Choice

GAME OF LIQUOR

Dremiumization

Brand Building

Distribution Deach

Customer Dreferences

SEASON 1

REALM OF SPRITS

Aug 04, 2025

Backward

Integration

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About 'Must Read' Series



- We are pleased to present the "Must Read" series from the Choice Institutional Equity Research Desk.
- This 'Must Read' series that we publish will be a culmination of extensive primary and secondary research and rigorous analysis. It will include exclusive management interactions, plant visits, onground channel checks across key markets and distribution nodes, advanced data modelling and alternative dataset analyses.
- Every insight we build in this series will be carefully validated through a combination of industry data, regulatory developments, proprietary data sources and competitive intelligence.
- We trust this piece will serve as both a strategic lens and a valuable reference for long-term investors. institutional allocators, and corporate decisionmakers seeking in-depth understanding of the themes and sectors covered.

Welcome to a deeper, sharper view!



The Battleground

In the great game of AlcoBev in India, a fierce battle brews: not over iron thrones, but on the bar shelves...

- Valued at around USD 52 Bn India's AlcoBev industry is forecast to grow to USD 64 billion by 2030, charting a CAGR of 6–7%.
- With 250 Mn legal drinking-age adults and annual Spirits consumption exceeding 736 Mn nine-litre cases, India ranks as the third-largest liquor market by volume and fifth-largest by value globally.

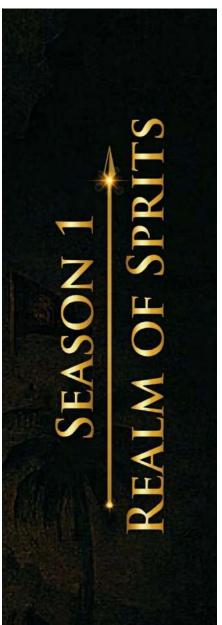
However, the market remains fragmented and complex due to:

- State-administered taxes,
- · Supply chains guarded by local lords (the state policies) and
- · Regulatory dragons breathing down on every move

Each Indian state is a different realm with unique laws, pricing systems and gatekeepers.

Realm of Spirits

At the heart of this battle, lies Indian-Made Foreign Liquor (IMFL) which is the crown jewel of the industry, accounting for nearly 70% of all Spirits sold.



- Spirits are distilled alcoholic beverages made from fermenting grains, fruits, or sugar, with higher alcohol content than Beer or wine
- · Common types of Spirits include Whisky, Vodka, Rum, Gin and Brandy
- IMFL volumes are projected to grow from 385 Mn cases in 2023 to 560 Mn by FY28, translating to a volume CAGR of ~5%.
- Value is expected to accelerate at ~13% CAGR, led by the rise of premium and super-premium categories.
- Within IMFL, Whisky commands 60-63% of segment volumes.

The Five Battlefronts of the Spirits Realm

In the Realm of Spirits, every house must fight on five ever-shifting battlefronts, where fortunes are made not by using swords: but by employing strategy, sips, and shelves.



Premiumization:

A shift towards higher-priced, better-quality Spirits is rewriting the rules of the game and profitability now lies in going upmarket.



Distribution Reach:

Reach wins wars, a wide and deep distribution network decides who controls the shelves across India's fragmented kingdoms.



Backward Integration:

In a land of volatile costs, owning your own supply chain, from grain to glass, ensures stability and margin strength.



Successful Brand Creation:

To stay relevant, AlcoBev players must continuously launch new products and formats. Innovation is their sharpest weapon.



Tackling Changes in Consumer Preferences:

The consumer throne is ever-shifting; brands must evolve with changing tastes in flavour, format, and experience to stay in power.



We initiate coverage on United Spirits Limited (UNITDSPR), Radico Khaitan Limited (RDCK), Allied Blenders & Distillers Limited (ABDL), Tilaknagar Industries Limited (TLNGR), Associated Alcohols & Breweries Limited (AAB).



Battlefront 1: Premiumization

Premium and super-premium IMFL is expanding at ~13–13.4% value CAGR (FY23–28), nearly 2.5x faster than volumes. In states like UP, premium Spirits have clocked a 32% CAGR (2019–24), reflecting rising consumer taste and spending.

Leading House:

- UNITDSPR exited 30+ low-end labels and is now focused on premium brands
- RDCK is also actively building on its premium and luxury segments such as Jaisalmer and Rampur brands



Battlefront 2: Distribution Reach

With over 80% of liquor sales happening off-trade and state-wise excise duties varying widely, navigating India's fragmented policies is key to building true national distribution strength.

Leading House:

- UNITDSPR has a pan-India presence with strong retail touchpoints across the country
- RDCK is present in 29 states/UTs, with ~100,000 retail touchpoints and 43 bottling plants.
- ABDL has built a formidable national network with presence in 30+ states and union territories.



Battlefront 3: Backward Integration



Battlefront 4: Brand Creation



Battlefront 5: Consumer Preferences

Backward integration is key in an industry where packaging alone makes up ~20-30% of net revenues. This helps manage costs and scale efficiently. The upcoming India–UK FTA could ease Scotch imports, enabling smoother premium blending and global tie-ups.

Leading House:

- UNITDSPR enjoys by leveraging Diageo's scotch imports
- RDCK added in-house glass facility
- AAB spans from ENA to Ethanol

Successful players are launching brands or formats every 6 –12 months, with several gaining meaningful shelf presence within a year. With over 30% of IMFL volume growth in recent years coming from new launches, innovation is no longer optional.

Leading House:

- UNITDSPR has driven premiumization through launches like Godawan and Epitome
- RDCK has premium brands such as Jaisalmer Gin and Rampur Single Malt gaining strong domestic and global traction.

AlcoBev tastes are shifting from dark Spirits to clear, flavoured, and low-alcohol options. Vodka and RTDs are expanding at 15–25% CAGR, driven by urban youth and new consumers. Brands tapping into these trends will lead the next growth wave.

Leading House:

- UNITDSPR gives global scotch options from its parentage Diageo
- RDCK offers complete portfolio and multiple brands to consumers
- TLNGR is tapping consumer choice by offering Brandy in South and diversifying into Whisky, Vodka and Gin





United Spirits Limited (UNITDSPR)

CMP: INR 1,322 | TP: INR 1,100 | Expected Total Return: (15.1%)

Rating: SELL | Market Cap.: INR 961.8 Bn

Investment Thesis:

- ✓ UNITDSPR: Prince of Spirits, Backed by Diageo
- ✓ An Established Player Growing in Line with Industry Averages
- ✓ Trade-Driven Tailwinds for UNITDSPR



Radico Khaitan Limited (RDCK)

CMP: INR 2,842 | TP: INR 3,340 | Expected Total Return: 17.8%

Rating: BUY | Market Cap.: INR 380.0 Bn

Investment Thesis:

- ✓ Well-established Portfolio Set To Drive Growth
- ✓ Distribution Scale Positions RDCK Among the Market Leaders
- ✓ Backward Integration Complete: Awaiting margin expansion



Allied Blenders & Distillers Limited (ABDL)

CMP: 511 | TP: INR 590 | Expected Total Return: 16.0%

Rating: ADD | Market Cap. : INR 142.8 Bn

Investment Thesis:

- ✓ Portfolio Transformation Unlocks Premium Growth
- Strong Distribution Network Providing A Springboard For Brand Launches
- ✓ Margin Expansion To Continue With Vertical Integration



Tilaknagar Industries Limited (TLNGR)

CMP: INR 505 | TP: INR 650 | Expected Total Return: 28.9%

Rating: BUY | Market Cap. : INR 98.8 Bn

Investment Thesis:

- ✓ Imperial Entry: TLNGR's Royal Leap Beyond Brandy
- ✓ Brandy Dominance And Strategic Partnerships
- ✓ From Survival To Growth Investment Financial Turnaround



Associated Alcohols & Breweries Limited (AAB)

CMP: INR 1,002 | TP: INR 1,210 | Expected Total Return: 21.3% Rating: BUY | Market Cap.: INR 19.2 Bn

Investment Thesis:

- ✓ From Grain to Glass: Operational Leverage Through Integration
- ✓ Path To Premium: Multi-state Expansion As a Growth Catalyst
- ✓ Stable Cash flows Powering Self-Funded Growth



Report Structure

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BATTLEFRONT 1: PREMIUMIZATION

Choice Institutional Equities



PREMIUMIZE OR PERISH



Growth for AlcoBev Spirits is largely derived from the launch of brands. India's economic context has changed, with middle & upper middle-class incomes growing faster while driving higher consumption levels. In the Spirits segment, this trend will make or break growth for a company:

- At the lower end of the segmentation, the consumer is sticky on both, price & brands;
- At the upper end, new launches will offer realization & margin growth, thus leading to premiumization for each company as the larger demand environment remains stable

We believe RDCK, UNITDSPR are well poised to capture the upcoming premium consumption wave.

1.1 Big Picture: India Is The Fastest-growing Large Economy

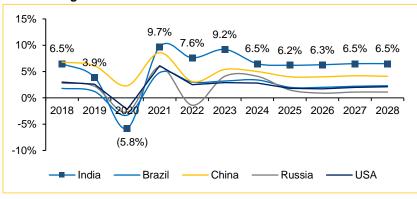
global economy faces

geopolitical & other risks, India to

The Covid-19 pandemic and the consequent shutdowns led to large economic and consumption shocks:

- <u>CY20:</u> Global GDP declined by 2.7%; India saw a sharper fall at 5.8% (IMF)
- <u>Post-Covid:</u> Global rebound driven by revenge consumption, aided by government's stimulus, pushed growth to 6.6%
- Now: Growth has normalised to ~3.1%, but risks loom large due to geopolitical tensions, rise in protectionism and shrinking real incomes.

India set to grow at 6.3% in FY26E



Source: IMF, Choice Institutional Equities

India always had an inward-looking economy and hence looks fairly attractive. Growth in the past was mostly propelled by domestic consumption & savings.

This consumption story continues to be supported by ~1.46 Bn people, making India the fastest-growing economy of meaningful scale and consumption. **IMF expects India to grow at 6.3%.**

1.2 However, Private Final Consumption Expenditure Is Slowing

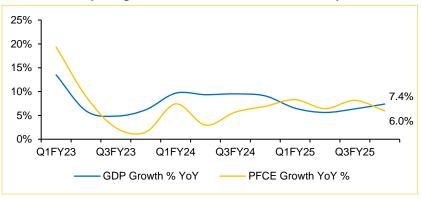
As India continues to expand its base of workforce, a huge opportunity exists for companies that cater to the consumer sector. FY22 & FY23 witnessed consumption jumps owing to revenge consumption and pent-up demand. However, due to issues such as stagnating real income levels, consumption at an aggregate level is slowing year over year.

Mass consumption is at an inflection point

As the

accelerate faster

Private consumption growth has slowed over the last few quarters



Source: MOSPI, Choice Institutional Equities



1.3 Drop In Mass Consumption Is Visible Across Sectors

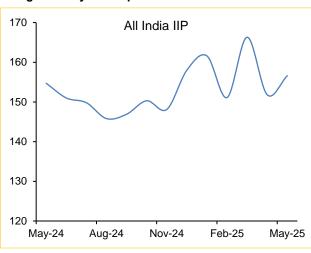
Softening of growth was observed in Q3FY25 & Q4FY25 across consumption-led sectors. Demand for consumer goods has softened in both, rural and urban, areas. We believe this softening is more pronounced in the lower income levels. As the negative economic impact of geopolitical risks & tariffs get more noticeable, growth trends are likely to shift towards premiumization and high-valued items.

Slowing down of growth affects the bottom of the income pyramid the most

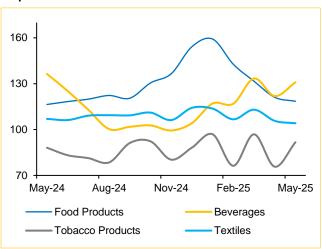
Faltering consumption at lower income levels

The demand environment at the lower end of the income pyramid has slowed down considerably as compared to the FY22/FY23 peak. This can be attributed to stagnating income levels. The demand environment continues to be sluggish even for consumer staples, such as toothpaste, bread and food.

Index of Industrial Production has declined significantly after Apr'25



Manufacturing of Food Products has dropped by 40points since Jan'25



Source: Ministry of Statistics & Program Implementation, Choice Institutional Equities

One year Forward Consumer Expectations peaked in Mar-24 indicating declining consumer confidence



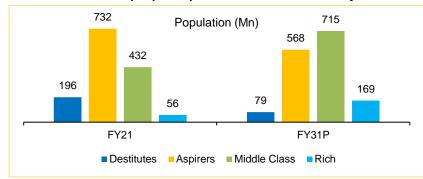
Source: Reserve Bank of India, Choice Institutional Equities



1.4 Surprisingly, Luxury & Premium Spending Continues To Remain Robust

In this backdrop, we expect the middle & upper income levels of the economy to continue to consume and grow faster than average. The rich and middle income classes are expected to grow much faster, the rich class, with income levels higher than INR 3 Mn, is expected to **expand at a CAGR of 11.5%**, while middle income earners are expected to expand at a CAGR of 5.2%, as per Price 360 survey

India to have 884 Mn people as part of rich & middle class by 2031E

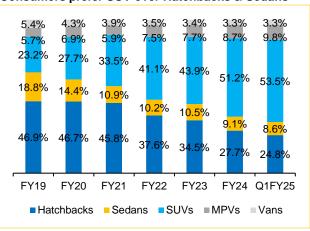


Looking ahead, luxury consumption is likely to outpace mass consumption

Income Levels(000s INR at 20-21 prices):
Destitutes: <125, Aspirers: 125 to 500, Middle Class: 500 to 3,000, Rich: > 3,000
Source: Price 360 Survey, IIM Udaipur, Choice Institutional Equities

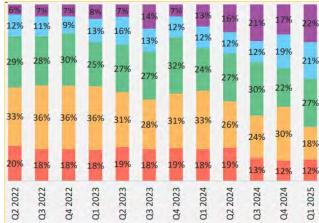
Luxury spending continues to remain buoyant, running counter to a cyclical slowdown. While mass spending slows down, the upper premium & luxury segments continue to grow faster. This trend is evident across Consumer Discretionary segments, such as real estate, travel & leisure and autos.

Consumers prefer SUV over Hatchbacks & Sedans



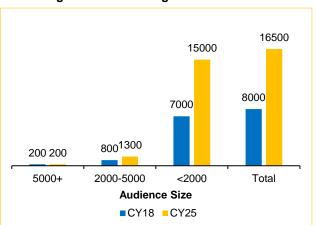
Source: SIAM, Choice Institutional Equities

Ultra-luxury RE launches outpace affordable launches



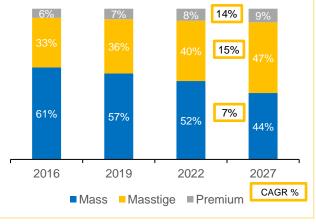
Source: Anarock, Choice Institutional Equities

Increasing concerts: running housefull



Source: EY Concert Economy, Choice Institutional Equities

Beauty & personal care looking for growth in premium

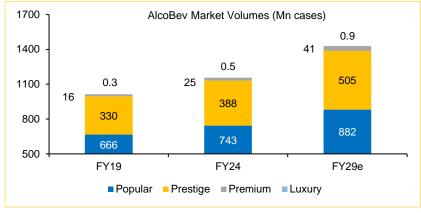


Source: Redseer, Choice Institutional Equities



1.5 Prestige & Above AlcoBev Growth Exceeds Popular Segment

Projections for the AlcoBev market (by volume) have built-in expectations of growth of the Prestige & Above Segment at a CAGR of 5.8% while Popular category to grow at a slower pace of 3.5%. This growth is majorly coming from Luxury & Premium segments, which are expanding at a CAGR of 12.5% & 10.4%, respectively.



Demand for Luxury & Premium Spirits is projected to be strong

Source: Technopak, Choice Institutional Equities

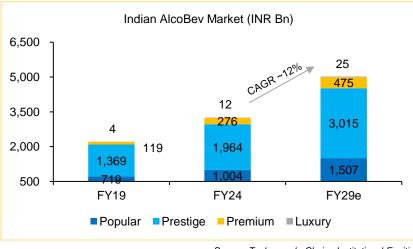
Luxury AlcoBev is poised for growth at ~17% from FY24 to FY29E

In the AlcoBev market by value, Luxury AlcoBev is poised for growth at ~17% from FY24 to FY29E, however the segment faces intense competition from both, global and domestic smaller players.

The AlcoBev space is witnessing a pick-up in the craft/micro segments; there is additional competition pressure from imported (Bottled-in-Overseas [BIO]) Spirits such as Scotch Whisky, American Whisky, Liqueurs and Tequila, that makes this segment difficult to scale.

Hence, we believe the battlefront is clearly set and Premium & Prestige segments will be where the battle of brands will play out. The Prestige & Premium segments are forecast to expand at a CAGR of 9% and 11.5%, respectively.

Premium & Prestige offer the highest opportunity for scaling up



Larger surface area offers more room for competition to play out in Premium & Prestige segments

Source: Technopack, Choice Institutional Equities



1.5 Prestige & Above AlcoBev Growth Exceeds Popular Segment

Most companies are launching new brands in the category of Prestige & Premium. **ABDL** has launched 7 out of a total 8 new brands over FY24 & FY25 in this segment.

RDCK has opted to focus on luxury Spirits for international markets & Global Travel Retail (Duty-Free) by launching high MSRP items like India Liqueurs, Craft Gins & Indian Single Malt Whiskys.

The race for Premium & Prestige segments is heating up

Most new products are launched targeting Premium and higher segments

Company	Popular	Prestige	Premium	Luxury
UNITDSPR		$\overline{\mathbf{v}}$		$\overline{\mathbf{v}}$
RDCK				$\overline{\mathbf{v}}$
Pernod Ricard				$\overline{\mathbf{v}}$
ABDL				
TLNGR		$\overline{\mathbf{v}}$	V	
AAB	$\overline{\mathbf{v}}$	$\overline{\mathbf{v}}$	☑	
John Distilleries	$\overline{\mathbf{v}}$	V	☑	
Jagatjit				
Globus Spirits	☑			

Source: Company, Choice Institutional Equities

At present, UNITDSPR has the highest share of P&A at 83%, while other players are lagging behind.

Company	P&A Volume % (FY23)	P&A Volume % (FY25)
UNITDSPR	66%	90%
RDCK	34%	41%
ABDL	35%	40%
TLNGR	20%	24%
AAB	NA	NA
John Distillers	96%	NA
Jagatjit	89%	NA

Companies are gearing up their P&A portfolio

Source: Company, Choice Institutional Equities

1.6 Premiumization Strategies Adopted By Companies

Various companies are trying to unlock this booming segment of Premiumization with various strategies. We believe companies are following 3 major strategies to uncork valuable growth and reach glasses of the customers:

- Brand Launches: The Premium & Prestige segments dominate in both value and volume, offering the largest runway for growth. While luxury Spirits earn higher margins, the market size remains small (~INR 12 Bn; 0.5 Mn cases). Hence, most brand launches are now targeting this midtier segment, where A&P battles are intensifying to win over the evolving, demanding consumer via Social Media, Brand Launch events etc.
- 2. Hiving off popular category brands: UNITDSPR sold 32 brands under the Popular category [Haywards, Old Tavern, White Mischief (Vodka) and Green Label] and licensed 11 more brands to Inbrew Beverages in 2022. This strategic initiative has improved the metric of P&A, from 70% in FY21 to almost 90% in FY25.
- 3. Increasing retail prices: We believe that the Popular category, retailing for less than INR 1000 for a bottle of 750ml is price-sensitive. While P&A is relatively price-insensitive, but a sharp increase in price rise would lead to volumes dropping in the largest category Prestige (see segmentation above) as well.

Capturing P&A share of the larger players remains to be a key strategy for growth



1.6 Premiumization Strategies Adopted By Companies

50% of brand launches are in the Premium segment, priced between INR 1000 and 5000 per 750ml bottle

Company	Brand	Туре	Price Segment
ABDL	Arthaus Blended Malt Whisky	Whisky	
ABDL	Pumori Gin	Gin	Luxury Premium
		Rum	Premium
	Segredo Aldeia Rum		
	Woodburns Whisky	Whisky	Premium
	Rock Paper Rum	Rum	Premium
	Zoya Gin	Gin	Premium
	Srishti Whisky	Whisky	Prestige
	Golden Mist	Brandy	Prestige
AAB	Crafted Gin Nicobar	Gin	Premium
	Blended Malt Whisky Hillfort	Whisky	Premium
Pernod Ricard	Longitude 77	Whisky	Luxury
	Royal Stag Double Dark Peaty	Whisky	Popular
Pernod Ricard	Blenders Pride Four Elements	Whisky	Popular
RDCK	Kohinoor Reserve	Dark Rum	Luxury
	Jaisalmer Indian Craft Gin	Gin	Luxury
	Ankahi Zaffran	Spiced Liqueur	Luxury
	Sangam World Malt Whisky	Whisky	Luxury
	Spirit of Victory 1999	Whisky	Luxury
TLNGR	Monarch Legacy Edition	Brandy	Luxury
	Samsara Gin	Gin	Premium
	Sitara Rum	Rum	Premium
	Amara Vodka	Vodka	Premium
	Mansion House Whisky	Whisky	Premium
UNITOODD	Codeway v Tai Edition	\\/\b\:\alg.	
UNITDSPR	Godawan x Taj Edition	Whisky	Luxury
	McDowell X - Series	Rum, Whisky, Gin	Premium
	Smirnoff Indian Flavours	Vodka	Premium
	McDowell's Indian Single Malt Whisky	Whisky	Premium
	McDowell Double Oak Barrel	Whisky	Popular

Source: Company, Choice Institutional Equities

1.7 Our View

While **ABDL** and **TLNGR** are launching new products or having agreements to expand their portfolio, we believe, the houses that have already built a strong foundation on this battlefront are **UNITDSPR** and **RDCK**.

UNITDSPR has aggressively exited 30+ low-end labels and is now laser-focused on premium brands such as Signature, Black Dog, and Johnnie Walker. RDCK is also actively building on its premium and luxury segments like Jaisalmer Gin and Rampur Indian Single Malt.

Company	Premiumization Status	Brand Launches		
UNITDSPR	High	Godawan Single Malts, Smirnoff Indian Flavours		
RDCK	High	Rampur Jugalbandi, Kohinoor Dark Rum – Ultra premium & award winning		
ABDL	Medium	Woodburns Whisky & Zoya Gin – Strong foundation poised for success		
TLNGR	Medium	Samsara Gin – Great play on the Craft Gin segment via a Usership Agreement		
AAB	Low	Hillfort Whisky & Nicobar Gin – Strong brand investment by a new entrant		

BATTLEFRONT 2: Distribution Reach

Choice Institutional Equities

ROUTE TO MOAT IN A STATE FRACTURED MARKET



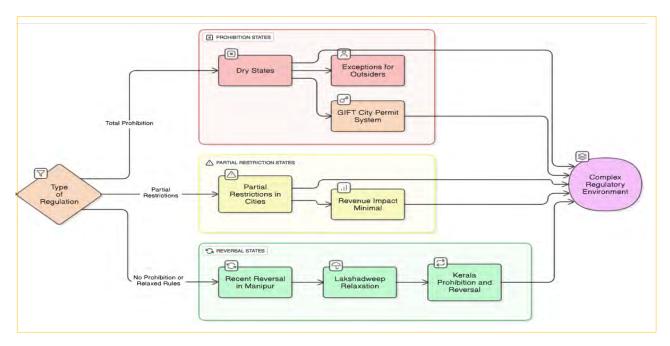
- Distribution is the key to unlocking millionaire brands; large distribution essentially entails dealing with multiple state excise departments
- Domestic consumption (both, At Home & Outside Home) are significant consumption drivers, contributing the most to the AlcoBev and Spirits markets
- Different state excise departments have varying duty structures and models for distribution, leading to differing MRPs and compliance burdens
- Thus, the route to market creates an inherent edge for the larger players who can afford the compliance cost as well as the know-how to deal with multiple governments effectively
- Smaller regional players will find it difficult to enter and scale up new markets, while real growth will come only from addition of new markets to its base
- We believe UNITDSPR, RDCK and ABDL have set up connected distribution channels across the country.

2.1 AlcoBev Distribution Is Heavily Regulated

Of 28 states in India, there is prohibition in 4, whereas Manipur was recently deregulated

Alcohol is a state subject: creating a complex web of regulatory hurdles

Alcohol is a state subject as per the Constitution of India, this means that the Central Government cannot tax or regulate the consumption of alcohol in India. Every state and Union Territory have their own rules & regulations regarding production, distribution, taxation & consumption of alcohol.



Source: Excise Departments of states and UTs, Choice Institutional Equities

The Dry States

Bihar, Gujarat, Nagaland and Mizoram have banned sale and consumption of alcohol. While minor exceptions exist (e.g., for tourists), volumes are negligible. Gujarat's GIFT City allows alcohol via permits, but broader relaxation is unlikely.

Partial restrictions

In March 2025, Madhya Pradesh banned alcohol in 19 cities of religious significance. However, with only a 2% expected revenue loss, this would not significantly affect overall consumption.

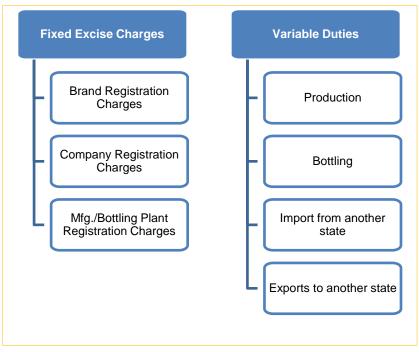
Recent Reversals

Manipur lifted its 30-year-old ban on alcohol in December 2023. Lakshadweep, in 2021, eased its rules pertaining to alcohol and Kerala reversed its 2014-16 prohibition order due to loss of tourism revenue.



2.1 AlcoBev Distribution Is Heavily Regulated

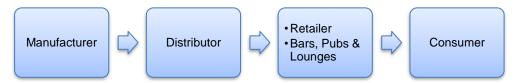
Excise Departments levy various fixed & variable duties, increasing operational complexity



Source: Excise Departments of states and UTs, Choice Institutional Equities

2.2 Multiple Routes To Markets Across States

We classify all the excise regulations into three categories based on the presence of state corporations in the supply chain. From the manufacturer to the customer, there are usually at least two parties involved in the process, that is, the distributor and the retailer.



Source: Choice Institutional Equities

Category A states are more likely to have freer markets and offer better opportunities to alcohol manufacturers.

Private Distribution & Private Retail

- 1. Category A:
- In these markets, the government mainly regulates shop numbers, locations and license fees, with minimal intervention beyond tax collection.
- Key states: Goa, Maharashtra, Assam, Haryana, Punjab and Uttar Pradesh.
- Key States: Tamil Nadu, Delhi, Chhattisgarh and Kerala

Government Distributor & Private Retail

- Category B:
- State-run corporations act as intermediaries between retailers and manufacturers, placing orders based on "lifting" provisions.
- Key States: Madhya Pradesh, Karnataka, Rajasthan and West Bengal.

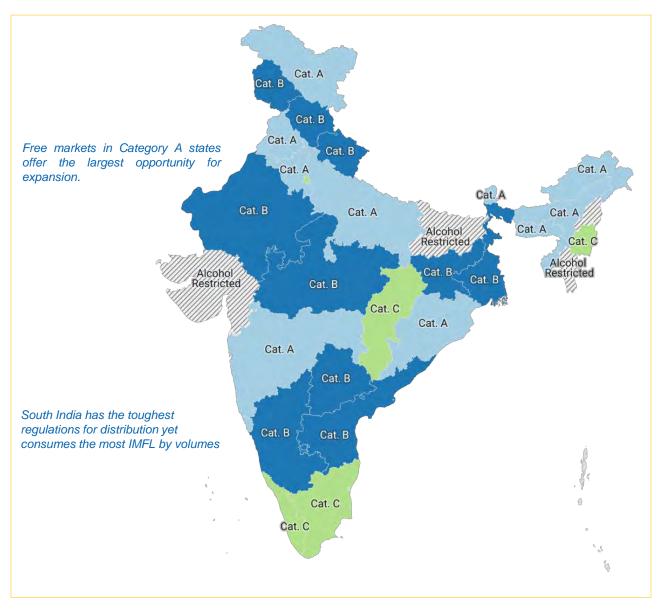
Government Distributor & Government Retail

- 3. Category C:
- This is the most restrictive system wherein the government controls brand availability, operates liquor vends and disallows most advertising or promotion.
- Key States: Tamil Nadu, Delhi, Chhattisgarh and Kerala



2.2 Multiple Routes To Markets Across States

Category	Distributors	Retailers	Upsides	Risks
Α	Private	Private	Higher sales of P&A Retail stores can be used for launches Ability to selectively launch in key areas Assortment can be pushed as needed	1. Pricing is still decided by the Excise Dept. 2. Increased A&P spend 3. Need to reach out to multiple distributors
В	Govt. Corporation	Private	Only 1 touch point for revenue Retail assortment can be varied Free market at the retail level	Trade receivable risk Higher A&P spend on retail
С	Govt. Corporation	Govt. Corporation	Single touchpoint for wholesale Lower Advertising & Promotion spend	 Assortment is under complete control of the Excise Dept. Liquor Vends may not be as luxurious Advertising & Promotion might not be possible at Corporation Stores



Source: Excise Departments of states and UTs, Choice Institutional Equities

17



2.3 Route To Market Governs Excise Duty Collections

Excise Levy and Calculations are complex differing from state to state.

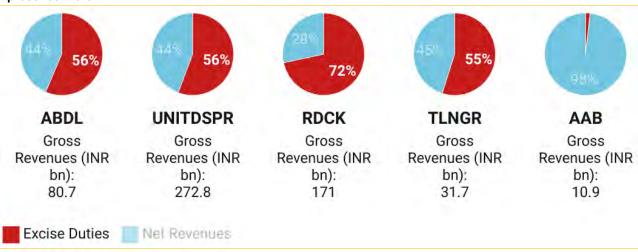
How is excise levied?

- Excise Duty is levied on production, manufacture, import & export of AlcoBev products
- Excise duties on AlcoBev products have gained higher importance in the wake of freebies and widening state budgets
- States, such as UP and Andhra Pradesh are moving towards a more forward excise policy to collect higher excise duties
- Most states have announced lower duties on AlcoBev products developed from home grown commodities such as Wines & Malt Liquor (Maharashtra), Feni (Goa), UP made liquor [UPML] (Uttar Pradesh)

Excise can be a burden on Net Revenues

The balancing act becomes necessary as large excise duties become onerous and can act as a deterrent on demand or supply of alcohol. For instance, RDCK paid about 72% of its gross revenue to excise taxes in FY25 because of a large presence in Uttar Pradesh.

As UP levies the highest excise taxes, ~72% of RDCK's FY25 gross revenue is paid as tax due to its strong presence there.



Source: Company, Choice Institutional Equities



2.3 Route To Market Governs Excise Duty Collections

Excise Rates and consumption of AlcoBev within a state determine the amount of Excise Duty Collected

Excise Duty Collected FY25E 29.9 32.5 112.0 50.6 140 197.2 630 0 30.0 175.0 125.0 97.5 276.2 ≥ 600 500-600 400-500 129.4 300-400 31.5 200-300 100-200 Alcohol Restricted < 100 Map data: @ OSM . Created with Datawrapper

Uttar Pradesh is expected to collect the highest excise duty at INR 63Bn

> Note: Map not to scale Source: RBI Handbook on State's Statistics, Choice Institutional Equities

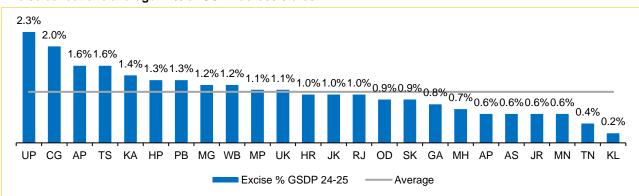
2.4 Excise Duties Form a Major Source of State Revenues

Outright Prohibition or major shocks ruled out

Some minor shocks might occur, states are unlikely to implement complete prohibition

Since, the state governments across the country are staring at rising fiscal deficits, coupled with lack of control over collection & levy of GST, Alcohol is one of the few avenues which helps consolidate revenues. Following this, we do not expect any major prohibitory orders, rather we anticipate the state governments to rationalise and shore up excise revenues, which would positively impact volumes & access to consumers.

Excise collections average ~1% of GSDP across states



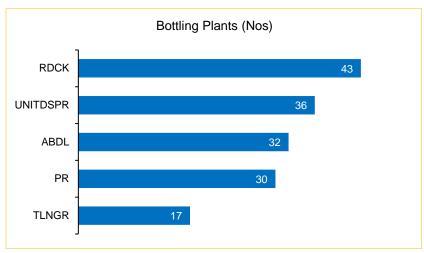


2.5 Inter-state Taxes On Imports Also Play A Critical Role

Importing bottled liquor is not feasible for Popular Brands requiring bottling plants across the country.

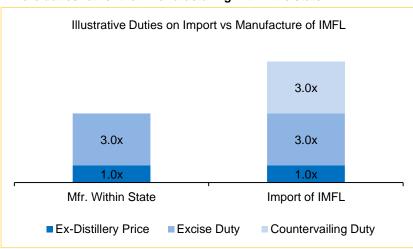
- Excise duty is leviable on production or import of sealed AlcoBev bottles within a state.
- States, such as Goa and Delhi charge lower duties and do not levy major taxes
- States, such as Maharashtra charge a significant differential between AlcoBev bottled within the state vs bottled outside the state.
- Major players will have bottling plants across the states so as to sidestep onerous duties, especially in the case of popular and premium brands.
- These brands can be price-sensitive rather than taste-sensitive. Hence, it becomes possible to source ENA locally.
- Additionally, for luxury products, where product and taste is of prime importance, these will be made only centrally.

RDCK leads the pack with the highest number of bottling plants spread across the nation, thus avoiding high inter-state duties



Source: Technopak, Choice Institutional Equities

It is clear that import of IMFL from outside a state could lead to 3x more duties rather than manufacturing within the state

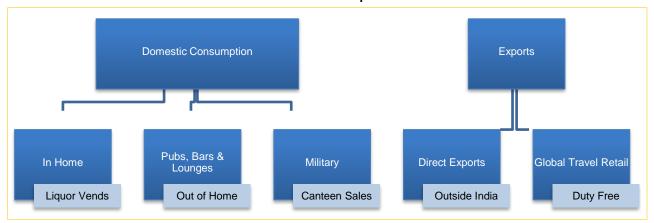


Source: Choice Institutional Equities



2.6 Distribution In Restaurants, Bars & Lounges Offer The Best Promotional Opportunities

Point of Consumption



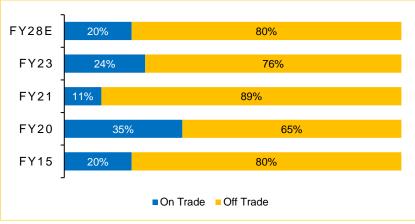
Source: Choice Institutional Research

Pubs, Bars & Restaurants offer customer a chance to sample the products first

On-Trade refers to sale of AlcoBev in HoReCa (Hotels, Restaurants & Catering). Bars & Restaurants offer multiple A&P opportunities:

- Offers, such as Buy 1 Get 1
- Offers customers to taste before committing to an entire bottle of 750 ml/1L
- Featuring brands in "Happy Hours," offering cheaper drinks

On Trade a smaller market, while it is the only path to experiential consumption



Source: Technopak, Choice Institutional Equities

Channel Check - Large Bar & Lounge Chain

- For cocktails, White Spirits, such as Gin, Vodka, are preferred. Large chains will have contracts specifying the volume of alcohol that must be lifted during a financial year. These contracts usually last for a year.
- The contracts can have additional terms and discounts under 3 major heads: Visibility (of the bottles), Execution (Volumes) & Marketing.
- Usually, restaurants have a house recipe for each cocktail that is based around the taste of a particular brand and these sales can be sticky.
- Fine-dine restaurants are the old guard and have been serving cocktails. New formats, such as bars & lounges, are there for the young crowd.

Manufacturers contract with pubs & bars for marketing, visibility & execution

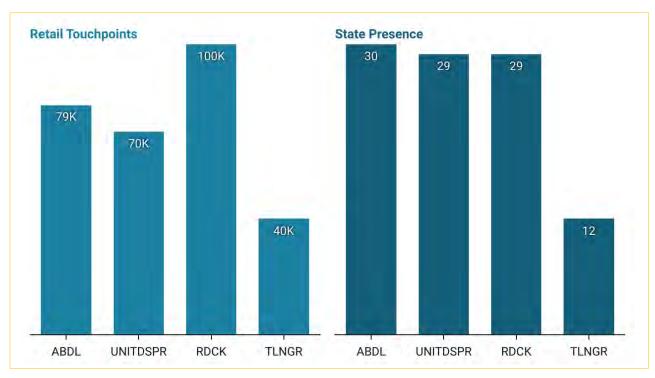


2.7 Large Distribution Networks Give Access To More Markets

There are ~100-110k liquor shops across India; only 4 companies have presence across the country

A large distribution network underscores the ability of a firm to distribute products widely. Launching a brand necessitates distribution across the country as the key cities from Tier-1 & Tier-2 are spread across.

There are about 110k to 130k retail liquor shops across the country. In a shop, what is available sells, so a large-scale presence in all the shops becomes really important.



Source: Company, Choice Institutional Equities



2.8 Large Networks Offer Diversification Against Risks

The AlcoBev industry faces unique risks of regulation and delayed payments to rigid pricing rules and supply disruption, stemming from complex state-level controls.

A wide geographic presence helps mitigate these challenges by balancing exposure and ensuring operational flexibility across markets

Regulatory Risk

Working Capital Risk

- The AlcoBev sector faces frequent duty hikes like 50% in Maharashtra and Karnataka this year, which negatively impacts volumes
- A wider presence helps offset such regional shocks.
- Most states allow only annual price revisions, limiting cost pass-through. States, such as Maharashtra permit mid-year changes, offering flexibility
- A pan-India presence helps offset rigid pricing in some markets.

- In states with government run distribution like Telangana, delays are common. Dues reached INR 36 Bn in Jan 2025, straining cash flows
- A diversified presence balances such risks with smoother cash cycles elsewhere.
- Label or brand registration delays like re-approvals after a name change can cause prolonged stock outs.
- A wide distribution footprint lets companies shift focus to unaffected states, minimizing impact

Pricing Risk

Supply Chain Risk

2.9 Our View

According to us, the houses leading on this battlefront are: UNTIDSPR, RDCK and ABDL.

RDCK has presence in 29 states and union territories. It has retail touchpoints of ~100,000 and 43 bottling plants, making it the leading player in both of these data points.

ABDL has presence in 30+ states and union territories, making it the player with highest presence in the country. It has around 80,000 retail touchpoints and 32 bottling plants strategically located nationwide.

TLNGR is playing fast catchup with acquisition of the sales & distribution network of Imperial Blue which is widely distributed.

Company	Distribution Status	Rationale	
UNITDSPR	High	Pan-India player, executing its dominance very well. UNITDSPR has 36+ bottling plants, reaching 70K+ retail touchpoints.	
RDCK	High	Pan-India player with a good grip on global travel retail & exports Exports have consistently increased over the years to 10% of revenues.	
ABDL	High	Pan-India player with a varied distribution strategy of Popular segments in Whisky, good foundation set up for premiumization.	
TLNGR	Medium	With the acquisition of Imperial Blue and consequent access to sales & distribution network, will put it on par with the other major player.	
AAB	Low	Currently present in four states with plans to add 3 major states. Currently, the company can be considered to be a regional only player. Addition and scalability of further states remain an upside.	

BATTLEFRONT 3: BACKWARD INTEGRATION

Choice Institutional Equities

RAISING SPIRITS, FINANCIALLY



- Input cost volatility, quality concerns, margin protection & supply assurance are the critical drivers for encouraging backward integration across the industry.
- Extra-Neutral Alcohol, Malt, Scotch Whisky and Glass are the key inputs for the spirits industry.
- ENA faces stiff pressure from ethanol blending & input costs, such as grains, molasses & cereals.
- UK FTA to be margin-accretive as duties on Bulk Scotch Whisky used for blending will reduce.
- Packing material form around 20% of revenues on an average, manufacturers are replacing glass bottles using strategies, such as glass bottle recycling, PET bottles, Tetrapaks in the Popular segment.
- Backward integration improves margins owing to vendor margin claw back, better efficiencies and savings on transport costs. But, there are challenges due to requirement of high investments, meeting environmental and regulatory norms & state-specific excise regulations.
- We believe UNITDSPR, RDCK and AAB have well integrated units to support backward integration.

Input Cost Volatility

- Volatility in raw material (ENA):
 - Most Indian Spirits rely heavily on Extra Neutral Alcohol (ENA), which is derived from molasses or grains
 - ENA prices are influenced by multiple factors, such as grain availability, ethanol blending policies, FCI procurement actions, import restrictions and occasional export bans

Industry is prone to shocks in margin as input costs are volatile

Packaging material volatility:

- Glass bottles, cartons and caps have seen sharp price swings driven by fuel prices, raw material shortages and global logistics disruption.
- Scotch price fluctuations:
 - Prices of imported scotch (used in premium blends) are subject to global demand-supply shifts and forex volatility, impacting margins.

Key raw materials for AlcoBev Spirits



ENA, packing material and malt are the most important drivers of margins

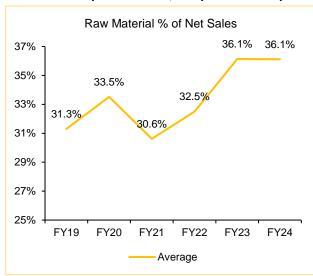
Source: Choice Institutional Equities

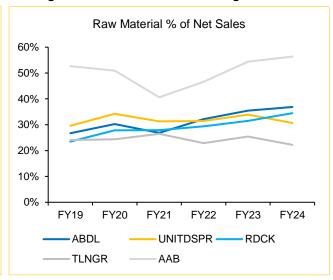


AlcoBev is dependent on a few critical inputs like Grains, Cereals, Glass, Extra Neutral Alcohol etc. These inputs are also widely used in other industries or are parts of critical food supply chains.

This leads to input cost volatility and defending margins becomes a crucial balancing act for the industry.

As input costs rise, companies can expand their margins via vertical & backward integration





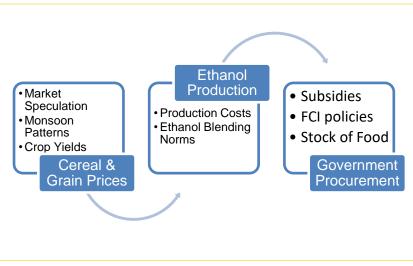
Source: Various Companies, Choice Institutional Equities

Input Costs: Extra Neutral Alcohol (ENA)

ENA faces tough competition for raw material availability due to Ethanol blending and reliance on grains

- ENA is the primary raw material for IMFL, constituting about 30-40% of costs. ENA was earlier made using only molasses (sugarcane). But, due to ethanol blending regulations, distilleries have moved to other grains & cereals-based feedstock, such as barley, maize and broken rice.
- ENA manufacturers enjoy 9-10% of margins which can be recouped on manufacture of ENA internally.

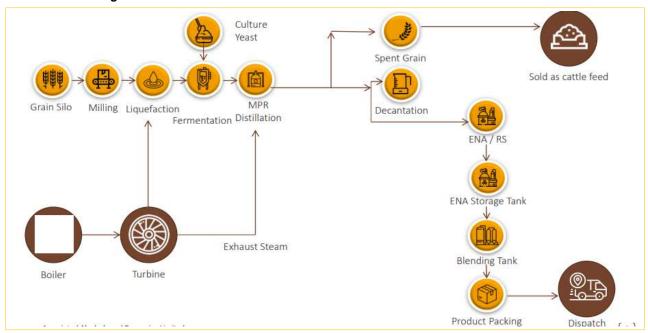
ENA Price Influencers



Source: Choice Institutional Equities



ENA Manufacturing Process



Source: Company Documents, Choice Institutional Equities

12%

Input Costs: Extra Neutral Alcohol (ENA) 9% of ENA costs can be clawed back with backward integration of ENA

With average vendor margins hovering around 9% - 12% as a larger quantity of ENA is manufactured in-house, companies will be able to claw back this margin & save on costs.

Average ENA Margins %



FY24

In addition to claw back, in-house manufacturing can ensure higher quality and better efficiencies

> Note: Average calculated using margins for India Glycols, IFB Agro, BCL Inds & Assoc. Alcohols ENA Segments Source: Companies, Choice Institutional Equities

9%

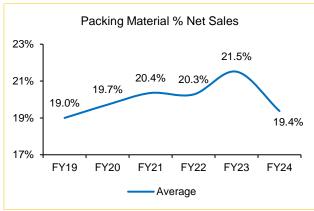


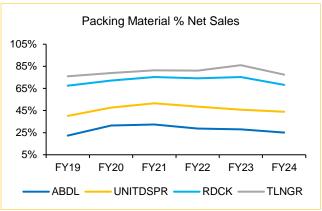
Input Costs: Packing Materials

Packing material forms a significant portion of the cost due to increase in the complexity in design of high-end and luxury glass bottles.

PET Bottle: In the lower-priced segment, the industry has moved to PET bottles. With these bottles, there could be cost savings of as much as 20-30% in packing material. Along with higher volumes in the Popular category, this would mean significant savings for the manufacturers.

