges.

**PEER COMPARISON**

NSE Details	United Breweries	United Spirits	Radico Khaitan	Som Distilleries and Breweries	Sula Vineyards
Company Ticker	UBL	UNITDSPR	RADICO	SOM	SULA
Market Cap	Rs. 49,733 crore	Rs. 98,541 crore	Rs. 29,826 crore	Rs. 2,513 crore	Rs. 2,120 crore
Current share price	Rs. 1911.65	Rs. 1353.7	Rs.2191.05	Rs. 127.6	Rs. 250.25
52 weeks high/low	Rs. 2300/Rs.1667	Rs. 1700/ Rs. 1082	Rs. 2638/Rs. 1429	Rs. 149/Rs. 86.5	Rs. 584/Rs. 243
EPS TTM	16.9	19.3	23.3	5.19	8.38
P/E Ratio	113.1	70.1	94	24.6	29.9
Market Cap/Sales	5.8x	8.3x	6.3x	1.6x	3.7x
Price/Book Value	12.0x	12.9x	11.7x	4.0x	3.9x

Source: Screener

**KEY FINANCIALS**

In Rs. Crore	FY2020	FY2021	FY2022	FY2023	FY2024	9M FY2025	FY2025	FY2026	FY2027
<b>Revenue &amp; Profitability</b>									
Operating Income (OI)	6509.2	4243.1	5838.4	7499.9	8122.7	6592.1	8934.9	9560.4	10134.0
Growth in OI (%)			37.6%	28.5%	8.3%	10.1%	10.0%	7.0%	6.0%
OPBDITA	875.8	381.1	696.6	616.2	696.2	654.1	875.6	946.5	1023.5
Profit After Tax (PAT)	428.3	114.0	366.1	304.7	410.9	344.6	529.4	568.7	606.8
Net Cash Accruals (NCA)	633.4	279.9	570.1	237.6	424.5	520.9	484.6	543.7	611.5
OPBDITA/OI (%)	13.5%	9.0%	11.9%	8.2%	8.6%	9.9%	9.8%	9.9%	10.1%
PAT/OI (%)	6.6%	2.7%	6.3%	4.1%	5.1%	5.2%	5.9%	5.9%	6.0%
ROCE (%)	27.4%	16.7%	5.3%	13.3%	11.5%		16.7%	19.3%	22.0%
EPS	16.20	4.31	13.85	11.52	15.54	13.03	20.02	21.51	22.95
<b>Capitalisation &amp; Coverage</b>									
Short-term Debt	160	0	0	0	77		0	0	0
Long-term Debt	92	250	0	0	0		0	0	0
Total Debt*	252	262	10	16	102		27	30	33
Unencumbered Cash and Cash Equivalents		410	863	330	129		73	17	38
Net Debt		-148	-853	-314	-27		-46	13	-6
Tangible Net Worth (TNW)	3524	3586	3939	3970	4184		4478	4782	5125
Total Debt/TNW	0.07	0.1	0.0	0.0	0.0		0.0	0.0	0.0
Total Debt/OPBDITA	0.29	0.7	0.0	0.0	0.1		0.0	0.0	0.0
Net Debt/OPBDITA		(0.4)	(1.2)	(0.5)	(0.0)		(0.1)	0.0	(0.0)
Interest Coverage	28.14	16.8	47.1	132.8	101.0		92.4	90.8	104.1
<b>Working Capital Indicators</b>									
Debtor Days	76	120	78	68	104		100	95	90
Creditor Days	35	59	45	38	47		50	50	50
Inventory Days	71	107	66	76	67		75	75	75
NWC/OI (%)	32%	47%	28%	30%	36%		35%	34%	32%

\*Comprises lease liabilities

Source: JRK Research

## ANNEXURE

### Q3 FY2025 Conference Call Highlights

#### Volume Growth and Market Performance

- Achieved **8% overall volume growth** in Q3 FY '25, driven by broad-based growth across the entire footprint.
- **Premium segment** volumes grew by **33%**, with significant contributions from the **Ultra portfolio** (Kingfisher Ultra and Kingfisher Ultra Max).
- Recent policy changes in states like **Andhra Pradesh** positively impacted volume growth.
- Key growth regions included **Telangana, Andhra Pradesh, Uttar Pradesh, and Rajasthan**, partially offset by declines in **Tamil Nadu and West Bengal**.
- **Net sales** increased by **10%** in the quarter, attributed to price increases and premiumisation.

#### Financial Performance

- Reported **EBIT of INR 90 crore**, significantly lower than the previous year due to on-going investments in supply chain and operational capabilities.
- Implemented a **productivity program** with a one-time exceptional cost of **INR 26 crore** in Q3, aiming for annual gross savings of **INR 50 crore** starting in 2025.

#### Strategic Investments:

- Announced a **greenfield brewery investment in Uttar Pradesh**, the first in 12 years, to meet future capacity requirements and support premium brand production.
- Brewery design focuses on **local technology and machinery**, with a capacity range of **1 million to 3 million**.
- Investment aims to capitalize on UP's growth potential, with expectations of strong category growth due to urbanization and infrastructure development.

