

# Spirits Up! Liquor Sales Surge Despite Increase in Prices

Whisky remains top segment among spirits that saw a 12% increase in sales in FY23



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**Mumbai:** Indian tippers consumed roughly 400 million cases in FY23, with demand increasing for all key segments of whisky, brandy, rum, gin and vodka, especially for premium products. That's about 4.75 billion bottles of 750 millilitres each on average.

The country's spirits market saw sales volume of 395 million cases during the year to March, a 12% increase over FY22, adding almost 40 million cases from its previous high about four years ago, industry executives said, citing the latest excise department data.

"We have been increasing prices to the highest level versus the recent past in India," Per nod Ricard global chief financial officer H el ene de Tissot told analysts last month. "All the fundamentals are very strong in terms of consumer confidence, in terms of demographics, in terms of the organisation, and then we have very strong brand equity that we have been building over the past 20 years. So we are very ambitious for India in the short and mid long term."

Whisky remained the biggest category by far, accounting for two-thirds of the overall spirits demand and grew 11.4% despite a high base. Brandy contributed 21% while rum had a share of 12% in the total market. Vodka grew 29% and gin sales surged 61%, although on a low base, according to the excise data.

While several large brands declined FY21, especially in whisky, the last fiscal saw a strong bounceback. For instance, Allied Blenders saw 15% growth driven by Officer's Choice, one of the world's biggest whisky brands by volume. Allied Blenders also launched a slew of brands, including Iconiq White Whisky, Srishti Premium Whisky and X&O Premium World grain whisky, while Tilaknagar Industries launched premium flavoured brandy Mansion House Reserve. "There were no disruptions last year

from a demand standpoint and a few states also allowed price increases to offset rising input cost," said Vinod Giri, director general at the Confederation of Indian Alcoholic Beverage Companies (CIABC). "However, prices of glass have almost doubled in a year, squeezing margins for companies." Giri expects the segment to grow at a CAGR of 7-8% over the next five years.

Nearly a dozen states including Rajasthan, Kerala and other southern states have allowed price increases, helping firms mitigate some of the margin pressure. Telangana, among the biggest spirits-consuming states, slashed liquor prices last week, which will help buoy demand even further. Companies, however, said rising costs are affecting sales at a mass level while it is getting increasingly competitive in the premium segment.