With growing re-use of Glass Bottles & use of PET bottles PM cost is reducing across the board





Source: Company, Choice Institutional Equities

Source: Company, Choice Institutional Equities

Packing material cost is reducing on the back of sustainable options **Mono Carton:** Traditionally, larger bottles came in an outer cardboard packaging called a "Mono carton." This is slowly being phased out across companies, resulting in 5%--10% in savings on costs.

Luxury Bottles: As companies move towards premiumization, there is a need for fancier glass bottles to compete with global players. These glass bottles require specialized orders and cost almost 2-3x of normal packaging costs.







Source: Company, Choice Institutional Research

Recycled PET bottles: For the lower end of the segments, in the Popular category, companies are moving towards recyclable PET bottles and setting up PET plants as well. This move is likely to add to margins and save costs, a challenge remains for state approvals.



Bulk scotch Whisky is critical to Premium & Semi-premium category

Input Costs: Other Key Ingredients

Malts are one of the key inputs in the manufacture of premium Whisky. Malt for high-end Whiskys needs to be aged in expensive barrels and be derived from high-quality grains. This process is only possible in-house.

Decoding Whisky's Key Ingredients

Price Category	Key Ingredients	Brands
Popular & Prestige	ENA, Water, Flavourings	McDowell's, Officer's Choice
Premium	ENA, Malt and bulk scotch Whisky	Ballantine's, Antiquity Blue, Arthaus, Sterling Reserve, DSP Black, Royal Ranthambore, 8PM, Hillfort
Luxury	BII = Bottled in India BIO = Bottled in Overseas Indian Single Malt = Aged & Distilled from Barley	BIO Johnnie Walker, GlenFiddich BII 100 Pipers, Teacher's, VAT 69, Black & White Indian Luxury Brands Amrut Single Malt, Godawan, Rampur Single Malt

Source: Company, Choice Institutional Equities

Input Costs: Premium Scotch

India is one of the largest importers of scotch Whisky, top 2 in last 4 calendar years. India imported 192mn bottles equivalent of scotch Whisky in CY24.

Scotch is used for blending and adding taste notes in Premium & Semi-Premium Whisky.

Additionally, scotch is also sold as Bottled in India for brands, such as Black & White, Teachers.

The India-UK FTA has paved the way for reduction in import duties, from 150% to 75% in 2026E and a further reduction to 40% over the next 10 years.

RDCK imports £ 2.12mn worth of scotch Whisky (\sim INR 2500 Mn). This FTA can lead to cost savings of at least INR 25--50mn over the course of next year.

Indian scotch Whisky imports are low-value bulk imports used for blending



UK FTA to expand margins post

signing, India likely to remain #1

importer



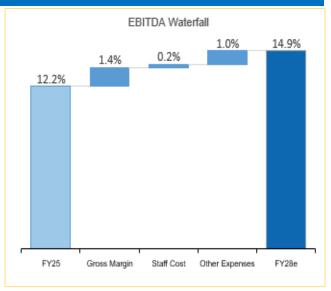
Source: Scotch Whisky Association, Choice Institutional Equities



3.2 Case Study I: Integration & Capex Loading - ABDL

ABDL has initiated multiple Backward Integration initiative:

- 1. Captive PET Plant
- Larger Distillery Capacity to capture 100% of ENA requirement
- 3. Malt Plant for single malts and blended Whisky.
- 4. This would lead to an expected Gross Margin improvement of around 300bps



Source: ABDL, Choice Institutional Equities

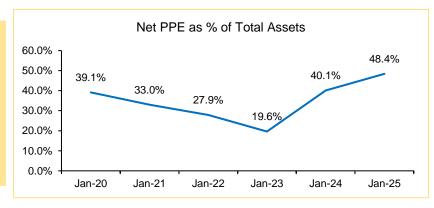
Funding capex for backward integration remains a key concern

High Capex: A distillery costs around INR 10 Mn per Kilo Liter per day. Given the volumes required for production of alcohol this can mean significant upfront capital expenditure. ABDL acquired Meenakshi Agro in Maharashtra in FY24 for a consideration of INR 720 Mn with a capacity of 11 MLPA or 3 KLPD.

3.3 Case Study II: Integration & Capex Loading - AAB

AAB is building a fully integrated liquor platform anchored by its ENA-to-malt facility in MP. With:

- 1. 58% captive ENA
- 41 bottling lines, multi-grain flexibility
- 3. 10.5MW captive power
- 4. ~8% revenue from cattle feed AAB runs with high internal costefficiency



Source: AAB, Choice Institutional Equities

Integrated liquor manufacturing value chain: from grain sourcing to by-product utilization



Source: AAB, Choice Institutional Equities



3.4 Our View

The houses ruling in this battlefront are UNITDSPR, RDCK and AAB.

UK FTA will be an industry wide tailwind, as India is the largest importer of bulk scotch Whisky, which is a key ingredient of premium & above Whiskys. With duty reduction in half from 150% to 75%, this can lead to margin expansion from 100-200bps across the industry.

UNITDSPR enjoys strong backward integration with access to local malt, ENA, and bottling facilities, further strengthened by imported scotch Whisky support from its parent Diageo.

RDCK's backward integration spans ENA distilleries, 40+ bottling units, and an in-house glass plant, ensuring strong cost and supply control.

AAB has built a vertically integrated empire, spanning ENA, IMFL, IMIL, ethanol, and bottling making it one of the most self-reliant players

Company	Backward Integration Status	Comments
UNITDSPR	High	Along with local malt, ENA & bottling plants, the company also benefits from imported scotch Whisky through its parent "Diageo".
RDCK	High	Fully integrated Sitapur plant covering bottling, malt & ENA Distillery
ABDL	Medium	On track to be fully integrated by FY26E- FY27E. Multiple projects for packaging, malt & ENA are under active development.
TLNGR	Medium	For Brandy: 4 owned units but 70% of production is via contracted units. Imperial Blue: 2 owned units and 16 shared manufacturing units. TLNGR will also gain access for procurement of concentrated alcoholic beverage (CAB) with Chivas Brothers
AAB	High	Fully integrated ENA & Ethanol Distillery along with a bottling plant. Malt Plant under construction.

BATTLEFRONT 4: **BRAND CREATION**



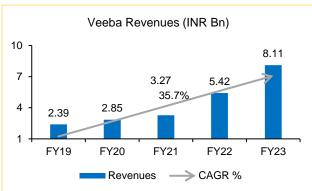


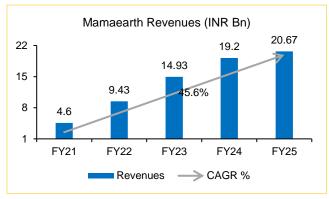
- Premiumization at a micro level can only be achieved by launching and scaling up Prestige & Above brands.
- Brand-building becomes an important part of growth and scalability of volumes, as consumer preferences evolve.
- India is a nascent and growing market for alcohol consumption, with room for smaller companies to capture the attention of consumers with innovative craft brands.
- Brand-building is a long-term exercise requiring 2--3 years of development before the effects of a full scale-up is visible in the financials.
- Management support, financial muscle and ability to invest in research & development as well as A&P are critical to building successful brands.
- In our view, UNITDSPR and RDCK have established multiple successful brands under their portfolio umbrella

4.1 Why Is Brand Building Important?

- In the previous section, we noted that the path to premiumization is via the launch of brands. For firms looking to improve their realizations, launching successful premium brands is of paramount importance.
- South India prefers Brandy, while the north prefers Whisky. Brandy & Whisky are more popular among the older age-groups, while the younger cocktail-drinking crowd prefers Vodka & Gin.
- Nurturing fresh brands is a critical driver for P&A growth
- Apart from requiring fresh brand registrations in each state: each area requires its own brand promotion activities based on regulations, consumer preferences.
- Thus, we believe creating and managing successful AlcoBev brands while complex, can lead to outsized rewards.
- Across the fast moving consumer goods space, we note that successful brand creation can yield significant rewards of revenues and consequently profitability if managed well.

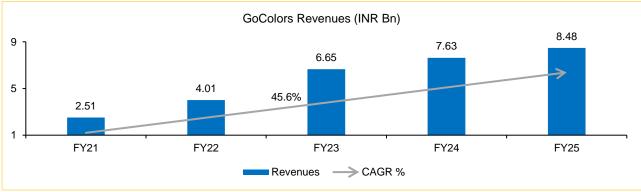
Recent FMCG brand launch success stories





Source: Veeba, Choice Institutional Research

Source: Mamaearth, Choice Institutional Research



Source: GoColours. Choice Institutional Research



4.2 Building AlcoBev Brands - The Blueprint



01

- 28% of consumer loyalty is driven by quality, as consistent, reliable products build trust.
- 25% of consumer loyalty is driven by Brand experience. Brands that create positive, lasting impressions forge deeper emotional connections.

02

- Competitive pricing remains crucial for middle-income consumers where valuedriven offerings helps retain volume.
- Premiumization builds brand equity and margins.

03

- Building a brand demands 2–3 years of time and heavy investment, with millionaire status taking 1–2 years post-launch.
- Luxury brands often require years of spend on marketing and capacity before turning profitable.

04

 Strong leadership drives premiumization, new brand creation, and operational efficiency across distribution and supply chains. 05

- With ~80% of AlcoBev volumes sold via retail, a strong nationwide distribution network is critical to ensure reach.
- For scaling luxury Spirits beyond India's small base, global channels like duty-free and direct exports are essential.

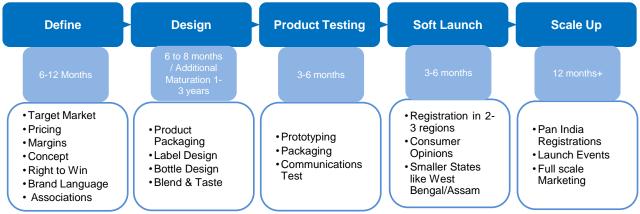
Source: Choice Institutional Research



4.2 Building AlcoBev Brands - The Blueprint

From product concept definition to a full-scale product, it could take anywhere between 2 and 3 years. The timeline for reaching a Mn cases or "Millionaire Brand" ranges between 1 and 2 years after the launch.

The following chart explains the various stages of the conception of an idea for a new brand to a full-scale launch.



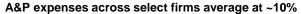
Source: Choice Institutional Research

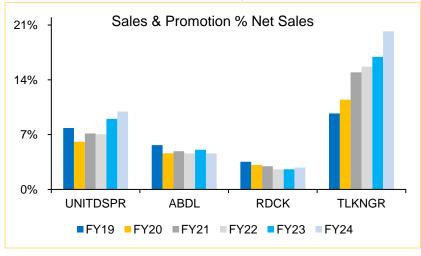
- The process of building a successful liquor brand is both, time and capital-intensive.
- With timelines stretching up to 2–3 years, from concept to full-scale launch and an additional 1–2 years to hit the
 million-case milestone, strategic foresight and operational resilience are key.
- This structured journey demands strong backend integration, agile innovation and consistent consumer engagement across stages. Only brands with sustained investments and long-term vision can effectively scale in this industry.

4.3 Brand Building: Reinvestment Via Advertising And Promotion (A&P)

Companies need to invest a significant amount on advertising & promotion for brand-building. TLKNGR spends the highest -- ~20% of net revenues, followed by UNITDSPR. As brands scale up, expenditure needs to be maintained to ensure brand loyalty and retain market share.

RDCK incurs the lowest A&P at ~3% of net revenues, which can be attributed to strong product quality and export-driven Premium & Luxury revenues.





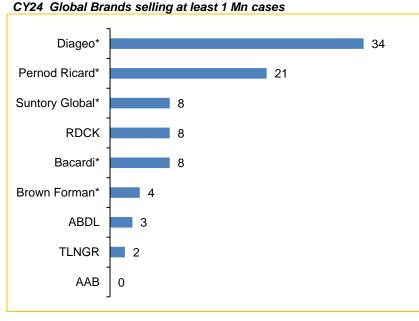
Source: Company, Choice Institutional Research



4.4 Indian Competitive Brands Landscape

Diageo*

UNITDSPR leads the chart with the most number of 1-Mn brands; way ahead of its next competitor



Note: * refers to global companies

Source: IWSR, Choice Institutional Research

AlcoBev market in India is fiercely competitive, wherein UNITDSPR has a distinct advantage, owning 34 global millionaire brands. The following chart depicts leading global players operating in India either directly or via imports at a significant sale.

4.5 The Next Wave: Upcoming Brands Will Create Significant Value					
Whisky	Brandy	Vodka	Gin	Rum	
WoodBurns	Golden Mist	Russian Standard	Zoya	Segredo Aldeia	
Arthaus	Monarch Legacy	McDowell X	Pumori	Rock Paper Rum	
Godavan		Smirnoff Flavored	McDowell X	McDowell X	
India Rare Spirits		Magic Moments Flavoured	Samsara Gin		
Rampur Variants		Amara Vodka	Nicobar		
Morpheus Whisky					
Mansion House					

 Key:
 ABDL
 UNTIDSPR
 RDCK
 TLKNGR
 AAB

Source: Choice Institutional Equities



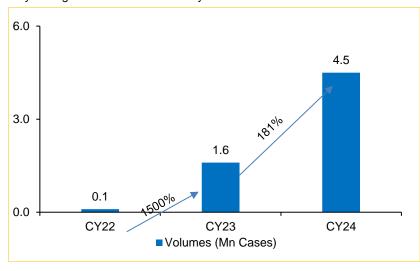
4.6 Tales Of Triumph

ABDL's ICONIQ White is the fastestgrowing global Whisky with 5.7 Mn cases in FY25, growing its brand creation story



ICONIQ White: ABDL's fastest growing Whisky

ABDL launched ICONIQ White in September 2022, with distinct labelling. It has been the fastest-growing Whisky in the world for two years in a row: CY23 & CY24 based on IWSR's Drinks International Report. This Whisky sold 4.5 Mn cases in CY24..ICONIQ recorded a formidable achievement by selling a million cases within a year since its launch.



Source: IWSR, Choice Institutional Equities

4.7 Our View

The seasoned rulers of this battlefront are UNITDSPR, RDCK & ABDL

UNITDSPR launched "Epitome" and "Godawan" under Diageo's innovation drive, targeting the growing premium segment with distinct regional and ecological appeal.

RDCK's in-house premium brands, such as "Jaisalmer Gin" and "Rampur Indian Single Malt" showcase its successful premiumisation strategy, with Rampur now exported to over 40 countries.

ABDL has enjoyed initial successes with Iconiq White, Sterling Reserve B7 & B10, with a bouquet of brands being built and launch over FY25/FY26E, this momentum is likely to continue which will support further expansion in P&A salience.

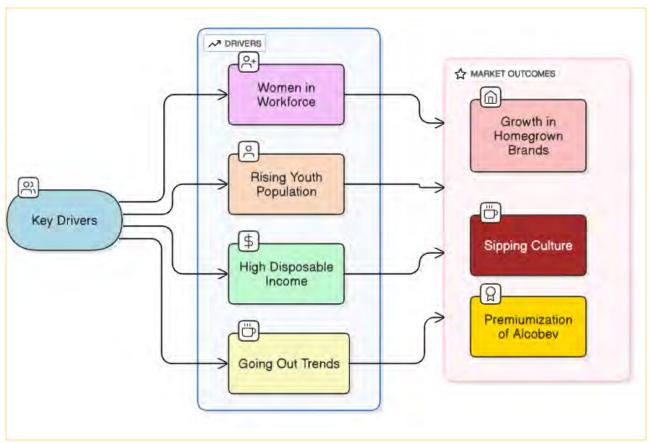
Company	Brand Equity	Comments
UNITDSPR	High	With the backing of Diageo, a global Spirits company with 34 brands selling a million cases, it has immense knowledge and expertise of brand launches & creation.
RDCK	High	Proven brand creation pedigree on the strength of brands, such as Rampur Single Malt, Morpheus and 8 millionaire brands.
ABDL	Medium	Recent successes, such as ICONIQ White & Sterling Reserve have buoyed revenues. Growth will hinge on successfully monetising premium and luxury brands.
TLNGR	Medium	It has a track record of limited brand creation. While the company owns two millionaire brands, new brands are yet to reach scale.
AAB	Low	Most recent player to enter the branded IMFL space, with Nicobar & Hillfort showing early traction, further acceptance and launches will be monitored closely.





- The trend of increasing the number of women in the workforce combined with a rise in young population has led to an increase in consumption of AlcoBev in a more outdoor setting. This has given rise to increasing number of bars, pubs & lounges across Metros, Tier-1 and Tier-2 cities, giving rise to a sipping & cocktail culture.
- The Indian consumer is evolving into a new personality of aspirational spending, outward-looking and digitally-exposed spending patterns, supported by credit.
- Most cocktail recipes focus on neutral-tasting White Spirits, such a Vodka & Gin. By increasing their consumption
 and establishing the trend for increased premium, white spirit consumption in India is growing at a much faster
 clip on a small base.
- Brown Spirits, such as Whisky, Brandy & rum, are also not expected to go away and maintain a slower but definite move than luxury products, such as Indian single malts and blended IMFL.
- Companies that are able to launch products and capture this ever-changing landscape of consumer behaviour are more likely to win in the longer term.
- According to us, UNITDSPR, RDCK and TLNGR with their diversified portfolio (including RTDs) better tackle changing consumer preferences

5.1 Key Drivers Of The Changing Consumer Preference In AlcoBev Industry



Source: Choice Institutional Equities



5.1 Key Drivers Of The Changing Consumer Preference In AlcoBev Industry

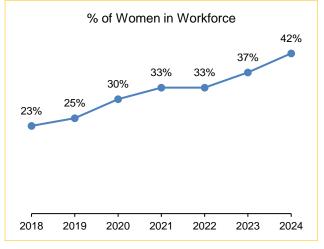
More Women in the Workforce

Rising female workforce participation is reshaping spending habits and driving the demand for convenience and premium experience. Growing societal acceptance is leading to increased alcohol consumption among women.

Rising Youth Population

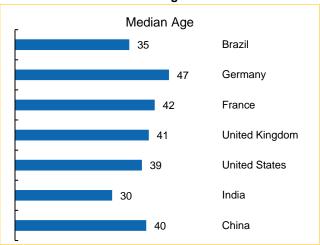
➤ India adds 13–15 Mn new drinking-age adults annually, with ~20% alcohol adoption. Led by a digitally native, experimental Gen Z and millennial cohort drive aspirational consumption.

Women are increasingly joining the workforce



Source: Periodic Labour Force Survey, Choice Institutional Equities

India has the lowest median age



Source: World Bank, Choice Institutional Equities

Rise in Disposable Incomes & Aspirations

Rising youth and workforce participation is boosting disposable incomes, driving demand for premium products, global brands and lifestyle-enhancing experience across income segments

Heightened Going-out Trends

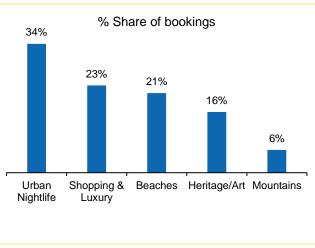
Post-pandemic, rise in demand for social experience is driving higher footfalls in restaurants, pubs and travel, especially among youth seeking connection and memorable moments over material goods.

Rise in per-capita income from 2018 to 2023 (in USD)



Source: Technopak Research, Choice Institutional Equities

Increasingly, Indians are looking to go abroad to enjoy nightlife



Source: Make My Trip, Choice Institutional Equities



5.1 Key Drivers Of The Changing Consumer Preference In AlcoBev Industry

Leading to demand for Homegrown Brands

- While global brands continue to appeal, there's a growing resurgence of and demand for homegrown Indian brands.
- This trend is multifaceted, driven by a sense of national pride, a desire for authenticity and the ability of local brands to better understand and cater to specific Indian tastes, cultural nuances and regional preferences
- Startups in India and established local businesses are leveraging this sentiment by offering products that resonate deeply with the domestic consumer, often at competitive price points and with innovative distribution strategies.
- From crafts to D2C food and beauty, consumers now prefer brands that reflect their identity.

Leading to Cocktail & Sipping Culture

- The heightened going-out trends, coupled with rise in disposable income and a more experimental youth demographic, are collectively propelling the growth of pubs, bars & lounges.
- There's a growing appreciation for Craft Spirits, artisanal cocktails and a wide variety of international wines and Beers.
- Mixology is gaining popularity, with consumers keen to experiment with flavours and Spirits.
- This trend presents immense opportunities for both, established and emerging players in the AlcoBev industry.

Leading to Premiumization

- Growing youth population and rising workforce participation are expanding the consumer base and shifting preferences towards more refined, premium alcohol choices.
- Gen Z and millennials, with global exposure and a preference for selfexpression, are more willing to experimenting with premium and unique AlcoBev brands.
- Increased income and a post-pandemic shift toward "experiences over things" are boosting demand for premium Spirits

5.2 Impact On The AlcoBev Sprits Markets

Companies are rapidly adapting to these shifts. Brands are investing heavily in market research to understand the evolving consumer psyche, segmenting their audience more precisely and tailoring product offering, accordingly.

There's a clear move towards premiumization across categories, with brands introducing higher-value products and services. Sustainability and ethical sourcing are also becoming key considerations, as conscious consumers increasingly prefer brands that align with their values.

This evolution is reflected in the growing popularity of Craft Spirits, cocktail culture

Consumer preferences are shifting

towards premium, homegrown and

experiential AlcoBev

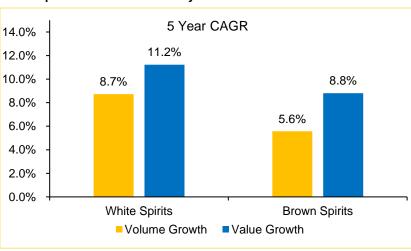


5.2 Impact On The AlcoBev Sprits Markets

White Spirits are having a mixer

- The cocktail and sipping culture has particularly boosted the White Spirits category.
- Gin, Vodka and tequila are experiencing a boom, driven by their versatility in cocktails and their appeal to a younger, more experimental demographic.
- Companies are responding by launching new variants, craft expressions and innovative flavours. For instance, UNITDSPR acquired Nao Spirits for its "Greater Than" Gin brands while TLNGR acquired Bartisans for its Ready to Drink (RTD) mixers.
- Cocktail recipes typically call for White Spirits, primarily Vodka & Gin, as they are more neutral in flavour.
- At present, Vodka & Gin contribute to around ~3% of AlcoBev market, estimated to be around 11--12 Mn cases. White Spirits are expected to grow at a much faster clip.

White Spirits Trend is here to stay!



Source: Technoopak, Choice Institutional Equities

Brown Spirits Pouring a Glass of Luxury

- While White Spirits ride the cocktail wave, Brown Spirits (Whisky, rum, Brandy) are increasingly positioned as symbols of luxury and discernment.
- Companies are focusing on premium and ultra-premium expressions, emphasising ageing, craftsmanship and exclusivity.
- Indian Single malts, limited-edition blends are gaining traction among the consumers both, in India & abroad.
- The narrative around Brown Spirits is shifting, from mere consumption to appreciation, with a focus on heritage, provenance and the art of distillation

Our Discussion on Trends with a leading PBL player – White Spirits are on the rise

- Young Indians prefer cocktails
- White Spirits are mainly preferred in pubs, bars & lounges for cocktails
- · Most recipes call for use of Gin, Vodka or white rum
- New crafts/gin are experiencing smaller blips in consumption but cannot be regarded as an affirming trend.
- Fine-dining always favoured cocktails but younger generation prefers cocktails in PBL.

White Spirits, such as Gin and Vodka, are booming, propelled by cocktail culture and rising experimentation

Brown Spirits, such as Whisky and Brandy, are rising as luxury picks, driven by craftsmanship and exclusivity



5.3 Our View

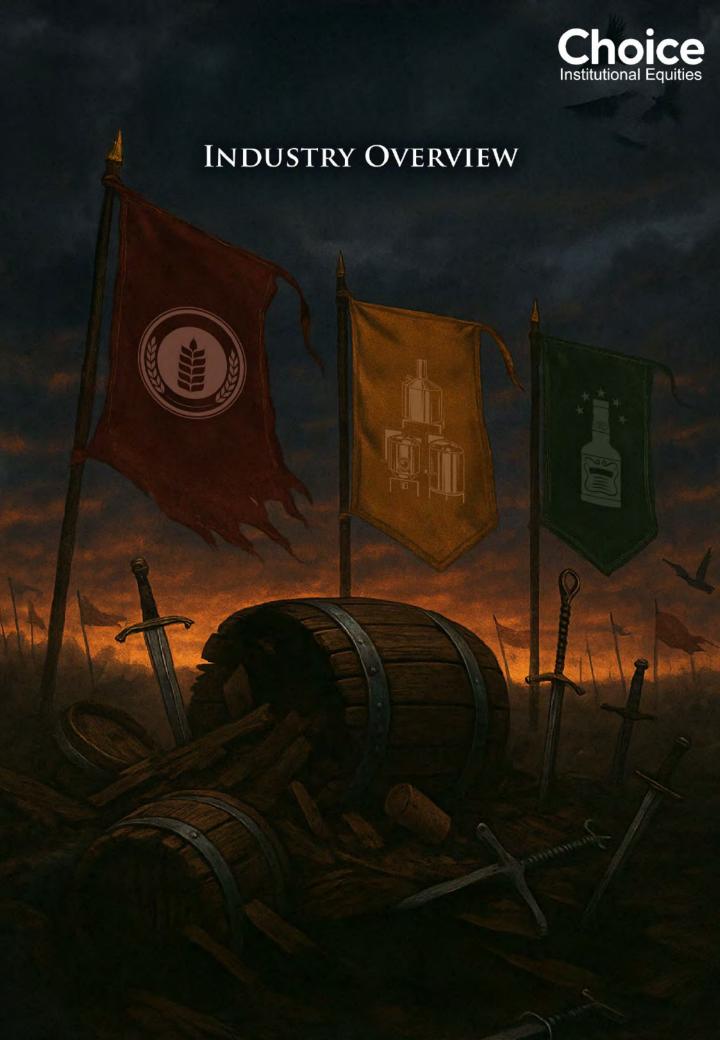
The seasoned rulers of this battlefront are: UNITDSPR, RDCK and TLNGR.

UNITDSPR is aligning with evolving consumer tastes through premiumization, craft innovations, such as Godawan and expanded global scotch offering.

RDCK is adapting to changing consumer preferences by launching premium and craft brands, such as Jaisalmer Gin and Rampur Indian Single Malt, targeting the aspirational and globally aware audience.

TLNGR is tapping into evolving consumer tastes by premiumizing its core brand Mansion House and expanding into new segments, such as ready-to-drink cocktails, through strategic investments.

Company	Brand Equity	Comments
UNITDSPR	High	Poised for a good pickup in sales of White Spirits, with extensive on-trade presence. Additionally, a popular White Spirits portfolio of Smirnoff & Nao Spirits (GIN) would help capture changing trends really well. Further, Godawan Indian single malt will further help buoy company's growth trajectory.
RDCK	High	Magic Moments controls significant market share of 80% in the Vodka markets. Additionally, the recent launch of Jaisalmer Craft Gin, which is yet to reap rewards and additional launches in the Indian Single malt luxury space, place the company well for growth.
ABDL	Medium	Single malts are 23 years away, post completion of malt plants. The company might be able to capture the White Spirits trend with Russian Standard Vodka and Pumori Gin.
TLNGR	High	Samsara Gin & Amara Vodka, which are planned to be distributed via a usership agreement, offer growth prospects, along with introduction of luxury Brandy. Additionally, the investment in Bartisans (cocktail mixers – non-alcoholic) can set the company apart in the longer run.
AAB	Low	IMFL penetration at 20% of net revenues indicates scope for growth. Nicobar Gin has captured some niche markets. However, the company's ability to respond to fast-moving markets remains limited.





Global AlcoBev Market

- The global market for AlcoBev is pegged at USD 1.6Tn in CY22
- Per capita consumption remains flat, with subdued growth due to saturation in mature markets
- Whisky and Vodka are the top contributors to global Spirits consumption

Indian AlcoBev Market

- India sold 1.1Bn AlcoBev cases worth INR 3.2Tn in FY23
- IMFL accounts for 70% of overall AlcoBev volume
- Whisky and Brandy dominate the IMFL segment, contributing ~80% of value and volume

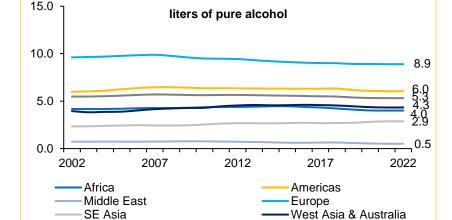
Growth Outlook

- Global AlcoBev market is projected to grow at a 2.5% CAGR through CY31.
- India's AlcoBev volume is expected to grow at a 2.1% CAGR from FY23 to FY28E, while value is expected grow at a CAGR of 6.1% over the same perido.
- White Spirits (Vodka, Gin, white rum) are the fastest-growing segment in India, set to expand by 29% over the next 5 years.

2.1 India Emerges as Top Growth Market as Average Global AlcoBev Consumption Stagnates

Mature markets stagnate; emerging economies drive volume growth

Global per capita alcohol consumption expected to remain stagnant



On a long-term basis, global AlcoBev consumption remains flat

Source: WHO, Choice Institutional Equities

While developed economies reduce consumption, emerging markets and Africa drive growth



Source: World Health Organization

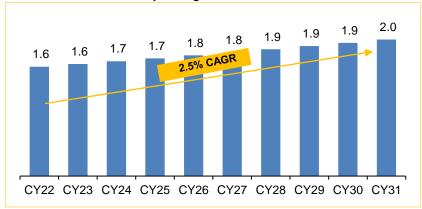
 Some of the key global AlcoBev companies, led by the Chinese player, Kweichow Moutai, dominate these large markets that have high consumption of per capita alcohol



2.1 India Emerges as Top Growth Market as Average Global AlcoBev Consumption Stagnates

The AlcoBev Market is expectedly standing at USD 1.6Tn; anticipated to rise by a 2.5% CAGR to USD 2Tn

Global AlcoBev Market expanding at 2.5% CAGR

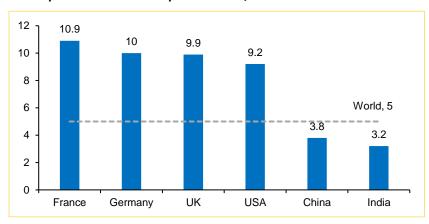


Source: Data Bridge Market Research, Choice Institutional Equities

Lower Per Capita consumption but a larger market opportunity

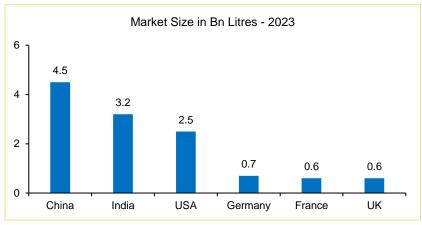
India & China under-indexed per capita, but population scale offers an upside

Per Capita Alcohol Consumption in litres, as on 2023



Source: Technopak, Choice Institutional Equities

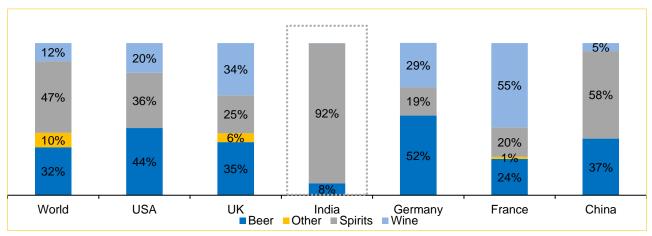
However, the sheer scale of their populations results in sizable market potential.





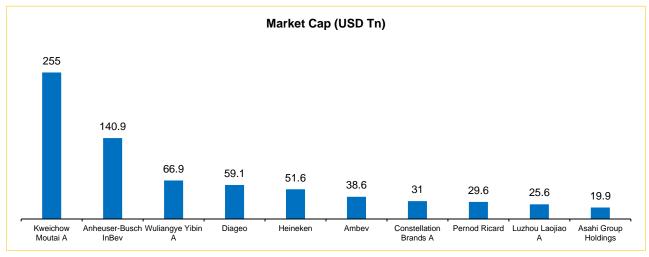
2.1 India Emerges as Top Growth Market as Average Global AlcoBev Consumption Stagnates

As of 2023, Spirits dominated 92% of Indian alcohol consumption, unlike global norms focused on Beer and Wine



Source: Technopak Research, Choice Institutional Equity

Global giants of the AlcoBev industry: Key players shaping the market



Source: Factset, Choice Institutional Equity

 The list also includes English and French players, such as Diageo and Pernod Ricard, which also have a significant footprint in India.



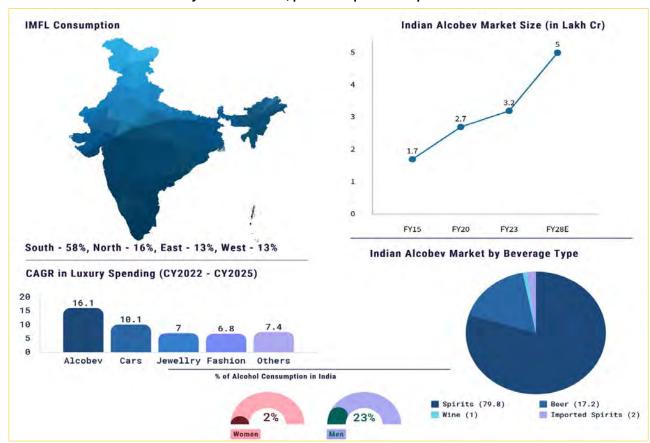
2.2 AlcoBev Market in India

AlcoBev Market in India: growth drivers & emerging trends

India's AlcoBev Market: Fast growth and premium shifts

- India's AlcoBev Market crossed 1Bn cases in FY23, with volumes almost equally split across IMFL, Beer and Country Liquor
- IMFL, however, leads in both, volume and value driven by recovery to 395Mn cases and premiumization-led growth
- India's AlcoBev Market is undergoing a structural shift, supported by strong macro tailwinds
- With low per capita consumption and over 13Mn new consumers entering legal drinking age annually, IMFL volumes are projected to grow by 9.9% CAGR over FY23-FY28 to 520Mn cases.

India's AlcoBev boom: Driven by southern thirst, premium spend and spirit dominance





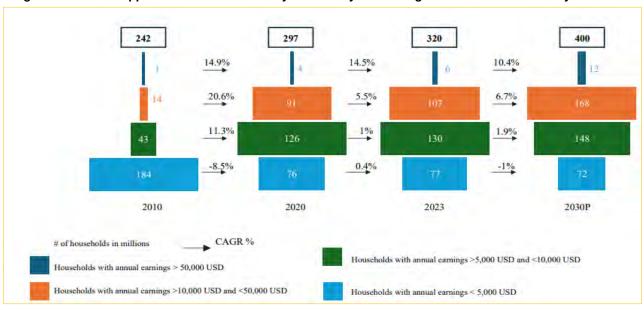
2.2 AlcoBev Market in India

AlcoBev Segments in India: Price stratification across categories

AlcoBev	Sub-segments	Segment name	Price Range (INR)
Spirits	Country Liquor	Unbranded	100–120
Spirits	IMFL	Popular	Upto 350
Spirits	IMFL	P&A	350–850
Spirits	IMFL	P&A	850–1750
Spirits	Bottled in India (BII)	P&A	850–1750
Spirits	Bottled in Origin (BIO)	P&A	1750 and above
Beer	Beer	Popular	Upto 160
Beer	Beer	P&A	160 and above
Wines	Wine	Popular	Upto 400
Wines	Wine	P&A	400–700
Wines	Wine	P&A	700–950
Wines	Wine	P&A	950 and above

2.3 AlcoBev Market drivers in India

Surge in middle and upper-income households by 2030 -- Key driver for growth in AlcoBev industry



Source: Technopak Research, Choice Institutional Equities

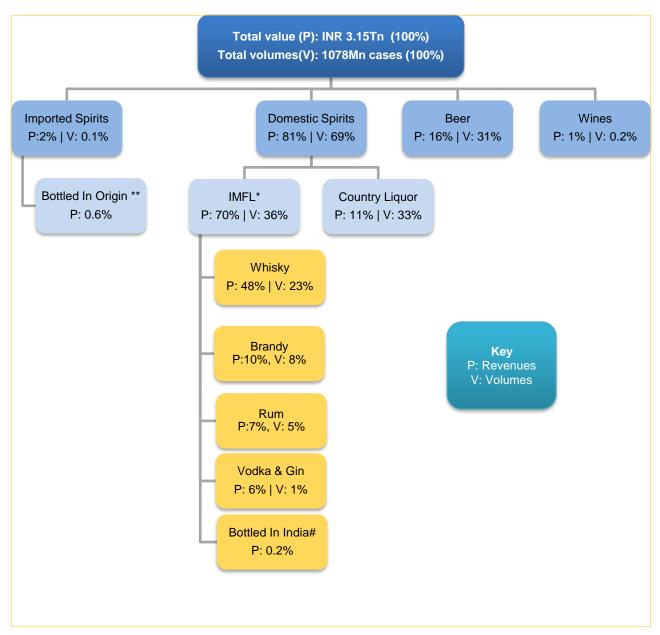
India's affluence surge fuels premiumization trend

- India's rise in affluence—with households earning over USD 10,000 set to nearly triple by 2030—is triggering a surge in discretionary spends
- UNITDSPR and Pernod Ricard drive the premium wave, AAB, RDCK, ABD and TLNGR are gaining share through mix upgrades and regional dominance



2.3 AlcoBev Market Drivers In India

Segmentation of India's AlcoBev Market: Imported vs domestic Spirits and category breakdown



- *IMFL (Indian made Foreign Liquor) -- Refers to alcoholic drinks, such as Whisky, rum, Brandy and Vodka, manufactured in India using imported or local ingredients
- ** **BIO (Bottled in Origin)** Imported Spirits bottled in their country of origin and shipped to India. Typically seen in premium segments like Scotch, Cognac, and international vodkas.
- # BII (Bottled in India) Bulk Spirits imported into India and bottled locally. Enables lower costs and competitive pricing while retaining the original brand label.

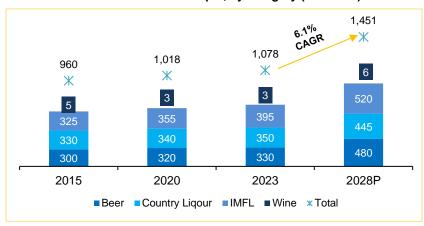


2.4 Brown Spirits: The Bedrock of Indian AlcoBev

The Premium pour

AlcoBev Market in India: Volume split, by category (cases Bn)

This volume growth story is balanced across segments, but IMFL leads in value due to premium positioning



Source: Technopak Research, Choice Institutional Equities

India's AlcoBev Market: Fast growth and premium shifts

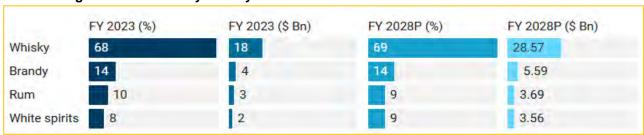
- India's AlcoBev Market is fairly balanced in terms of volume, with IMFL, Beer and country liquor, each holding comparable shares.
- However, IMFL leads in value contribution, supported by higher realizations and a growing premium mix. Market volume is expected to rise to ~1.45Bn cases by FY28, driven by steady consumer demand and category shifts favouring value-accretive segments.

IMFL growth broad-based, but Whisky leads by volume



Source: Technopak Research, Choice Institutional Equities

IMFL sales growth anchored by Whisky



Whisky, rum and Brandy dominate

volumes, while White Spirits grow off

a smaller base



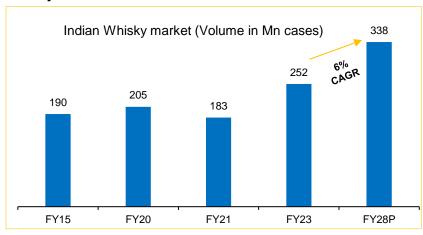
2.4 Brown Spirits: The Bedrock of Indian AlcoBev

India's IMFL market is skewed towards Brown Spirits

 The IMFL market in India is dominated by Brown Spirits (Whisky, rum and Brandy), unlike the global trend, where White Spirits (Vodka and Gin) lead.

- While White Spirits are growing faster, their value share is projected to rise from 7.8% to 8.6% by FY 2028
- The market is highly concentrated, with the top three players controlling nearly half of the volume in FY 2023
- Going forward, White Spirits' growth could diversify the market, but Brown Spirits will remain the key driver in this competition landscape.

Whisky drives IMFL volume and value in India



Source: Technopak Research, Choice Institutional Equities

Whisky leads IMFL growth amid shift in consumer preferences

- Whisky leads IMFL with 64% volume and 68% value share in FY23, driven by premiumization, rise in incomes and evolving consumption, from utility to lifestyle.
- The market is projected to reach INR 2.34Tn by FY28, with value growth outpacing volumes owing to uptrading and demand for high-end products.

With 64% volume and 68% value share, Whisky remains IMFL's growth and premiumization anchor

Whisky market, by volume, trends & leadership - FY23

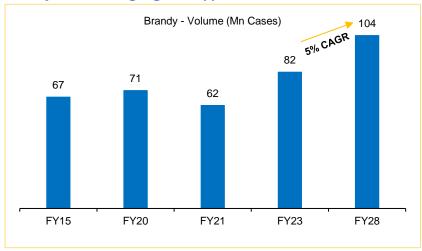
Category	Industry Size - FY23	Growth Drivers	Key Players
Whisky	252Mn cases	Mass + luxury demand	UNITDSPR, RDCK, ABD, Pernod Ricard



2.4 Brown Spirits: The Bedrock of Indian AlcoBev

The second-largest IMFL category is growing steadily, aided by regional demand and trade-up trends

Brandy holds strong regional appeal in South India



Source: Technopak Research, Choice Institutional Equities

Brandy leads IMFL growth amid shifting consumer preferences

- Brandy is the second-largest contributor to IMFL, with 21% volume and 14% value share in FY23, driven by premiumization, rising incomes, and evolving consumption, from utility to lifestyle
- The market is projected to reach 104Bn cases by FY28, with value growth outpacing volume owing to demand for higher-quality products and evolving consumer preferences.

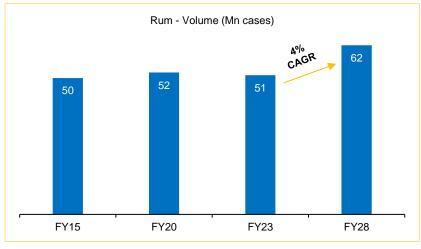
Brandy market, by volume, trends & leadership - FY23

Category	Industry Size - FY23	Growth Drivers	Key Players
Brandy	62Mn cases	Southern India dominance, premiumization	TLNGR, ABDL, RDCK, UNITDSPR

Source: Technopak Research, Choice Institutional Equities

Despite volume rebound, regional concentration and affordability limit upside

Rum demand recovers but growth remains muted





2.4 Brown Spirits: The Bedrock of Indian AlcoBev

Strong recovery for Rum: Driven by CSD and regional demand

- Rum, contributing ~10% to IMFL value and ~13% to volume in FY23, has made a strong post-COVID-19 recovery, reaching pre-pandemic sales levels with volumes of ~51Mn cases
- Driven by demand from CSD (army canteens) and regional preference in South and East India, dark rum dominates the segment with a ~98% share
- The market is projected to expand at a 4% CAGR by FY28, with volumes expected to touch ~62Mn cases, aided by regional stickiness and trade-led distribution

Rum market by volume, trends & leadership – FY23

Category	Industry Size - FY23	Growth Drivers	Key Players
Rum	51Mn cases	Legacy demand, downtrading in some states	UNITDSPR

Source: Technopak Research, Choice Institutional Equities

2.5 India's Traditional Segment: Country Liquor Holds Ground

State-run models and rise in rural consumption ensure structural volume growth

Country liquor - a price-sensitive, high-volume rural staple



Source: Technopak Research, Choice Institutional Equities

Resilient growth in India's country liquor market driven by rural Demand

India's country liquor volume, standing at 350Mn cases is expected to
expand at an 4.9% CAGR over the next three years. This would be
driven by rise in demand from price-sensitive rural and semi-urban
consumers, a gradual shift from illicit to legal alcohol consumption and
steady offtake through state-run tender systems

Country liquor market by volume, trends & Leadership - FY23

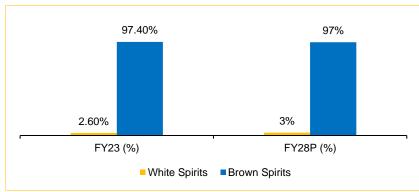
Category	Industry Size - FY23	Growth Drivers	Key Players
Country Liquor	350Mn cases	Rural demand, price- accessible segment	AAB, UNITDSPR



2.6 White Spirits: The Vanguard of Modern AlcoBev Trends

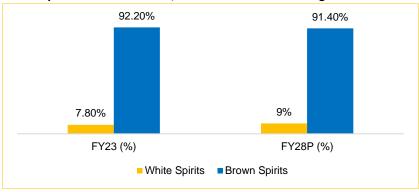
Brown Spirits continue to dominate IMFL volumes

Gradual rise of White Spirits: Projected growth in India's IMFL market by 2028



Source: Technopak Research, Choice Institutional Equities

White Spirits see modest rise; Brown holds value stronghold



Source: Technopak Research, Choice Institutional Equities

White Spirits gaining share in India's IMFL market, propelled by urban trends and changing tastes

- White Spirits are gradually carving a niche in India's brown-spirit-heavy IMFL landscape
- While, Brown Spirits still dominate, White Spirits are gaining momentum, with their value share rising from 7.8% in FY2023 to a projected 8.6% by FY2028
- This growth is driven by evolving urban tastes, premium cocktail culture, rising female participation in AlcoBev consumption and stronger on-trade presence in metros.