#### Product Launches

- Launched **Kingfisher flavours** (Lemon Masala and Mango Berry Twist) targeting younger, experimental consumers, initially in **Goa and Daman** with plans for gradual expansion.
- Aimed at appealing to new entrants in the beer market, these products are positioned as **premium offerings** with better margins.

#### Challenges and Headwinds

- **Telangana operations** remain EBIT negative despite a **15% price increase**; with on-going discussions for further pricing adjustments.
- **Outstanding receivables** in Telangana have impacted working capital and financing costs.
- Concerns regarding **affordability of beer** due to rising excise duties and price increases, which could lead to category erosion.
- **Karnataka market** facing challenges due to excise duty increases, impacting affordability and market share.

#### Future Outlook

- Management expresses optimism about the long-term growth potential of the Indian beer market, with a focus on **category growth** and **premiumisation**.
- Anticipates maintaining a volume growth rate of **6% to 8%** moving forward, aligning with industry growth expectations.
- Emphasizes the importance of **supply chain efficiency**, quality beer production, and a winning organizational culture to sustain long-term growth.

#### Operational Improvements

- On-going investments in **maintenance and repair** of breweries to prepare for the peak season.
- Significant improvements in bottle recovery rates, with a **5% increase** compared to the previous year, aided by operational measures and new distributor models.

#### Conclusion

- Management is proactive in addressing challenges while focusing on growth opportunities within the Indian beer market.
- The strategic investments and product innovations signal confidence in capturing market share and enhancing profitability in the coming years.

## DISCLAIMER

- a. *This research report ("Report") is for the personal information of the authorized recipient(s) and is not for public distribution and should not be reproduced or redistributed to any other person or in any form without JRK STOCK BROKING PRIVATE LIMITED's prior permission or approval. The information provided in the Report is from publicly available data, which we believe, are reliable. While reasonable endeavors with due skill, care and diligence have been made/followed to present reliable data in the Report so far as it relates to current and historical information, but JRK STOCK BROKING PRIVATE LIMITED does not guarantee the accuracy or completeness of the data in the Report. Accordingly, JRK STOCK BROKING PRIVATE LIMITED or any of its connected persons including its directors or subsidiaries or associates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained, views and opinions expressed in this publication.*
- b. *Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by JRK STOCK BROKING PRIVATE LIMITED and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.*
- c. *The Report also includes analysis and views of our research team. The Report is purely for information purposes and does not interpret to be an offer or solicitation of an offer to buy/sell any securities. The opinions expressed in the Report are our current opinions as of the date of the Report and may be subject to change from time to time without notice. JRK STOCK BROKING PRIVATE LIMITED or any persons connected with it do not accept any liability arising from the use of this document.*
- d. *Investors should not solely rely on the information contained in this Report and must make investment decisions based on their own investment objectives, judgment, risk profile and financial position. The recipients of this Report may take professional advice before acting on this information.*
- e. *This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to local law, regulation or which would subject JRK STOCK BROKING PRIVATE LIMITED and its affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this Report may come are required to inform themselves of and to observe such restrictions.*
- f. *As JRK STOCK BROKING PRIVATE LIMITED along with its associates, are engaged in various financial services business and so might have financial, business or other interests in other entities including the subject company/ies mentioned in this Report. However, JRK STOCK BROKING PRIVATE LIMITED encourages independence in preparation of research report and strives to minimize conflict in preparation of research report. JRK STOCK BROKING PRIVATE LIMITED and its associates did not receive any compensation or other benefits from the subject company/ies mentioned in the Report or from a third party in connection with preparation of the Report. Accordingly, JRK STOCK BROKING PRIVATE LIMITED and its associates do not have any material conflict of interest at the time of publication of this Report.*
- g. *As JRK STOCK BROKING PRIVATE LIMITED and its associates are engaged in various financial services business, it might have:- (a) received any compensation (except in connection with the preparation of this Report) from the subject company in the past twelve months; (b) managed or co-managed public offering of securities for the subject company in the past twelve months; (c) received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) engaged in market making activity for the subject company.*
- h. *JRK STOCK BROKING PRIVATE LIMITED and its associates collectively do not own (in their proprietary position) 1% or more of the equity securities of the subject company/ies mentioned in the report as of the last day of the month preceding the publication of the research report.*
- i. *The Research Analyst/s engaged in preparation of this Report or his/her relative (a) does not have any financial interests in the subject company/ies mentioned in this report; (b) does not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) does not have any other material conflict of interest at the time of publication of the research report.*
- j. *The Research Analyst/s engaged in preparation of this Report:- (a) has not received any compensation from the subject company in the past twelve months; (b) has not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) has not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) has not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the research report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.*

*The research report is prepared by JRK Research Team. The research analyst who has prepared this report has no holding or trading history in United Breweries Limited.*

JRK STOCK BROKING PRIVATE LIMITED is a SEBI registered Research Analyst: INH300008881.

PS Arcadia Central, Office No. 8A, 8th Floor, 4A, Abanindra Nath Thakur Sarani, Camac Street, Kolkata – 700017

Ph: +91 33-4017-4777; +91 62906-29133; +91 96733-17020

Email: [research@irkgroup.in](mailto:research@irkgroup.in); [info@irkgroup.in](mailto:info@irkgroup.in)

Website: [JRK Group](http://JRK Group)