White Spirits market - trends & leadership - FY23

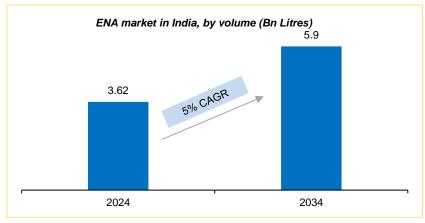
Category	Industry Size - FY23	Growth Drivers	Key Players
ENA	10.3Mn cases	Rising urban demand, premiumization, evolving consumer preferences	UNITDSPR, RDCK, Pernod Ricard



2.7 Extra-Neutral Alcohol (ENA): IMFL's key ingredient

State-run Models and rising rural consumption ensure structural volume growth

Driven by IMFL, country liquor, ethanol blending and pharma, ENA demand is poised to touch 5.9Bn litres by 2034



Source: Expert Market Research. Choice Institutional Equities

Growing utility across segments propels ENA volume to 5.9Bn litres by 2034

The expected increase in the industry value growth is also set to be supported by the rising volume growth for the industry, so as to reach 5.9Bn litres by 2034, driven by its wide range of applications in end-use industries and rising demand in the manufacturing of potable alcohol.

ENA market, by volume, trends & leadership - FY23

Category	Industry Size - FY23	Growth Drivers	Key Players
ENA	3.62Mn cases	Input for IMFL, country liquor, pharma, perfumery, ethanol blending	AAB, RDCK, Globus Spirits, Shree Renuka

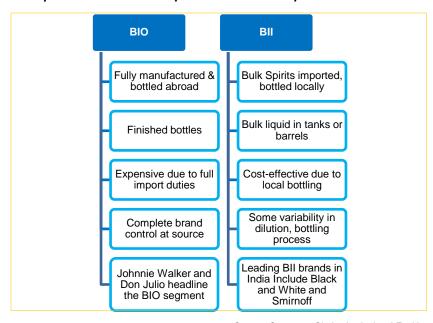


2.8 Imported Spirits: Luxury bottled overseas

BIO products are made and bottled abroad, while BII uses imported Spirits bottled locally, offering quality variations

Imported Spirits, including BII and BIO

BIO Spirits dominate India's premium AlcoBev imports

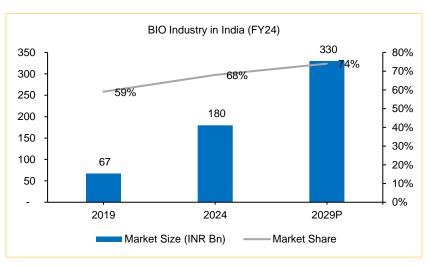


Source: Company, Choice Institutional Equities

BIO Spirits have scaled rapidly, driven by Premiumization and lifestyle-led demand across gifting, duty-free and travel channels

BIO dominates India's premium AlcoBev Import growth

- The BIO Spirits segment in India has expanded from INR 67.2Bn in 2019 to INR 180Bn in 2024, with its share in imported Spirits rising from 59% to 68%.
- By 2029, BIO is set to reach INR 330Bn and 74% share, driven by rise in premium demand across gifting, duty-free and travel retail

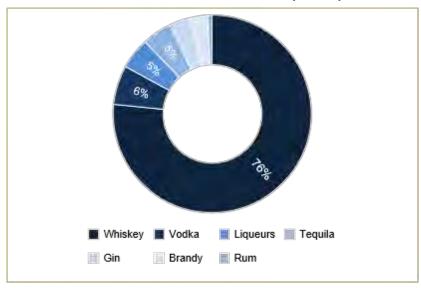




2.8 Imported Spirits: Luxury bottled overseas

Whisky accounts for over half of BIO import value, followed by Vodka, Gin and tequila

Market breakdown: 76% of the market controlled by Whisky



Source: Technopak Research, Choice Institutional Equities

Whisky powers BIO, but the mix is widening

In FY2024, BIO imports stood at INR 42.8Bn, led overwhelmingly by Whisky at INR 32.7Bn (\sim 76% share)

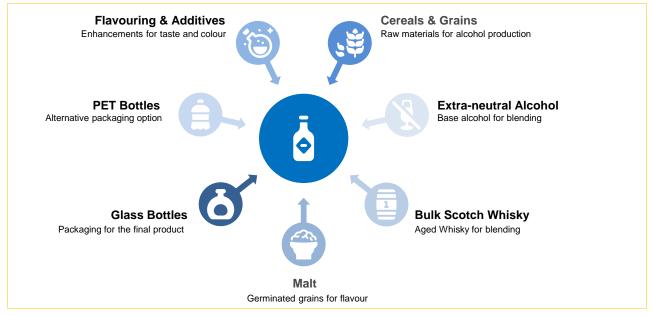
 Vodka, tequila, liqueurs, Gin, Brandy and rum collectively formed the remaining 24%, reflecting a widening consumer base for diverse premium Spirits



2.9 AlcoBev Supply Chain overview

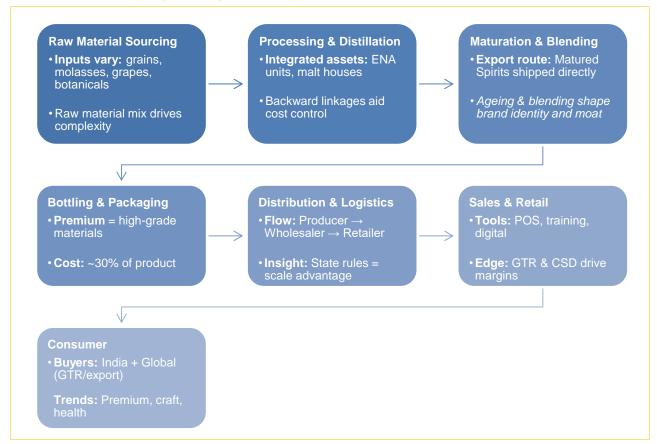
AlcoBev industry supply chain: The path and the process

The path of AlcoBev: From raw sourcing to bottling



Source: Company, Choice Institutional Equities

AlcoBev process: Key stages driving cost, quality and distribution



Source: Company, Choice Institutional Equities





3.1 AlcoBev players face intense competition

Indian AlcoBev Market Structure

· Highly Regulated & State-Driven

- The Indian AlcoBev industry operates under state-specific excise laws, meaning 28 states = 28 separate countries
- Major players like UNITDSPR, Pernod Ricard, and RDCK have built strong compliance systems and wide networks to navigate this complexity

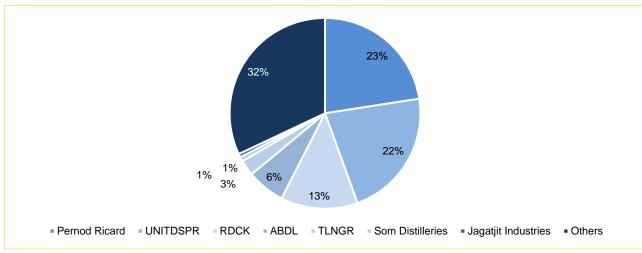
Intensely Competitive with Limited Pricing Power

- The market is dominated by a few national giants and several strong regional players
- · Price increases require state approvals, restricting flexibility
- ✓ UNITDSPR and Pernod Ricard lead in premium and prestige segments while TLNGR, ABDL and RDCK dominate in mass-market and semi-premium categories

· Challenging Operating Environment

- The industry faces advertising bans, working capital delays (especially in states like Telangana), and dependence on government-run distribution in many regions
- ✓ Pernod Ricard, RDCK, and ABDL mitigate these challenges through pan-India presence and in-house bottling strategies

Market Share (by revenue) of major players in India (as of FY24)



Source: Company, Choice Institutional Equities

Comparison of Players

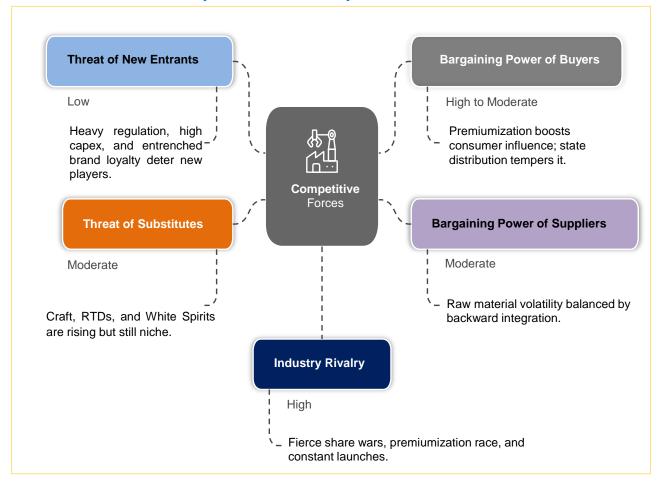
Company	M. Cap (INR Cr)	Revenue (INR Cr – FY25)	Presence	Key P&A Brands	Key Popular Brands
UNITDSPR	97,392	12,069	Pan-India	Johnnie Walker, Black Dog, B&W	McDowell's No. 1
RDCK	36,642	4,851	Pan-India	Magic Moments, Royal Ranthambore	Old Admiral, After Dark
ABDL	13,329	3,519	Pan-India	Rock Paper Rum, Zoya Gin	Officer's Choice Blue, ICONiQ White
TLNGR	9,220	1,434	Strong South India presence	Monarch Legacy, Mansion House, Imperial Blue, Samsara Gin	Madiraa Rum
ААВ	2,181	1,075	Strong presence in MP	Nicobar, Hillfort	Titanium, Bombay Special

Source: Company, Choice Institutional Equities



3.2 Porter's Five Forces

Michael Porter's Five Forces Analysis - Across the Industry



Source: Company, Choice Institutional Equities.

Five Forces' Competitive Analysis

UNITDSPR's large market capture, RDCK and ABDL's scale and backward integration while TLNGR and AAB defer selectively via asset-light and integrated models pose low threat barriers for entry

Consumer preferences are changing towards premiumization; UNITDSPR and RDCK are tackling this change but consumer bargaining power still remains high

UNITDSPR, RDCK and ABDL lead diversification; TLNGR is scaling beyond Brandy, AAB is building a full-premium portfolio

UNITDSPR, RDCK and ABDL are largely self-reliant; while TLNGR and AAB mitigate through flexible sourcing and integration in ENA and malt.

Intense competition among entrenched players with overlapping portfolios in Whisky, Brandy, and premium segments



3.3 Operational Comparison

Comparison over brands and premiumization

Presence across categories of Spirits

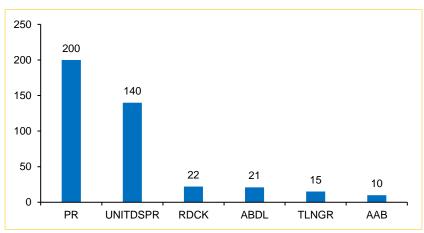
UNITDSPR, RDCK and ABDL have presence across all the Spirits segment. While AAB is expanding its portfolio, TLNGR has a Brandy heavy portfolio

Company Name	Whisky	Vodka	Rum	Gin	Brandy
RDCK	✓	√	√	✓	✓
PR	√	√	√	√	
ABDL	√	√	√	√	√
UNITDSPR	√	√	√	√	√
TLNGR	√				√
AAB	√	√	√		

Source: Company, Choice Institutional Equities

Number of Brands Owned

Pernod Ricard leads the market with highest number of brands owned



Source: Company, Choice Institutional Equities

Number of Millionaire Brands Owned

RDCK leads the pack with highest number of millionaire brands owned like Magic Moments, 8PM, Old Admiral, After Dark, etc.

Company Name	
RDCK	8
UNITDSPR (Across globe)	34
PR (Across globe)	21
ABDL	3
TLNGR	2
AAB	0

Source: ABDL RHP, Choice Institutional Equities



3.3 Operational Comparison

Comparison over supply chain

Details of capacities owned

UNITDSPR, RDCK, and AAB enjoy strong backward integration across ENA, bottling, and value-added facilities

Company Name	Capacity (in Mn Litres)	No. of Owned Distilleries	No. of Bottling Units	In-house ENA plant
RDCK	321	8	43	✓
PR	NA	40 (Across world)	60 (Across world)	NA
ABDL	71	2	34	✓
UNITDSPR	NA	11	NA	NA
TLNGR	NA	4	NA	NA
AAB	NA	NA	41	✓

Source: Company, Choice Institutional Equities

Comparison over new launches and tackling consumer preference

Company	Brand	Туре	Price Segment
ABDL	Arthaus Blended Malt Whisky	Whisky	Luxury
	Pumori Gin	Gin	Premium
	Segredo Aldeia Rum	Rum	Premium
	Woodburns Whisky	Whisky	Premium
	Rock Paper Rum	Rum	Premium
	Zoya Gin	Gin	Premium
	Srishti Whisky	Whisky	Prestige
	Golden Mist	Brandy	Prestige
 AAB	Crafted Gin Nicobar	Gin	Premium
	Blended Malt Whisky Hillfort	Whisky	Premium
Pernod Ricard	Longitude 77	Whisky	Luxury
	Royal Stag Double Dark Peaty	Whisky	Popular
Pernod Ricard	Blenders Pride Four Elements	Whisky	Popular
RDCK	Kohinoor Reserve	Dark Rum	Luxury
	Jaisalmer Indian Craft Gin	Gin	Luxury
	Ankahi Zaffran	Spiced Liqueur	Luxury
	Sangam World Malt Whisky	Whisky	Luxury
	Spirit of Victory 1999	Whisky	Luxury
LNGR	Monarch Legacy Edition	Brandy	Luxury
	Samsara Gin	Gin	Premium
	Sitara Rum	Rum	Premium
	Amara Vodka	Vodka	Premium
	Mansion House Whisky	Whisky	Premium
JNITDSPR	Godawan x Taj Edition	Whisky	Luxury
	McDowell X - Series	Rum, Whisky, Gin	Premium
	Smirnoff Indian Flavours	Vodka	Premium
	McDowell's Indian Single Malt Whisky	Whisky	Premium
	McDowell Double Oak Barrel	Whisky	Popular

Source: Company, Choice Institutional Equities



3.3 Operational Comparison

Comparison over Distribution Chain

No. of states and UTs presence

ABDL dominates with Pan-India distribution presence

Company Name	
RDCK	29
UNITDSPR	29
ABDL	30
TLNGR	8
AAB	NA

Source: Company, Choice Institutional Equities

No. of retail touchpoints across the country

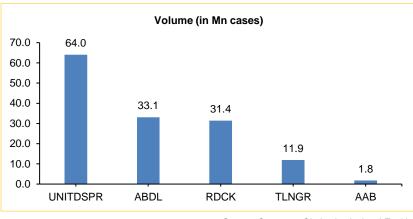
RDCK has retail touchpoints of ~100,000 making it the leading player in this metric

Source: Company, Choice Institutional Equities

1.3.5 Comparison over volumes sold

No. of cases sold in Mn (FY25)

UNITDSPR leads the pack with 64 Mn cases sold in FY25 across all segments and regions



Source: Company, Choice Institutional Equities

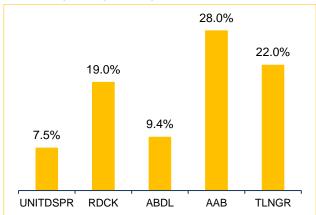
Choice

3.4 Financial Comparison

Growth Ratios

Net Revenue CAGR (FY22-25)

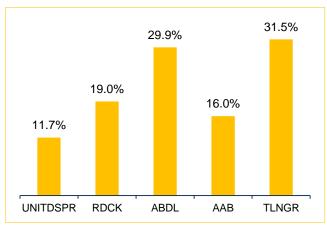
AAB has outgrown with strong Sales CAGR as it is expanding from grain to glass...



Source: Company, Choice Institutional Equities

EBITDA CAGR (FY22-25)

...however this growth did not yield in EBITDA levels where TLNGR stood out with 30%+ EBITDA CAGR

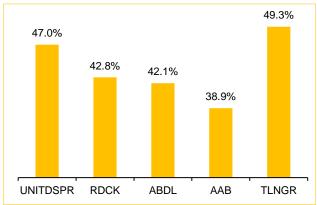


Source: Company, Choice Institutional Equities

Margin Ratios

Gross Margin (FY25)

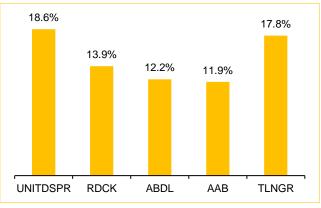
Gross margins were around the same range for all the peers



Source: Company, Choice Institutional Equities

EBITDA Margin (FY25)

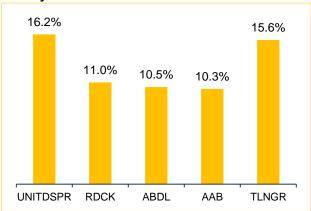
UNITDSPR had the highest EBITDA Margin proving to be the market leader



Source: Company, Choice Institutional Equities

EBIT Margin (FY25)

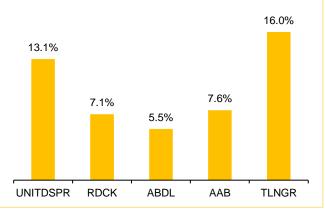
UNITDSPR had the highest EBIT while TLNGR giving equal competition, truly setting tone for Whisky vs Brandy...



Source: Company, Choice Institutional Equities

PAT Margin (FY25)

...and TLNGR leading the pack with highest PAT Margin for FY25 (also due to its no tax levels till FY25)



Source: Company, Choice Institutional Equities

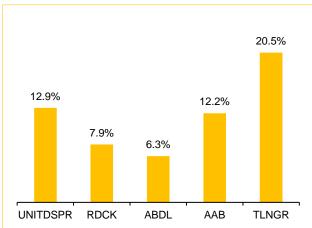
Choice Institutional Equities

3.4 Financial Comparison

Profitability Ratios

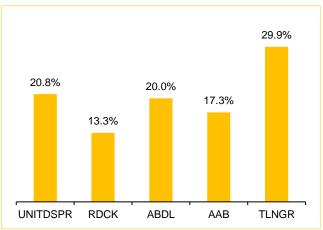
Return on Asset (FY25)

TLNGR is way ahead of the peers in its ROA...



Source: Company, Choice Institutional Equities

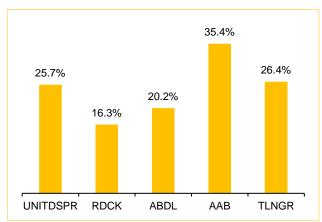
Return on Equity (FY25) ...as well as its ROE where TLNGR had ~30% ROE



Source: Company, Choice Institutional Equities

Return on Capital Employed (FY25)

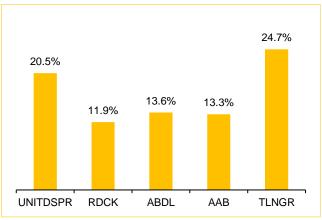
AAB has strong RoCE - highest amongst the peers



Source: Company, Choice Institutional Equities

Return on Invested Capital (FY25)

TLNGR maintains strong RoIC depicting strong Operating profits

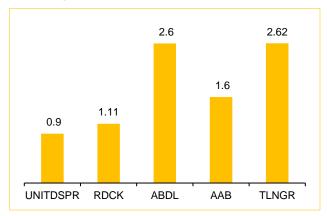


Source: Company, Choice Institutional Equities

Efficiency Ratios

Asset Turnover (FY25)

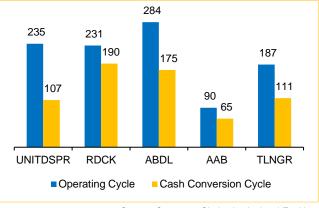
ABDL and TLNGR had the highest asset turnover reflecting well in their Sales CAGR



Source: Company, Choice Institutional Equities

Operating and Cash Conversion Cycle (FY25)

AAB is able to manage its working capital swiftly with strong cashflows via stable businesses



Source: Company, Choice Institutional Equities

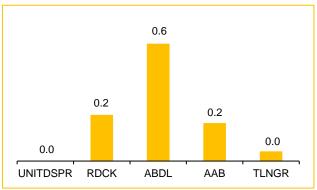
Choice

3.4 Financial Comparison

Leverage Ratios

Debt to Equity (FY25)

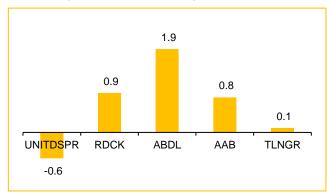
Most companies in this industry have low debt levels



Source: Company, Choice Institutional Equities

Net Debt to EBITDA (FY25)

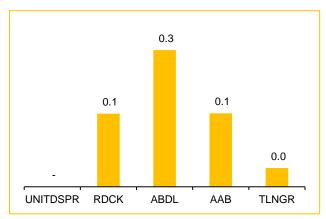
ABDL being an exception with higher debt levels



Source: Company, Choice Institutional Equities

Debt to Assets (FY25)

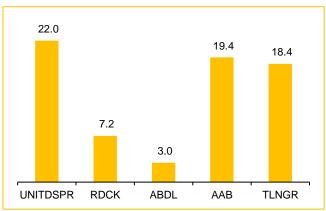
The debt to asset turnaround is also very low for all the companies suggesting low exposure to debt



Source: Company, Choice Institutional Equities

Interest Coverage (FY25)

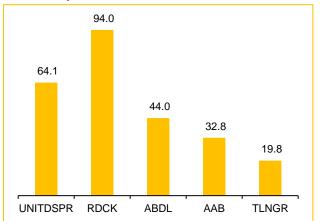
With low debt levels and stable earnings, UNITDSPR, AAB and TLNGR have a lower default risk



Source: Company, Choice Institutional Equities

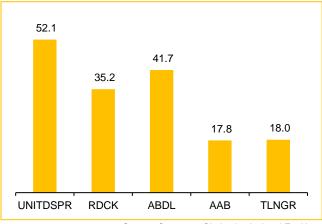
Valuation Ratios

TTM PE (x) (FY25)
RDCK is currently trading highest PE of 94x while the industry median PE is 34x



Source: Company, Choice Institutional Equities

TTM EV/EBITDA (x) (FY25) TLNGR is currently at 18x EV/EBITDA



Source: Company, Choice Institutional Equities



3.5 Relative Analy	/sis								
IMFL Volumes (in Mn cases)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY22 - FY25 C	AGR FY25 - FY28
UNITDSPR	79	72	61	64	68	72	77	-6.8%	6.4%
RDCK	26	28	29	31	40	45	50	6.0%	17.3%
AAB	2	3	3	4	4	5	5	22.9%	11.4%
ABDL	28	32	32	33	35	38	41	5.6%	7.5%
TLNGR	7	10	11	12	13	14	16	19.7%	10.1%
IMFL NSR (in INR)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR FY22 - FY25 C	AGR FY25 - FY28
UNITDSPR	2,269	2,494	2,851	2,948	3,075	3,209	3,351	9.1%	4.4%
RDCK	2,158	2,226	2,350	2,449	2,557	2,662	2,771	4.3%	4.2%
AAB	866	950	969	1,002	1,039	1,058	1,076	5.0%	2.4%
ABDL	946	976	1,051	1,008	1,079	1,162	1,260	2.1%	7.7%
TLNGR	1,164	1,208	1,249	1,204	1,085	941	992	1.1%	-6.3%
Net Revenue (INR Mn)					FY26E		FY28E	CAGR FY22 - FY25 C	AGR FY25 - FY28
UNITDSPR	97,124	1,06,118	1,13,210	1,20,690	1,34,574	1,51,558	1,71,156	7.5%	12.4%
RDCK	28,680	31,428	41,185	48,512	60,567	69,733	80,646	19.1%	18.5%
AAB	5,126	7,008	7,598	10,759	11,773	12,657	13,632	28.0%	8.2%
ABDL	26,857	31,466	33,279	35,199	40,169	46,352	54,194	9.4%	15.5%
TLNGR	7,834	11,645	13,940	14,342	20,944	37,376	41,902	22.3%	43.0%
Net Revenue Growth	FY22		FY24	FY25	FY26E	FY27E	FY28E		
UNITDSPR	19.4	9.3	6.7	6.6	11.5	12.6	12.9		
RDCK	19.6	9.6	31.0	17.8	24.8	15.1	15.6		
AAB	17.6	36.7	8.4	41.6	9.4	7.5	7.7		
ABDL	14.4	17.2	5.8	5.8	14.1	15.4	16.9		
TLNGR	42.7	48.6	19.7	2.9	46.0	78.5	12.1		
EBITDA (INR Mn)	_							CAGR FY22 - FY25 C	
UNITDSPR	16,081	14,164	20,010	22,430	26,320	31,107	35,073	11.7%	16.1%
RDCK	4,022	3,583	5,061	6,736	9,224	11,217	13,778	18.8%	26.9%
AAB	822	624	767	1,281	1,409	1,518	1,640	15.9%	8.6%
ABDL	1,963	1,850	2,421	4,308	5,136	6,693	8,088	30.0%	23.4%
TLNGR	1,121	1,372	1,854	2,549	3,365	5,654	6,538	31.5%	36.9%
EBITDA Margin			FY24	FY25			FY28E		
UNITDSPR	16.6	13.3	17.7	18.6	19.6	20.5	20.5		
RDCK	14.0	11.4	12.3	13.9	15.2	16.1	17.1		
AAB	16.0	8.9	10.1	11.9	12.0	12.0	12.0		
ABDL	7.3	5.9	7.3	12.2	12.8	14.4	14.9		
TLNGR	14.3	11.8	13.3	17.8	16.1	15.1	15.6		
PAT (INR Mn)								CAGR FY22 - FY25 C	
UNITDSPR	8,106	11,250	14,070	15,820	17,651	21,639	24,866	25.0%	16.3%
RDCK	2,632	2,203	2,622	3,432	5,640	7,181	9,221	9.2%	39.0%
AAB	608	416	506	814	844	920	1,023	10.2%	7.9%
ABDL	15	16	18	1,948	2,447	3,414	4,494	406.4%	32.1%
TLNGR	452	1,499	1,380	2,298	1,569	2,670	3,863	72.0%	18.9%
PAT Margin							FY28E		
UNITDSPR	8.3	10.6	12.4	13.1	13.1	14.3	14.5		
RDCK	9.2	7.0	6.4	7.1	9.3	10.3	11.4		
AAB	11.9	5.9	6.7	7.6	7.2	7.3	7.5		
ABDL	0.1	0.1	0.1	5.5	6.1	7.4	8.3		
TLNGR	5.8	12.9	9.9	16.0	7.5	7.1	9.2		

3. Competitive Landscape



3.5 Relative Analysis

RoE (%)		FY23	FY24				FY28E
UNITDSPR	18.1	20.7			21.9	25.4	26.0
RDCK	13.8	10.3		13.2	18.8	20.0	21.3
AAB	21.5	12.3	12.9	17.3	15.0	14.2	13.8
ABDL	0.4	0.4	_	20.0	14.7	17.4	19.1
TLNGR	116.0	49.0	24.0	30.0	11.0	10.0	10.0
RoCE (%)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
UNITDSPR	25.7	20.2	26.2	25.7	29.1	33.7	34.4
RDCK	15.8	11.2	12.9	16.3	22.2	25.1	27.8
AAB	37.6	18.5	22.9	35.4	32.5	35.5	31.0
ABDL	22.0	22.0	31.0	32.0	24.0	27.0	29.0
TLNGR	9.0	12.0	17.0	22.0	10.0	10.0	11.0
D/E	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
UNITDSPR	0.1x	0.0	x 0.0x	0.0x	0.0x	0.0x	0.0x
RDCK	0.1x	0.3		0.2x	0.1x	0.0x	0.0x
AAB	0.0x	0.3	x 0.2x	0.2x	0.2x	0.0x	0.0x
ABDL	2.1x	1.9	x 2.0x	0.6x	0.6x	0.5x	0.4x
TLNGR	4.4x	0.5	x 0.2x	0.0x	1.2x	0.4x	0.3x
P/E (x)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
P/E (x) UNITDSPR	FY22 81.4	FY23 49.			FY26E 54.5	FY27E 44.4	FY28E 38.7
			4 58.6	60.5			
UNITDSPR	81.4	49.	4 58.6 0 88.0	60.5 95.0	54.5	44.4	38.7
UNITDSPR RDCK	81.4 45.0	49. 72.	4 58.6 0 88.0 0 17.0	60.5 95.0 33.0	54.5 57.6	44.4 45.2	38.7 35.2
UNITDSPR RDCK AAB	81.4 45.0 14.0	49. 72. 14.	4 58.6 0 88.0 0 17.0 A NA	60.5 95.0 33.0 44.0	54.5 57.6 31.7	44.4 45.2 29.1	38.7 35.2 26.1
UNITDSPR RDCK AAB ABDL	81.4 45.0 14.0 NA 24.0	49. 72. 14. N	4 58.6 0 88.0 0 17.0 A NA	60.5 95.0 33.0 44.0 19.9	54.5 57.6 31.7 58.4 38.3	44.4 45.2 29.1 41.9 22.5	38.7 35.2 26.1 31.8
UNITDSPR RDCK AAB ABDL TLNGR	81.4 45.0 14.0 NA 24.0	49. 72. 14. N 13.	4 58.6 0 88.0 0 17.0 A NA 9 29.4	60.5 95.0 33.0 44.0 19.9	54.5 57.6 31.7 58.4 38.3	44.4 45.2 29.1 41.9 22.5	38.7 35.2 26.1 31.8 15.5
UNITDSPR RDCK AAB ABDL TLNGR	81.4 45.0 14.0 NA 24.0	49. 72. 14. N 13.	4 58.6 0 88.0 0 17.0 A NA 9 29.4 FY24 3 40.7	60.5 95.0 33.0 44.0 19.9 FY25	54.5 57.6 31.7 58.4 38.3	44.4 45.2 29.1 41.9 22.5	38.7 35.2 26.1 31.8 15.5
UNITDSPR RDCK AAB ABDL TLNGR EV/EBITDA(x) UNITDSPR	81.4 45.0 14.0 NA 24.0	49. 72. 14. N 13. FY23	4 58.6 0 88.0 0 17.0 A NA 9 29.4 FY24 8 40.7 2 47.0	60.5 95.0 33.0 44.0 19.9 FY25 42.3 35.2	54.5 57.6 31.7 58.4 38.3 FY26E	44.4 45.2 29.1 41.9 22.5 FY27E	38.7 35.2 26.1 31.8 15.5 FY28E
UNITDSPR RDCK AAB ABDL TLNGR EV/EBITDA(x) UNITDSPR RDCK	81.4 45.0 14.0 NA 24.0 FY22 40.3 29.9	49. 72. 14. N 13. FY23	4 58.6 0 88.0 0 17.0 A NA 9 29.4 FY24 8 40.7 2 47.0	60.5 95.0 33.0 44.0 19.9 FY25 42.3 35.2 17.8	54.5 57.6 31.7 58.4 38.3 FY26E 36.2 40.7	44.4 45.2 29.1 41.9 22.5 FY27E 30.4 33.2	38.7 35.2 26.1 31.8 15.5 FY28E 26.8 26.7
UNITDSPR RDCK AAB ABDL TLNGR EV/EBITDA(x) UNITDSPR RDCK AAB	81.4 45.0 14.0 NA 24.0 FY22 40.3 29.9 10.4	49. 72. 14. N 13. FY23 38.8 46.2	4 58.6 0 88.0 0 17.0 A NA 9 29.4 FY24 6 40.7 2 47.0 0 12.4 6 93.8	60.5 95.0 33.0 44.0 19.9 FY25 42.3 35.2 17.8	54.5 57.6 31.7 58.4 38.3 FY26E 36.2 40.7 16.2	44.4 45.2 29.1 41.9 22.5 FY27E 30.4 33.2 14.4	38.7 35.2 26.1 31.8 15.5 FY28E 26.8 26.7 13.3
UNITDSPR RDCK AAB ABDL TLNGR EV/EBITDA(x) UNITDSPR RDCK AAB ABDL	81.4 45.0 14.0 NA 24.0 FY22 40.3 29.9 10.4 98.2 14.5	49. 72. 14. N 13. FY23 38.8 46.2 10.9	4 58.6 0 88.0 0 17.0 A NA 9 29.4 FY24 6 40.7 2 47.0 0 12.4 6 93.8	60.5 95.0 33.0 44.0 19.9 FY25 42.3 35.2 17.8 52.9 18.1	54.5 57.6 31.7 58.4 38.3 FY26E 36.2 40.7 16.2 44.6 24.8	44.4 45.2 29.1 41.9 22.5 FY27E 30.4 33.2 14.4 34.2 12.9	38.7 35.2 26.1 31.8 15.5 FY28E 26.8 26.7 13.3 28.2
UNITDSPR RDCK AAB ABDL TLNGR EV/EBITDA(x) UNITDSPR RDCK AAB ABDL TLNGR	81.4 45.0 14.0 NA 24.0 FY22 40.3 29.9 10.4 98.2 14.5	49. 72. 14. N 13. FY23 38.8 46.2 10.9 107.5	FY24 58.6 60 88.0 17.0 A NA 9 29.4 FY24 FY24 FY24	60.5 95.0 33.0 44.0 19.9 FY25 42.3 35.2 17.8 52.9 18.1	54.5 57.6 31.7 58.4 38.3 FY26E 36.2 40.7 16.2 44.6 24.8	44.4 45.2 29.1 41.9 22.5 FY27E 30.4 33.2 14.4 34.2 12.9	38.7 35.2 26.1 31.8 15.5 FY28E 26.8 26.7 13.3 28.2 10.8
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Source: Choice Institutional Equities



Global Valuation Landscape

India drinks lower alcohol per capita, while a larger population, rising disposable incomes and increasing normalization of consumption of alcohol offer a much larger battlefield for AlcoBev companies. However, we can see that global AlcoBev companies trade at a median PE of 15x 1 & 2 year forward earnings. Therefore, we believe the valuation premium towards Indian AlcoBev companies will only be justifiable if supported with large forward growth.

	CY27 GDP Growth %	CY22 Alcohol Consumption per Capita
India	6.5	4.5
Belgium	1.2	8.7
China	4.2	4.5
Germany	1.5	11.2
United Kingdom	1.5	11.3
Japan	0.6	0.1
Hungary	2.8	6.3
Russian Federation	1.1	10.5
Czech Republic	1.9	13.7
Indonesia	4.9	10.9

Source: IMF, WHO, Choice Institutional Equities

Company	Country	Market Cap (USD Tn)	EBIT %	PE Act.	PE FY1	PE FY2
Kweichow Moutai A	China	255.0	NA	64.13x	53.69x	46.28x
Anheuser-Busch InBev	Belgium	140.9	33.8%	20.68x	19.40x	17.80x
Wuliangye Yibin A	China	66.9	NA	23.92x	18.63x	16.44x
Diageo	United Kingdom	59.1	31.9%	14.78x	14.37x	13.50x
Heineken	Netherlands	51.6	20.7%	16.42x	16.56x	15.78x
Ambev	Brazil	38.6	30.0%	48.23x	15.97x	14.73x
Constellation Brands A	USA	31.0	39.6%	14.85x	13.81x	12.79x
Pernod Ricard	France	29.6	30.3%	-	13.87x	12.80x
Luzhou Laojiao A	China	25.6	NA	24.87x	14.25x	15.29x
Asahi Group Holdings	Japan	19.9	15.0%	13.68x	13.46x	12.68x
Median				20.68x	15.17x	15.01x
Mean				26.84x	19.40x	17.81x

Source: Factset, Choice Institutional Equities

CIE Valuation Framework - DCF Assumptions

Terminal Growth

We have kept our valuation approach a constant across the covered companies in the universe. We assign a terminal value growth of 5% a discount of 100-200bps discount to Indian GDP forecast over the next two years (6%-7%)

Cost of Equity

We have assumed a beta based on Bloomberg Adj. Beta that factors in 33% reduction to actual Beta for a better debt/equity approximation. We have pegged the market return at 12%, with risk-free rate of 6.3% (10Y Indian Treasury Yield).

Adjusted Beta

We have used adjusted beta in our DCF model considering that 1) companies tend to move towards average market risk over time, 2) Company's capital structure or business model may be changing and 3) to reduce noise from statistical quirks in raw beta.

	Rm	Rf	Adj. Beta	CoE	WACC
UNITDSPR	12%	6.30%	0.8	10.9%	10.8%
RDCK	12%	6.30%	0.9	11.1%	10.2%
ABDL	12%	6.30%	1.1	12.6%	12.0%
TLNGR	12%	6.30%	0.9	11.4%	9.2%
AAB	12%	6.30%	1.0	12.0%	11.2%

Source: Bloomberg, Choice Institutional Equities

OIAGEO

Choice Institutional Equities

UNITED SPIRITS LTD.
(UNITDSPR)

PRINCE OF SPIRITS, REINFORCED BY KING DIAGEO Expected Share Price Return: -16.0% I Dividend Yield: 0.91% I Expected Total Return: -15.1%

United Spirits Limited (UNITDSPR)

Aug 04, 2025 | CMP: INR 1,322 | Target Price: INR 1,110

Sector View: Positive





UNITED SPIRITS

A DIAGEO Group Company

Company information

BB Code	UNITDSPR:IN
ISIN	INE854D01024
Face Value (INR)	2.0
52 Week High (INR)	1,700
52 Week Low (INR)	1,270
Mkt Cap (INR Bn)	961.8
Shares o/s (Mn)	727.4
Free Float	43%

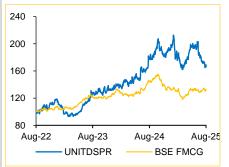
Shareholding pattern (%)

	Dec-24	Mar-25	Jun-25
Promoters	56.6	56.6	56.6
FIIs	15.9	14.9	15.
DIIs	13.5	14.5	14.4
Public	13.8	13.7	13.8

Relative performance (%)

	3Y	2Y	1Y
BSE FMCG	32.3	8.0	-9.4
UNITDSPR	54.2	35.9	-7.6

Rebased price performance



1 Yr. forward PE band



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UNITDSPR: Prince of Spirits, Backed by Diageo

Diageo, present in over 180 countries and owning major Spirits brands, is the largest promoter of UNITDSPR since taking a ~55% stake in 2013. It brought in strong supply chain and brand management systems, helping improve efficiency across UNITDSPR's 30+ factories. Backed by Diageo's global reach, UNITDSPR has gained access to procurement networks, distribution capabilities, and globally benchmarked quality control. We believe this partnership will further help UNITDSPR elevate its brand equity, strengthen leadership practices, and scale premium products with better positioning across global and domestic markets.

An Established Player Growing in Line with Industry Averages

Despite its push into premium segments with global brands like Johnnie Walker, Smirnoff, Signature, and Antiquity, UNITDSPR remains anchored by McDowell's No. 1, which alone accounts for nearly 50% of total volumes. Positioned at the lower end of the premium spectrum, McDowell's sells over 30Mn cases annually, making it the largest Whisky brand by volume globally. While premium and super-premium categories are growing across the industry, UNITDSPR's Prestige & Above (P&A) segment which contributes ~87–88% of net revenue has grown at ~10% YoY in recent quarters, broadly in line with the market. Its revenue CAGR of 7.5% over FY22–25 underscores a mature, volume-heavy portfolio rather than high-margin-led growth.

Trade-Driven Tailwinds For UNITDSPR

The proposed India–UK Free Trade Agreement (FTA) is poised to be a tailwind for UNITDSPR, especially in the imported Spirits segment. Under existing regulations, imported Spirits in India attract high customs duty of 150%, inflating costs for Bottled-in-Origin (BIO) products, such as Johnnie Walker and Don Julio. The FTA is expected to gradually reduce these duties over a multi-year horizon (starting to have it at 75%), making premium imported brands more accessible to Indian consumers. This will directly benefit UNITDSPR, which distributes Diageo's global BIO portfolio in India, enabling better pricing and margin expansion to some level. Additionally, the agreement may streamline the supply chain for Bottled-in-India (BII) products by reducing input costs for bulk imports, particularly scotch malts and concentrates used in semi-premium blends.

Investment View

While we believe the fundamentals of the company and backing of Diageo UK bring plenty to the table, the valuations remain stretched. We therefore initiate coverage with a SELL rating and a target price of INR 1,110, based on our DCF model. Our valuation implies a ~37x / 32x PE on FY27E / FY28F FPS

Key Risk: Larger EBITDA margin gains from UK FTA, Sharper uptick in volume due to new brands introduced from parent or Craft Spirits, sale of RCB franchise at rich valuations.

Key Financials - IND AS								
INR Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E		
Volume (Mn Cases)	72.5	61.4	64.0	68.0	72.3	77.1		
Growth (%)	(8.4)	(15.2)	4.2	6.1	6.4	6.6		
Revenue	1,06,118	1,13,210	1,20,690	1,34,574	1,51,558	1,71,156		
Growth (%)	9.3	6.7	6.6	11.5	12.6	12.9		
EBITDA	14,164	20,010	22,430	26,320	31,106	35,072		
EBITDAM %	13.3	17.7	18.6	19.6	20.5	20.5		
Adj. PAT	11,140	14,080	15,890	17,651	21,639	24,866		
EPS (INR)	15.3	19.4	21.8	24.3	29.8	34.2		
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0		
ROE %	20.7	21.4	20.8	21.9	25.4	26.0		
ROCE %	20.2	26.2	25.7	29.1	33.7	34.4		
Asset Turnover (x)	0.9x	1.0x	1.0x	0.9x	0.9x	1.0x		
PE(x)	49.4	58.6	60.5	54.5	44.4	38.7		



Report Structure

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Diageo, present in over 180 countries and owning major Spirits brands, is the largest promoter of UNITDSPR since taking a ~55% stake in 2013. It brought in strong supply chain and brand management systems, helping improve efficiency across UNITDSPR's 30+ factories. Backed by Diageo's global reach, UNITDSPR has gained access to procurement networks, distribution capabilities, and globally benchmarked quality control. We believe this partnership will further help UNITDSPR elevate its brand equity, strengthen leadership practices, and scale premium products with better positioning across global and domestic markets.

Diageo's strong hold over the global market

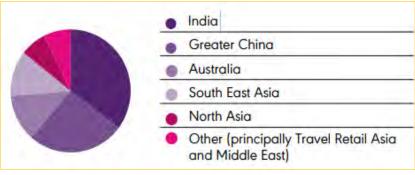
Diageo's Global presence



Source: UNITDSPR, Choice Institutional Equities

Diageo holds 19% of its global footprint in Asia-pacific, wherein India is the largest market

Diageo's Asia-pacific presence



Source: UNITDSPR, Choice Institutional Equities

With over 200 brands and manufacturing facilities in 30+ countries, Diageo serves as the global benchmark in brand-building, distribution and operational excellence.

The company owns a portfolio of some of the most iconic global brands: Johnnie Walker, Guinness, Smirnoff, Tanqueray, Baileys and Cîroc, spanning Whisky, Vodka, Gin, rum, Beer and liqueurs.





Diageo benefitting UNITDSPR in multiple ways

- 1. Global Trust and Brand Equity
 Being part of Diageo, an AlcoBev giant with 200+ years of legacy and
 presence in over 180 countries, enhances UNITDSPR's credibility,
 brand equity and consumer trust.
- It positions the company as a transparent, professionally managed and premium-focused player in India's rapidly-evolving alcohol market.

Initiatives, such as Diageo's global "Drink Better, Not More" campaign, are helping UNITDSPR redefine category narratives, which is moving away from volume-driven strategies towards value-led, responsible growth.



These brands tap directly into the INR 23,000Mn BIO Spirits market in India, which is expanding at CAGR 12–14%.



2. Global portfolio access

- UNITDSPR has exclusive access to Diageo's internationally-acclaimed Bottled-in-Origin (BIO) portfolio, enabling it to serve India's growing base of premium and aspirational consumers. Key brands include:
- Johnnie Walker: Among India's top-selling BIO scotch whiskies
- Smirnoff: World's No.1 Vodka, popular in Indian metros
- Baileys, Black & White, VAT 69 and Cîroc
- UNITDSPR competes at the top-of-the-value pyramid without incurring brand development costs while capturing premium margins.



36
Manufacturing
Facilities

70,000+

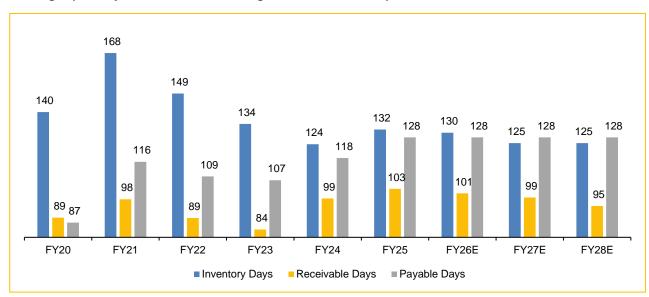
3. Pan-India distribution & route-to-market strength

- Diageo's global market experience has helped UNITDSPR manage India's complex alcohol distribution better. Since each state has different rules, Diageo has supported UNITDSPR in streamlining how it sells in places, such as:
- Modern stores and bars/restaurants (on-premise)
- Online alcohol sales in pilot states, such as Maharashtra and West Bengal

4. Supply chain & operational efficiency

- UNITDSPR has implemented 30+ manufacturing units and 60+ bottling partners in India. Diageo has:
- Enhanced product consistency and packaging quality
- Achieved material cost-optimisation, especially in glass, ethanol and ENA (extra-neutral alcohol)
- For example, Diageo's bulk procurement of scotch concentrates for Black & White and Johnnie Walker Red Label has enabled smoother BII operations.
- This large network of 30+ factories and 60+ bottling partners has helped UNITDSPR reduce material costs and improve supply planning.

Working capital days of UNITDSPR reflecting stable control over operations



- Because of this, the company now holds less inventory, showing better control over operations and more efficient use of working capital since FY22.
- UNITDSPR has managed to lower inventory days, indicating a more efficient supply chain.



Innovations in packaging, flavoured Spirits and RTDs (Ready-to-Drink) are also in the pipeline.

Diageo's experience in launching RTDs globally (e.g., Smirnoff Seltzers and Cîroc Spritz) gives UNITDSPR a first-mover edge as Indian consumers shift towards convenience formats.

5. Innovation & Product development

- With access to Diageo's global R&D hubs in the UK, US and Singapore, UNITDSPR has launched several innovative, locally-adapted products in India:
- Royal Challenge American Pride to appeal to younger consumers
- Signature Premier crafted for the urban upper-middle class
- McDowell's No.1 Luxury a more refined take on India's top-selling Whisky





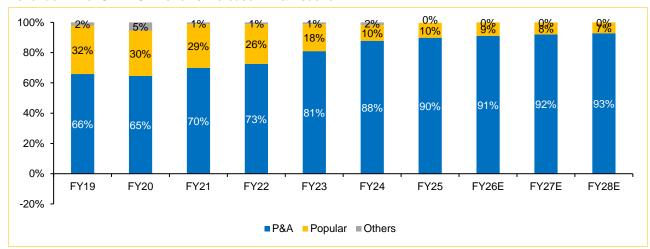


The share of Prestige & Above (P&A) brands has risen, from 65% of Net Sales in FY20 to 88% in FY25. These P&A brands generate margins up to 2x higher than massmarket counterparts.

6. Premiumization expertise

- Perhaps, Diageo's most significant contribution to UNITDSPR has been its ability to shift the portfolio mix from low-margin to high-margin segments.
- With Diageo's help in marketing, brand image and global consumer trends, UNITDSPR is now well-placed to grow as more Indians choose premium alcohol.

Revenue mix of UNITDSPR shows increase in P&A section





Despite its push into premium segments with global brands like Johnnie Walker, Smirnoff, Signature, and Antiquity, UNITDSPR remains anchored by McDowell's No. 1, which alone accounts for nearly 50% of total volumes. Positioned at the lower end of the premium spectrum, McDowell's sells over 30Mn cases annually, making it the largest Whisky brand by volume globally. While premium and super-premium categories are growing across the industry, UNITDSPR's Prestige & Above (P&A) segment which contributes ~87–88% of net sales has grown only 6–13% YoY in recent quarters, broadly in line with the market. Its revenue CAGR of 7.5% over FY22–25 underscores a mature, volume-heavy portfolio rather than high-margin-led growth.

Though it is transitioning into premiumization...



32 brands, such as White Mischief, Old Tavern and Men's Choice in the Popular segment sold to Inbrew

Beverages

A shift into portfolio rationalisation

- UNITDSPR's transformation into a premium-focused Spirits company began with a bold move in 2022, when it divested 32 non-core 'Popular' brands to Inbrew Beverages, for approximately INR 8,200Mn.
- By exiting this low-margin segment, UNITDSPR freed up capital and operational bandwidth to focus on its higher-margin Prestige & Above (P&A) segment.

Premium innovation drives brand elevation

- Since then, UNITDSPR has doubled down on innovation to support its premium pivot. The launch calendar, from July 2024 to June 2025, highlights a clear focus on craft, packaging and exclusivity.
- For instance, the Godawan × Taj Edition (July '24) and the India Rare Spirits (Nov '24) cater to affluent consumers looking for local luxury experience.
- Meanwhile, the Smirnoff Indian Flavours (Oct'24) reflect a blend of global branding with regional taste preferences, bridging aspiration and accessibility.







Craft brands, such as Godawan, lead the premium charge

- Among its most iconic premium offering, Godawan has emerged as a flagship for Diageo's premium vision in India. It's marketed as India's first luxury artisanal single malt.
- The upcoming Godawan Triple Cask Travel Exclusive packaging amplifies UNITDSPR's ability to command higher Net Sales Value (NSV) through uniqueness and heritage-led marketing.



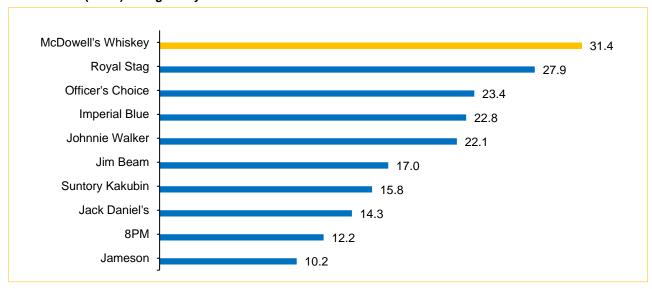


❖ ...50% of its volumes is still driven by lower-end Premium brand



 McDowell's No.1, continues to be the world's top-selling Whisky, with over 30+ Mn cases sold in FY25. This massive scale not only underscores the brand's dominance in India's Whisky market but also cements its global appeal, making it a critical growth engine for UNITDSPR's volumes.

No. of Cases (in Mn) sold globally





- The portfolio also includes other high-volume Indian powerhouses, such as Royal Challenge, which sold over 5Mn cases in FY25.
- Royal Challenge is one of UNITDSPR's leading Prestige Whisky brands, known for its smooth blend of Indian grain Spirits and Scotch malts. With a strong presence in North and East India, it remains a key volume driver in the Prestige segment.





Source: UNITDSPR, Choice Institutional Equities

On the premium end, UNITDSPR offers global icons, such as **Johnnie Walker**, **Black Dog**, **Black & White**, **Signature and Black & Gold Reserve**, all crossing the 1Mn case mark.

Together, they contribute just 25% of total Prestige & Above (P&A) volumes.

- Signature leads among domestic P&A brands with ~4Mn cases sold annually.
- Black & White and Black Dog, both semi-premium Scotch blends, clock 1–2Mn cases each
- **Johnnie Walker**, a global icon, continues strong growth in India, especially in BIO and Gifting channels.

While UNITDSPR is scaling towards premiumization since FY24, we see very little growth in Total Net Sales.

Net Revenue growth has not spiked much in recent years



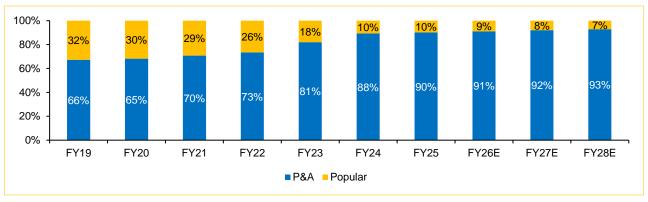
We further believe sales will hover at a stable rate of 11-12%



A moderate and stabilized growth

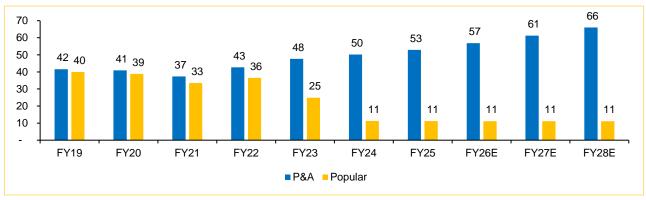
 While UNITDSPR is reinforcing its identity as India's leading premium Spirits player, we see a stable industry wide volumes growth

While the revenue mix focus is shifting towards P&A segment...



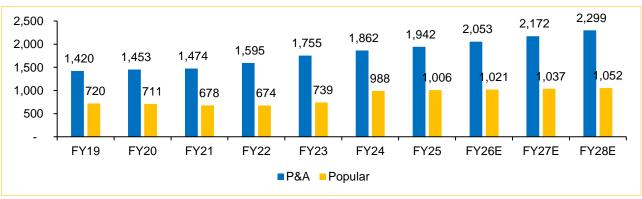
Source: UNITDSPR, Choice Institutional Equities

...volumes of P&A (in Mn cases) are growing at just ~7% which is in line with industry



Source: UNITDSPR, Choice Institutional Equities

Even with high margin global brands in the portfolio, the Net Sales Realization (NSR) is growing at only ~6%, thus reflecting average industry growth





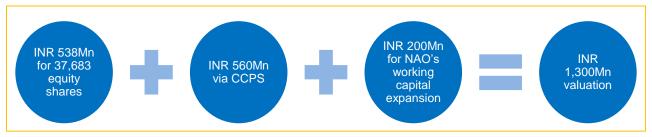
* Recent NAO Spirits deal to strengthen brand portfolio

Deal Details

In FY24, NAO Spirits reported a net turnover of INR 348.3Mn and a net worth of INR 182.1Mn.

- UNITDSPR has finalised a two-phase acquisition of NAO Spirits & Beverages, the craft spirits maker behind the premium Gin brands Greater Than and Hapusa.
- ➤ Initially holding a 30% stake, UNITDSPR will increase its share to 97.07%, with the remaining ~3% expected to be acquired by June 2026.
- ➤ The enterprise valuation of the deal stands at approximately INR 1,300Mn, including debt.

Deal structure with NAO Spirits



Source: UNITDSPR, Choice Institutional Equities

Strategy

- Launched in 2017, NAO's Greater Than and Hapusa are India's first craft gins, priced above INR 3,000 and popular among urban, experimental consumers.
- The acquisition supports UNITDSPR's premium strategy, as NAO's craft gins complement brands, such as Godawan and Double Oak. With rise in income and demand for unique local Spirits, craft gins are set to gain share in India's INR 23,000Mn Gin market.
- With full ownership of NAO, UNITDSPR can use Diageo's distribution, production and marketing strength to scale the brands across India and expand globally
- While the acquisition strengthens the premium narrative, its scale remains modest in the context of UNITDSPR's overall portfolio, offering steady rather than transformational growth for investors.

NAO Spirits currently holds a 4.6% share of the Indian Gin market and recently expanded into the rum category with the launch of 'PIPA'. These brands have NSR of INR 3,000





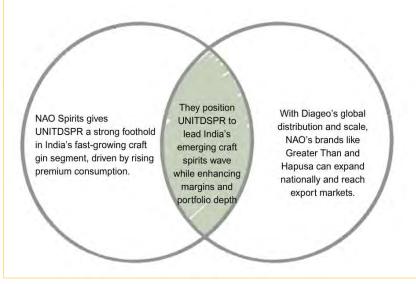
Futuristic View

> Looking ahead, UNITDSPR is expected to:



Source: Choice Institutional Equities

Synergy to UNITDSPR and NAO



Source: Choice Institutional Equities



5.1.3 Trade-Driven Tailwinds For UNITDSPR

The proposed India–UK Free Trade Agreement (FTA) is poised to be a tailwind for UNITDSPR, especially in the imported Spirits segment. Under existing regulations, imported Spirits in India attract high customs duty of 150%, inflating costs for BIO products, such as Johnnie Walker and Don Julio. The FTA is expected to gradually reduce these duties over a multi-year horizon (starting to have it at 75%), making premium imported brands more accessible to Indian consumers. This will directly benefit UNITDSPR, which distributes Diageo's global BIO portfolio in India, enabling better pricing and margin expansion to some level. Additionally, the agreement may streamline the supply chain for BII products by reducing input costs for bulk imports, particularly scotch malts and concentrates used in semi-premium blends.

Understanding the trade

BIO (Bottled in Origin)

- Fully manufactured and bottled abroad
- Imported as sealed bottles
- 150% customs duty
- Preferred for super-premium brands
- Example: Johnnie Walker, Don Julio, Cîroc



BII (Bottled in India)

- Bulk alcohol imported
- . Bottling, dilution and packaging done in India
- ❖ Lower import duty on bulk Spirits (~30 50%)
- Used for semi-premium and premium brands
- Example: Black & White, Smirnoff, Black Dog



Under the new terms, customs duties on the UK-origin Spirits which stand at a steep 150% will be halved immediately, and gradually reduced to 40% over the next 10 years.



The sharp tariff cuts will make premium BIO Spirits, such as Scotch whiskies more affordable in India, with retail prices expected to drop by 8–12%.

BIO Whisky volumes which are currently a small fraction of total Spirits consumption are projected to expand at a 33% CAGR through FY28.

This reduction is expected to

broaden the consumer base for

high-end imported labels, especially

among India's expanding urban

middle and upper classes.

Source: Choice Institutional Equities



5.1.3 Trade-Driven Tailwinds For UNITDSPR



UNITDSPR holds 13.1% of BIO Spirits market in India

❖ BIO benefit to UNITDSPR

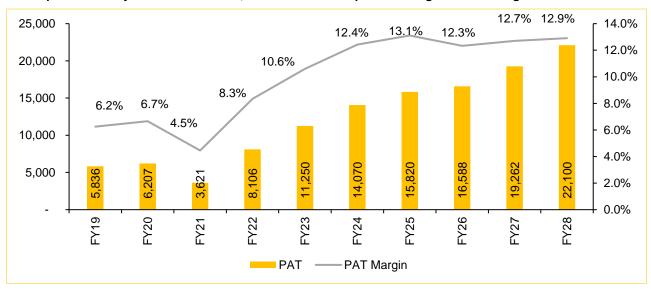
Strategic advantage

- ➤ UNITDSPR exclusively distributes several of Diageo's globally-renowned BIO brands in India including Johnnie Walker, Smirnoff, Baileys, Tangueray and Don Julio.
- These products, currently priced at a premium due to India's 150% customs duty, stand to gain significantly from the UK FTA, which will reduce this duty to 75% immediately, and further down to 40% over 10 years.

Retail prices down, volume up

- ➤ With expected retail price reduction of 8–12% on imported Scotch and other BIO labels, UNITDSPR can better appeal to aspirational Indian consumers, particularly in metro cities and affluent Tier 1 markets.
- ➤ BIO Whisky volumes (76% of BIO market) in India are expected to expand at a 33% CAGR through FY28

While price cuts may benefit consumers, we believe no exceptional changes in PAT margin for now





5.1.3 Trade-Driven Tailwinds For UNITDSPR

❖ BII benefit to UNITDSPR

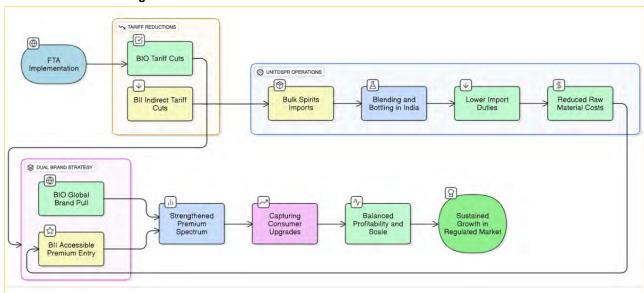
Strategic advantage:

- ➤ While the tariff cuts under the India–UK FTA primarily target BIO products, there are indirect but significant benefits for BII Spirits as well.
- ➤ UNITDSPR imports bulk Spirits, Scotch concentrates and malts from the UK to blend and bottle in its 30+ Indian manufacturing units.
- These bulk imports currently face import duties in the range of 30–50%. Under the new FTA framework, these duties are also expected to gradually reduce, lowering raw material costs for UNITDSPR's semi-premium and premium BII brands, such as Black Dog, Black & White and VAT 69.

Long run synergies:

- ➤ As UNITDSPR continues to grow its BIO portfolio, a dual strategy emerges where BIO brands establish global brand pull and BII brands offer accessible premium entry points for Indian consumers
- With the UK FTA lowering costs on both ends, companies including UNITDSPR are better positioned to strengthen their premium spectrum, ensuring that consumer upgrades are captured regardless of price bracket
- ➤ In the long run, this BII tailwind helps balance profitability with scale. This is critical for sustaining growth in India's regulated AlcoBev environment

Indirect BII benefit along with BIO benefit



Source: Choice Institutional Equities



5.2.1 View and Valuation

- UNITDSPR boasts of a strong brand portfolio and a solid backing from Diageo UK.
- UNITDSPR has posted revenue & EBITDA CAGR of 7.5%/11.7%, respectively, over FY22-25 lower than other AlcoBev companies on the strength of sale of popular brand portfolio in FY22 and increasing competition intensity.
- Its ROE hovers around 20%, which is at the same level as emerging peers (ABDL, AAB and TLNGR)
- The company is debt-free and has solid fundamentals with great distribution prowess and excellent management.
- The company is expanding beyond traditional segments through:
 - · Entry into craft gins through acquisition of NAO Spirits
 - · Launching luxury single malts like Godawan

We believe the fundamentals of UNITDSPR remain rock solid. However, valuations remain stretched, given the lower prospects of growth. Hence, we initiate coverage on UNITDSPR with a SELL recommendation and Target Price of INR 1,110 which is a downside of 16.0%, by valuing the company using a DCF-based approach. Our valuation implies a PE of 37x/32x based on FY27E/FY28E EPS

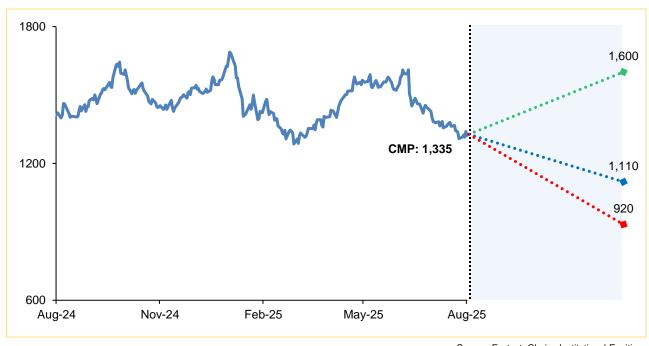
DCF Assumptions	
Rm	12%
Rf	6.3%
BBG Adj. Beta	0.8
Cost of Equity	10.9%
Post Tax Cost of Debt	7.3%
WACC	10.9%
Terminal Growth Rate	5.0%

DCF Calculation (INR Mn)	
PV of FCF for forecasting period (FY26E-FY35E)	2,29,555
PV of terminal cash flow	5,93,122
Enterprise Value	8,22,676
Net debt/(cash)	13,280
Equity Value	8,09,396
Number of Shares (Mn)	727
Target Price (INR/share)	1,110

		Terminal Growth Rate %						
		3%	3% 4% 5% 6% 7%					
	8.9%	1,310	1,520	1,850	2,400	3,540		
0	9.9%	1,070	1,210	1,400	1,700	2,200		
WACC	10.9%	890	990	1,110	1,290	1,560		
>	11.9%	760	830	910	1,030	1,190		
	12.9%	650	700	760	840	950		



5.2.2 Bull and Bear Case



Source: Factset, Choice Institutional Equities



BULL Assumptions

- · Improvement in gross margins supported by stable ENA prices
- P&A volumes take charge and same is reflected in growth of NSR
- ~14.9% net revenue CAGR over FY25-28E



BASE Assumptions

- Though strong backing by Diageo for premiumization, 50% of volumes driven by McDowell's
- We've assumed 6-7% increase in P&A NSR
- ~12.4% net revenue CAGR over FY25-28E
- · Margin increments via UK FTA



INR 920 30.4% Downside

BEAR Assumptions

- P&A segment growth moderates due to weaker consumer sentiment and slower adoption of premium brands
- ~12.1% net revenue CAGR over FY25-28E

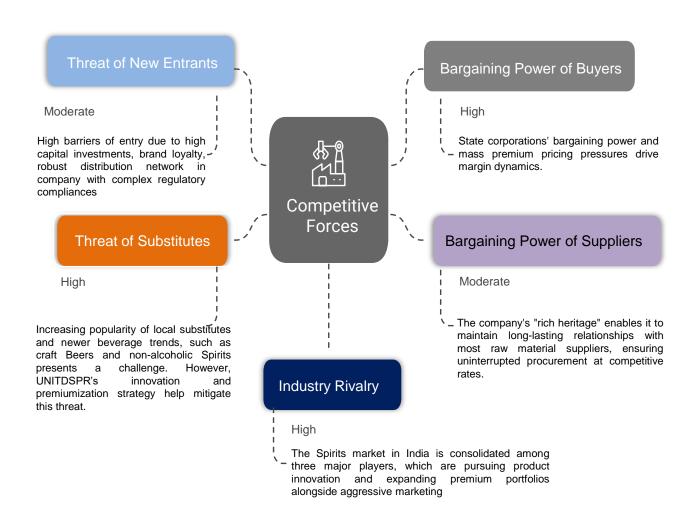


5.2.3 Risks to Our Investment Thesis

- Larger than expected benefit from activation of UK FTA in FY27E, we bake in a 100-150bps EBITDA margin improvement, but a larger benefit may accrue due to not passing custom duty savings to consumers.
- Volumes may see a sharper boost than we expect (~7-8%) over FY26E to FY28E on back of UK FTA, better brand availability of Diageo Global products or exceptional execution of NAO Spirits
- Sale of RCB franchise at rich valuations, can unlock higher PAT & consequently dividends and returns for investors.



5.3.1 Porter's Five Forces



Five Forces' Competition Analysis

UNITDSPR's pan-India distribution is well-established. However, new entrants are now focusing on their distribution and logistics, making threat of entry at moderate level

Still holding a mass premium portfolio makes bargaining power of buyers very high

New Spirits, such as Gin and Vodka are gaining traction. Also, growth of Beer and RTD mixers is increasing, leading to high threat of substitutes

An established firm, such as UNITDSPR enjoys moderate bargaining power of suppliers owing to lasting contracts with suppliers

High industry rivalry with players, such as ABDL entering into premiumization and TLNGR acquiring Spirits to diversify its portfolio



5.3.2 SWOT Analysis



Strategic parent company support as a subsidiary of Diageo Plc (over 54% shareholding)

11 owned & 26 contractmanufacturing plants pan India

McDowell's, with high brand recognition, is the highest-sold Whisky in the world



Dependence on key brands, such as McDowell's

Dependency on third party suppliers for ENA and their price fluctuations

Slower volume growth in Premium segment, especially in economic downturn



Favourable economic trends

Increase export contribution from 10% to 15% of total revenue by 2026

Benefit from digital transformation, optimizing its online retail channels



Intense and Increasing Competition

State-specific regulatory risks

Risk of delayed payments from state corporations

Source: UNITDSPR, Choice Institutional Equities

UNITDSPR's Distinct Strengths Vs Competitors

Strong global support which helps gain worldwide access

UNITDSPR's Distinct Weakness Vs Competition

While it is focusing on the premium segment league, ~50% of its volumes come from McDowell's, a mass segment brand

UNITDSPR's Distinct Opportunities Vs Competition

Economic changes, such as the FTA between UK and India, are favouring UNITDSPR as it imports ~75% of its spirits/spirits material from the UK

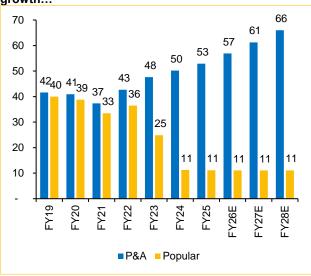
UNITDSPR's Threats Vs Competitors

While UNITDSPR leads with the highest market cap, growing competition from ABDL and RDCK in premiumization and innovation pose a threat. Also, with TLNGR now taking on Imperial Blue from Pernod Ricard, the competition intensifies.

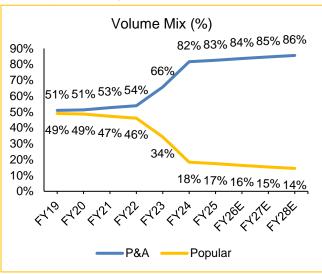


5.4.1 Operational Ratios

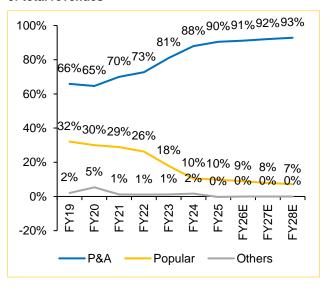
While P&A volumes (in Mn cases) are seeing steady growth...



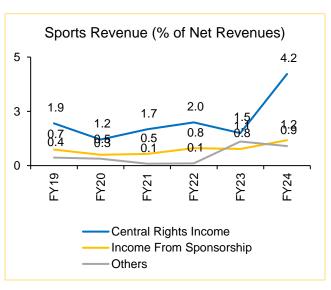
...Popular segment volumes are reducing as company is focusing on premium brands



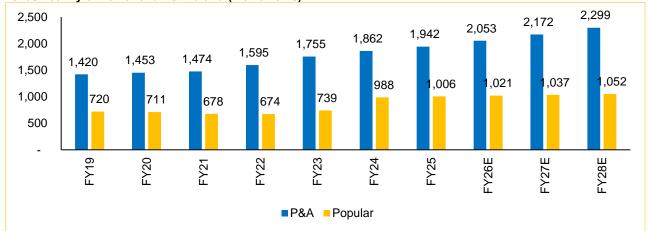
The P&A segment revenue mix is set to reach 90%+ of total revenues



2-3% of Gross Revenues are from Sports (RCB)



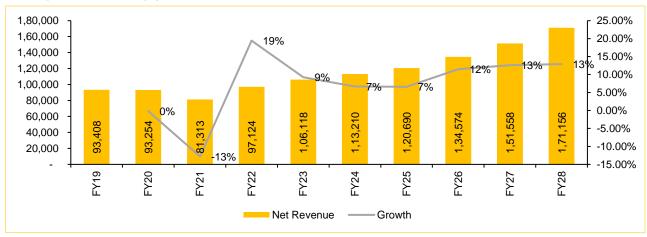
We expect the Net Sales Realization (NSR) (in INR) CAGR of P&A to grow at ~6% over FY25-28E as UNITDSPR's relies heavily on lower end P&A brand (McDowell's)



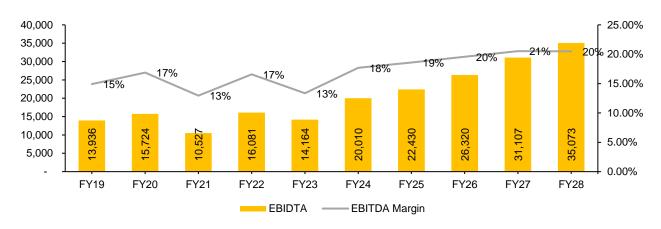


5.4.2 Key Financial Ratios

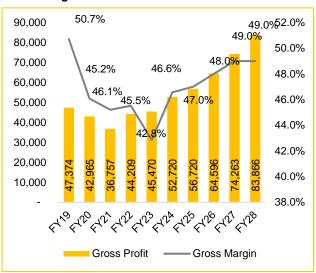
Not only is there a steady growth in revenue...



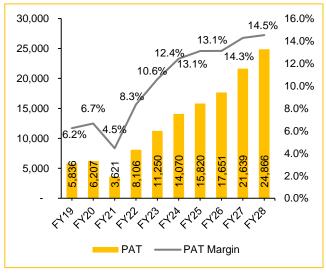
...but the EBITDA Margins are expected to remained steady at +20% levels



Gross margins stand at 50% of the revenues



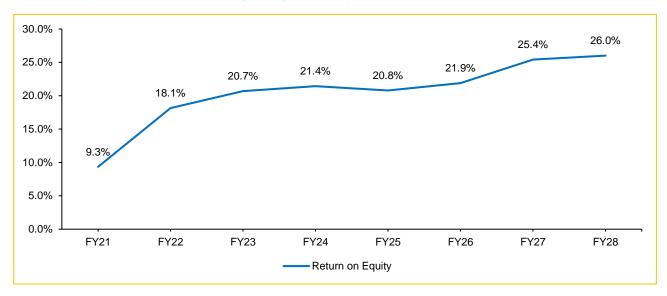
PAT margins are hovering around 12--13%



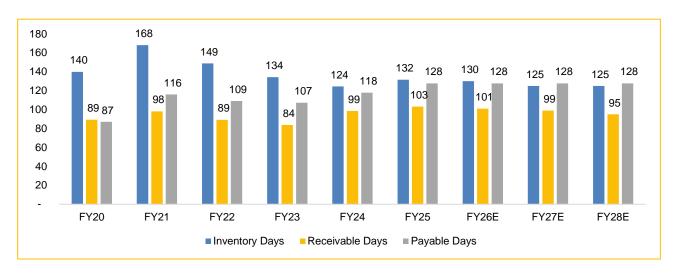


5.4.2 Key Financial Ratios

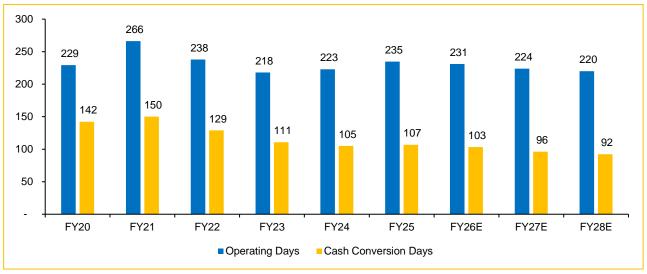
ROE to steady around 20%+ levels and growing to 25%+ by FY28E



UNITDSPR has reduced its inventory and receivable days since FY22



Operating Days and Cash Conversion Days are hanging at fixed ranges





5.4.3 Financials

Income Statement (Consolidated in INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	1,13,210	1,20,690	1,34,574	1,51,558	1,71,156
Gross profit	52,720	56,720	64,596	74,263	83,866
EBITDA	20,010	22,430	26,320	31,107	35,073
Depreciation	2,760	2,830	2,828	2,426	2,222
EBIT	17,250	19,600	23,493	28,681	32,851
Other income	2,250	3,360	1,346	1,516	1,712
Interest expense	760	890	658	554	500
PAT	14,070	15,820	17,651	21,639	24,866
EPS (INR)	19.36	21.85	24.27	29.75	34.19

Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue Growth	6.7%	6.6%	11.5%	12.6%	12.9%
Gross Profit	15.9%	7.6%	13.9%	15.0%	12.9%
EBITDA	-26.9%	17.1%	-26.0%	-15.8%	-9.8%
PBT	45.2%	15.0%	13.3%	22.6%	14.9%
PAT	25.1%	12.4%	11.6%	22.6%	14.9%
Margin Ratios (%)					
Gross Margins	46.6%	47.0%	48.0%	49.0%	49.0%
EBITDA Margins	17.7%	18.6%	19.6%	20.5%	20.5%
PBT Margins	16.4%	17.7%	18.0%	19.6%	19.9%
PAT Margins	12.4%	13.1%	13.1%	14.3%	14.5%
Profitability (%)					
ROE	21.4%	20.8%	21.9%	25.4%	26.0%
ROCE	26.2%	25.7%	29.1%	33.7%	34.4%
ROA	13.4%	12.9%	13.3%	15.6%	16.4%
Valuation					
EV/OCF (x)	72.87	48.70	52.25	43.46	38.74
EV/EBITDA (x)	40.72	42.28	36.18	30.41	26.76
BVPS (x)	98	111	110	124	139
Free cash flow yield	1.3%	1.9%	1.8%	2.2%	2.5%

Balance Sheet (Consolidated in INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	71,210	81,040	80,255	89,992	1,01,182
Borrowings	250	0	0	0	0
Trade Payables	19,540	22,390	24,493	27,054	30,552
Other non-current liabilities	3,280	5,680	4,776	4,305	4,061
Other current liabilities	18,210	23,370	23,370	23,370	23,370
Total Equity & Liabilities	1,12,490	1,32,480	1,32,894	1,44,721	1,59,165
Tangible fixed assets	8,440	8,500	8,845	9,186	9,524
Capital WIP	380	730	730	730	730
Trade Receivables	30,560	34,100	37,238	41,107	44,547
Cash & Cash equivalents	10,520	13,280	9,169	15,667	23,129
Other non-current assets	29,900	31,230	30,398	29,970	29,751
Other current assets	32,690	44,640	46,514	48,061	51,484
Total Assets	1,12,490	1,32,480	1,32,894	1,44,721	1,59,165
Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
CFO	11,180	19,470	18,228	21,764	24,223
CFI	2,260	-11,140	-2,340	-2,340	-2,340
CFF	-4,070	-5,570	-19,999	-12,926	-14,421

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	75.8%	74.1%	73.0%	73.0%	73.0%
Interest Burden	107.6%	108.9%	102.9%	103.4%	103.7%
EBIT Margin	15.2%	16.2%	17.5%	18.9%	19.2%
Asset Turnover	1.1	1.0	1.0	1.1	1.1
Equity Multiplier	1.6	1.6	1.6	1.6	1.6
ROE	21.4%	20.8%	21.9%	25.4%	26.0%



5.5.1 About the Company

5.1.1 Introduction

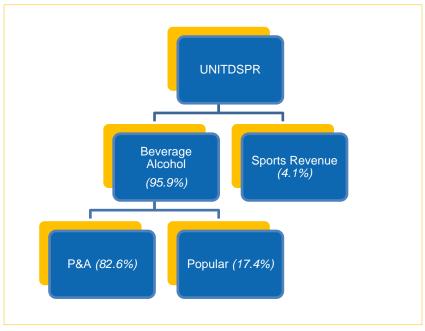
United Spirits Ltd (UNITDSPR), one of India's oldest and largest alcoholic beverage companies, traces its legacy back to 1826.

It is among the few AlcoBev players with a truly pan-India presence, supported by a robust manufacturing footprint of 36 facilities spread across key states and union territories.

The company is majority-owned by Diageo plc, the global Spirits leader, which holds a 55.8% stake. This strategic ownership has strengthened UNITDSPR's brand equity, enabled access to Diageo's global distribution network across 180+ countries, and brought world-class portfolio management practices spanning over 200 premium brands.

Under Diageo's leadership, UNITDSPR has undergone meaningful structural and strategic transformation positioning it for sustained domestic growth, margin improvement, and selective international expansion.

Poured to Perfection: UNITDSPR's Mix - From Mass to Class!





5.5.1 About The Business

Product Portfolio

UNITDSPR has a powerful portfolio of seven Millionaire brands including flagship labels such as McDowell's No.1, Johnnie Walker, Royal Challenge, Black & White, Signature, and Black Dog.

- Among them, McDowell's No.1 leads the global popular Whisky segment, with over 30Mn cases sold annually, making it the world's highest-selling Whisky by volume.
- In the Prestige & Above (P&A) segment, Johnnie Walker and Royal Challenge are the company's top volume drivers, having recorded 21.6Mn and 9.1Mn global cases respectively in 2024.
- Additionally, Signature and Black & White each crossed the 5Mn case mark globally in 2024, further strengthening UNITDSPR's foothold in the fast-growing premium segment.
- Black Dog, known for its aged Scotch blends, continues to gain traction among urban consumers, contributing meaningfully to premium Whisky volumes and margin expansion.
- This diversified brand portfolio across price tiers underscores UNITDSPR's scale, market leadership, and ability to cater to both value and premium consumer segments domestically and globally.



Choice

5.5.2 Brand Portfolio

McDowell's No. 1 Whisky is India's flagship Whisky brand with over 30Mn cases sold annually also making it the highest selling Whisky in the world. Won silver medal at the 2024 World Whisky Masters, marking its first global accolade





Johnnie Walker, the world's best-selling blended Scotch Whisky, has been honored with the 2024 World Travel Award for "World's Leading Spirit Tourism Experience" for its immersive visitor experience at Johnnie Walker Princes Street in Edinburgh.



Black Dog Scotch Whisky, a premium blended Scotch Whisky distilled in Scotland and bottled in India, has been recognized for its excellence in design. In 2023, it won the Gold Award at the Design Effectiveness Awards for its brand and packaging redesign, leading to a 60% growth in market share.



Royal Challenge Whisky, a premium Indian Whisky crafted from a blend of Scotch malts and Indian grains, was awarded the Gold Medal for Best Indian Whisky at the 2011 International Whisky Competition.



Black & White Blended Scotch Whisky, produced by Diageo, has been recognized for its quality with a Bronze Award at the 2023 World Whiskies Awards.



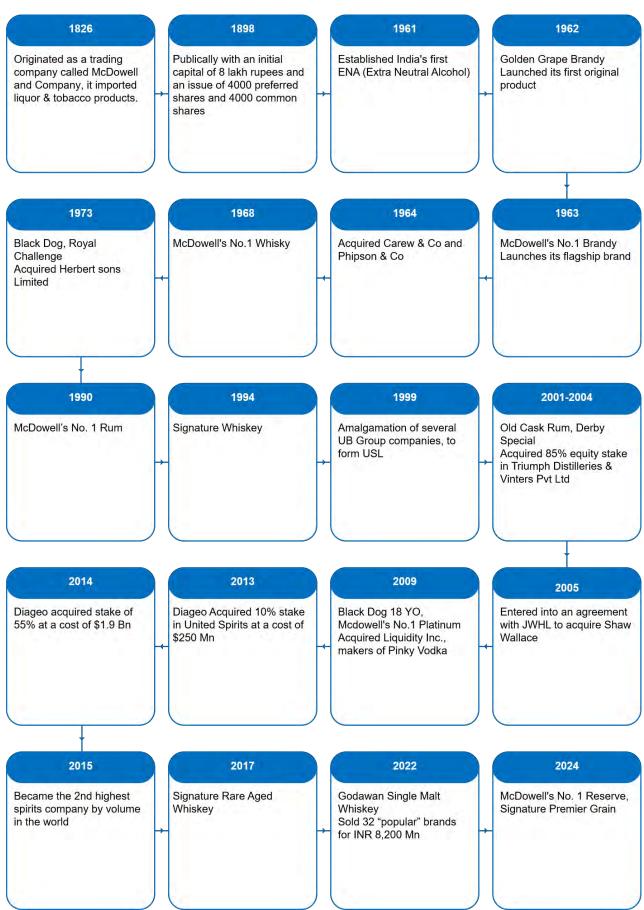
Signature Whisky, a premium Indian Whisky crafted from 100% aged Indian malts blended with aged Islay and Highland Scotch whiskies, has been recognized for its excellence. In 2022, it received the Silver Quality Award from Monde Selection, a prestigious international institute known for evaluating the quality of consumer products.



DSP Black Deluxe Whisky, a premium Indian Whisky crafted from quality Indian malts and aged for a minimum of 12 years, has been recognized for its exceptional quality. In 2023, it was honored with several awards, including a Gold Medal at the Monde Selection and a Gold Best in Class Award at the International Wine & Spirit Competition.



5.5.3 Key Milestones And Manufacturing Units





5.5.3 Key Milestones And Manufacturing Units

Manufacturing Facilities

11 Owned Facilities

25
Contract
Manufacturing
Units

- UNITDSPR operates one of the most extensive AlcoBev manufacturing networks in India, with 36 strategically located facilities across key consumption markets including Alwar, Nashik, Hyderabad and Gopalpur.
- This footprint has been rationalised from an earlier base of 58 plants through a structured network optimisation strategy aimed at improving cost-efficiency and supply chain agility.
- Given India's state-specific excise regimes, UNITDSPR maintains a hybrid model of owned and contract manufacturing units, ensuring uninterrupted distribution and regulatory compliance across markets.
- The company's 'Supply Agility Program' focuses on enhancing manufacturing resilience, driving cost-efficiencies and building responsive operations. Its distilleries have improved water efficiency by 54% as of FY23, with a target to become water-positive by 2026.
- In addition, UNITDSPR has set clear long-term goals: Zero waste to landfill by 2030, 100% recyclable packaging by 2030 and a complete transition to renewable energy sources, including biomass-fired boilers and solar energy integration.

Manufacturing Capabilities

Plant Location - Owned

- 1. Alwar (Rajasthan)
- 2. Asansol (West Bengal)
- 3. Aurangabad (Maharashtra)
- 4. Baramati (Maharashtra)
- 5. Nashik (Maharashtra)
- 6. Nimapara (Orissa)
- 7. Hyderabad I (Nacharam, Telangana)
- 8. Hyderabad II (Malkajgiri, Telangana)
- 9. Kumbalgodu (Karnataka)
- 10. Ponda (Goa)
- 11. Nanded (Maharashtra)





5.5.4 About	The Manac	rement

5.5.4 About The	Management	
Key Managerial Personnel	Designation	About the Board
V. K. Viswanathan	Chairperson & Independent Director	V.K. Viswanathan is a seasoned business leader and Chartered Accountant with over four decades of experience across the automotive and consumer goods industries. He has held prominent roles at Bosch, Hindustan Unilever, and TCS, with international exposure in India, Europe, and the U.S. A former Chairman of Bosch Limited, he currently serves on the boards of several leading companies and brings strategic depth through his leadership background and global perspective.
Praveen Somesh war	Managing Director and CEO	Praveen Someshwar is an accomplished business leader with over 30 years of experience in the media and FMCG sectors. He served as the MD and CEO of HT Media, leading its transformation into a digital-first organization. Prior to that, Praveen spent 24 years at PepsiCo, where he held key roles in General Management, Finance, and Strategy, and served as the CEO of India Foods and South Asia Beverages. Praveen is a Chartered Accountant, Cost Accountant, and holds a Bachelor of Commerce degree from Delhi University.
Pradeep Jain	Executive Director & Chief Financial Officer	Pradeep Jain is the Executive Director and CFO at Diageo India, overseeing Finance, Accounting, Treasury, Tax, Governance, Compliance, Investor Relations, Secretarial, Business Strategy, and IT functions. He is a key member of Diageo's Global Finance Leadership and India's Executive Committee. With over 25 years of leadership experience at Eicher Motors, PepsiCo, and Pidlite Industries. He is a Chartered Accountant and alumnus of Shri Ram College of Commerce, Delhi University.
Mark Sandys	Non-executive Director	Mark Sandys has been with Diageo for 25 years, starting as a graduate trainee in 1997. In July 2022, he was appointed Chief Innovation Officer, overseeing Diageo's global portfolio of brands, R&D, sustainability, and digital innovation. Prior this, Mark was the Global Head of Beer, Baileys, Smirnoff, and Captain Morgan, managing some of Diageo's largest spirits and beer brands. Throughout his career, Mark has played key roles in strategy, innovation, and brand management across multiple markets.
Preeti Arora	Non-executive Director	Preeti Arora is a seasoned executive with over 25 years of global experience in General Management and Finance leadership. Currently Managing Director for Diageo's South-East Asia business, she has successfully led large-scale business and functional transformations across developed and emerging markets. Known for delivering consistent results, she has led cross-functional teams of 500+ and champions gender diversity and digital capabilities within the organization. She holds a BA (Hons) in Economics and a Master's in Finance & Control.
Dr. Indu Bhushan	Independent Director	Dr. Indu Bhushan is a distinguished economist and public policy leader with over three decades of global experience. A former IAS officer, he has held senior roles at the World Bank and Asian Development Bank, where he led key strategic engagements across Asia. He was the founding CEO of Ayushman Bharat and also led the National Digital Health Mission. With a PhD in Health Economics and a CFA, Dr. Bhushan brings deep expertise in governance, policy implementation, and healthcare transformation.
Mukesh Butani	Independent Director	Mukesh Butani is a leading tax expert with over 30 years of experience in international and domestic corporate tax. He is the founder and managing partner of BMR Legal Advocates, specializing in cross-border tax structuring, transfer pricing, and regulatory policy. Mukesh has also authored key publications on transfer pricing and tax policy, and frequently serves as an expert witness in international tax disputes.



5.5.4 About The Management

Board of Directors	Designation	About the Board
Amrita Gangotra	Independent Director	Ms. Gangotra is an award-winning technology leader with over two decades of global experience across the telecom, IT services, and FMCG sectors. She is the Founder & MD of ITyukt Digital Solutions, advising on digital transformation in 5G, IoT, and Al/ML. Previously, she held senior technology roles at Vodafone, Airtel, HCL, and Nestlé, driving major IT and digital initiatives. She holds a Master's in Operational Research and is a Gold Medalist from the University of Delhi.
Jagbir Singh Sidhu	Chief Commercial Officer	Jagbir leads the Commercial function at Diageo India and is a member of its Executive Committee. As the Chief Commercial Officer, his responsibilities include unlocking the growth potential for Diageo and UNITDSPR portfolios through the 3 India's Commercial strategy. Jagbir has an outstanding track record of over 30 years in the AlcoBev industry. Prior to Diageo, Jagbir worked with Pernod Ricard India where he held key leadership roles across Commercial, Marketing and International Business Development
Jitendra Mahajan	Chief Supply & Sustainability Officer	Jitendra Mahajan leads the Supply function at Diageo India. As Chief Supply & Sustainability Officer, Jitendra leads end-to-end Supply Chain for Diageo India. In a career spanning 27 years, Jitendra has spearheaded several transformative initiatives across the value chain. Prior to joining Diageo, Jitendra was with Marico Limited as Chief Operating Officer – Supply Chain & IT. Jitendra graduated in Engineering from the Walchand College of Engineering, Sangli and holds an MBA degree from Sydenham Institute of Management Studies, Mumbai.
Ruchira Jaitly	Chief Marketing Officer	Ruchira leads the Marketing function at Diageo India and is part of its Executive Committee. Ruchira is an experienced marketer who has played a pivotal role in building leading consumer brands over the last 25 years. Prior to joining Diageo, she was with PepsiCo India as Senior Director, Marketing. Ruchira has been associated with brands such as Nokia devices and Royal DSM. Ruchira is a cofounder at Ashoka University. Ruchira holds an honours degree from St. Xavier's College, Mumbai and is an alumnus of the Indian Institute of Management, Ahmedabad.



RADICO KHAITAN LTD. (RDCK)



PREMIUM AT CORE, VAST IN REACH, INTEGRATED TO THE ROOTS

Radico Khaitan Ltd. (RDCK)

August 04, 2025 | CMP: INR 2,839 | Target Price: INR 3,340 Expected Share Price Return: 17.7% I Dividend Yield: 0.1% I Expected Total Return: 17.8%

Sector View: Positive





Company information

BB Code	RDCK: IN EQUITY
ISIN	INE944F01028
Face Value (INR)	2.0
52 Week High (INR)	2,940.9
52 Week Low (INR)	1,628
Mkt Cap (INR Bn)	380.6
Shares Outstanding (Mn)	133.7
Free Float (%)	59.8
FY28E EPS (INR)	69

Shareholding pattern (%)

	Dec-24	Mar-25	Jun-25
Promoters	40.2	40.2	40.2
FIIs	17.7	16.9	17.7
DIIs	25.5	26.7	25.9
Public	16.5	16.0	16.0

Relative performance (%)

	3Y	2Y	1Y
BSE FMCG	32.3	8.0	9.4
RDCK	180.4	96.5	56.6

Rebased price performance (%)



1 Year Forward PE Band



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Well-established Portfolio Set to Drive Growth

Since its 2017 pivot, RDCK has launched 13 Prestige & Above (P&A) brands out of a 25+ brand portfolio, with 8 already achieving millionaire status. This has reshaped its mix, evident in FY25, with P&A and Popular volumes now at par, and P&A emerging as the key revenue driver at 48.2%, followed by Country Liquor - 30.5% and Popular - 20.3%. Led by accelerated Premium launches and 5 of its 8 Millionaire brands in the P&A segment; along with policy tailwinds in Telangana and Andhra Pradesh supporting growth in the Popular category, we believe RDCK is wellpositioned to deliver 23.3% and 22.6% sales CAGR in P&A and Popular segments, respectively, over FY25-28E.

Distribution Scale Positions RDCK Among the Market Leaders

RDCK has built a strong, future-ready distribution network with 1,00,000+ retail outlets, 10,000 on premise accounts, and a solid CSD presence, where key brands hold up to 16% market share. Backed by 300+ sales executives, and presence in 100+ countries, the company ensures deep market access. The distribution network is supported by 43 bottling units. In our view, this scale positions RDCK to deliver 18.5% Revenue CAGR by FY28E, aided by its distribution strength, and exports momentum.

Backward Integration Complete: Awaiting Margin Expansion

RDCK has completed a multi-year backward integration drive, scaling ENA capacity to 321Mn litres with new grain-based and dual-feed distilleries—ensuring supply security, cost stability, and consistent quality. Cost efficiencies from lighter packaging (1,450 MT glass, 3,100 MT paper saved in FY24) and local sourcing add to margin support. With major capex behind and annual spend normalising to INR 1Bn, free cash flows are set to improve. We believe this integrated platform will drive 320 bps margin expansion, over FY25-28, aided by better mix, FCF generation, and lower leverage.

Investment View

Driven by a rising premium mix, scaled distribution backbone and costefficient integration, we expect RDCK to deliver, Revenue / EBITDA / PAT CAGR of 18.5% / 26.9% / 39% over FY25-28E. We therefore initiate coverage with a BUY rating and a target price of INR 3,340 based on our DCF model. Our valuation implies a ~62.2x / 48.4x PE on FY27E / FY28E EPS.

Key Investment Risks

Policy unpredictability, advertising restrictions, and intensifying of competition in the Scotch category could limit RDCK's premium brand visibility and pricing power-posing risk to growth consistency and margin expansion.

Key Financials - IND AS								
INR Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E		
Volume (Mn Cases)	28	29	31	40	45	50		
Growth %	7.2	1.8	9.1	27.3	12.0	12.2		
Revenues (Net)	31,428	41,185	48,512	60,567	69,733	80,646		
Growth %	9.6	31.0	17.8	24.9	15.1	15.7		
EBITDA	3,583	5,061	6,736	9,224	11,217	13,778		
EBITDAM %	11.4	12.3	13.9	15.2	16.1	17.1		
Adj. PAT	2,203.5	2,621.7	3,431.9	5,639.6	7,181.1	9,220.9		
EPS (INR)	16.5	19.6	25.7	42.2	53.7	69.0		
Debt/Equity (x)	0.3	0.3	0.2	0.1	0.1	0.0		
ROE %	10.3	11.3	13.2	18.8	20.0	21.3		
ROCE %	11.2	12.9	16.3	22.2	25.1	27.8		
Asset Turnover (x)	1.0	1.1	1.1	1.2	1.3	1.4		
P/E (x)	72.5	88.1	94.6	57.6	45.2	35.2		
DDOK Obsiss Institutional Familia								

Source: RDCK, Choice Institutional Equities



Report Structure

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6.1.1 Well-established Portfolio Set to Drive Growth

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♦ RDCK's strategic pivot to premium since 2017 driving brand repositioning

Building premium depth: RDCK's brand maturity path

RDCK – transitioned from a bulk supplier to a premium-focused, multi-brand leader

Today, RDCK has a strong, well-

balanced portfolio across categories

and price points



Source: RDCK, Choice Institutional Equities

RDCK's rise from bulk to brand-driven growth

- RDCK has transformed from a bulk spirit manufacturer in 2006, operating with an asset-light, volume-driven model and limited brand control, into a premium-led, brand-focused Spirits company.
- The strategic pivot began after 2017, marked by the launch and scaling of premium brands, such as Rampur, Jaisalmer, and Royal Ranthambore, alongside steady performance from mass brands, such as 8PM and Old Admiral.
- Today, with a 25+ brand portfolio anchored in the Prestige & Above segment, and supported by full backward integration, RDCK is positioned as a diversified, margin-accretive player driving long-term profitable growth.

♦ Balanced portfolio: Premium push with scale from massmarket staples

Comparative view: Millionaire brands & category presence

			Presence Across Categories of Spirits					
	Total Millionaire Brands	P&A Millionaire Brands	Popular Millionaire Brands	Whisky	Vodka	Rum	Gin	Brandy
RDCK	8	5	3	√	√	✓		√
ABDL	3	1	2	√				
UNITDSPR	7	3	4	√		√		√
TLNGR	2		2					√

Source: Drinks International, Choice Institutional Equities



RDCK's wide-ranging portfolio across Spirits and price segments sets it apart as a balanced, allweather growth player



Boosting its P&A mix to 41.5% of volume in FY25, while Popular continues to drive 48.5%, supporting both margin expansion and mass-market leadership

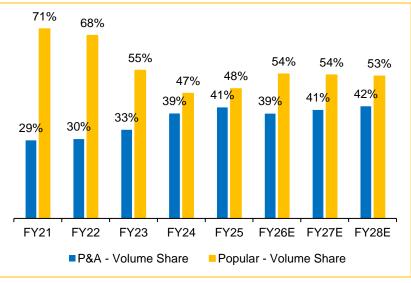
RDCK's broad-based portfolio anchors scalable and resilient growth

- RDCK stands out among Indian AlcoBev players for its exceptional portfolio diversification across both, spirit categories and price segments.
- Unlike most peers that focus heavily on a single category or price point, RDCK has established a strong presence across Whisky, Vodka, Gin, rum, and Brandy, covering the full spectrum, from popular to prestige, premium, and Luxury offerings.
- This includes mass-market staples, such as 8PM and Old Admiral, premium offerings, such as Magic Moments Verve and Royal Ranthambore, and Luxury brands such as Rampur Indian Single Malt and Jaisalmer Gin.
- With over 25 brands spread across segments and multiple price tiers, RDCK is uniquely positioned to capture consumer demand shifts, insulate against category-specific risks, and drive consistent volume and value growth.
- This breadth of portfolio makes it one of the most balanced and resilient Spirits companies in India.

Premiumization Without Sacrificing Leadership in the Popular Segment

- RDCK has steadily shifted its mix toward higher-margin P&A brands—raising P&A's share to 41.5% of volumes in FY25—while sustaining its mass-market leadership in the Popular category, which still contributes 48.5% of volumes.
- This balanced approach has allowed the company to capture premiumization gains without ceding ground in its core Popular segment, ensuring both, margin expansion and scale.

Balanced growth across Premium and Mass segments

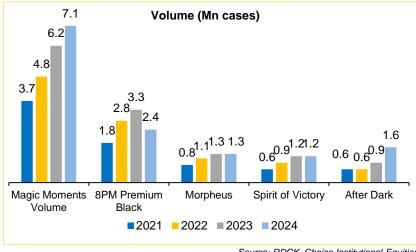


Note: Above chart only covers IMFL Revenues



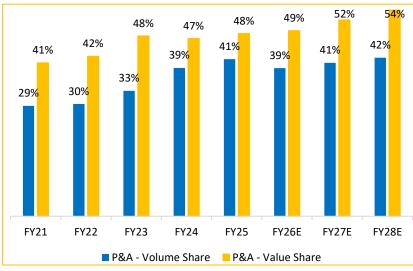
Five P&A brands have emerged as millionaire brands over time

5 of 8 Millionaire Brands in P&A -Reinforcing P&A segment as the Core Growth Engine



Source: RDCK, Choice Institutional Equities

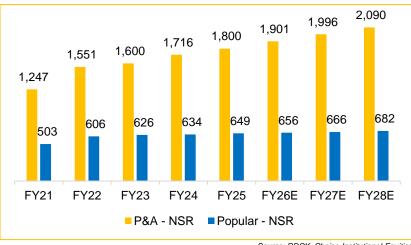
P&A mix to anchor RDCK's premium play: 42% volume, 54% value by FY28E



With the segment contributing 48.2% of revenue and 41.5% of volumes, it signals a structural shift

Source: RDCK, Choice Institutional Equities

P&A to maintain lead; Popular NSR expected remains steady



Source: RDCK, Choice Institutional Equities

Further supported by a 9.6% NSR CAGR over 4 years, ahead of the Popular segment



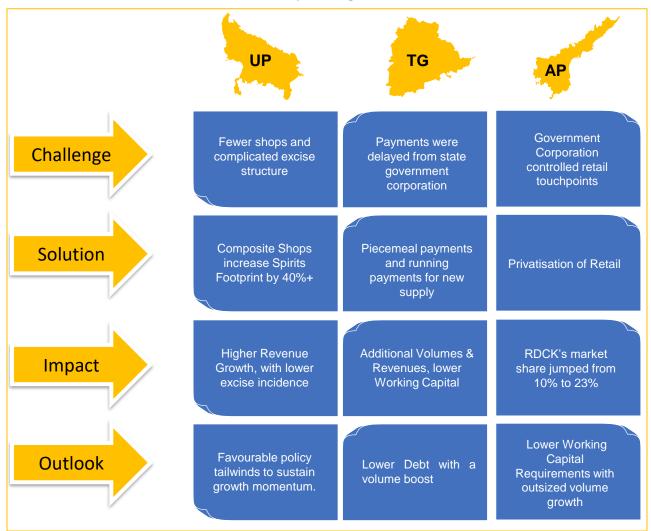
Accelerated premium momentum with bold launches

On top of the existing P&A portfolio, FY25 marks a scale-up, with aggressive launches

Launch Timeline	Brand Name	Category
Q1 FY25	Rampur Asava	Luxury Malt
Q1 FY25	Sangam	World Malt
Q1 FY25	Jaisalmer Gold	Super-Premium Gin
Q1 FY25	Remix Pink Vodka	Flavored Vodka
Q2 FY25	Barrel Blush	Luxury Malt
Q2 FY25	Jugalbandi 5 & 6	Limited Malt
Q4 FY25	Ankahi Zaffran Liqueur	Liqueur
Q1 FY26	The Spirit of Kashmyr	Luxury Vodka

Source: RDCK, Choice Institutional Equities

♦ From disruption to dominance: State reforms unlock growth across Popular segment and fuel IMFL momentum.





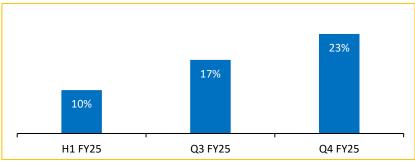
State reforms fuel volume recovery across core markets

 Along with new launches and steps to strengthen its P&A mix, RDCK is benefiting from policy-led tailwinds in Uttar Pradesh, Andhra Pradesh, and Telangana, which have driven a sharp volume uptick.

- With P&A on a strong growth path, policy support is now accelerating momentum in Popular
- In Uttar Pradesh, the Q4 FY25 excise overhaul introduced composite shops, expanding retail reach by ~40%, while shifting excise payments to wholesalers, easing working capital strain.
- In Telangana, resolution of government dues and normalization of payment cycles restored liquidity and stabilized trade.
- In Andhra Pradesh, the October 2024 route-to-market reset shifted 60% of business to organized players, enhancing transparency and predictability in a previously fragmented system.

Market share expansion in Andhra Pradesh, driven by favorable policies and execution

From 10% to 23% market share: RDCK scales up in Andhra Pradesh

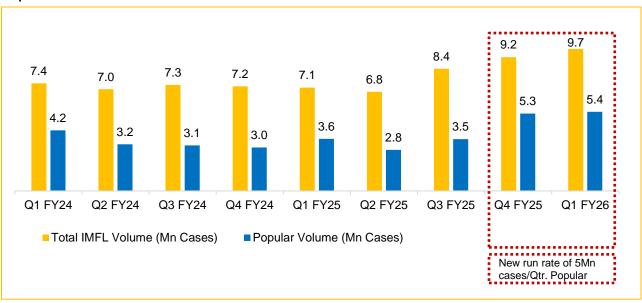


Source: RDCK, Choice Institutional Equities

Popular segment leads RDCK's volume rebound as state disruptions ease

 Over Q3 FY25 to Q1 FY26, the Popular category's strong volume momentum reflects the impact of policy tailwinds alongside the normalization of state-level market conditions.

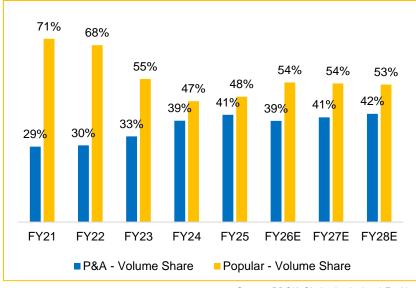
New Volume base: Popular category run rate breaches 5Mn cases, leading to high growth in Popular for next 2 quarters





Steady gains in Popular category to continue on policy tailwinds

Post-recovery run rate in popular segment expected to smoothen off once base normalizes in Q3FY26E



Source: RDCK, Choice Institutional Equities

♦ Balanced growth: Popular recovery and premiumization propel market expansion and improve profitability.

- RDCK boasts a robust brand portfolio, including 8 millionaire brands spanning both P&A and Popular segments.
- P&A has grown rapidly over the years, now standing at par with the Popular segment. With 5 of RDCK's 8 millionaire brands in P&A and multiple premium launches from FY25 to FY26, the segment is expected to show strong momentum.
- While, the Popular segment has seen a sharp recovery, driven by policy tailwinds & state re-openings, aiding volume growth.
- We believe this dual momentum, Popular recovery and premiumization, positions RDCK to scale effectively across segments and sustain leadership in both value and premium categories.
- Looking ahead, we believe RDCK is well-positioned to deliver 23.3% and 22.6% sales CAGR in its P&A and Popular segments, respectively, over FY25–28E.
- This growth is expected to drive volume shares to 41.9% in P&A and 53.2% in Popular category by FY28E, enabling a more balanced portfolio, business stability, and sustained EBITDA margin expansion.

RDCK's rising premium mix and strong policy tailwinds position it for sustained growth and margin expansion through FY28E RDCK's distribution buildout since

FY19 has boosted its reach,

responsiveness in India's complex

efficiency,

AlcoBev landscape

and



6.1.2 Distribution Scale Positions RDCK Among the Market Leaders

market

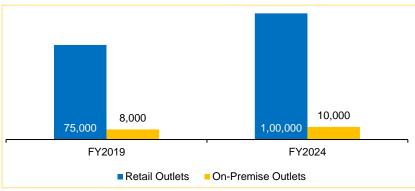
RDCK has built a strong, future-ready distribution network with 1,00,000+ retail outlets, 10,000 on premise accounts, and a solid CSD presence, where key brands hold up to 16% market share. Backed by 300+ sales executives, and presence in 100+ countries, the company ensures deep market access. The distribution network is supported by 43 bottling units. In our view, this scale positions RDCK to deliver achieve 18.5% revenue CAGR by FY28E, aided by its distribution strength, and exports momentum.

♦ Distribution backbone drives RDCK's market leadership and growth.

Strategic execution and wide reach drive distribution edge

- Over the years, RDCK has made distribution a strategic priority expanding retail coverage since FY19, supported by increased manufacturing units and a streamlined, zone-wise sales teams.
- This robust infrastructure has enhanced market reach, reduced logistics costs, and ensured consistent availability in a tightly-regulated environment.

Steady Expansion in Retail and On-Premise Footprint



Source: RDCK, Choice Institutional Equities

Digitally-enabled distribution: building reach beyond traditional retail

RDCK has adopted digital channels and home delivery to boost reach and engagement, evolving from a COVID-19 response to a focused strategy using microsites, social media, and influencers to deepen market presence.

Further strengthened by digital platforms that sharpen visibility, target precision, and ease regulatory navigation

CSD: where RDCK builds premium from the inside out



Source: RDCK, Choice Institutional Equities

CSD channel: a strategic pillar in RDCK's distribution network

- RDCK leverages its long-standing presence and preferred-supplier status in the high-entry-barrier CSD channel.
- This segment offers consistent demand, strong brand loyalty, and limited competition—making it ideal for introduction of premium brands.
- In contrast, TLNGR and AAB are still in early stages of CSD registration, while ABDL's presence is weakened by legacy issues, highlighting RDCK's clear edge in this strategic channel.

In parallel, a strong CSD foothold increases scale and trust, fortifying RDCK's leadership in Spirits



6.1.2 Distribution Scale Positions RDCK Among the Market Leaders

A 29-state presence ensures lastmile access and positions RDCK to capitalize on region-specific growth opportunities

Pan-India presence ensures capture of wider demand

- RDCK has a geographical presence across 29 Indian states, enabling deep reach into both, mature and emerging, consumption centers.
- Over the years, this expansive reach has played a critical role in driving volume growth in the Popular segment.
- As a result, RDCK stands out as one of the most geographically diversified AlcoBev players in India.

Snapshot: RDCK's footprint

Parameter	Details
Presence	29 states
Retail Reach	100K+ retail, 10K+ on-premise outlets
Bottling Units	43 total
Distilleries	8 units (incl. Rampur & Aurangabad JV)
Key States	UP, AP, MH, TS, KA
Team	~300 employees
Key Owned Facilities	Rampur, Sitapur, Hyderabad, etc.
Recent Market Wins	23% MS share in AP, strong KA presence
Leadership	Outperformed in 7 of top 11 markets

Source: RDCK, Choice Institutional Equities

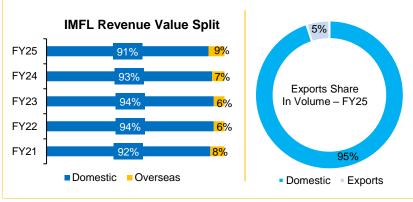
♦ RDCK's Premium Brands now reach 100+ countries, boosting global visibility

- RDCK has sharply scaled its exports, with export value share rising from 5% in FY19 to 9%, in FY25, driven by premiumization and geographic expansion to over 100 countries.
- Led by Rampur and Jaisalmer, RDCK's exports have gained traction through repeat orders, on-trade placements and rising global demand—pushing export share to volume of 5%, in FY25.

Extending this momentum globally, RDCK's distribution push has scaled exports to 100+ countries, lifting both, value and volume share



Premium exports drive value share to 9% and volume to 5% in FY25





6.1.2 Distribution Scale Positions RDCK Among the Market Leaders

Global Travel retail driving discovery

Evident in rising Global Travel Retail that boosts discovery and global appeal of Indian Spirits



Source: RDCK, Choice Institutional Equities.

Scaling internationally through strategic channel partnerships

Along with global key account presence, accelerating brand reach in duty-free, Luxury hotels, and upscale retail networks



Source: RDCK, Choice Institutional Equities.

Crafted in India, acclaimed worldwide: consumer preferences driving distribution reach

- RDCK has become a top choice in Indian Whisky by blending authenticity, innovation, and value.
- By delivering global-quality offerings at accessible price points, RDCK is gaining share against both, domestic and imported brands.
- Indian Ageing Advantage: India's tropical climate accelerates maturation and enhances flavour, giving RDCK a cost and time edge in premium Craft Spirits.
- Innovative Craftsmanship: RDCK's craft cues—like cask finishes and native botanicals—sharpen brand identity, justify premium pricing.
- RDCK's terroir-led efficiency and innovation-led premiumization create a scalable, margin-accretive growth platform.

Driven by innovation and global recognition, RDCK is deepening its presence across key export markets through stronger consumer traction



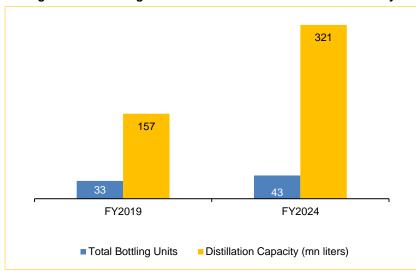
6.1.2 Distribution Scale Positions RDCK Among the Market Leaders

Scaling capacity to match growing ambitions

This rising global traction is supported by an expanded manufacturing network that ensures faster delivery, cost-efficiency, and scalable growth across key states

- RDCK's distillation capacity has more than doubled, from 157Mn litres in FY2019 to 321Mn litres in FY2024, alongside expansion in bottling units, from 33 to 43.
- This build-out supports faster product availability, efficient state-wise servicing, and greater regulatory agility.
- RDCK's decentralized footprint enables in-state bottling, this helps to avoid inter-state duties and easing local compliance.
- This improves logistics, reduces working capital, and enhances scalability across key states.

Stronger manufacturing backbone enables RDCK to scale efficiently



Supporting this is a significant rampup in manufacturing capacity aligned with growing domestic and international demand

Source: RDCK, Choice Institutional Equities

♦ Export momentum and margin upside position RDCK to offset domestic pricing pressure.

- Radico Khaitan's strong export performance and premium-led mix shift have proven effective in absorbing domestic pricing pressures.
- In FY24, export volumes grew 10% while export value rose 38%, driven by high-margin products, such as Rampur Indian Single Malt and Jaisalmer Gin, sold across 100+ countries and Global Travel Retail.
- Simultaneously, P&A brands now contribute 69.4% to IMFL value, reflecting pricing power from a richer portfolio mix.
- This combination of global traction and margin-accretive product mix has allowed RDCK to manage input cost pressures, particularly from grain, ENA, and packaging, despite inconsistent state-wise pricing approvals.
- In our view, this scale positions RDCK to deliver 18.5% revenue CAGR by FY28E, aided by its distribution strength, and exports momentum.

With exports spanning 100+countries, RDCK is unlocking scale and global demand, driving 18.5% revenue CAGR over FY25–FY28E.



6.1.3 Backward Integration Complete: Awaiting Margin Expansion

RDCK has completed a multi-year backward integration drive—scaling ENA capacity to 321Mn litres with new grain-based and dual-feed distilleries—ensuring supply security, cost stability, and consistent quality. Cost efficiencies from lighter packaging (1,450 MT glass, 3,100 MT paper saved in FY24) and local sourcing add to margin support. With major capex behind and annual spend normalising to INR 1Bn, free cash flows are set to improve. We believe this integrated platform will drive 320 bps margin expansion, over FY25-28, aided by better mix, FCF generation, and lower leverage.

Backward integration enhances raw material security and cost control.

Strengthening upstream control to power cost stability

- After the strategic shift from 2006, RDCK prioritized backward integration to build a self-sustaining and efficient value chain that could support premium brand growth.
- Recognizing the need for input security, cost control, and quality consistency, the company invested in expanding in-house capabilities across production, packaging, and procurement.

Strategic ENA integration strengthens supply chain resilience

- To support its premium-led strategy and ensure sustainable growth, RDCK identified ENA as a key cost driver, necessitating tighter control over core inputs.
- While already having sizable capacity, it deepened integration in FY2022 through a INR 1.8Bn dual-feed upgrade at Rampur and an INR 5.5Bn greenfield distillery at Sitapur, taking the total capacity to 321Mn litres by FY2024.
- This secured long-term ENA supply, reduced exposure to ethanoldriven volatility, turned a key cost into a strategic input advantage.

Consistent capacity expansion from FY20 to FY25

Source: RDCK, Choice Institutional Equities

Starting with ENA production, RDCK built insulation against policy shift and raw material disruption

integration

foundation for secured input access

laid

the

Strategic

and operational agility

This integration enabled a capacity scale-up over the years, reflecting disciplined execution and growing self-reliance

RDCK's downstream control: from ENA to in-house PET bottle manufacturing

- Following its ENA integration, RDCK extended control downstream by entering PET bottle manufacturing—another major cost driver.
- RDCK started with a plant in Uttaranchal in 2004 and subsequently scaled capacity to 60 crore bottles, with half of them used in-house.
- With additional units in South and West India, RDCK built a regionallybalanced packaging network, ensuring supply reliability, lowering freight costs, and reducing reliance on external vendors.

Packaging integration further deepened internal control, reducing dependence on external vendors



6.1.3 Backward Integration Complete: Awaiting Margin Expansion

Efficient sourcing strengthens supply chain

These steps enhanced supply stability and enabled efficient procurement practices

robust

backbone that allowed RDCK to

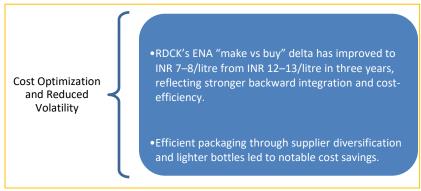
transition into a steady-state capex

a

operating

Creating

cycle

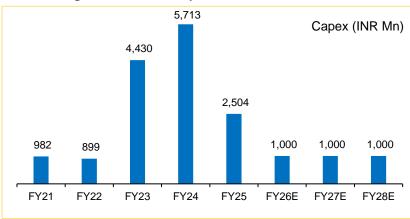


Source: RDCK. Choice Institutional Equities

Capex cycle nearing completion, freeing up cash for growth

- Building on its backward integration strategy, RDCK has now concluded the bulk of its capex cycle, having operationalized its key ENA-linked projects.
- The focus now shifts from asset creation to asset sweating. As the company enters a steady-state capex phase, it begins to unlock high utilization and reduced input reliance.
- This marks a strategic pivot, where backward integration moves from being capex-intensive to cash-accretive—enabling RDCK to accelerate deleveraging and enhance long-term capital efficiency.

Transitioning to maintenance capex



Source: RDCK, Choice Institutional Equities

Shifting structurally from projectheavy investments to maintenancelevel capex during FY24–28E

Lower capex intensity, enabling stronger cash flows

- By transitioning into a steady-state capex phase, and reducing the capital outflow, the company has unlocked higher free cash flows.
- As RDCK ramps up new capacities that begin generating returns, these incremental cash flows will be directed towards aggressive debt reduction.
- With net debt already down by INR 1.7Bn in FY2025 and inventory normalization underway, RDCK has seen marked improvement in leverage metrics and overall balance sheet strength.

This transition frees up internal cash generation, improving the company's self-reliance



6.1.3 Backward Integration Complete: Awaiting Margin Expansion

FY21

FY22

We believe that, with reduced capital intensity, RDCK is positioned to achieve consistent year-over-year free cash flow growth

5,907 FCFF (INR Mn) 4,022 2,555 2,360 1,330 589

FY25

FY24

-4,291

Source: RDCK, Choice Institutional Equities

FY26E FY27E FY28E

Free cash flow strength supports financial flexibility

Capex tapering drives free cash flow growth

FY23

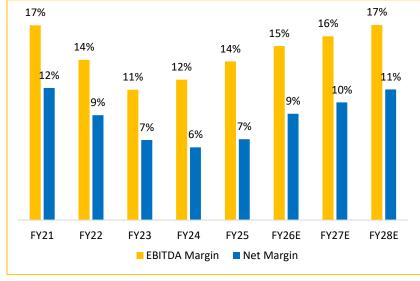
-2,154

- RDCK's backward integration capex leads to lower input cost volatility, improved operational efficiency, and reduced reliance on external suppliers, all of which support a more predictable and stable EBITDA margin.
- As the heavy investment phase ends, incremental depreciation moderates, easing pressure on the bottom line.
- With fewer non-cash charges, net margins expand more visibly. This
 combination of cost control, and declining fixed cost intensity are
 expected to enhance both, EBITDA stability and net profitability, by
 FY28E

RDCK's focus on efficiencies and free cash flow are expected to drive flexibility and support growth

Lean operations set to boost margins and profitability

Margin trajectory of RDCK: EBITDA and net margins set to grow



Source: RDCK, Choice Institutional Equities

As a result, we believe RDCK is well-positioned to drive margins up by 320 bps by FY28E, led by reduced capex intensity and increased financial flexibility.

We recommend 'BUY' on RDCK

with an upside of 17.7% to INR

3,340, based on DCF valuation

method



6.2.1 View and Valuation

- ✓ RDCK delivered a net revenue CAGR of 19% over FY21–FY25, led by a sharp portfolio shift to premium products. This has led to a sharp up move in realizations with a CAGR of 10% over FY22-FY25.
- Despite margin pressures, PAT CAGR stood at 6% and EPS rose 27%, reflecting improved throughput, rising P&A contribution margins, and operating leverage from distribution depth and in-house bottling.
- ✓ With capex intensity declining post-Sitapur commissioning, we do not expect major Capex for the foreseeable future, we forecast a capex of INR 1Bn/year for maintenance reasons.
- ✓ Thus improving Free Cash Flow to the firm, over FY25–28E, we expect
 a 18.5% Net Revenue CAGR and 39% PAT CAGR, supported by
 margin expansion from premium mix, additional enhancements from
 scaling up Sitapur facility.
- ✓ Hence, we initiate coverage on RDCK with a BUY recommendation and Target Price of INR 3,340 which is an upside of 17.7%, by valuing the company using a DCF-based approach. Our valuation implies a PE of 62x / 48x based on FY27E / FY28E EPS.

Key inputs for DCF analysis

DCF Assumptions	
Rm	12%
Rf	6.3%
BBG Adj. Beta	0.9
Cost of Equity	11.1%
Post Tax Cost of Debt	6.1%
WACC	10.2%
Terminal Growth Rate	5%

Source: RDCK, Choice Institutional Equities

Valuation output from DCF model

DCF Calculation (INR Mn)	
PV of FCF for forecasting period (FY26E-FY35E)	93,391
PV of terminal cash flow	358,548
Enterprise Value	451,939
Net debt/(cash)	5,905
Equity Value	446,033
Number of Shares (Mn)	133
Target Price (INR/share)	3,340

Source: RDCK, Choice Institutional Equities

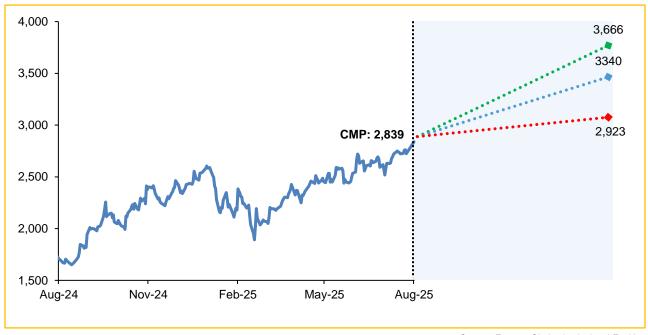
Valuation Summary and Key Assumptions for RDCK

Sensitivity analysis - WACC & terminal growth rates

		Terminal Growth Rate %				
		4.0%	4.5%	5.0%	5.5%	6.0%
	8.2%	4,930	5,520	6,290	7,340	8,880
ပ္ပ	9.2%	3,690	4,030	4,440	4,970	5,660
WACC	10.2%	2,880	3,090	3,340	3,640	4,010
5	11.2%	2,300	2,440	2,590	2,780	3,000
	12.2%	1,880	1,970	2,080	2,200	2,340



6.2.2 Scenario Analysis - Bull, Bear & Base Case



Source: Factset, Choice Institutional Equities



BULL Assumptions

- Regulatory tailwinds like duty rationalization and the UK FTA enhance export competitiveness and domestic price realization.
- Revenue growth of 47.7% in FY27E, over FY25 with EBITDA margins increasing to 16.8%



BASE Assumptions

- FY27E revenue growth of 43.7%, over FY25E
- EBITDA margins expanding to 16.1% in FY27E from 13.9% in FY25



BEAR Assumptions

- RDCK's aggressive premiumization may face pushback in a soft consumption environment, especially with weaker uptake in pricesensitive segments.
- Revenue growth of 40% in FY27E, over FY25, with EBITDA margins increasing to 15.2%



6.2.3 Risks To Our Investment Thesis

Regulatory fragmentation remains a structural drag on scalability and brand-building.

- RDCK's Vodka and Brandy segments face rising competition intensity; new entrant activity in these niche categories could pressure market share and margins.
- Advertising Restrictions: In India, direct advertising of alcohol is prohibited, forcing brands to rely on surrogate advertising. This restriction limits brand visibility and marketing flexibility, presenting a challenge for product promotions.
- Rising Competition Intensity in Premium Segment: Rising global interest in India's premium Spirits market is intensifying competition for RDCK. Potential cuts in Scotch import duties could pressure its Luxury portfolio and challenge share gains in the high-end segment.
- Regulatory Volatility: RDCK operates in a highly-regulated industry where state-wise policy shifts, such as Andhra's royalty brand curbs or price hikes in Karnataka, can materially impact volumes and disrupt growth visibility.

6.2.4 Key Insights From Management Meet

RDCK drives growth through premiumization, expanded market share, and strategic investments, enhancing margins and capital efficiency

- RDCK has benefited from premiumization, with Luxury brands, such as Rampur and Royal Ranthambore forming ~50% of exports and earning 2x domestic margins.
- Its UP market share rose from <5% to ~27%, supported by 6,500+ outlets and 210Mn L of captive capacity across Rampur and Sitapur.
- A change in UP's excise duty structure unlocked ~INR 1 Bn in working capital. RDCK follows a state-led rollout model, with pan-India launches costing INR 100–200Mn over 2–3 months.
- While ENA costs remain volatile (INR 1/kg rice = INR 2/L), a richer product mix has driven ~100 bps annual EBITDA margin expansion.
- Production is fully grain-based, as molasses have been phased out.
 The industry is consolidated (top 5 players hold ~50% share) and demographic shifts continue to expand the legal drinking population alongside rising white spirit consumption.



6.2.5 Q1 FY26 Earnings Conference Call Takeaways

Volume & mix: strong momentum across segments

- IMFL volumes rose 37.5% YoY, led by a 41% increase in P&A and a sharp rebound in Popular.
- Adjusted for AP's reopening, organic volume growth was ~12%, with P&A growth at 15–20%, indicating strength beyond one-off regulatory benefits.

Brand performance: Premium portfolio scaling up

RDCK registered strong volume growth led by premiumization and popular segment recovery, with Luxury brands scaling rapidly.

- Morpheus Super Premium and Spirit of Kashmyr marked RDCK's entry into ultra-premium Whisky and Vodka, with strong initial consumer response.
- Luxury/semi-Luxury brands delivered ~50% value growth, with the segment expected to cross INR 500 Cr in FY26.

Margins & Profitability: expansion backed by mix & scale

- Gross margin rose 200 bps YoY to 43%, EBITDA margin improved to 15.3%, aided by stable RM costs and richer mix.
- Margin guidance revised up to 125–150 bps annual expansion (vs earlier 100 bps), targeting late-teen margins over 2–3 years.

Balance sheet & cash flow: strengthening financial flexibility

- Net debt reduced by INR 1.6Bn QoQ, supported by improved working capital.
- Policy shift in UP (excise paid by wholesalers) improved cash conversion.
- Management targets near-zero net debt by FY27.

Regulatory tailwinds: state-level unlock driving share gains

AP: Route-to-market reset drove share gains from 10% to 28%, positioning Radico as market leader.

UP: Excise reforms expanded retail reach (+40%) and eased liquidity.

Telangana: Improved payment cycles; legacy dues (~INR 90 Cr) being cleared gradually.

Maharashtra: Price hikes expected to be absorbed; volume exposure limited (4–5%).

Optionality from potential regulatory easing in Bihar, Delhi, and TN remains intact.

Capacity & capex: ready for scale

Sitapur now Asia's largest distillery, ensuring no capacity bottlenecks.

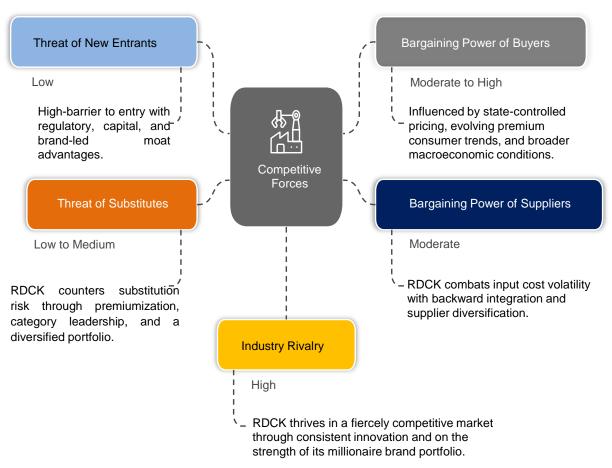
Capex guidance maintained at INR 1.5Bn-1.6Bn annually, focused on brand and malt investments.

Margins expand on better mix and scale; net debt reduces with improved cash flow and policy support.

Strong state-level reforms boost market share and liquidity; capacity expanded with Sitapur distillery; steady capex on brand and malt investments.



6.3.1 Porter's Five Forces



Source: RDCK, Choice Institutional Equities

Five Forces' Competitive Analysis

RDCK's scale, integration, brand depth, and reach create high entry barriers—unmatched by ABDL, UNITDSPR, or asset-light peers.

RDCK counters high buyer power via strong CSD presence, premium mix, and lower state dues—unlike ABDL or TLKNGR which rely on mass segments, leading to higher state dependency

RDCK's premium, multi-category portfolio limits substitution risk—unlike TLKNGR's Brandy-heavy mix or AAB's small-scale RTD push.

RDCK's full ENA and packaging integration shields it from input volatility, unlike ABDL and TLNGR, who depend on external supply and AAB with only recent ethanol ramp-up.

In a crowded market, RDCK leads with global reach, premium brands, and execution agility—while UNITDSPR faces legacy issues, ABDL scales, and others stay regional.



6.3.2 SWOT Analysis



Source: RDCK, Choice Institutional Equities

Preferences

Volatility

RDCK's Distinct Strengths Vs Competitors

RDCK launched 15+ premium brands organically over 15 years — unlike UNITDSPR and ABDL, which rely on acquisitions and partnerships for portfolio expansion.

RDCK is fully backward integrated with strong in-house R&D, unlike ENA-dependent UNITDSPR and scaling-phase ABDL

RDCK leads in retail and CSD reach (100K+ outlets), outpacing ABDL, UNITDSPR (after portfolio reshuffle), and others with narrower networks.

RDCK's Distinct Opportunities Vs Competitors

RDCK leads in global travel retail with 22 airport listings, unlike ABDL, TII, and AAB with minimal presence; UNITDSPR rides on Diageo but lacks comparable India-origin brand visibility.

RDCK stands to gain from FTAs with its strong malt exports and global-ready brands, unlike ABDL/AABL; UNITDSPR may

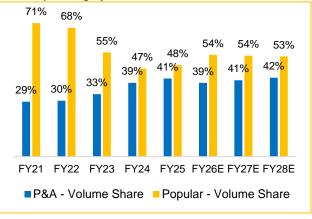
RDCK's Threats Vs Competitors

RDCK's pan-India presence increases exposure to state-level policy shifts, unlike TII/AABL which are more regionally focused and less vulnerable.

Choice Institutional Equities

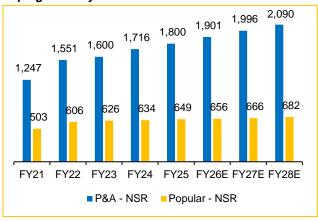
6.4.1 Operational Ratios

More mass, more class — P&A volumes to take the lead, expanding by 17.4% CAGR from FY25 to FY28



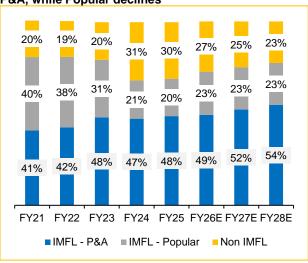
Source: RDCK, Choice Institutional Equities

With P&A pushing the NSR higher and popular, keeping it steady...



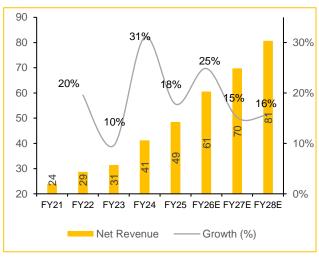
Source: RDCK, Choice Institutional Equities

Leading to increase in share in projected revenue of P&A, while Popular declines



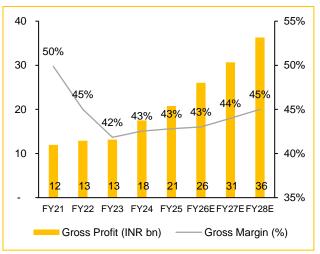
Source: RDCK, Choice Institutional Equities

Raising the bar with a spirited 18.5% CAGR in projected revenue from FY25 to FY28...



Source: RDCK, Choice Institutional Equities

Decrease in raw material to increase projected gross margins by 218 bps over FY25 – FY28



Source: RDCK, Choice Institutional Equities

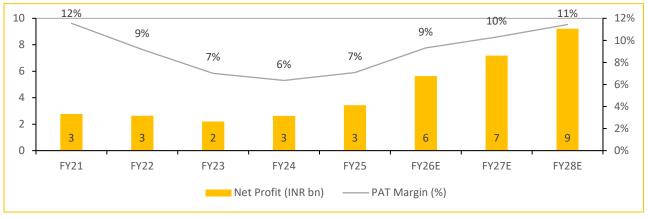
Driving the EBITDA margin up by 320 basis point by FY28





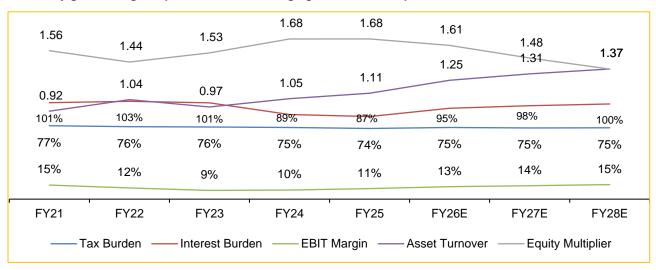
6.4.2 Key Financial Ratios

Backward integration and cost efficiencies would further drive net margin to a steady state of 12% by FY28, a growth by 435 bps from FY25



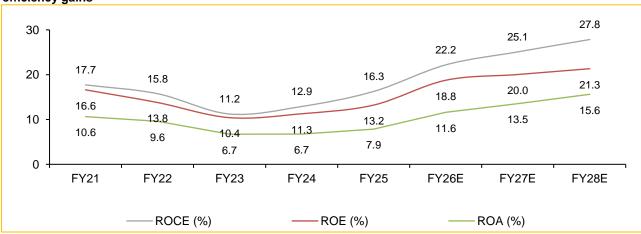
Source: RDCK, Choice Institutional Equities

Efficiency gains, margin expansion and deleveraging to drive RoE improvement over FY25-28



Source: RDCK, Choice Institutional Equities

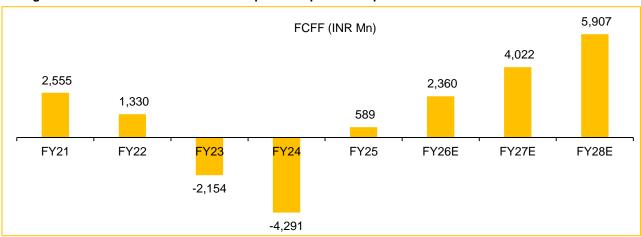
Return ratios beyond RoE—like RoCE and RoIC—also show consistent improvement, mirroring overall efficiency gains





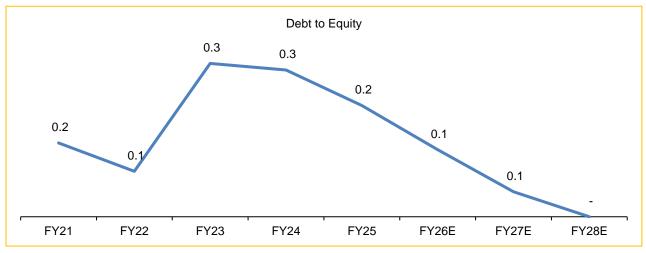
6.4.2 Key Financial Ratios

Strong turnaround in FCFF reflects better capital discipline and operational resilience



Source: RDCK, Choice Institutional Equities

Debt-to-Equity has steadily declined and is expected to reduce further, reflecting strong capital discipline and resilient cash flow management





6.4.3 Financials

Income statement (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Gross Revenue	1,54,839	1,70,986	2,08,318	2,39,845	2,77,383
Excise Duty	1,13,654	1,22,474	1,49,088	1,70,112	1,96,737
Revenue	41,185	48,512	60,567	69,733	80,646
Gross profit	17,520	20,773	26,048	30,682	36,291
EBITDA	5,061	6,736	9,224	11,217	13,778
Depreciation	1,138	1,401	1,353	1,408	1,463
EBIT	3,923	5,335	7,871	9,809	12,315
Other income	89	49	42	42	42
Interest expense	591	762	439	265	82
РВТ	3,485	4,626	7,504	9,618	12,306
Reported PAT	2,622	3,432	5,640	7,181	9,221
EPS	20	26	42	54	69

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenues	31.0	17.8	24.9	15.1	15.7
Gross Profit	33.2	18.6	25.4	17.8	18.3
EBITDA	41.2	33.1	36.9	21.6	22.8
PBT	19.9	32.8	62.2	28.2	28.0
PAT	19.0	30.9	64.3	27.3	28.4
Margin Ratios (%)					
Gross Profit Margin	42.5	42.8	43.0	44.0	45.0
EBITDA Margin	12.3	13.9	15.2	16.1	17.1
PBT Margin	8.5	9.5	12.4	13.8	15.3
Tax rate	24.8	25.8	24.8	25.3	25.1
PAT Margin	6.4	7.1	9.3	10.3	11.4
Profitability (%)					
ROE	11.3	13.2	18.8	20.0	21.3
ROIC	9.6	11.8	16.0	18.1	21.1
ROCE	12.9	16.3	22.2	25.1	27.8
Valuation					
CFO/EBITDA (x)	0.4	0.5	0.4	0.5	0.5
CFO / Net profit (x)	1.0	1.3	1.0	1.1	1.1
EV/EBITDA (x)	1.3	56.0	40.7	33.2	26.7
BVPS (x)	134	152	165	182	206

Source: RDCK & Choice Institutional Equities

Balance sheet (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Net worth	24,396	27,537	32,613	39,076	47,374
Borrowings	7,371	6,307	4,507	2,007	-
Trade Payables	2,670	3,125	4,161	4,921	5,833
Other non-current liabilities	921	987	987	987	987
Other current liabilities	5,591	8,434	8,434	8,434	8,434
Total Net Worth & liabilities	40,950	46,389	50,701	55,424	62,628
Net Block	16,935	18,038	17,685	17,277	16,814
Capital WIP	527	233	233	233	233
Goodwill & intangible assets	82	70	70	70	70
Investments	1,978	1,983	2,013	2,044	2,075
Trade Receivables	9,782	11,822	14,105	16,812	19,444
Cash & Cash equivalents	862	402	92	722	3,663
Other non-current assets	819	821	821	821	821
Other current assets	9,965	13,022	15,683	17,446	19,510
Total Assets	40,950	46,390	50,702	55,425	62,629

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows From Operations	1,829	3,629	3,493	5,113	6,951
Cash Flows From Investing	-2,424	-1,715	-1,000	-1,000	-1,000
Cash Flows From Financing	237	-2,374	-2,803	-3,483	-3,010

DuPont Analysis (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	75%	74%	75%	75%	75%
Interest Burden	89%	87%	95%	98%	100%
EBIT Margin	10%	11%	13%	14%	15%
Asset Turnover	1.05	1.11	1.25	1.31	1.37
Equity Multiplier	1.68	1.68	1.61	1.48	1.37
ROE	11.3%	13.2%	18.8%	20.0%	21.3%



6.5.1 Introduction

RDCK: Business Overview

RDCK, founded in 1943, is one of India's oldest and largest IMFL manufacturers.

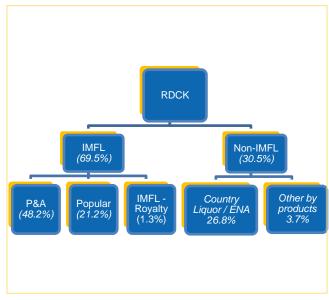
A key CSD supplier and major malt distiller, the company entered the branded space in 1998 with 8PM Whisky, now one of seven millionaire brands in its portfolio.

Its flagship Magic Moments Vodka commands 80% share in India and ranks 6th globally; Morpheus XO leads premium Brandy with over 60% share.

With 15+ launches in the last 15 years, 13 in the premium segment, RDCK's Prestige & Above category grew 21.1% YoY in FY25, contributing nearly 41% of IMFL volumes.

Recent premium launches include Rampur Indian Single Malt, Jaisalmer Gin, and Royal Ranthambore Whisky, supported by celebrity partnerships and strong digital campaigns.

Poured to Perfection: RDCK's Spirit Mix – From Mass to Class!



Source: RDCK, Choice Institutional Equities

RDCK's Diversified Portfolio: Premium to Popular, Across Categories

Indicative MRP	Whisky	Rum	Brandy	Vodka	Gin
INR 4,292+	Rampur Single Malt, Sangam Whisky, Spirit of Victory	Kohinoor Reserve Rum		The Spirit of Kashmyr- Luxury Vodka	Jaisalmer Gin
INR 1,284+	Royal Ranthambore		Morpheus Super Premium Brandy	Magic Moments Dazzle Vodka	
INR 856 – 1,284	Morpheus Rare		Morpheus XO Brandy	Magic Moments Verve Vodka	
INR 685 - 856	8 PM Premium Black	Lemon Lush		Magic Moments	
INR 513 – 685	After Dark Whisky	Spirits of Victory			
<inr 513<="" td=""><td>8 PM Whisky</td><td>Contessa Rum</td><td>Old Admiral</td><td></td><td></td></inr>	8 PM Whisky	Contessa Rum	Old Admiral		

Source: RDCK, Choice Institutional Equities.

Scaling the Spirits Spectrum: RDCK's Segment-Wise Brand Ladder

Luxury Segment: RDCK's Rampur, Sangam, and Spirit of Victory whiskies, Kohinoor Reserve, Jaisalmer Gin, and Ankahi Zaffran are a part of the Segment.

Semi-Luxury Segment: Features Royal Ranthambore Whisky, Morpheus Blue XO, and Magic Moments Dazzle Vodka.

Super Premium Segment: Offers Morpheus Brandy, and Magic Moments Verve Vodka.

Semi-Premium Segment: Includes 8PM Premium Black Whisky and Magic Moments Vodka, and Magic Moments Remix.

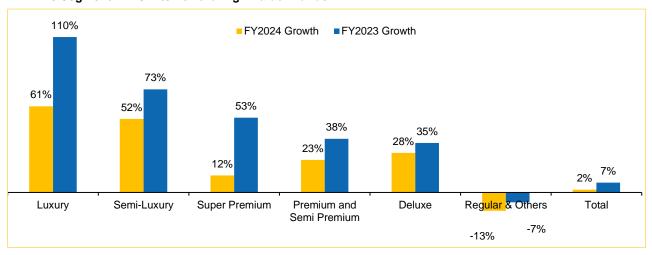
Deluxe Segment: Comprises After Dark Blue Whisky and Ready-to-Drink cocktails.

Regular Segment: Features 8PM Whisky and Contessa rum, Old Admiral Brandy.



6.5.1 Introduction

RDCK's Segment Mix Shifts Toward High-Value Brands

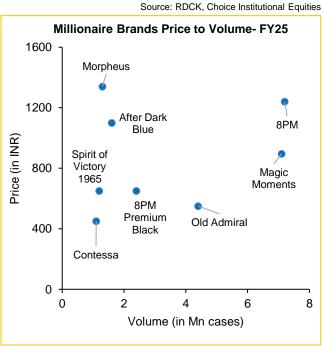


Source: RDCK, Choice Institutional Equities

RDCK's Millionaire Brands: Strong Presence Across High-Growth Segments



Millionnaire Brands Volumes (Mn cases) 8.6 7.1 4.4 3.8 2.4 0.8 1.5 1.1 1.6 1.2 0.6 8PM Magic Moments Morpheus Contessa After Dark Old Admiral 8PM Premium Spirit of Victory CY2019 CY2024

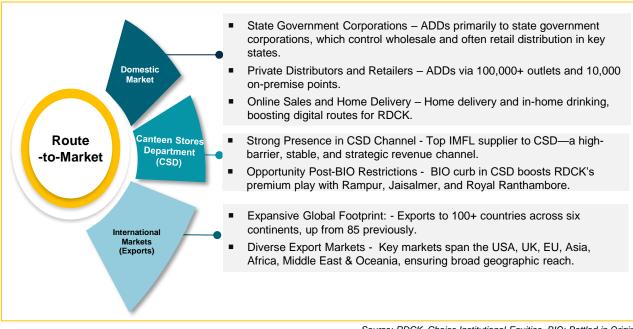


Source: RDCK, Choice Institutional Equities



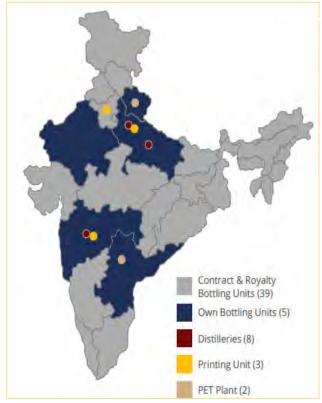
6.5.1 Introduction

Multi-Channel Strength: RDCK's Robust Route-to-Market Spans Domestic, CSD, and Global Fronts

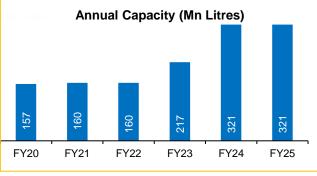


Source: RDCK, Choice Institutional Equities. BIO: Bottled in Origin

Pan-India Distilling Network Ensuring Swift, Seamless AlcoBev Delivery Across Markets

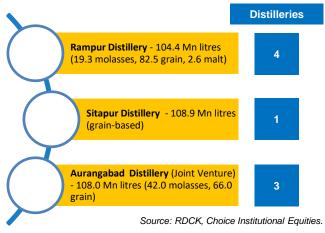


Source: RDCK, Choice Institutional Equities



Source: RDCK, Choice Institutional Equities

Breakdown - Total Distillation Capacity: 321Mn litres





6.5.2 About the Management

	gement	
Key Managerial Personnel	Designation	About the Board
Dr. Lalit Khaitan	Chairman & Managing Director	Dr. Lalit Khaitan, Chairman & MD, has over 50 years of experience and led RDCK's rise as a top IMFL player. Known for his strategic vision and brand focus, he champions strong governance. He holds key industry roles and has won multiple lifetime awards.
Mr. Abhishek Khaitan	Managing Director	Mr. Abhishek Khaitan, MD, has over 20 years of experience and transformed RDCK from bottling to brand-led leadership. He has launched 15+ brands, including 8PM and Magic Moments, and drives Premiumization with Rampur, Jaisalmer, and Morpheus.
Amar Singh	Whole Time Director	Mr. Amar Singh, COO since 2022, brings 30+ years of manufacturing experience from firms, such as Pernod Ricard and Sentini Group. An expert in fermentation and industrial alcohol, he strengthens RDCK's execution and operational strategy.
Tushar Jain	Independent Director	Mr. Tushar Jain, a seasoned entrepreneur with 25+ years of experience, leads Automat Industries and Smith International. He has earned an M.Sc. degree in Economics and MBA from BITS Pilani, with certification from the American Irrigation Association. He also serves on multiple corporate boards.
Mr. Sharad Jaipuria	Independent Director	Mr. Sharad Jaipuria has 30+ years of leadership experience across textiles, renewable energy, and education. He chairs Ginni International, Ginni Global, and Integral Education Society, and serves on multiple corporate boards.
Ms. Sushmita Singha	Independent Director	Ms. Sushmita Singha has 30+ years of experience in governance, planning, and development. She serves on the boards of Kajaria Ceramics and Ginni International, and is active in cultural bodies such as BRICS CCI and INTACH.
Mr. Pushp Jain	Independent Director	Mr. Pushp Jain, Deputy MD at KLJ Plasticizers, with expertise in finance, marketing, and manufacturing, oversees global operations. He has earned degrees from Delhi University, USC, and Harvard, and serves on several management boards across real estate, finance industries.



6.5.2 About the Management

Board of Directors	Designation	About the Board
Mr. Amar Sinha	Chief Operating Officer	Mr. Amar Sinha, COO at RDCK, has 30+ years of sales and marketing leadership across top FMCG and AlcoBev firms. He has held senior roles at Shaw Wallace, ABD, and Wave Group. A strategy expert, he has won multiple industry awards.
Mr. Dilip Banthiya	Chief Financial Officer	Dilip Banthiya has 30+ years of experience in corporate finance, treasury, and M&A. A fellow of ICAI, he was named to the CFO100 Roll of Honour in 2012 and is active in several professional bodies.
Mr. Sanjeev Banga	President - International Business	Mr. Sanjeev Banga has 30+ years of FMCG experience and has led RDCK's global expansion since 2008. He built premium brands, such as Rampur and Jaisalmer abroad, with important roles previously at Nestlé, Seagram, and Kohinoor Foods.
Mr. Vinay Padroo	Chief Human Resources Officer	Mr. Vinay Padroo has 20+ years of HR experience and leads RDCK's people and culture strategy. He is an alumnus of Burn Hall School, Srinagar.
Mr. Saket Somani	SVP – Finance & Strategy	Mr. Saket Somani has 19+ years of experience in finance, strategy, capital markets, and investor relations. He is a commerce graduate from the University of Rajasthan.
Mr. Hari Shankar Shukla	EVP – Manufacturing Operations	Hari Shankar Shukla is an experienced distillery head with expertise in production, maintenance, administration, and liaison. He holds a D.I.F.A.T. in Alcohol Technology from the National Sugar Institute, Kanpur.
Mr. Sincon Manar Gupta	SVP – Legal & Company Secretary	Mr. Dinesh Kumar Gupta oversees legal and corporate governance at the company. He is a graduate in commerce and law as well. With a CFA Charter and Fellow Member of the Institute of Company Secretaries of India, he brings 19 years of experience in secretarial, legal, and compliance functions.
Mr. M Prakash	EVP – Corporate, Technical Operations	Mr. M. Prakash leads technical operations across corporate functions. He has earned a post-graduate Diploma in Alcohol Technology and an MBA, has extensive experience in the distillery industry and is currently Executive VP at Radico Khaitan.

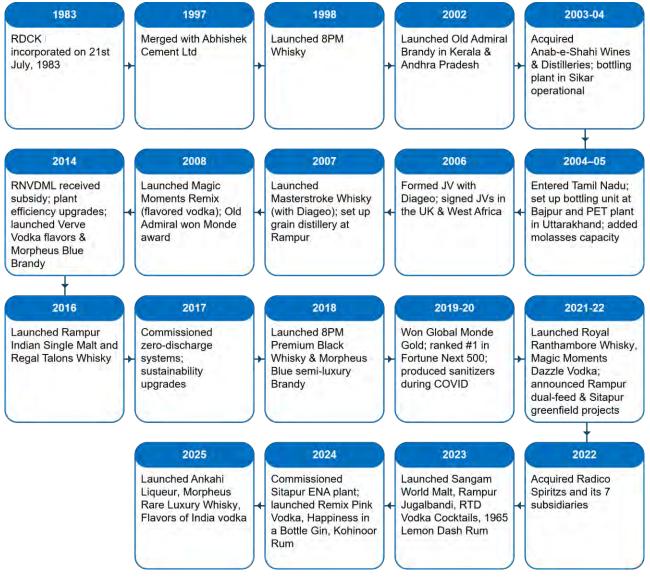


6.5.3 Key Subsidiaries & Milestones

Key Subsidiaries and Associates RDCK Wholly Step-down Subsidiary Venture Subsidiary Radico Compaqt Destihomz Equibuild Proprent Era Estates Binayah Builders Firstcode Radico NV Distilleries Accomreal Spiritzs India Era Builders Builders Buildwell Realtors Reality

Source: RDCK, Choice Institutional Equities

Timeline of Brand Launches and Key Events





6.5.4 Marquee Brand Launch Timeline





ALLIED BLENDERS & DISTILLERS LTD.
(ABDL)

UNDERDOG, VYING FOR TOP SPOT

Allied Blenders & Distillers Limited (ABDL)

Expected Share Price Return: 15.5% | Dividend Yield: 0.5% | Expected Total Return: 16%

Aug 04, 2025 | CMP: INR 511 | Target Price: INR 590

Sector View: Positive



ADD



Company Info				
BB Code	ABDL: IN			
ISIN	INE552Z01027			
Face Value (INR)	2.0			
52 Week High (INR)	532			
52 Week Low (INR)	279			
Mkt Cap (INR Bn)	142.9			
Mkt Cap (\$ Bn)	1.6			
Shares o/s (Mn.)/	279.7			
Free Float	19.1			

Shareholding Pattern (%)						
Dec-24 Mar-25 Jun-25						
Promoters	80.9	80.9	80.9			
FIIs	2.5	2.8	2.8			
DIIs	DIIs 4.0		4.7			
Public	12.5	12.3	11.5			

Relative performance (%)

	3Y	2Y	1Y
BSE FMCG	NA	NA	-9.4
ABDL	NA	NA	51.1

Rebased price performance



1 Yr. forward PE band



Karan Kamdar

Email: karan.kamdar@choiceindia.com Ph.: +91 6707 9451

Portfolio Transformation Unlocks Premium Growth

Low realization brands such as Officer's Choice dominated the portfolio: bringing in fantastic volumes (OCW is world's 5th best selling Whisky in CY24). However, a portfolio transformation has added Premium & Luxury brands like Rock Paper Rum, Zoya Gin, Woodburns Whisky, Russian Standard Vodka. These brands offer MRPs at 2-4x of the current portfolio. ICONIQ White & Sterling Reserve successes strengthen our conviction. We believe ABDL will be able to scale up revenues from the new launches within next 2-3 years. We forecast a Revenue CAGR of ~15.5% over FY25-FY28E, with P&A Revenues leading the charge at 26.6% CAGR over the same period.

Strong Distribution Network Provides A Springboard For Brand Launches

- Domestic Presence: ABDL is one of the only four companies to have a pan-India distribution network. ABDL has access to ~80k Retail touchpoints (~80% of all shops), which becomes a critical factor for availing benefits of distribution efficiency.
- Exports: With an export revenue share of 5%, and exposure to 23 countries, we believe ABDL is placed perfectly for the spurt in volumes from premium brands.
- HORECA: ABDL acquired Fullarton Distilleries (higher ontrade revenues) to aid channel expansion.

A strong distribution muscle is likely to help the new brands scale faster and acquire a dominating market presence.

Vertical Integration And Other Initiatives Boost Margins

The vendor rate reset carried out post the IPO has boosted margins significantly by ~500 bps in FY25. FY25 EBITDA margins were 12.2%. The acquisition of Maharashtra distillery, malt plant activation & further upgrades to PET Bottle manufacturing will further improve margins. We expect ABDL to achieve industry parity EBITDA margins of 14.9% by FY28E.

Optionality: With the upcoming malt plant, ABDL will get access to aged homegrown malt. A good product will bring acceleration in P&A volumes and higher exports.

Investment View

ABDL is poised to outshine its peers on the P&A front as new brands pick up volumes & customer traction. We expect a ~15% revenue CAGR over FY25 to FY28E, additionally backward integration will grow EBITDA margins to 14.9%, arriving at a Net Income CAGR of ~32%. Consequently, we initiate coverage with an "ADD" rating on the stock, with a TP of 590 using a DCF approach. Our TP implies a PE of 48.3x / ~37x over FY27E / FY28E EPS.

Key Risks

New launches gaining slower than expected traction, delay commissioning of vertically integrated plants, working capital issues.

Key Financials - IND	AS
INR Bn	
Volume (Mn Cases)	

INR Bn	FY23	FY24	FY25	FY26E	FY27E	FY28E
Volume (Mn Cases)	32	32	33	35	38	41
Growth %	13.5	-1.7	4.4	7.0	7.6	8.3
Revenues (Net)	31	33	35	40	46	54
Growth %	17.2	5.8	5.8	14.1	15.4	16.9
EBITDA	2	2	4	5	7	8
EBITDAM %	5.9	7.3	12.2	12.8	14.4	14.9
Adj. PAT	0	0	2	2	3	4
EPS (INR)	0.1	0.1	7.0	8.7	12.2	16.1
Debt/Equity (x)	1.9	2.0	0.6	0.6	0.5	0.4
ROE %	0.4	0.4	20.0	14.7	17.4	19.1
ROCE %	10.7	15.3	20.2	16.6	19.4	21.4
Asset Turnover (x)	3.0	3.0	2.6	2.5	2.5	2.7
P/E (x)	NA	NA	73.4	58.4	41.9	31.8

Source: Company, Choice Institutional Equities



Report Structure

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Low realization brands such as Officer's Choice dominated the portfolio: bringing in fantastic volumes (OCW is world's 5th best selling Whisky in CY24). However, a portfolio transformation has added Premium & Luxury brands like Rock Paper Rum, Zoya Gin, Woodburns Whisky, Russian Standard Vodka. These brands offer MRPs at 2-4x of the current portfolio. ICONIQ White & Sterling Reserve successes strengthen our conviction. We believe ABDL will be able to scale up revenues from the new launches within next 2-3 years. We forecast a Revenue CAGR of ~15.5% over FY25-FY28E, with P&A Revenues leading the charge at 26.6% CAGR over the same period.

7.1.1 Portfolio Transformation Unlocks Premium Growth

* "Popular" brands dominated the portfolio in FY25

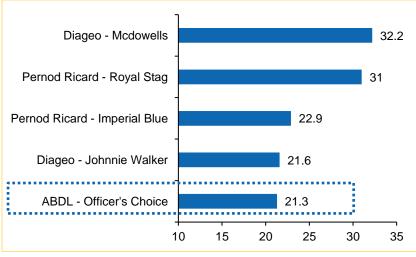
ABDL started out as a Whisky manufacturer for the masses in 1988 with Officer's Choice Whisky (OCW). OCW was the 5th highest selling Whisky in the world in terms of absolute volumes.

FY25 portfolio dominated by lower NSR brands

The brands launched by the company till FY18 occupied similar price points and as on FY24 were all available below 1500 for a bottle of 750ml (see chart below). The brands mainly catered for mass market volumes and lower margins.

In FY18, for instance Popular category accounted for 75% of all volumes, 25% of P&A category was driven by 2 major brands: Sterling Reserve and Officer's Choice Blue.

Officer's Choice Whisky is 5th best selling in the world by volume (Mn Cases)



Officer's Choice clocked in at 21.3Mn cases in CY24

Note: The above chart includes all variants of OCW

Source: Drinks Int'l Report 2024, Choice Institutional Equities

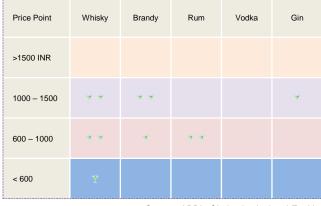
OCW volumes have thus remained stable and offer limited scope for expansion. From FY21 to FY25, OCW has clocked a meagre CAGR of 3.3% growing from 15.5Mn cases to 18.3Mn cases in FY25.

Volumes for Officer's Choice have remained stable

35 1.3 30 1.2 3.9 5.3 4.8 25 3.8 3.0 5.6 20 5.8 4.3 5.8 15 10 17.6 18.9 18.7 15.5 5 0 FY21 FY22 FY23 FY24 Officer's Choice Officer's Choice Blue

Others

Popular brands were the mainstay in FY24



Source: ABDL, Choice Institutional Equities

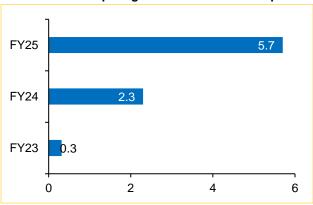
Source: ABDL, Choice Institutional Equities

■ Sterling Reserve



7.1.1 Portfolio Transformation Unlocks Premium Growth

ICONIQ White Pops Higher as FY25 Volumes Sparkle



Source: ABDL, Choice Institutional Equities

ICONIQ White & Sterling Reserve testament to brand creation capabilities

ICONIQ White was launched on 16th September, 2022. Within 30 months of the launch, ABDL was able to grow the brand stupendously so as to reach volumes of 5.7Mn cases in FY25. ICONIQ White was the fastest growing Whisky brand in CY23 clocking in a growth of 151% as per Drinks International Report. ICONIQ White was priced higher than OCW, thus proving the company's track record.

Similarly, Sterling White which was launched in 2017 has seen multiple refreshes and now clocks in volumes of ~5Mn cases/year further strengthening the argument for successful new launches.

❖ Portfolio Transformation with launch of Premium & Luxury brands

Portfolio upgraded with high value brands over last 6 months

During the course of the year, more particularly from January 2025 onwards, ABDL has partnered with, acquired stakes and brand rights for various brands across higher priced segments.

ABDL has strategically launched key brands across Whisky, Vodka, Rum, Gin & Brandy.

For Rum, the company has acquired a 51% stake in Craft Spirits maker Good Barell Distillery for INR 900Mn. Russia's top Vodka maker has also tied up with ABDL to bring Premium to Luxury Vodka to Indian markets.

New brands & Partnerships yet to gain volumes



Source: ABDL, Choice Institutional Equities

New partnerships & Brand acquisition summary

Brands	Nature of Transaction	Target	Cost (INR Mn)
Woodburns Whisky, Pumori Small Batch Gin, Segredo Aldeia Rum	Only Brands	Fullarton Distilleries	400
Rock Paper Rum + variants	51% Stake	Good Barell Distillery	900
Russian Standard Vodka	Partnership with Roust Corporation		

Source: ABDL. Choice Institutional Equities

Build, Buy or Partner strategy in action



7.1.1 Portfolio Transformation Unlocks Premium Growth

New Brands will unlock P&A segment growth upgrading revenue trajectory

Prestige & Above to clock in a CAGR of 26% over FY25 to FY28E

With the rise in middle class incomes, the launches come at an opportune time as the market heats up. We expect these launches to help ABDL scale growth amidst a challenging demand environment at the lower end of the pyramid.

ABDL has strategically partnered with Bollywood superstar Ranveer Singh for "ABDL Maestro", which will spearhead the company's Luxury and Super Premium offerings as they grow and scale over the next 3 years. ABDL plans to launch Indian single malts by FY30E offering a huge optionality (see Optionality section).

Given the above, we bake in a CAGR of 15% for Prestige & Above volumes, while we expect the Popular segment to grow by \sim 2%. This will lead to the mix changing to 49% from 40% in FY25 in favour of P&A.

Pre Launch Brand Portfolio

Price Point	Whisky	Brandy	Rum	Vodka	Gin
>1500 INR					
1000 – 1500	* *	4 4			*
600 – 1000	* *	*	4 4		
< 600	Ť				

Post Launch Portfolio

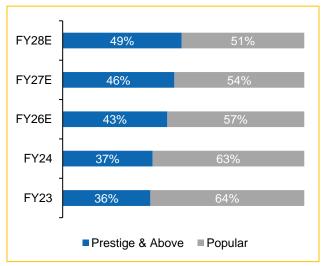
Price Point	Whisky	Brandy	Rum	Vodka	Gin
>1500 INR	ĀĀ		¥ ¥	¥	¥ ¥
1000 – 1500	*	*			
600 – 1000	*	*			
< 600	Y				

* = 1 brand

▼ = 1 brand

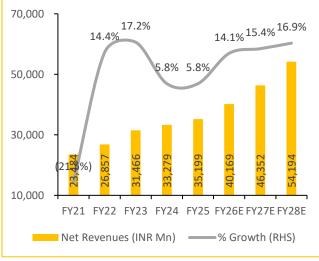
Source: ABDL, Choice Institutional Equities

We expect Prestige & Above to reach 49% of volumes by FY28E



Source: ABDL, Choice Institutional Equities

Leading to net revenue CAGR of ~15.5% over FY25-FY28E





- ✓ Domestic Presence: ABDL is one of the only four companies to have a pan-India distribution presence. ABDL operates 33+ bottling facilities and 12 sales offices across the country, which becomes a critical factor for availing benefits of distribution efficiencies.
- Exports: With an export revenue share of 5% and exposure to 23 countries, we believe ABDL is placed perfectly for the spurt in volumes from premium brands.
- HORECA: The acquisition of Fullarton Distilleries gives an opportunity to strengthen ABDL's on trade presence.

A strong distribution muscle is likely to help the new brands scale faster and acquire a dominating market presence.

7.1.2 Strong Distribution Network Provides A Springboard For Brand Launches

One of the only four companies to have a pan-India presence

Pan-India presence critical for mass market brands

ABDL, Pernod Ricard, UNITDSPR & RDCK are the only four companies in India to have a meaningful presence across the country in terms of distribution and sales.

Whisky is the most consumed IMFL product in India (~68% of IMFL market). Distribution across states is quite even thus requiring a pan India presence.

Access to ~80k Retail Touchpoints across the country

30+ States and UTs 79,329 Retail Reach 12 Sales Support Office Bhopal Rancht Rolland R

Pan India bottling plants improving distribution efficacy



Source: ABDL, Choice Institutional Equities

Source: ABDL, Choice Institutional Equities

Strong presence across retail with ~80k touchpoints

ABDL has a strong retail presence owing to the portfolio being dominated by mass market products like Officer's Choice Whisky (OCW).

For ensuring high volumes, OCW would need to be distributed fairly widely. This is evident with access to over 79k retail touchpoints across 28 sates.

Access to ~80k retail touchpoints & 28 Bottling Plants

ABDL also has access to 12 sales offices across the country. This helps stocking across key states such as Karnataka, Andhra Pradesh, Maharashtra, West Bengal, Uttar Pradesh, Rajasthan and Madhya Pradesh.

28 Bottling plants required for popular whiskies

Mass market brands are very price sensitive. Transporting ENA/bulk alcohol centrally will affect margins and the final MRP. Therefore, ABDL manages 9 owned bottling plants, 6 exclusive and 19 third-party non-exclusive bottling plants. This further cements our belief that ABDL can run its pan-India operations efficiently and effectively.



7.1.2 Strong Distribution Network Provides A Springboard For Brand Launches

Africa & Middle East are larger export markets for ABDL

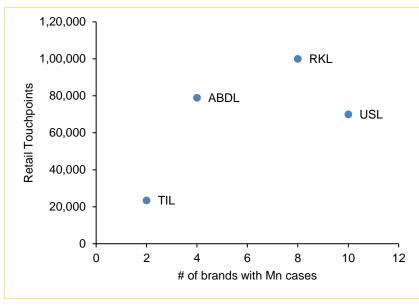
Exports to become a critical driver

ABDL exported to 22 countries in FY25, up from 15 in FY24. Revenue from exports has also grown steadily to rise to INR 2,060 Mn, while the share has remained stable at ~6%.

OCW, Sterling Reserve & ICONIQ White have given ABDL a stupendous platform for distribution.

For the more premium home-grown brands, such as Zoya Gin, ABDL's export capabilities could help brining in additional volumes.

A larger presence across touchpoints co-relates well with number of millionaire brands



Source: ABDL, Choice Institutional Equities

ABDL's presence across all available sales channels to put launches in high gear

Widespread presence to gear up launches

Wide Distribution across channels proves to be a critical success factor for new brands. Within states like Karnataka, Tamil Nadu, Maharashtra & West Bengal (accounting for roughly 50% of total IMFL consumption) face intense competition.

This has reinforced the need to balance out scale across the states. We therefore expect the wide distribution network and sales across all channels can become a springboard to launch brands for ABDL.



The vendor rate reset carried out post the IPO has boosted margins significantly by ~500 bps in FY25. FY25 EBITDA margins were 12.2%. The acquisition of Maharashtra distillery, malt plant activation & further upgrades to PET Bottle manufacturing will further improve margins. We expect ABDL to achieve industry parity EBITDA margins by FY28E of 14.9%.

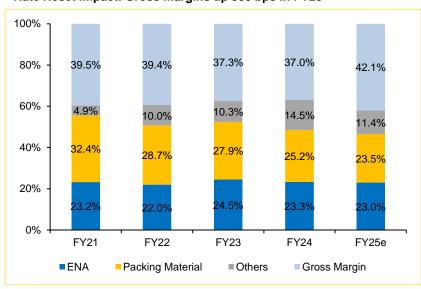
7.1.3 Margin Expansion To Continue With Vertical Integration

FY25 margins at an all-time high, expanded by 500bps

* Rate reset boosted margins by 5% in FY25

After listing in July 2024, ABDL undertook a vendor rate reset and to improve the prices charged on key raw materials using cash discounts. This had a massive impact on the margins for the company, ABDL's gross margins hovered around 37% from FY21 to FY24 and shot up to 42% for FY25. This led to a big reduction in manufacturing expenses, leading to savings of 5% or INR 2512Mn in FY25.

Rate Reset Impact: Gross margins up 500 bps in FY25



Source: ABDL, Choice Institutional Equities

Investing for Tomorrow: Capex for Strategic Vertical Integration

Telangana - New Malt & PET Plants

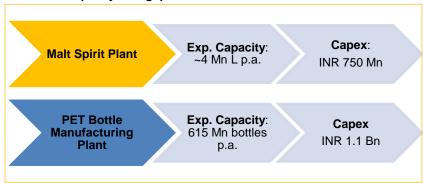
ABDL is enhancing its manufacturing ecosystem with strategic investments at its Rangapur facility, Telangana as a part of its long-term backward integration strategy.

The malt plant will secure malt spirit supply for ABD's premium and Luxury portfolio, enhancing control over quality and input costs. Further, a PET bottle manufacturing plant, designed to cater to 70–75% of the packaging requirements, is projected to go live by Q2 FY26.

75% of PET Bottles to add to margins

100% Internal sourcing of Malt & 70-

Planned Capacity: Rangapur





7.1.3 Margin Expansion To Continue With Vertical Integration

Capex to be financed via internal accruals & debt

Maharashtra - ENA Distillery Expansion

The new 150 KLPD distillation unit in Maharashtra will increase annual capacity from 11 MLPA to approximately 61–63 MLPA. The project, with an estimated capital expenditure of INR 2.4–2.6Bn as part of a broader INR 5.2Bn capex plan, will be financed through internal accruals and debt.

Planned Capacity: Aurangabad



Planned Capital Expenditures for FY26E & FY27E

Plant	New Addition	Expected Start Date	Cost (INR Mn)
PET Bottle	615 Mn bottles	Q2FY26	1150
ENA Capacity Expansion	61 MLPA	Q4FY26	2600
Malt Distillery	4 MLPA	Q4FY26	750
			4500

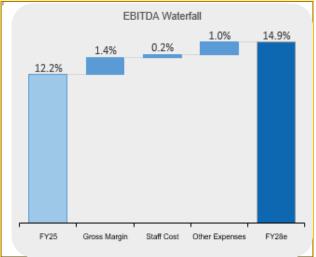
Source: ABDL, Choice Institutional Equities

Potential for additional 270bps expansion in EBTIDA margins

Vertical Integration provides 300bps of margin boost

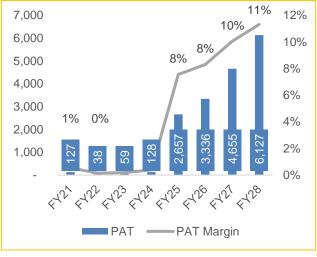
The management further expects an additional 300bps improvement in EBITDA margins by FY28E, as new distilleries, ENA and PET bottle plants come online. INR 5.3Bn has been allocated towards the construction of these new plants, which can lead to 100% captive Malt & ENA consumption, at the same time fulfill 70-75% of PET bottle demand. We model 12.8%, 14.4% and 14.9% EBITDA margins for FY26E, FY27E & FY28E respectively leading to an EBITDA CAGR of ~23% over FY25-FY28E.

Backward integration to improve margins by \sim 2.7% in FY28E



Source: ABDL, Choice Institutional Equities

Turning around with a PAT CAGR of ~23%, backed by lower interest costs





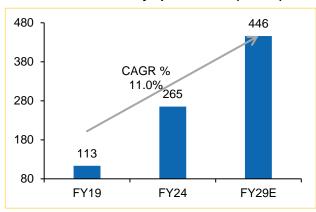
7.1.4 Optionality: Launch Of Single Malts Can Be A Long Run Driver

Luxury Whisky requires malt that's been aged for at least 3-5 years

Indian single malts gaining traction across the globe

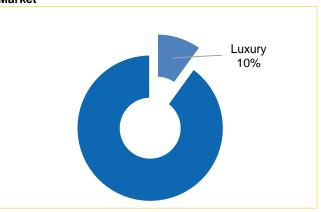
The quality of Indian Whisky has improved over the last decade, from a molasses based, rum-like Whisky, India Whisky manufacturers have moved on to quality malted Whisky that has been aged in fine casks. This upgrade in quality has gained several awards and aficionados in the western market as well. There are petitions for geographical identification (GI) for Indian Whisky as well. Amrut, Indri & Rampur have been reining the Luxury Indian Whisky markets for the last few years.

Indian Premium & Luxury Spirits Market (INR Bn)



Source: Technopak, Choice Institutional Equities

Premium & Luxury Spirits account for 10% of Total Market



Source: Technopak, Choice Institutional Equities

❖ Domestic Luxury Spirits Market to expand at 11% CAGR over FY24 to FY29E

The Indian Luxury Spirits markets is broadly divided into two segments: a) Bottled in Origin (BIO) or Imports b) Domestic. The domestic market can be further segmented into Bottled in India (BII) for Whisky that is imported in bulk, Indian Whisky & IMFL. The market for Luxury Spirits is expected to grow at a fast clip of 11%, faster than other categories which are expected to grow in high single digits. **ABDL plans to capitalise on the homegrown domestic Luxury Whisky segment.**



ABDL Maestro planned offerings



Source: ABDL, Choice Institutional Equities

❖ ABD Maestro to enter the Luxury Whisky Play

ABDL has partnered with superstar Ranveer Singh for the launch of their Premium & Luxury Whisky products that will be launched in the upcoming years. The upcoming malt plant with a capacity of ~4 MLPA, will become a crucial factor in the final flavour, taste & success of this strategic play.

Aged Indian Single Malt Whisky can become a game changer Indian Single Malt Whiskies are expected to bring in further premiumization and help the company achieve it's ambitious target of 50% P&A volumes by FY28E.

Luxury Whisky requires malt that has been aged for at least 3-5 years



7.2.1 View & Valuation

- Post the IPO in June 2024, ABDL has shown remarkable strength in expanding margins via vendor rate reset and accumulation of efficiencies raising EBITDA margins to 12% a full 500 bps expansion.
- We believe the growth of new brands is not currently being appreciated fairly in the market price, these brands have a potential Revenue growth CAGR of 15% with added optionality for Indian Single Malt kicking in 1-2 years down the line.
- Further, as the vertical integration is completed, there is an expected margin expansion of 300bps over the next 3 years, this will lead to a net income CAGR of 32.1% over the next 3 years.
- Additionally, as debt is pared down, we expect lower interest costs will further boost profitability at Net Income level
- Hence, we initiate coverage on ABDL with an ADD recommendation and Target Price of INR 590 which is an upside of 16%, by valuing the company using a DCF-based approach. Our valuation implies a PE of 48x / 37x based on FY27E / FY28E EPS

Key inputs for DCF analysis

DCF Assumptions	
Rm	12%
Rf	6.3%
BBG Adj. Beta	1.1
Cost of Equity	12.6%
Post Tax Cost of Debt	7.3%
WACC	12%
Terminal Growth Rate	5%

Source: ABDL, Bloomberg, Choice Institutional Equities

Valuation output from DCF model

DCF Calculation (INR Mn)	
PV of FCF for forecasting period (FY26E-FY35E)	43,898
PV of terminal cash flow	1,27,454
Enterprise Value	1,71,352
Net debt/(cash)	7,661
Equity Value	1,63,691
Number of Shares (Mn)	279.7
Target Price (INR/share)	590

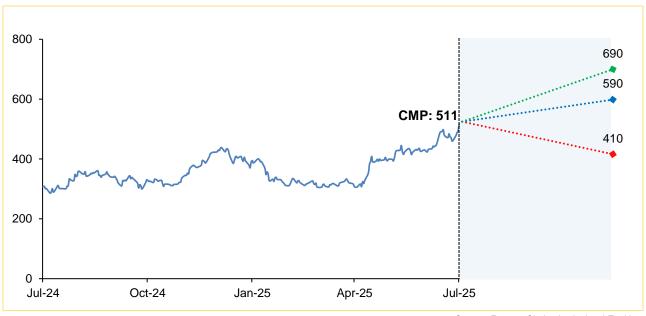
Source: ABDL, Choice Institutional Equities

Sensitivity analysis - WACC & terminal growth rates

		Terminal Growth Rate %						
		4.0%	4.5%	5.0%	5.5%	6.0%		
	10.0%	800	860	940	1030	1140		
ပ္ပ	11.0%	640	690	730	790	860		
AC	12.0%	520	550	590	620	670		
\$	13.0%	440	460	490	510	540		
	14.0%	370	390	410	430	450		



7.2.2 Bull, Bear & Base Case Scenarios



Source: Factset, Choice Institutional Equities



BULL Assumptions

- New Brand Launches are very successful, with Backward Integration plans expanding margins ahead of time.
- Revenue growth of 21.2% in FY27E with EBITDA margins expanding to 15.6%.



BASE Assumptions

- FY27E revenue growth of 15.4%.
- EBITDA margins expanding to 14.4% in FY27E from 12.2% in FY25.



BEAR Assumptions

- Degrowth in portfolio due to lower volumes amid intense competition from other players and regulatory hurdles.
- We bake in a degrowth of 7.7% for revenues in FY27E, with EBITDA margins dropping to 13.2%.



7.2.3 Risks To Our Investment Thesis

- New Brands launches fail to gain volume and market share: ABDL has launched several brands in new categories and at heightened price points.
- In our downside scenario, we forecast slower volume of the new Prestige & Above brands leading to a degrowth in revenues in FY27E by 10%, thus leading to a potential loss of revenues of INR 86Bn.
- Delay in plant setup can lead to lower EBITDA margins: The backward integration strategy will only play out on the back of the newer integrated plants coming online by established timelines.
- FY27E will be the first full year of operations for the Malt, Distillery & PET bottle plants. If this timeline is pushed further, we expect margins to remain at FY25 levels in our bear case for FY27E, a decline of 224bps over base case.
- Uncertainty in receivable collections: For states where the distributor is a government corporation, the risk of collections rises. Collection efficiency is dependent on state's finances at any given point in time.
- This can lead to further shocks like loss of a market or delay in volumes.
 Eventually, these receivables do get collected. This is likely to put a
 strain on working capital requiring the company to finance the deficit via
 short term borrowings or working capital credit impacting net incomes.
 For instance, in Telangana state ran an overdue bill INR 40Bn, this issue
 is still a risk, while payments are being released on piece-meal basis.
 Thus expanding the Working Capital cycle and forcing short term funding
 for ABDL.

Industry Concerns

- Advertising Restrictions: In India, direct advertising of alcohol is prohibited, forcing brands to rely on surrogate advertising. This restriction limits brand visibility and marketing flexibility, presenting a challenge for product promotions.
- Regulatory Volatility: The Indian AlcoBev industry operates in highly regulated space. There is a possibility of various shocks from regulators like hikes in excise duty, restrictions on sale in certain parts of a state, import or export duty changes etc. Regulatory impact can be sudden and volatile.

7.2.4 Insights From Management Meeting

- Management expects Prestige & Above segment to scale quickly to 50% of volumes in next 3 years.
- Digital Transformation via partnerships with CRISIL (Governance Framework), Deloitte (Enterprise Risk Management), Lexplosion (Enterprise Compliance) to further strengthen corporate governance.
- Officer's Choice Whisky is cash generating, while growth isn't expected in this segment, the management expects to maintain or improve aggregate market share in the Whisky market.
- Looking to expand distribution capabilities to duty free shops in Airports
- Pricing strategy has been a key driver of new brand launches, pricing products in the middle of existing market
- New products are first launched in two to three states and further decision on scaling up production and distribution is based on the test market launch
- All facilities currently running at 100% capacities.

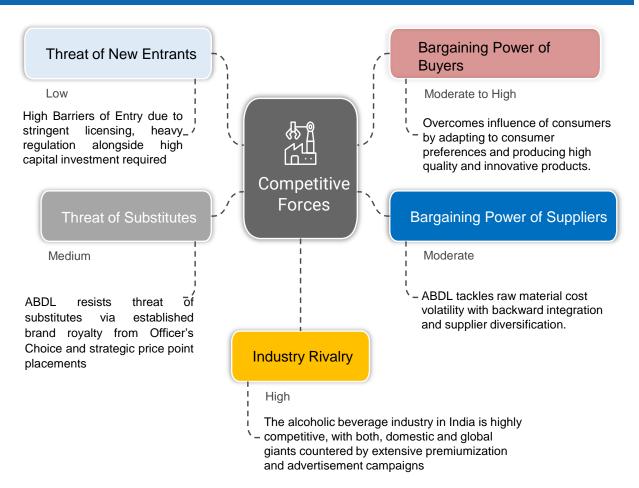


7.2.5 Q1FY26 Conference Call KTAs

- ABDL delivered its fourth consecutive profitable quarter, maintaining strong operational momentum one year post-listing.
- Robust Financials: Revenue from operations reached INR 9300 Mn, up 22.5% YoY. EBITDA grew 56.4% YoY to INR 1190 Mn, with EBITDA margin expanding by 277bps to 12.8%. PAT surged fivefold to INR 560 Mn from Q1FY25.
- Volume Growth & Realization: Total sales of 8.5 Mn cases, with NSR +6.2% due to a better product mix and price optimization.
- Premiumization Strategy: The P&A portfolio showed 46.9% volume growth; its contribution rose to 46.2% (volume) and 55.8% (value), up from 36.9% and 46.1%, reflecting ongoing portfolio premiumization.
- Brand Performance: Iconiq White, now among the global top 20 Whisky brands, remains on a strong growth trajectory (2.3 Mn cases in Q1FY26). Officer's Choice continues to dominate the mass premium category and exports, maintaining over 40% gross margin.
- New Launches & Premium Portfolio: Launch of "Golden Mist" Brandy and new offerings in Gin, scotch, and Vodka (including Russian Standard) indicate diversification into high-margin, high-growth categories, especially in southern India and luxury segments.
- Geographical & Export Expansion: The company increased its international reach from 14 to 27 countries within the year, gaining approvals for exports to Canada, South America, New Zealand, and the EU.
- Cost Management: Gross margin improved to 43.2% (from 38.7% last year), aided by stable input prices and ongoing cost initiatives. Employee costs rose due to new plant setups, while opex increased (mainly A&P and higher state levies).
- Backward Integration & Capex: Backward integration projects (ENA distillery, PET facility, malt distillery) are on schedule, with marginaccretive benefits expected to drive EBITDA margin improvement of ~300bps from Q4 FY27.
- Working Capital & Debt: Net debt marginally reduced to ₹754cr due to profit growth and working capital optimization, with further improvement expected as receivables normalize.
- State-Specific Developments: Impact of tax hikes in Maharashtra largely passed to consumers, while regulatory clarity (e.g., MML policy) is awaited. Contribution from Maharashtra is less than 10% for key brands.
- Margin Guidance: Management reiterated confidence in reaching 15%+ EBITDA margin over the next three years, with gains to be realized in stages (post FTA and capex rollouts) despite near-term investments in branding and premiumization.



7.3.1 Porter's Five Forces



Source: Company, Choice Institutional Equities.

Five Forces' Competitive Analysis

ABDL faces strong competition from players like Pernod Ricard, RDCK, UNITDSPR, and other large-scale companies.

ABDL faces intense price bargaining due to volumes of Popular segment Whiskies being relatively high. In the premium & Luxury segment, however ABDL gets to decide the price.

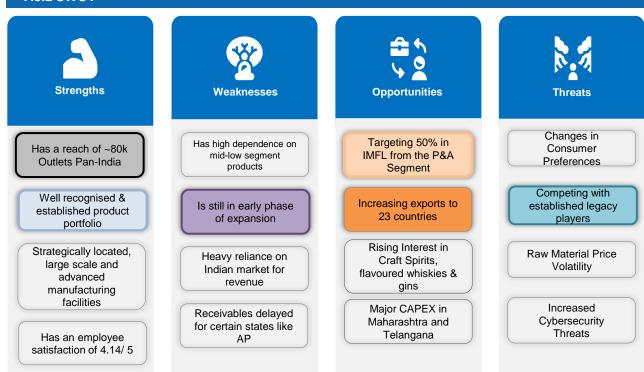
ABDL faces higher substitution risk due to its focus on a mass-market portfolio, unlike RDCK's premium, multi-category offerings. TLNGR's Brandy-heavy mix and ABDL's emphasis on small-scale RTD products also limit its ability to diversify across categories.

ABDL faces higher exposure to input volatility due to its reliance on external supply for ENA and packaging, unlike RDCK, which benefits from full integration. TLNGR also shares this vulnerability.

In a competitive market, ABDL stands out with its strong brand portfolio, strategic growth initiatives, and premium product focus, while RDCK leads with global reach, UNITDSPR struggles with legacy challenges, and other players remain regionally focused.



7.3.2 SWOT



Source: ABDL, Choice Institutional Equities.

ABDL's Distinct Strengths Over Competitors

ABDL has a retail reach of over 79,000 outlets, while some players are South Indian Focused or restricted to their own states

ABDL boasts a well-established product portfolio, with Officer's Choice Whisky coming in as the fifth larges selling in the world. ICONiQ White has emerged as the world's fastest-growing spirit, with a growth rate of 181%.

ABDL's Weakness Compared to Competitors

ABDL's recent launches, such as ARTHAUS, Woodburns & Zoya, are still in the early stages, while other players have already well established brands which have significant market shares in P&A segment.

ABDL's Distinct Opportunities Over Competitors

ABDL currently has a 42.5% P&A salience, with a target of reaching 50% in the near future. In comparison, while other players have much higher P&A salience, indicating significant opportunity.

ABDL is at present the #1 exporter by volume to 23 countries, while RDCK exports to over 100 countries, indicating that ABDL still has significant global expansion potential.

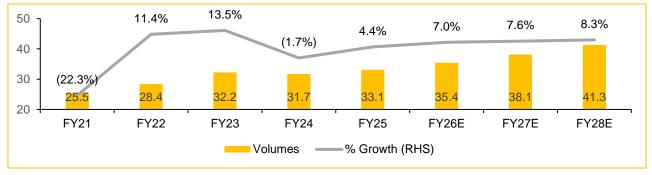
ABDL's Threats vs Competitors

ABDL competes in a crowded market, with a media dark industry. ABDL would thus need to face threats while establishing new brands.



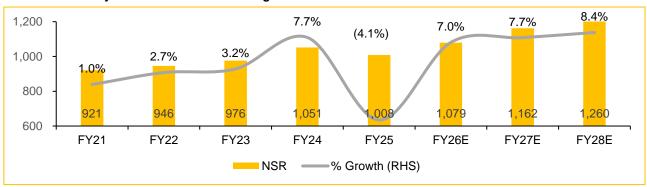
7.4.1 Key Financial Ratios & Assumptions

We bake in a CAGR of 7.7% over FY25 to FY28E, driven by new brand traction and rising volumes in P&A segment



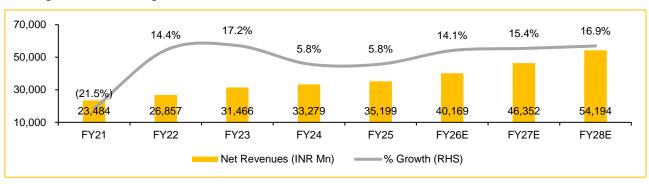
Source: ABDL, Choice Institutional Equities

We conservatively assume a ~8% realization growth



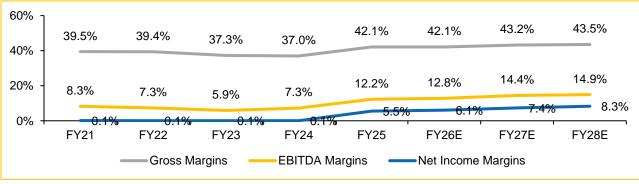
Source: ABDL, Choice Institutional Equities

Leading to a net revenue growth of 11.8% over FY25 to FY28E



Source: ABDL, Choice Institutional Equities

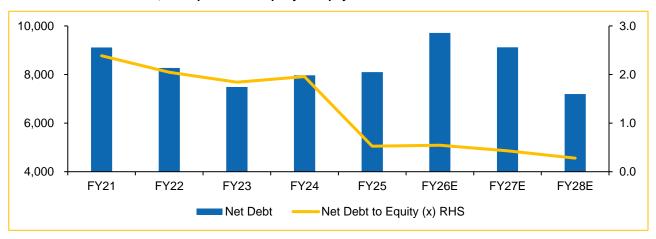
Premiumization & Backward Integration to improve margins by 2.7% by FY28E





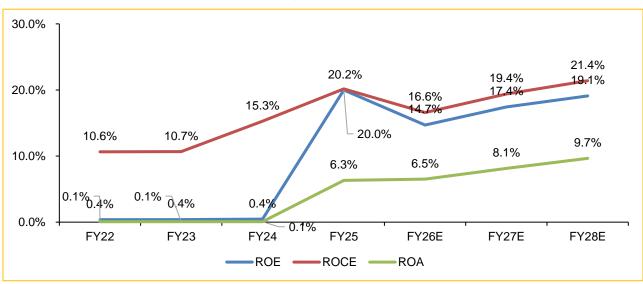
7.4.1 Key Financial Ratios & Assumptions

As cash flows accumulate, we expect the company to repay its debt



Source: ABDL, Choice Institutional Equities

ROCE improves to 19.1% under our assumptions by FY28E





7.4.3 Financials

Income statement (Consolidated in INR Mn)

Profit & Loss (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Gross Revenue	76,686	80,732	92,131	1,06,312	1,24,298
Excise Duty	43,407	45,533	51,962	59,960	70,104
Net Revenues	33,279	35,199	40,169	46,352	54,194
Gross profit	12,299	14,812	16,904	20,043	23,587
EBITDA	2,421	4,308	5,136	6,693	8,088
Depreciation	579	606	784	926	981
EBIT	1,843	3,701	4,351	5,767	7,107
Other income	63	207	176	140	140
Interest expense	1,728	1,251	1,191	1,252	1,120
PBT	178	2,657	3,336	4,655	6,127
Net Income	18	1,948	2,447	3,414	4,494
EPS (fully diluted) [INR]	0.07	6.97	8.75	12.21	16.07

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios					
Revenues	5.8%	5.8%	14.1%	15.4%	16.9%
Gross Profit	4.9%	20.4%	14.1%	18.6%	17.7%
EBITDA	30.9%	77.9%	19.2%	30.3%	20.8%
Net Income	14.3%	10553.3%	25.6%	39.5%	31.6%
Margin Ratios					
Gross Profit Margin	37.0%	42.1%	42.1%	43.2%	43.5%
EBITDA Margin	7.3%	12.2%	12.8%	14.4%	14.9%
PAT Margin	0.1%	6.3%	6.1%	7.4%	8.3%
Profitability					
ROE	0.4%	20.0%	14.7%	17.4%	19.1%
ROIC	15.2%	13.6%	13.0%	14.9%	16.4%
ROCE	15.3%	20.2%	16.6%	19.4%	21.4%
Working Capital					
Inventory Days	73	103	103	103	103
Receivable Days	136	181	172	169	165
Payable Days	122	109	109	109	109
Net Working Capital Days	87	175	166	163	159
Valuation					
Price/EPS (x)	NA	44.0	58.4	41.9	31.8
Price/Sales (x)	NA	2.4	3.6	3.1	2.6
EV/EBITDA (x)	NA	21.8	29.7	22.7	18.6
EV/OCF (x)	NA	NM	50.9	48.0	42.4

Balance sheet (Consolidated in INR Mn)

Balance Sheet	E) (0.4	E)/05	E)/00E	E)/07E	E\/00E
(INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net worth	4,069	15,429	17,875	21,290	25,784
Borrowings	8,241	8,978	10,178	10,178	9,178
Trade Payables	7,024	6,069	6,926	7,832	9,112
Other non-current liabilities	306	462	462	462	462
Other current liabilities	6,716	4,408	4,408	4,408	4,408
Total Net Worth &	26,357	35,347	39,850	44,171	48,945
liabilities	_0,001	00,011	55,555	,	.0,0 .0
Net Block	4,458	5,057	7,737	8,168	7,727
Capital WIP	159	191	191	191	191
Goodwill & intangible assets	1,888	2,441	2,401	2,362	2,322
Investments	0	1	1	1	1
Inventories	4,188	5,733	6,542	7,398	8,607
Trade Receivables	12,437	17,468	18,938	21,416	24,538
Cash & Cash equivalents	273	881	464	1,060	1,982
Other non-current assets	974	1,447	1,447	1,447	1,447
Other current assets	1,980	2,128	2,128	2,128	2,128
Total Assets	26,357	35,347	39,851	44,171	48,945

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows From Operations	1,857	(6,784)	3,000	3,165	3,543
Cash Flows From Investing	(545)	(1,824)	(3,426)	(1,318)	(500)
Cash Flows From Financing	(1,322)	9,216	9	(1,252)	(2,120)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	14.3%	73.3%	73.3%	73.3%	73.3%
Interest Burden	6.9%	71.8%	76.7%	80.7%	86.2%
EBIT Margin	5.5%	10.5%	10.8%	12.4%	13.1%
Asset Turnover	1.3	1.1	1.1	1.1	1.2
Equity Multiplier	6.3	3.2	2.3	2.1	2.0
ROE (%)	0.4%	20.0%	14.7%	17.4%	19.1%

Source: ABDL & Choice Institutional Equities



7.5.1 About the Business

ABDL, founded in 1988, is a leading player in India's Indian Made Foreign Liquor (IMFL) market. Its flagship product, Officer's Choice Whisky, launched in 1987, is the third best-selling Whisky worldwide, with sales of 22.6 Mn 9-liter cases.

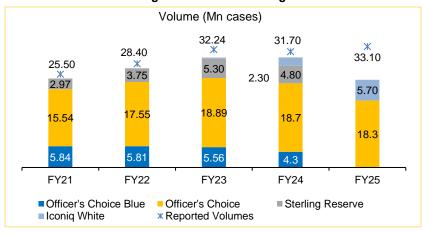
The company is focused on premiumization, recently introducing its superpremium Gin, Zoya, and acquiring brands such as Rock Paper Rum and Woodburns to enhance its portfolio.

A partnership with Bollywood star Ranveer Singh aims to increase visibility among younger consumers through his strong social media influence.

On the operational side, ABDL is implementing backward integration to improve profitability, targeting 100% in-house production of Extra Neutral Alcohol (ENA) and malt, supported by an INR 5.2Bn capital expenditure plan over three years.

These initiatives are expected to boost cost efficiencies and increase EBITDA margins by about 300 basis points.

Officer's Choice is the largest brand contributing 80% of volumes



Note: Brand wise data not available for officers' choice blue, and sterling reserve

Source: ABDL, Choice Institutional Equities

7.5.2 Brand Overview

The **Mass Premium** segment is dominated by ABDL, thanks to its flagship brand, Officer's Choice Whisky, the third-largest selling Whisky brand globally. The **Prestige segment**, part of the Prestige & Above (P&A) category, has experienced significant growth from experience-led consumption.

It includes three millionaire brands: Officer's Choice Blue, ICONiQ WHITE, and Sterling Reserve Blend 7. While the other brand being the Golden Mist.

ABDL entered **Premium** segments in 2017 as part as part of its strategic focus on premiumization.

These segments contribute to the increasing P&A volume salience.

The **Super Premium** to Luxury segment is experiencing high growth and margins, driven by demand for premium products and experience-led consumption.



7.5.2 Brand Overview





7.5.3 Manufacturing Facilities

Aurangabad Distillery

Acquired in ENA distillery located in Aurangabad, Maharashtra in December 2024.

The unit, formerly operated under Minakshi Agro Industries Limited (MAILLP), now functions as a wholly owned subsidiary of ABDL.

The facility offers significant backward integration advantages in sourcing ENA.

The distillery is fully operational and running at 100% capacity utilization, reflecting seamless integration into ABD's production network.

Aurangabad Distillery: Key Details

Location

Aurangabad, Maharashtra, Western India region

Type

ENA distillery

Status

Existing, fully operational at 100% Capacity

Capacity

Annual Distillation Capacity of 11 Mn liters

Source: ABDL, Choice Institutional Equities

Rangapur Distillery

ABDL operates an owned ENA distillery located in Rangapur, Telangana, which is an in-house ENA manufacturing capability.

The Rangapur distillery is strategically important for ABDL given Telangana is highlighted as the largest market in India, contributing significantly to both market share and capacity utilization in the state.

Strategically Located Manufacturing Facilities



2 Distilleries

~71 MLPA
Annual Distillation Capacity

Source: ABDL, Choice Institutional Equities

Rangapur Capacity

Location

· Rangapur, Telangana, Southern India

Ty

ENA distillery

Statu

Near full capacity

Capacit

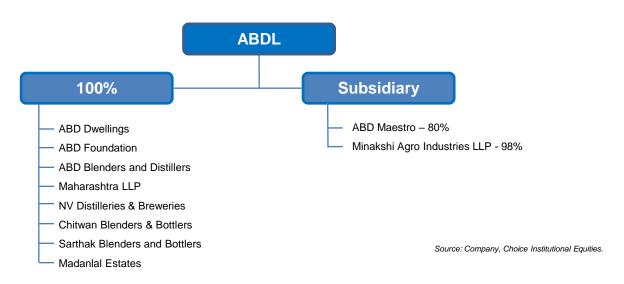
Annual Distillation Capacity of 60.0 Mn liters

Captive Contribution

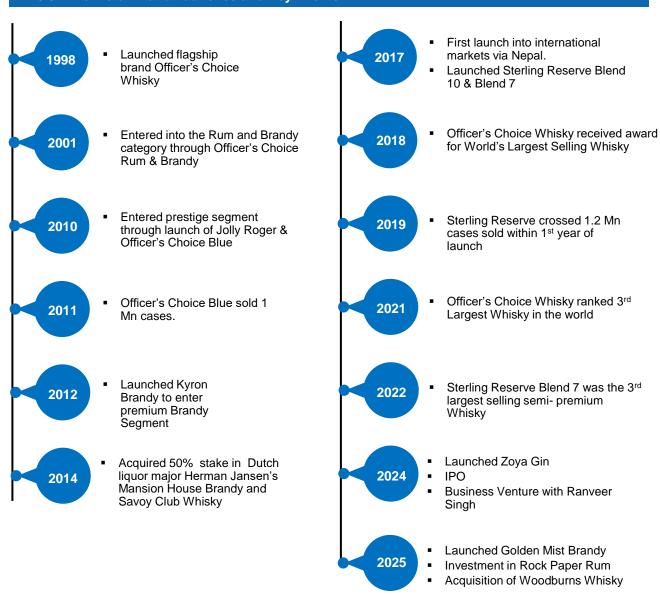
Catered to roughly ~32% of ABD's captive ENA requirement in FY24



7.5.4 Key Subsidiaries and Associates



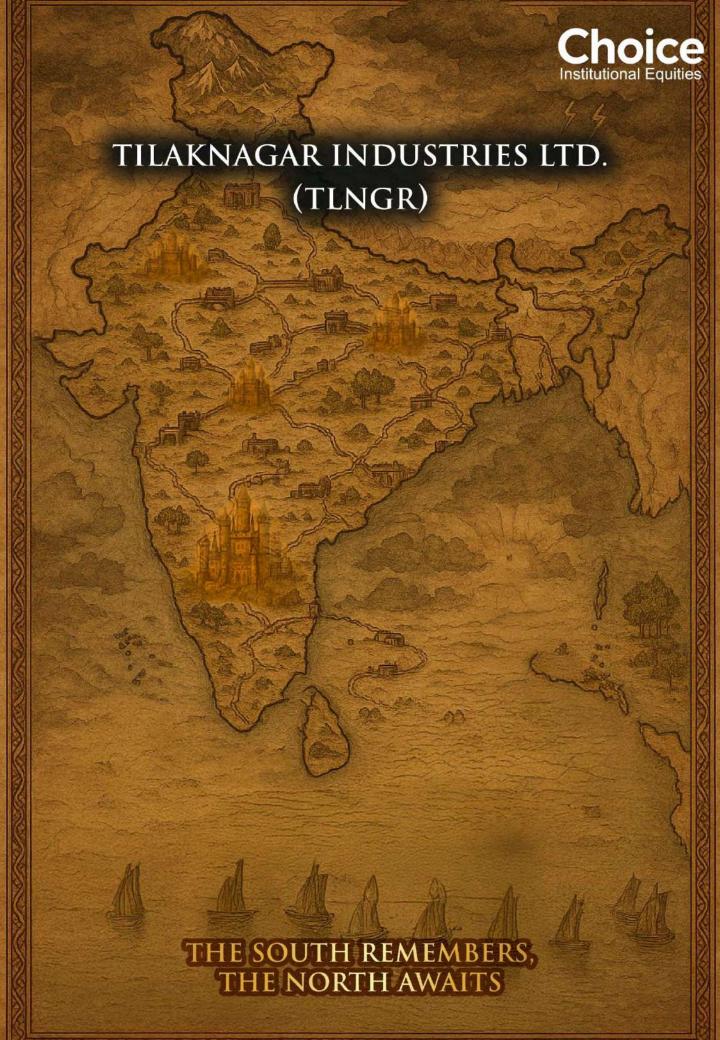
7.5.5 Timeline of Brand Launches and Key Events





7.5.6 About the Management

Name	Designation	About
Kishore R. Chhabria	Non Executive Chairman	30+ years of experience, he started his career at Shaw Wallace & co. Ltd. He has been the Chairman of ABDL since inception, and has served on the boards of Dunlop India Ltd., Mather & Platt Ltd., Hindustan Dorr Oliver Ltd., Gordon Woodroffe Ltd.
Alok Gupta	Managing Director	35+ years of experience out of which 13 were spent with United Spirits Limited in various leadership roles. He is an alumnus of Harvard Business School with a Management Degree. He has previously worked for Essar Capital, Dabur, White & Mackay, Café Coffee Day & Essar Retail
Shekhar Ramamurthy	Executive Deputy Chairman	He has been the chairman of All India Brewers Association (AIBA) for over 10 years. Additionally out of a career spanning 34 years, he has spent 31 years with the UB group. He has a Bachelor of Technology from IIT Delhi & Post Graduate Diploma from IIM Calcutta, while also completing an executive program from Wharton Business School
Anil Somani	Chief Financial Officer	He is a qualified Chartered Accountant with an experience of over 25 years. He has also completed the Harvard Leadership Excellence Acceleration Program. He was previously associated in leadership roles in Bata India Limited, Reliance Retail Limited, Infiniti Retail Limited (Croma), Walmart India Private Limited, and Metro Cash and Carry India Private Limited, and C.C. Chokshi & Co.
Manoj Kumar Rai	Chief Revenue Officer	He managed various zones within Indian, Sri Lanka & Nepal and Canteen Stores Department over 19 years at Pernod Ricard group. He has a total experience of 27 years, while holding a Post Graduate Diploma in management from IIM, Lucknow and B. Tech from IIT, Delhi.
Bikram Basu	Chief Strategy & Marketing Officer	He brings in 26 years of total experience in the AlcoBev industry, with 6 at United Spirits, 14 years at the Pernod Ricard and 6 years with ABDL. He holds a B. Com and an MBA from XLRI, Jamshedpur.
Mithun Kumar Das	Head – Manufacturing & Technical	He holds a B.Tech in Chemical Engineering & a B.Sc. In Chemistry from Calcutta University. He has a total experience of 24 years spanning across Diageo India, Nigerian Distilleries, Shaw Wallace Distillers.



Tilaknagar Industries Limited (TLNGR)

Choice Institutional Equities

Aug 04, 2025 | CMP: INR 505 | Target Price: INR 650

Expected Share Price Return: 28.7% I Dividend Yield: 0.15% I Expected Total Return: 28.9%

Sector View: Positive





Company information

BB Code	TLNGR: IN
ISIN	INE133E01013
Face Value (INR)	10.0
52 Week High (INR)	510
52 Week Low (INR)	200
Mkt Cap (INR Bn)	98.8
Shares o/s (Mn)	192.7
Free Float (%)	60.0

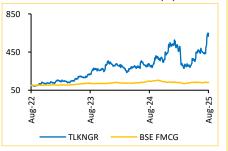
Shareholding pattern (%)

	Dec-24	Mar-25	Jun-25
Promoters	40.0	40.0	39.9
FIIs	13.9	15.3	15.3
DIIs	1.3	1.2	1.4
Public	44.7	43.4	43.3

Relative performance (%)

	3Y	2Y	1Y
BSE FMCG	32.3	8.0	-9.4
TLNGR	509.9	194.5	92.0

Rebased Price Performance (%)



1 Yr. Forward PE Band



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Imperial Entry: TLNGR's Royal Leap Beyond Brandy

TLNGR's acquisition of Imperial Blue (IB), the world's 4th best-selling Whisky, for INR 41.5Bn, marks a transformational leap beyond its southern Brandy dominance. The deal instantly gives TLNGR a strong foothold in the high-volume Whisky category and unlocks pan-India access, especially in North India, where it had minimal presence. This deal is aimed at increasing TLNGR's revenues by ~50% and EBITDA margins to grow by ~17% in FY26. TLNGR, which is present only in12 states, gains synergies in distribution with IB's presence in 27+ states & UTs. This strategic move elevates TLNGR from a regional player to a formidable multi-category, national AlcoBev contender.

Brandy Dominance and Strategic Partnerships

TLNGR dominates India's Brandy market (91% of revenue), with 86% of volumes coming from South India which is the country's alcohol consumption hub. With Brandy leadership well established, TLNGR is now diversifying into high-growth IMFL categories. For example, in 2023, it acquired 10% in Spaceman Spirits Lab (Samsara Gin, Sitara Rum) for INR 97.5Mn, with plans to raise this to ~20% through a follow-on INR 131Mn investment (starting Sep'24), backed by royalty-based distribution rights. TLNGR also acquired ~36% in Bartisans, marking its entry into the fast-growing RTD cocktail mixer space.

From Survival to Growth Investment - Financial Turnaround

TLNGR has turned around from a peak debt of INR 8.1Bn in FY19 to being net debt-free by FY25, led by strong cash flows, disciplined repayments, and debt restructuring. Finance costs dropped from INR 1.8Bn to INR 121Mn, and CFO/EBITDA improved from -3.7x to 0.7x. With a clean balance sheet, TLNGR is now making a bold move by acquiring Imperial Blue, backed by robust cash flows and margin expansion. While it involves fresh debt, Net Debt/EBITDA is expected to stay below 1.0x, with positive FCF from FY29. This marks a shift from debt resolution to value-driven growth.

Investment View: Truly Pouring Growth

The volume upside from acquisition of Imperial Blue gives plenty of headroom for synergies. We forecast Revenue / EBITDA / PAT CAGR of 43.0% / 36.9% / 18.9% over FY25–28E. We initiate coverage with a BUY rating and a target price of INR 650, implying a 28.7% upside, based on DCF valuation. Further, our valuation implies a PE of $\sim\!\!62x$ / $\sim\!\!43x$ on FY27E / FY28E EPS.

Key Risks Prag Distillery with 6 lakh case capacity in AP, faces potential impairment due to its non-operational status. While TLNGR is exploring recommissioning, losing Prag could impact regional manufacturing and bottling capabilities.

Key Financials – IND AS							
INR Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E	
Volume (Mn cases)	9.6	11.2	11.9	19.3	39.7	42.2	
Growth (%)	43.2	15.8	6.7	62.1	105.9	6.3	
Revenue	11,644	13,940	14,342	20,944	37,376	41,902	
Growth (%)	48.6	19.7	2.9	46.0	78.5	12.1	
EBITDA	1,372	1,854	2,549	3,365	5,654	6,538	
EBITDAM %	11.8	13.3	17.8	16.1	15.1	15.6	
Adj PAT	2,276	1,351	2,298	1,569	2,670	3,863	
EPS (INR)	8.1	7.2	11.9	6.2	10.5	15.2	
Debt/Equity	0.5	0.2	0.0	1.2	0.4	0.3	
ROE %	48.6	24.3	29.9	10.9	9.6	10.2	
ROCE %	14.4	20.3	26.4	11.5	11.1	12.0	
Asset Turnover (x)	2.44	2.89	2.83	1.49	1.54	1.57	
PE(x)	13.9	29.4	19.9	38.3	22.5	15.5	



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	8.5.3 About the Management	196 – 197



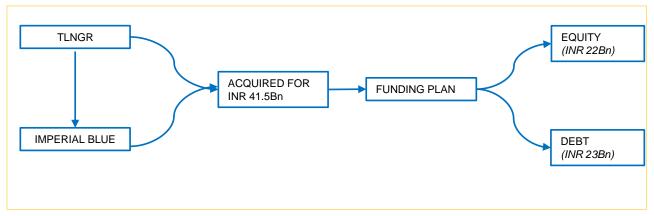
TLNGR's acquisition of Imperial Blue (IB), the world's 4th best-selling Whisky, for INR 41.5Bn, marks a transformational leap beyond its southern Brandy dominance. The deal instantly gives TLNGR a strong foothold in the high-volume Whisky category and unlocks pan-India access, especially in North India, where it had minimal presence. This deal is aimed at increasing TLNGR's revenues by ~50% and EBITDA margins to grow by ~17% in FY26. TLNGR, which is present only in12 states, gains synergies in distribution with IB's presence in 27+ states & UTs. This strategic move elevates TLNGR from a regional player to a formidable multi-category, national AlcoBev contender.

A cash cow is added to the list

- Imperial Blue is a blended Indian Whisky which was a part of Pernod Ricard's portfolio.
- Positioned in the mass-premium segment, it combines Indian grain Spirits with imported Scotch malts catering to value-conscious consumers.



The massive transaction



Source: TLNGR, Choice Institutional Equities

Acquired Imperial Blue from Pernod Ricard for INR 41.5Bn

- TLNGR is acquiring IB via slump sale, for a consideration of INR 41.5Bn, which includes normalised working capital of INR 7Bn and deferred consideration of INR 2.8Bn
- The deferred consideration is to be paid after 4 years (in FY30) from the transaction closing date.



1. Imperial Blue NSR Assumptions

We initially modelled in two scenarios to figure out if revenue provided (INR 30.7Bn) is gross revenue or net revenue:

			Case 1	Case 2
	FY24	FY25E	NSR @ 668	NSR @ 1,337
IB Volumes			22.9	22.9
Gross Revenues	2,67,730	2,81,117	30,670	61,340
Excise Duties	1,42,082	1,49,186	15,335	30,670
Excise as % of Gross Rev.	53.1%	53.1%	50.0%	50.0%
Net Revenues	1,25,648	1,31,930	15,335	30,670
IB % Pernod Ricard			11.6%	23.2%

Source: TLNGR, Choice Institutional Equities

Hence, we assume Pernod Ricard has sold 11% of revenues at most and thus NSR for IB would stand at INR 668, which is in line with Popular Category of Other Brands.

2. Goodwill Assumptions

Slump Sale (INR Mn) FY26E Revenues (Net) 15,310 Asset Turnover (Assumed) 1.0x Total Assets of IB (A) 15,310 Net Working Capital (B) 7,000 Other Assets (C = A - B) 8,310 Consideration (D) 41,500 Goodwill (D – A) 26,190

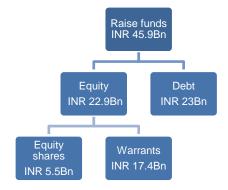
Source: TLNGR, Choice Institutional Equities

For Listed Indian AlcoBev industry, Total assets are consistently 1x of Net Sales

3. Balance Sheet Impact

- TLNGR plans to issue equity at an issue price of INR 382.
- Further, TLNGR announced that it plans to issue 25% of warrants to be payable on the date of allotment of each warrant and rest 75% to be payable on date of allotment of equity shares (18 months from now).

We assume a debt raise of INR 23Bn payable in future years



	FY26E	FY27E	FY28E
Equity (INR Mn)	9,858	13,097	NA
Debt Raised/(Repaid) (INR Mn)	23,000	(10,000)	(2,000)
Total (INR Mn)	32,858	3,097	(2,000)

Source: TLNGR, Choice Institutional Equities

TLNGR plans to raise fund via issuing equity shares, issuing warrants and raising debt.



Unleashing multiple synergies

1) Strong Distribution Network

a) Pan-India Distribution access

TLNGR will now mark its footprint in North and serve East and West regions while lowering concentration in the Southern region where it already dominates

- TLNGR's regional mix is undergoing a transformational shift with the addition of Imperial Blue.
- From being a predominantly Southern-focussed player (93% volumes), TLNGR will now gain a stronger national footprint, with the South expected to contribute ~50% to total volumes and a significant new presence emerging in the North.
- This diversification enhances resilience and unlocks pan-India scale.

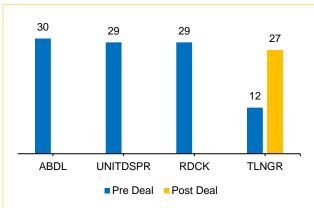
The regional mix strengthens and gets well-distributed



Source: TLNGR, Choice Institutional Equities

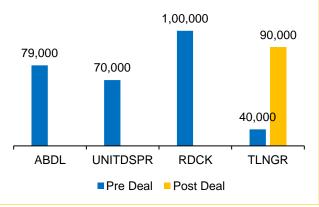
- At present, with only 4 companies (ABDL, Pernod Ricard, UNITDSPR & RDCK) having a pan-India presence, TLNGR hops on the bandwagon to join a strong distribution network
- After the acquisition of Imperial Blue, TLNGR will compete shoulder to shoulder with the big leads of the industry as it will now have twice as many retail touchpoints as before.

Doubling its states & UT presence



Source: TLNGR, Choice Institutional Equities

Joining the big league by doubling its retail presence





Cross-selling its own brands from South India to Pan-India level



a) Pan-India Distribution

Volumes of own brands along with This pan-India distribution edge gives TLNGR a powerful platform to scale its flagship brands, such as Mansion House Brandy and Mansion House Whisky across the country, breaking past its traditional Southern strongholds.

- The expanded network also opens significant cross-selling opportunities for its emerging premium portfolio: Samsara Gin and Amara Vodka, enabling these high-margin, urban-focussed products to reach a much broader consumer base.
- Additionally, Bartisans' ready to drink (RTD) cocktails can now be efficiently rolled out at scale, leveraging the same logistics and shelf space.

Samsara and Bartisans forecast to increase at a 19% CAGR over FY25-28

Countries

With IB, TLNGR unlocks strong exports

b) Exports

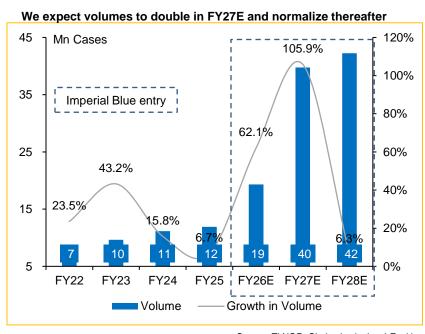
- By acquiring Imperial Blue, TLNGR significantly strengthens its export potential.
- IB is already a well-recognised brand in the global markets and adds a high-volume Whisky to TLNGR's portfolio.
- Also, the UK-India FTA, which is expected to lower duties, makes IB more competitive in key markets, such as the UK, supporting international growth and margin expansion.



We expect total volumes to expand at 54% CAGR from FY25-28

2) Growth in volumes

 With Imperial Blue's addition, TLNGR enters the high-velocity Whisky segment, unlocking pan-India distribution and significantly expanding beyond its South India—centric volumes.



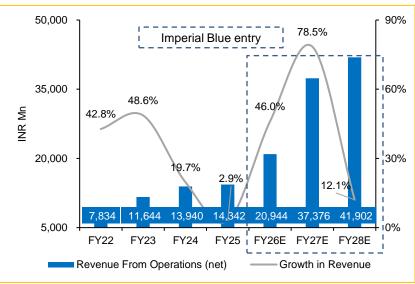
Source: TLNGR, Choice Institutional Equities

We expect revenues to grow by 49% in FY27 once IB revenues are captured in

3) Doubling of Revenue

The deal diversifies TLNGR's Brandy-heavy revenue base, adding a mass-market bestseller and positions the company for strong top-line growth from both, existing and new markets

Imperial Blue adds solid growth over the next 3 years to TLNGR's Revenues





We expect synergies to increase TLNGR's own volumes by 15% in FY28E

IB Acquisition will lower margins

TLNGR (ex-IB with Synergies)	FY25	FY26E	FY27E	FY28E
Volumes (Mn cases)	11.9	13.5	16.4	18.7
NSR (INR)	1,204	1,263	1,326	1,392
Net Revenues (INR Mn)	14,341	17,081	21,732	25,983
Growth	0.0%	19.1%	27.2%	19.6%
EBITDA (INR Mn)	2,548	2,903	3,738	4,547
EBITDA %	17.8%	17.0%	17.2%	17.5%

Source: TLNGR, Choice Institutional Equities

We have assumed that the transaction will start accruing volumes to TLNGR by Q4FY26E

Imperial Blue	FY26E	FY27E	FY28E
Volumes (Mn cases)	5.8*	23.4	23.6
NSR (INR)	668	669	674
Net Revenues (INR Mn)	3,862	15,643	15,918
Growth	0.0%	305.0%	1.8%
EBITDA (INR Mn)	463	1,908	1,958
EBITDA %	12.0%	12.2%	12.3%

*only for Q4FY26E

Source: TLNGR, Choice Institutional Equities

Blended margins normalize and drop in FY27E by ~200bps

Post Acquisition Model	FY25	FY26E	FY27E	FY28E
Total Net Revenues (INR Mn)	14,341.5	20,944.2	37,376.0	41,901.9
Growth YoY %	2.9%	46.0%	78.5%	12.1%
Total EBITDA (INR Mn)	2,548	3,364	5,654	6,538
Blended EBITDA Margin %	17.8%	16.1%	15.1%	15.6%

Source: TLNGR, Choice Institutional Equities

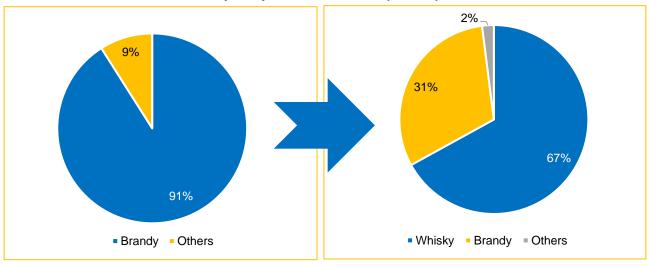
- · We have baked in these assumptions for driving our margins and despite lower EBITDA margins, we see huge impact on revenues and EBITDA.
- Thus we forecast a revenue CAGR of ~43% over FY25 FY28E, capturing synergies. Further, due to lower margins and higher interest costs, we forecast lower Net Income CAGR of ~19% over FY25 - FY28E

As per our industry analysis, most popular brands have an EBITDA margin of 11% - 13%



4) Portfolio Diversification

From Brandy-heavy to a well-diversified product portfolio



Source: TLNGR, Choice Institutional Equities

- The acquisition of Imperial Blue transforms TLNGR from a Brandycentric company into a multi-category alcobev player.
- It now holds a strong presence in both, Brandy and Whisky segments, covering a broader consumer base.

5) Deploy underutilised capacity and logistics

- The addition of IB enhances TLNGR's logistics and operational footprint significantly.
- TLNGR can achieve better supply chain efficiencies, reduce freight costs and ensure quicker market access across regions.
- TLNGR's Shrirampur plant operates at 35% utilisation. Bottling and manufacturing of IB can help this ramp-up.

6) Brand-building and advertising leverage

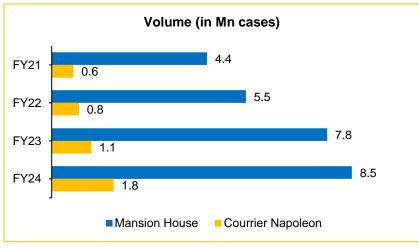
- The IB acquisition gives TLNGR access to a globally-recognised brand with strong recall, enabling it to fast-track brand-building in the competitive Whisky segment
- Leveraging Imperial Blue's existing scale and advertising, TLNGR can
 optimise its marketing spend while expanding its presence across new
 markets with a powerful, ready-built identity.



* Addition to its millionaire brands

Mansion House Brandy sold more than 8.5Mn cases in FY24, while Courrier Napoleon Brandy sold more than 1.7Mn cases in FY24, registering a **49.9% YoY combined growth.**

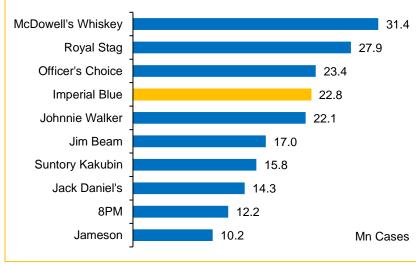
TLNGR has 2 Millionaire Brands pre acquisition



Source: TLNGR, Choice Institutional Equities

- IB's **global sales of 22.4Mn cases** in FY25 makes it one of the top contributors to India's Whisky dominance.
- Its strong appeal in the value segment has driven mass-market adoption across several emerging markets.

Imperial Blue ranks 4th globally in terms of volumes

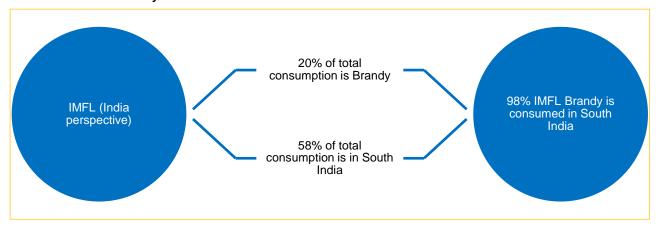


Imperial Blue is the 4th best-selling Whisky brand in the world by volume



TLNGR dominates India's Brandy market (91% of revenue), with 86% of volumes coming from South India which is the country's alcohol consumption hub. With Brandy leadership well established, TLNGR is now diversifying into high-growth IMFL categories. For example, in 2023, it acquired 10% in Spaceman Spirits Lab (Samsara Gin, Sitara Rum) for INR 97.5Mn, with plans to raise this to ~20% through a follow-on INR 131.5Mn investment (starting Sep'24), backed by royalty-based distribution rights. TLNGR also acquired ~36% in Bartisans, marking its entry into the fast-growing RTD cocktail mixer space.

The South Indian Brandy Picture



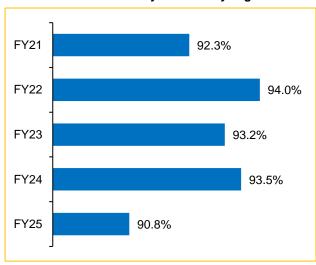
Source: TLNGR, Choice Institutional Equities

Brandy is more than 90% of TiLKGNR's volumes with a market share of 14%

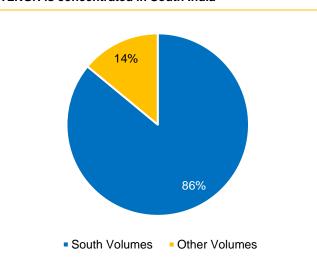
TLNGR is the Brandy King not only in South India...

TLNGR has built a formidable presence in the Brandy segment, with Brandy accounting for 91% of its total volumes.

TLNGR has leaned heavily into Brandy segment



TLNGR is concentrated in South India



Source: TLNGR, Choice Institutional Equities

86% of TLNGR's volumes are from South India

- TLNGR has established a deep-rooted presence in South India, which contributes a significant 86% to its total sales volumes.
- This strategic focus aligns with the broader industry trend, as the South accounts for the majority of India's alcohol consumption.
- The company's flagship Brandy portfolio, especially Mansion House Brandy, resonates strongly with consumers in Tamil Nadu, Andhra Pradesh, Telangana and Karnataka, where Brandy is the preferred spirit.

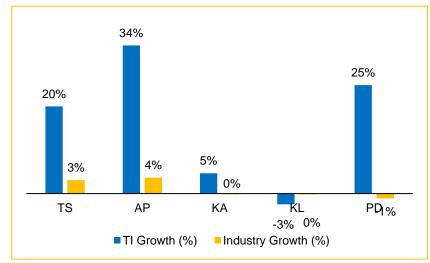


The Andhra Pradesh industry is alone expected to grow from 30 lakh cases to 40 lakh cases per month in 2--3 years, owing to increased retail outlets and privatisation.

We believe this broad industry growth provides a strong tailwind for TLNGR, given AP is the largest market for TLNGR

Innovating into flavored Brandy which is already taking 5% of MHB sales

TLNGR's beat Industry growth rates across key states in Q4FY25



Source: TLNGR, Choice Institutional Equities

- In Andhra Pradesh, Q4 FY25 volume rose 20.1% YoY, driven by a successful RTM model shift.
- This marks a strong comeback in a core territory. Meanwhile, in Karnataka, where over 80% of IMFL consumption is Whisky, TLNGR still ranks third in the Prestige & Above IMFL segment, despite offering only Brandy.

Launched India's first premium flavoured brandy (flandy) in 2022

- Available in 5 flavours, Flandy is TLNGR's innovative entry into the flavoured Brandy space to appeal to younger, experimental consumers.
- It currently caters to 4 states -- Telangana, Andhra Pradesh, Puducherry and Sikkim. It sold 3 lakh cases in FY2024, which is almost 5% of Mansion House Brandy sales.
- TLNGR launched a vibrant digital "Welcome The Now" campaign on World Brandy Day, featuring a music video anthem for Flandy.

Flandy Promotional Material





Recently Launched India's First Luxury Brandy in Q3FY25

- After having sustained hold on the premium and popular Brandy segments, TLNGR launched 'Monarch Legacy Edition', a luxury segment Brandy in November 2024.
- This marked TLNGR's entry into the luxury Brandy segment, an important milestone for the company.
- Brandy" At launch, the 750ml bottle was priced at INR 6,750 in Maharashtra, with later availability in Goa at INR 4,000 and Puducherry at INR 3,500.
 - More state launches, including Karnataka, are planned as part of TLNGR's broader premiumization strategy.

We view this as a perfect entry point for TLNGR into the Luxury segment, which is expected to double by FY2029

Won medals at both, the prestigious

World Drinks Awards 2025 (Gold in

category) and the London Spirits

Speciality

"Aged

Competition 2025

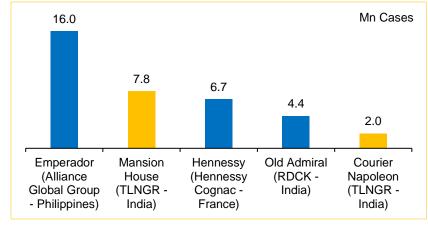
the



❖ Across the globe, TLNGR's brand rank in top 5

- TLNGR's flagship brands; Mansion House Brandy and Courrier Napoleon Brandy are not only market leaders in India but have also gained international recognition.
- Both brands rank among the top 5 best-selling brandies in the world by volume, underscoring their strong consumer appeal and consistent performance.

Mansion House being the 2nd most-selling Brandy in the world (CY24)



Source: TLNGR, Choice Institutional Equities

TLNGR's brandies are in Top 5 best-selling brandies worldwide

We believe these **rankings will be upheld** considering TLNGR's strong positionality



Entering the craft Gin Segment via a Usership agreement with Award-winning Samsara Gins

- During the quarter ended Sept 2024, TLNGR agreed to invest INR 131.5Mn in Spaceman Spirits Lab Private Limited (SSL), makers of premium Indian craft Gin Samsara and craft rum Sitara.
- This amount shall be invested in 3 tranches over an 18-month period by subscribing to
- (a) 2,546 Equity Shares and
- (b) 16,890 Compulsory Convertible Preference Shares ("CCPS").
- The first tranche of investment of INR 40Mn was made on Sept 20, 2024.

SSL's FY24 revenue surged 164% and volumes 86% YoY, with INR 117Mn turnover

TLNGR to have 20% stake in SSL; thus diversifying into Gin

Entering into deals like Samsara, which has a NSR of INR 9,000 per case, proves that this is a wellcalibrated and strategic move by TLNGR and we believe this will lead to increase in margins

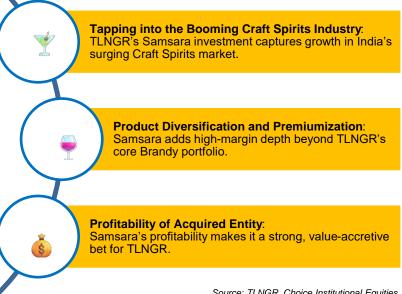
We have also incorporated this growth in NSR in our model



Further Adding Rum and Vodka brands into the Portfolio

In addition to Samsara Gin and Sitara Rum, the plan includes a broader rollout of AMARA, an artisanal Vodka brand, both, in India and abroadmarking TLNGR's formal entry into the Vodka category.

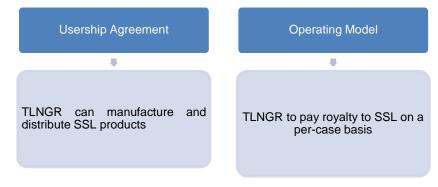
Further diversifying into 3rd mostconsumed spirit rum (13% of total volumes) and Vodka supporting the margin accretive outlook





Usership Agreement: TLNGR & SSLPL

TLNGR also entitled to full revenue and profit recognition from these operations.



Source: TLNGR, Choice Institutional Equities

Reflecting Synergies for both the Brands

While management has not disclosed the royalty fees, we believe this move will lead to enhancement of TLNGR's latest Luxury segment, which is expected to increase 2x by FY2029

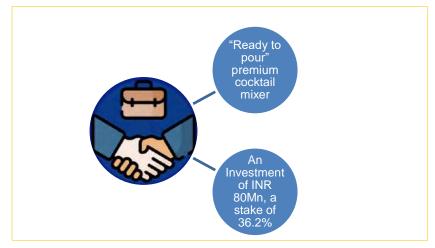




 Bartisans: Strategic transaction into Non-Alcoholic 'Readyto-Drink' Mixers

Bartisans a 'Ready-to-Drink' (RTD) mixer brand generated INR 35Mn in revenue

TLNGR acquired 36.2% stake in Bartisans, for INR 80.2Mn



Source: TLNGR, Choice Institutional Equities

- The company subscribed to 2,352 Compulsory Convertible Preference Shares (CCPS) and 1 equity share for INR 3Mn (fresh issue).
- It also purchased 163 equity shares and 3,781 CCPS from existing shareholders for INR 50.2Mn (secondary purchase).

With growing demand, Bartisans Mixers can be bundled with TLNGR's Spirits



The RTD cocktail mixer market in India is expected to expand by 20% CAGR by FY2030

We firmly believe that this amalgamation will open new doors for TLNGR and can be easily combined into complementary products

This move is to strategically expand its portfolio beyond traditional Spirits by tapping into India's fast-growing premium mixer and RTD segments, which is expected to expand at a CAGR of 8.7% from FY24 to FY32.

The brand has adopted a multi-channel distribution strategy, selling through direct-to-consumer (D2C) platforms like its own website, as well as quick commerce channels and modern retail outlets—broadening its consumer base and reach.



8.1.3 From Survival to Growth Investment - Financial Turnaround

TLNGR has turned around from a peak debt of INR 8.1Bn in FY19 to being net debt-free by FY25, led by strong cash flows, disciplined repayments, and debt restructuring. Finance costs dropped from INR 1.8Bn to INR 121Mn, and CFO/EBITDA improved from -3.7x to 0.7x. With a clean balance sheet, TLNGR is now making a bold move by acquiring Imperial Blue, backed by robust cash flows and margin expansion. While it involves fresh debt, Net Debt/EBITDA is expected to stay below 1.0x, with positive FCF from FY29. This marks a shift from debt resolution to value-driven growth.

❖ Financial Turnaround with Net Debt now mere INR 266Mn

- The latest acquisitions were planned after gaining stable numbers and a strong balance sheet.
- TLNGR has been reducing its gross debt and going on the path of being debt-free.

TLNGR has managed to go from INR 8.1Bn debt in FY19 to now being debt-free

•INR 8.1Bn

 Heavy debt due to aggressive acquisitions, Brandy expansion, entry into rum/gin, working capital strain and refinancing needs.

Debt Restructuring with Edelweiss ARC (2020)

High Debt Levels (2019)

- INR 5.2Bn to INR 3.4Bn
- Restructured INR 5.2Bn debt into INR 3.4Bn at ~9% interest through equity issuances and settlements

This was done by restructuring and prepayment of loans

Strategic Prepayments (FY21 – FY23)

- INR 540Mn + INR 1.8Bn
- Prepaid INR 540Mn and fully repaid INR 1.8Bn ARC debt using Kotak loan and internal cash; earned INR 36Mn waiver

Now, with a debt-free status and stable free cash flow, we expect capex expansion (awaiting approval for Prag Distillery) and distribution and portfolio growth

Debt-Free (FY23 to FY25)

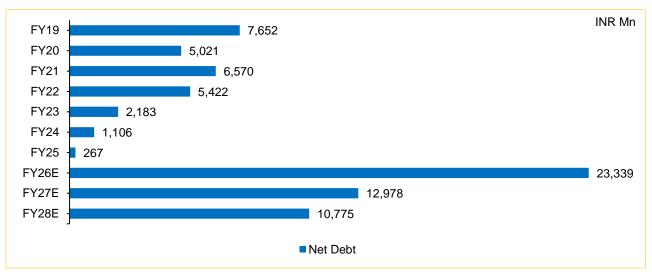
- INR 267Mn net debt
- Kotak loan fully repaid in Q3FY25 and became almost debt-free



8.1.3 From Survival to Growth Investment – Financial Turnaround

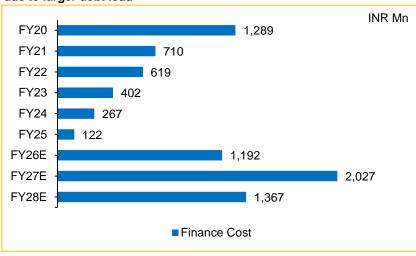
Even with new debt and finance costs, ratios remain strong

Company planning to raise INR ~23Bn fresh debt in FY26 to fund its IB acquisition



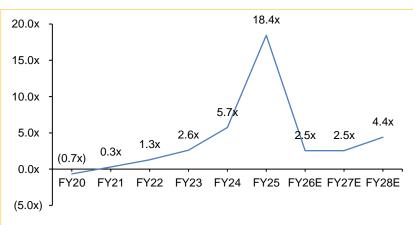
Source: TLNGR, Choice Institutional Equities

Post acquisition of IB, we forecast higher finance costs after FY26E due to larger debt load



Source: TLNGR, Choice Institutional Equities

Interest Coverage Ratio to decline sharply post IB acquisition



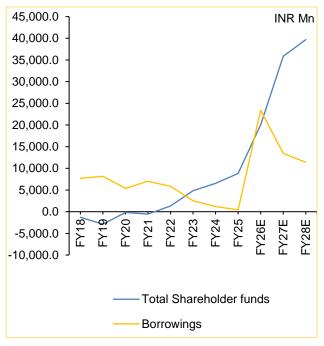
Source: TLNGR, Choice Institutional Equities

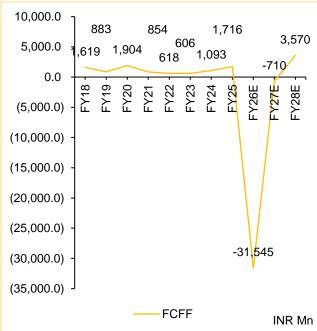
The company currently has an interest coverage ratio of 18x and even with huge debt, we believe the interest coverage ratio to be positive and above 2x in the next few years, led by 45.4% expected revenue CAGR over FY25-FY28.

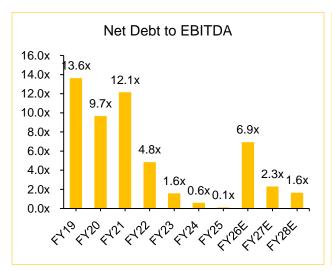


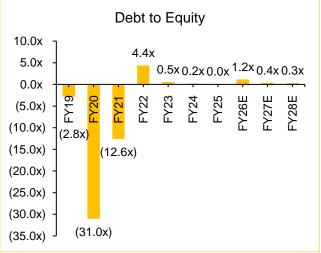
8.1.3 From Survival to Growth Investment – Financial Turnaround

Strong balance sheet supports growth investments – structure and projections









Source: TLNGR, Choice Institutional Equities

- TLNGR's strategic investment in Imperial Blue is a bold move, which is propelled by strong cash reserves
- We believe this acquisition would drive volume growth by 65% in FY26; revenues are expected to be up by 48% in FY26. TLNGR already had a strong EBITDA of ~18% in FY25 and this supports the bold move of raising fresh debt
- The management plans to raise INR ~45Bn (INR 23,000Mn via Equity and INR 23,000Mn via Fresh Debt)
- Even with fresh debt, the company is confident in bringing its Net Debt to EBITDA below 1.0x by FY29. We have incorporated the debt in our forecasts and even with finance costs going up, we see stable cash flows by FY28 majorly coming out of the volume and value synergies (distribution to play a key factor)
- We expect Net Debt to EBITDA to be at 1.2x by FY28 itself owing to cash flows being generated
- This acquisition marks a strategic inflection point for TLNGR, moving from consolidation to aggressive growth. Backed by strong fundamentals, we believe the balance sheet remains resilient even under conservative assumptions



8.2.1 View & Valuation

- The acquisition of Imperial Blue for INR 41.2Bn has the potential to bring in a sea of changes for TLNGR
- We forecast additional synergies will accrue on the existing portfolio of Gin, Vodka & Whisky. Imperial Blue's distribution access will give synergistic boost to existing volumes, by 12% to 15%, over FY27E-FY28E
- We pencil in a growth forecast of 54.3% CAGR in TLNGR's volumes over FY25-FY28E as Imperial Blue's volumes of 22.9Mn cases will add on to its volumes
- We believe the acquisition will be funded via INR 23Bn worth of Equity Infusion and balance via debt, leading to an increased Debt/Equity 0.5x
- The Debt Equity remains muted and manageable only on the strength of higher equity infusion. We have assumed a higher rate of interest of 15% over average debt
- TLNGR, previously tax-shielded, is now expected to face a 27.0% tax rate post-turnaround which we have incorporated in our model assumptions from FY26 onwards. After the incorporation, we get PAT margin CAGR at 28.3% from FY25-28
- We believe diversification at TLNGR is on track via:
 - Acquisition of Imperial Blue from Pernod Ricard
 - · Entry into ready-to-pour mixers via Bartisans
 - · Foray into newer categories, such as Gin and rum

Thus, we initiate coverage on Tilaknagar Industries Ltd. with a BUY recommendation and a target price of INR 650, implying a 28.7% upside, based on DCF valuation, using a 5% terminal growth rate. Our WACC is assumed at 9.2% due to higher debt/equity mix. Further, our valuation implies a PE of ~62x / ~43x on FY27E / FY28E EPS.

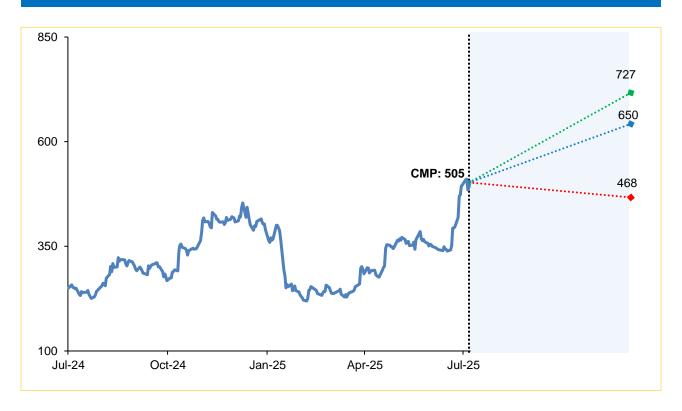
DCF Assumptions	
Rm	12%
Rf	6.3%
BBG Adj. Beta	0.9
Cost of Equity	11.4%
Post Tax Cost of Debt	7.3%
WACC	9.2%
Terminal Growth Rate	5.0%

DCF Calculation (INR Mn)	
PV of FCF for forecasting period (FY26EFY35E)	1,840
PV of terminal cash flow	1,46,036
Enterprise Value	1,47,876
Net debt/(cash)	23,339
Equity Value	1,24,538
Number of Shares (Mn)	192
Target Price (INR/share)	650

		Terminal Growth Rate %					
		3%	4%	5%	6%	7%	
	7.2%	820	1,120	1,690	3,210	19,890	
0	8.2%	570	730	1,000	1,520	2,910	
WACC	9.2%	390	500	650	900	1,370	
>	10.2%	270	340	440	580	800	
	11.2%	190	230	300	380	510	



8.2.2 Bull & Bear Case





BULL ASSUMPTIONS

- Volumes and NSR pick at a fast pace. Volumes kick in owing to pan-India distribution of Imperial Blue and cross-selling of own brands.
- Strong margin expansions led by synergies and wider distribution, leading to PAT CAGR of 51.5% from FY25-28.



BASE ASSUMPTIONS

- Volume picks up in FY27E as Imperial Blue (4th largest-selling Whisky) volumes kick in.
- NSR to remain stable and small degrowth expected as Imperial Blue is absorbed.
- ~45.4% net revenue CAGR over FY25--28E, supported by a balanced fund raise of Debt & Equity of 0.5x.



BEAR ASSUMPTIONS

- Higher finance costs from stretched working capital requirements.
- · Synergies do not kick in as expected, with margins lagging.
- EBITDA CAGR drops to 16.3% over FY25--28 with PAT CAGR at 5.8% for the same period.



8.2.3 Risks to Our Investment Thesis & Strategic Optionality

2.3.1 Key Risks

- Faces delays in payments from state corporations and has pending receivables/advances
- Prag Distillery also has significant funds tied up in an expansion project which was stalled and impaired
 - This was because Prag was facing insolvency and TLNGR awaits government approval for license fees
- The grain distillery plant at Shrirampur has been 'qualified' by auditors as management is yet to come up with recommissioning
- Inability to manage debt levels and generate synergies from the IB acquisition can lead to material adverse impacts on our forecasts

2.3.2 Optionality

- Despite operating multiple units, some owned facilities, such as Shrirampur and Punjab are operating at underutilised capacities
- Opportunities exist to restart and recommission the 100 KLPD grain distillery plant at Shrirampur, expected to cost around INR 450Mn, offering a 3--5 year payback period
- While TLNGR is investing about INR 200Mn in maintenance capex, it also has plans to increase its Prag Distillery capacity from 6 lakh cases to 36 lakh cases by investing about INR 500Mn
 - This plan is still awaiting approval from the government

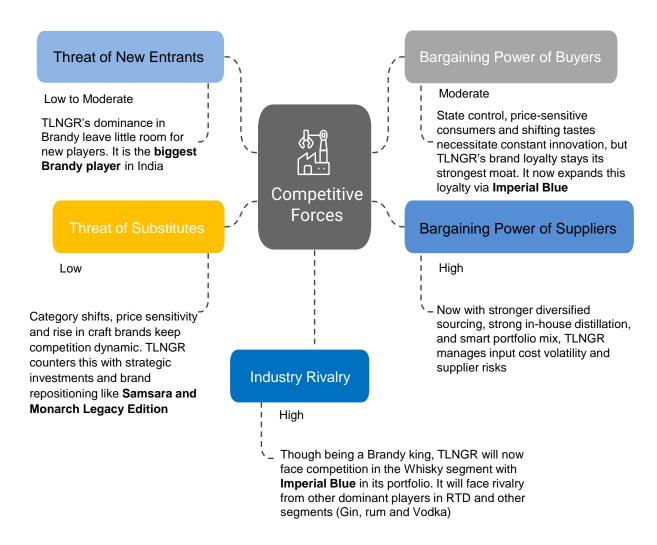
8.2.4 Key Insights from Management Meeting

- With the acquisition of Imperial Blue, management is very positive about generating strong EBITDA margins and high RoCE
- Quarterly NSR dropped by 11% primarily due to price corrections in Andhra Pradesh
- TLNGR was positive on the court ruling for Mansion House brand; the Bombay High Court in July 2025 ruled in favour of TLNGR and has restricted rivals to use its trademark

Concentrated segment and market, coupled with intense competition for diversifying into other segments in this industry, pose a big threat to TLNGR



8.3.1 Porter's Five Forces



Five Forces' Competition Analysis

TLNGR dominates in the Brandy segment and is the preferred spirit in South India, leaving little threat from new entrants in that space.

Southern states have stringent regulations and pricing controls, making bargaining power with buyer a moderate threat to TLNGR.

As TLNGR gained a strong brand loyalty in the Brandy southern segment, it leaves little room for substitutes in that space.

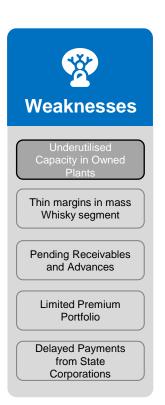
TLNGR relies on suppliers for ENA and other inputs. This makes TLNGR's bargaining power of suppliers high.

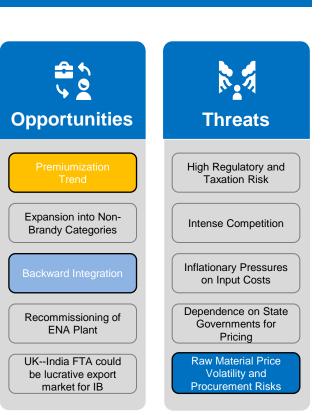
TLNGR will face strong rivalry from the industry for its newest addition to the portfolio of Imperial Blue Whisky. Also it will face competition in the Vodka and Gin segments.



8.3.2 SWOT Analysis







Source: Company, Choice Institutional Equities

TLNGR's Distinct Strengths Vs Competitors

TLNGR is a Brandy leader in India with dominance in Brandy-preferred market, that is South India.

TLNGR's Distinct Weakness Vs Competitors

TLNGR's manufacturing units at Shrirampur operating at just 35% and Punjab Expo at 20%

TLNGR's Distinct Opportunities Vs Competition

With the growing premiumization trend and TLNGR entering the segment with its Luxury 'Monarch Legacy Edition Brandy, this should provide further opportunities.

With plants being underutilised, free cash flow in hand and debt-free status, TLNGR can now look at exploring Backward Integration options like setting up own ENA plant.

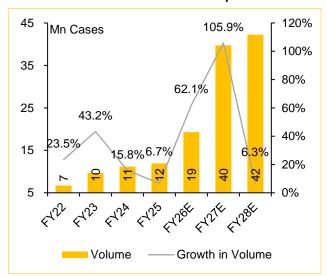
TLNGR's Threats Vs Competition

ENA input costs remain a key volatile risk for TLNGR

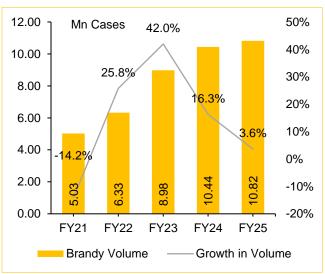


8.4.1 Operational Ratios

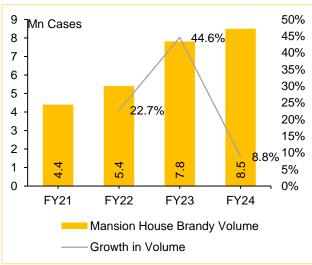
Volumes pick up owing to Imperial Blue impact and we believe FY27 to show IB's full impact



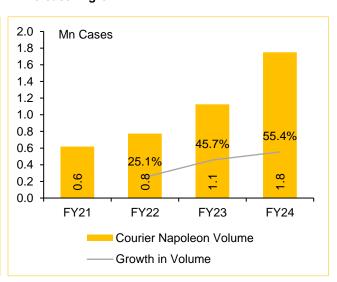
Brandy volumes see a slow yet stable growth



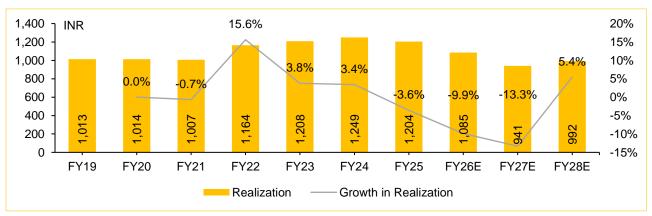
Mansion House Brandy has 5-year CAGR of 13% and is expected to increase; it stands as the $2^{\rm nd}$ largest-selling Brandy globally



Courrier Napoleon from Popular segment is seeing increase in growth



We believe the NSR (per INR case) to take a dip due to mass segment brand (IB) being added to the portfolio

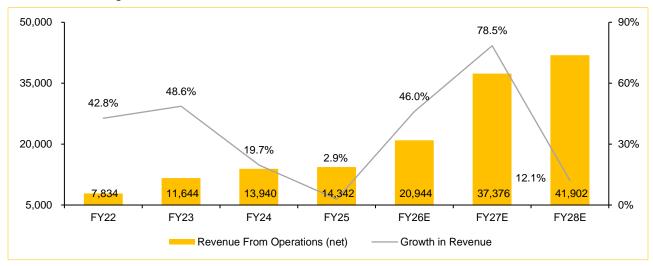


NSR: Net Sales Realization

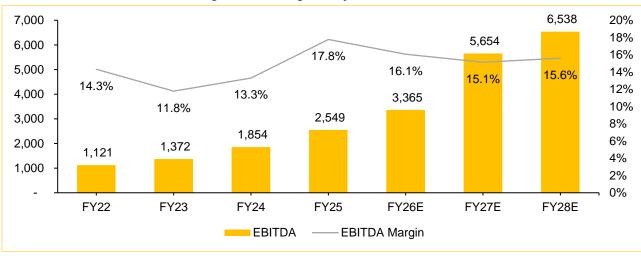


8.4.2 Key Financial Ratios

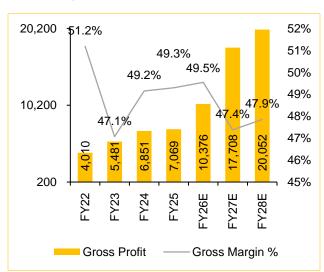
The revenue from operations has tripled from FY22 to FY25 and we believe 50-80% growth in revenue due to IB before stabilizing in FY28...



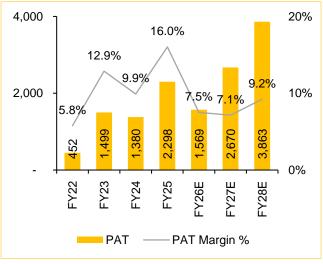
...this is reflected in the EBITDA margin, which has grown by 37.4%



Gross margins have been stable and positive



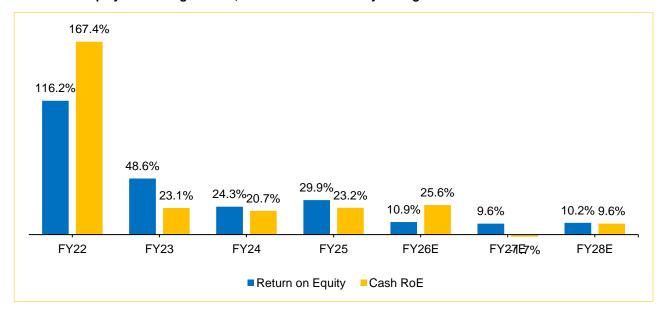
PAT has grown by ~70% with a margin of 16%. We believe 27% tax rate from FY26 onwards dragging down the PAT margin



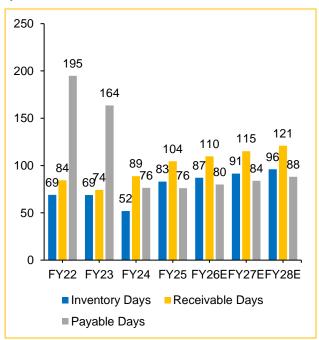


8.4.2 Key Financial Ratios

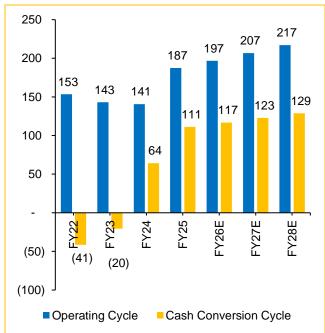
Return on Equity is standing at ~30%, which is above industry average



With stable inventory days, the management is expecting to reduce the receivable days in next few quarters



Operating cycle and cash conversion cycle are stable, with positive expectations for the next few quarters





8.4.3 Financials

Income Statement (Consolidated in INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	13,940	14,342	20,944	37,376	41,902
Gross profit	6,851	7,069	10,376	17,708	20,052
EBITDA	1,854	2,549	3,365	5,654	6,538
Depreciation	319	305	336	525	534
EBIT	1,536	2,244	3,029	5,129	6,004
Other income	141	176	257	458	513
Interest expense	267	122	1,192	2,027	1,367
PAT	1,380	2,298	1,569	2,670	3,863
EPS	7.2	11.9	6.2	10.5	15.2

Ratios	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenue Growth	19.7%	2.9%	46.0%	78.5%	12.1%
Gross Profit	25.0%	3.2%	46.8%	70.7%	13.2%
EBITDA	35.2%	37.4%	32.0%	68.0%	15.6%
PBT	-7.9%	66.5%	-8.9%	70.1%	44.7%
PAT	-40.7%	70.2%	-31.7%	70.1%	44.7%
Margin Ratios (%)					
Gross margins	49.2%	49.3%	49.5%	47.4%	47.9%
EBITDA margins	13.3%	17.8%	16.1%	15.1%	15.6%
PBT margins	11.0%	15.6%	14.5%	13.7%	14.3%
PAT margins	9.9%	16.0%	7.5%	7.1%	9.2%
Profitability (%)					
ROE	24.3%	29.9%	10.9%	9.6%	10.2%
ROCE	20.3%	26.4%	11.5%	11.1%	12.0%
ROA	13.5%	20.5%	5.1%	4.9%	6.5%
Valuation					
EV/OCF (x)	35.48	25.84	22.57	-153.40	19.64
EV/EBITDA (x)	22.47	18.09	24.79	12.92	10.84
BVPS (x)	25	34	35	79	141
Free cash flow yield (%)	2.5%	3.3%	-47.3%	-3.0%	4.3%

Balance Sheet (Consolidated in INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	6,539	8,822	20,057	35,825	39,688
Borrowings	1,193	424	23,424	13,424	11,424
Trade Payables	1,207	1,478	2,314	4,522	5,275
Other non-current liabilities	612	553	553	553	553
Deferred Payment			2820	2820	2820
Other current liabilities	784	850	850	850	850
Total equity & liabilities	10,334	12,128	50,019	57,995	60,611
Tangible fixed assets	3,963	3,696	4,100	3,975	3,641
Capital WIP	3	34	34	34	34
Trade Receivables	4,185	4,105	6,295	11,795	13,885
Goodwill			34,500	34,338	34,170
Cash & Cash equivalents	385	1,028	957	1,317	1,520
Other non-current assets	516	946	946	946	946
Other current assets	1,282	2,319	3,188	5,594	6,414
Total Assets	10,334	12,128	50,019	57,995	60,611
Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28
Cash flows from operations	1,175	1,784	3,695	-476	3,60
Cash flows from investing	-149	-769	-35,240	-234	-3
Cash flows from financing	-1,287	-944	31,473	1,071	-3,36
DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	100.0%	100.0%	73.0%	73.0%	73.0%
Interest Burden	89.9%	102.4%	69.1%	69.4%	85.8%
EBIT Margin	11.0%	15.6%	14.5%	13.7%	14.3%
Asset Turnover	1.4	1.3	0.7	0.7	0.
Equity Multiplier	1.8	1.5	2.2	1.9	1.0
	1 1	i	10.9%	i	



8.5.1 Introduction

Tilaknagar Industries Ltd. (TLNGR), founded in 1933, is a prominent IMFL player, historically dominant in the premium Brandy segment.

With the addition of Imperial Blue Whisky, TLNGR has transformed into a multi-category national alcobev company.

The company now offers over 15 IMFL brands across Brandy, Whisky, rum, Gin and Vodka, led by Mansion House Brandy and Imperial Blue.

TLNGR is a leading IMFL player now transforming into a multi-category player

Its portfolio is mainly Prestige & Above, with Whisky entry unlocking scale in India's largest Spirits segment.

Mansion House Brandy remains India's top premium Brandy and 2nd by volume globally.

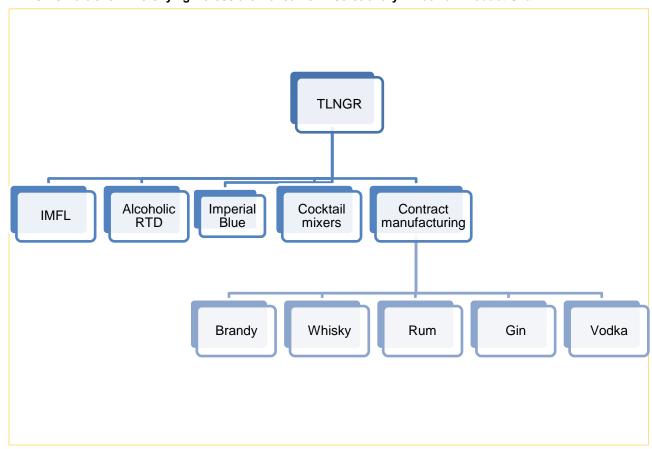
Imperial Blue, the world's 4th best-selling Whisky, now significantly boosts TLNGR's volume and reach.

In FY24, it sold 11.9Mn cases (7% YoY growth), with South India contributing 86% and Brandy market share rising from 9.4% to 11.1%

In FY24, TLNGR sold 11.9Mn cases, with 86% of sales from the South. With Imperial Blue's presence in the North and East, the company gains pan-India exposure, reduced regional risk and a more balanced revenue mix.

Distribution networks, state corporations and exports remain key growth levers.

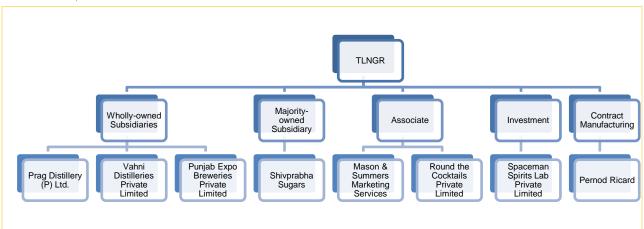
TLNGR's Portfolio: Diversifying Across the Consumer Discretionary - AlcoBev Product Chain





8.5.1 Introduction

Subsidiaries, Associates & Investment Structure



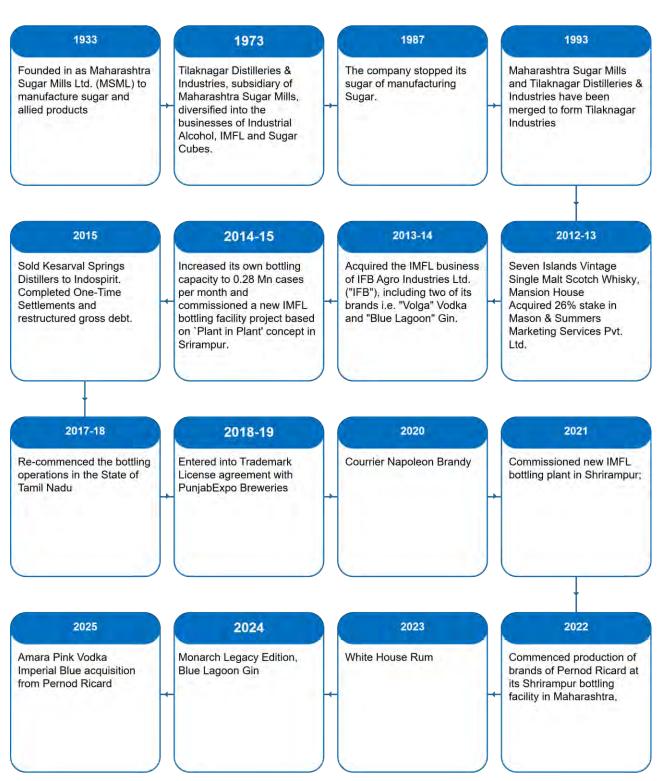


Product Portfolio: Entering Luxury Segment whilst maintaining a strong Premium & Deluxe profile





8.5.2 Key Milestones & Manufacturing Units





8.5.2 Key Milestones & Manufacturing Units

Manufacturing Facilities

TLNGR operates a robust and strategically-diversified manufacturing infrastructure through a mix of owned facilities, operating subsidiaries, leased units and tie-up arrangements.

This asset-light model, with approximately 70% of production carried out through contract manufacturing units, enables scalability and cost-efficiency without heavy capital expenditure.

The company's state-of-the-art mother plant is located in Shrirampur, Ahmednagar district, Maharashtra, and includes a 50-KLPD molasses-based distillery and a 100-KLPD grain-based distillery.

In addition, TLNGR operates three key subsidiary units: PunjabExpo Breweries in Mohali, Punjab, which supplies liquor to the armed forces; Vahni Distilleries in Tavaregera, Karnataka; and Prag Distillery in Nallamilli, Andhra Pradesh.

Across India, TLNGR also manages 13 leased or tie-up units that enhance regional reach and supply chain agility.

Manufacturing spans 21 units, including its core Shrirampur distillery with 100 KLPD grain and 50 KLPD molasses capacity.



Source: TLNGR, Choice Institutional Equities

Increasing Manufacturing Units over the years



Source: TLNGR, Choice Institutional Equities

Tie-ups: 9



8.5.3 About the Management

Key Personnel	Designation	About the Board
Amit Dahanukar	Chairman & Managing Director	Amit Dahanukar is the Chairman and Managing Director of TLNGR. A second-generation entrepreneur, he has been instrumental in the company's strategic turnaround, focusing on premiumization and debt reduction. He holds a degree in Electrical Engineering from the University of Mumbai and a Master's in Engineering from the Stanford University.
Shivani Dahanukar	Executive Director	Shivani Dahanukar is the Executive Director of TLNGR, bringing a strong background in operations and strategic growth. With extensive experience in the company's day-to-day operations, she plays a key role in driving the company's business strategies, focusing on expanding the premium product portfolio and enhancing brand presence in domestic and international markets.
Abhinav Gupta	Chief Financial Officer	Abhinav Gupta is the CFO at TLNGR, with over 17 years of experience in financial management. Previously, he was the CFO at Trident Limited. Mr. Gupta holds an MBA from the Indian Institute of Technology, New Delhi.
Ahmed Rahimtoola	Chief Marketing Officer	Ahmed Rahimtoola is the Chief Marketing Officer at TLNGR, with over 25 years of experience at United Breweries, Reliance ADAG and Allied Blenders & Distillers. He has done his MBA from Symbiosis Centre for Management and HRD and has also done an Executive MBA from the reputed Indian School of Business.
Ameya Deshpande	President – Strategy & Corp Dev	Ameya Deshpande is the President of Strategy & Corporate Development at TLNGR, with extensive experience in investment banking, having worked with Deutsche Bank and BNP Paribas. He is also the co-founder of Authenticook, bringing a strong background in corporate strategy and business development to lead TLNGR's growth and strategic initiatives.
Nishchal Dubey	President – Institutional Sales	Nishchal Dubey is the President of Institutional Sales at TLNGR, with over 22 years of experience at Radico Khaitan. His extensive experience in sales and business development has been crucial in driving institutional sales and expanding the company's market reach.
Minuzeer Bamboat	Company Secretary & Compliance Officer	Minuzeer Bamboat is the Company Secretary & Compliance Officer at TLNGR, with over 21 years of experience in corporate governance and compliance. He is responsible for ensuring regulatory compliance and maintaining corporate integrity within the organisation.



8.5.3 About the Management

Board of Directors	Designation	About the Board
Yuvraj Singh Som	Vice President – Commercial & Operations	Yuvraj Singh Som is the Vice-President of Commercial & Operations at TLNGR, with over 13 years of experience at Radico Khaitan and overall experience of 15 years. His expertise in strategy development and operational management has been instrumental in driving efficiency and growth at TLNGR.
Tarun Behl	Vice President – Manufacturing	Tarun Behl is the Vice-President of Manufacturing at TLNGR, with over 23 years of experience in the Consumer Discretionary - AlcoBev industry, including roles at United Spirits/Diageo India and Shaw Wallace. His extensive background in manufacturing and operations management has been key to optimising production and driving operational excellence at TLNGR.
Sai Amrutkumar Vegisetti	Chief Information Officer	Sai Amrutkumar Vegisetti is the Chief Information Officer (CIO) at TLNGR, with over 11 years of experience in the IT and technology space. His most recent role was at Allied Blenders & Distillers (ABD), where he played a key role in driving technology strategy and digital transformation.



ASSOCIATED ALCOHOLS & BREWERIES LTD.

(AAB)

MALT MADHYA PRADESH ENA IMFL IMIL

JACK OF ALL TRADES

Initiating Coverage | Sector: Consumer Discretionary - AlcoBev

Associated Alcohols & Breweries Ltd. (AAB)



August 04, 2025 | CMP: INR 1002 | Target Price: INR 1,210

Expected Share Price Return: 20.7% I Dividend Yield: 0.2% I Expected Total Return: 20.9%

Sector View: Positive





Company Information

BB Code	AAB: IN EQUITY
ISIN	INE073G01016
Face Value (INR)	10.0
52 Week High (INR)	1,496
52 Week Low (INR)	750
Mkt Cap (INR Bn)	19.2
Shares Outstanding (Mn)	19.2
Free Float (%)	40.7

Shareholding Pattern (%)

	Dec-24	Mar-24	Jun-25
Promoters	59.3	59.3	59.3
Fils	1.2	1.1	0.6
Dlls	0.0	0.0	0.0
Public	39.5	39.6	40.0

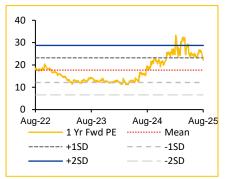
Relative Performance (%)

YTD	3Y	2Y	1Y
BSE FMCG	32.3	8.0	-9.4
AAB	157.2	149.8	46.1

Rebased Price Performance (%)



1 Year Forward PE Band



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From Grain to Glass: Operational Leverage Through Integration

AAB is building a fully integrated liquor platform anchored by its ENA-tomalt facility in Madhya Pradesh. With 58% captive ENA use, 41 bottling lines, multi-grain flexibility, 10.5 MW captive power, and cattle feed contributing ~8% to topline, AAB operates with strong internal cost efficiencies. Led by premium launches like Nicobar and Hillfort, having 4-10x higher realizations, IMFL is expected to contribute 40% of total Revenue. With INR 800Mn malt plant, we see margins stabilizing at 12% by FY28E, positioning it as AAB's key profit driver.

Path To Premium: Multi-state Expansion As a Growth Catalyst

Historically concentrated in MP, Kerala, and Delhi (80%+ of revenue), AAB is now replicating its Kerala playbook. It scaled to 1.5Mn cases, across premium-rich states like Maharashtra, UP, Karnataka, and Goa, which account for over 40% of India's premium liquor demand. Backed by a geographical expansion, rising IMFL acceptance (+25% YoY, in FY25), and premium brand launches, the company is well-positioned to drive scale, price-led growth, and revenue diversification. We expect this shift to enable a 8.2% revenue CAGR over the next few years.

Stable Cash flows Powering Self-Funded Growth

Over the years, AAB has built a cash-generative foundation through its IMIL business, now complemented by ethanol, both operating under regulated, tender-driven models that ensure volume stability and predictable margins. These segments have consistently funded growth via internal accruals, enabling the company to undertake capex without stretching its balance sheet, as reflected in high free cash flows and low leverage (barring FY23–24). We believe this positions AAB to structurally compound profits, with high-visibility earnings powering the next leg of growth, without compromising balance sheet strength.

With rising share of IMFL Proprietary (IMFL P) brands (34% of revenue in FY25), stable earnings from ENA and contract manufacturing, we expect AAB to deliver Revenue / EBITDA / PAT CAGR of 8.2% / 8.6% / 7.9% over FY25-28E. We therefore initiate coverage with a BUY rating and a target price of INR 1,210, based on our DCF model. Our valuation implies a ~25x / 22x PE on FY27E / FY28E EPS.

Early-stage brand equity, overdependence on Madhya Pradesh, and state-level policy risks may constrain AAB's premium scale-up and delay sustained margin improvement.

Key Financi	als - IND AS					
INR Mn	FY23	FY24	FY25	FY26E	FY27E	FY28E
Volume (Mn Cases)	28.5	36.5	60.6	64.6	66.5	68.3
Growth %	(8.8)	28.2	66.0	6.6	3.0	2.6
Revenues (Net)	7,008	7,598	10,759	11,773	12,657	13,632
Growth %	36.7	8.4	41.6	9.4	7.5	7.7
EBITDA	624	767	1,281	1,409	1,518	1,640
EBITDAM %	8.9	10.1	11.9	12.0	12.0	12.0
Adj. PAT	416	506	814	844	920	1,023
EPS (INR)	32.0	33.6	23.0	27.9	42.4	44.0
Debt/Equity (x)	0.3	0.2	0.2	0.2	0.0	0.0
ROE %	12.3	12.9	17.3	15.0	14.2	13.8
ROCE %	18.5	22.9	35.4	32.5	35.5	31.0
Asset Turnover (x)	1.5	1.3	1.6	1.5	1.5	1.6
P/E (x)	14.1	16.9	23.6	22.8	20.9	18.8

Source: AAB. Choice Institutional Equities



Report Structure

Sr. No.	Particulars	Page No.
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	9.1.2 Path to Premium: Multi-state Expansion as a Growth Catalyst ❖ Transitioning from MP and Kerala base to multi-state premium IMFL play ❖ Kerala model proven—scalable, margin-accretive and repeatable across states ❖ Entering MH, UP, KA and Goa to tap 40%+ of India's premium demand and reduce concentration risk ❖ Premium portfolio and wider reach to drive higher revenue growth.	206 – 210
	 9.1.3 Stable Cash flows Powering Self-Funded Growth Strong base: IMIL and Ethanol as reliable cash flow pillars Funding growth the right way: internal accruals over leverage Growth without gearing: IMIL & Ethanol cash flows fund next leg 	211 – 215
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AAB is building a fully integrated liquor platform anchored by its ENA-to-malt facility in Madhya Pradesh. With 58% captive ENA use, 41 bottling lines, multi-grain flexibility, 10.5 MW captive power, and cattle feed contributing ~8% to topline, AAB operates with strong internal cost efficiencies. Led by premium launches like Nicobar and Hillfort, having 4–10x higher realizations, IMFL is expected to contribute 40% of total revenue. With INR 800Mn malt plant, we see margins stabilizing at 12% by FY28E, positioning it as AAB's key profit driver.

♦ Decade-long integration from ENA to Malt creates structural cost advantage

Integrated liquor manufacturing value chain: from grain sourcing to by-product utilisation

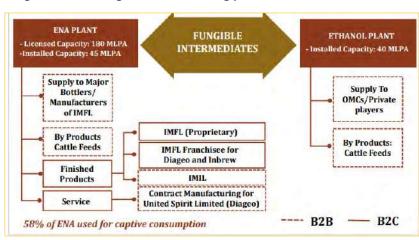


Source: AAB, Choice Institutional Equities

Integrated liquor operations powering cost-efficiency and strategic scalability

- AAB operates across the full liquor value chain from ENA manufacturing to branded IMFL providing a structural cost advantage in a tightly-regulated industry.
- Its integrated model enables perfect alignment among supply, production and distribution minimising input mismatches, enabling faster product rollouts and ensuring excise compliance across states.

Single location, fungible manufacturing plant



Source: AAB, Choice Institutional Equities

Integrated Facility Enables Scale, Efficiency & Market Proximity

- To support this diverse value chain, AAB operates a 150-acre integrated facility in Khodigram, Madhya Pradesh, serving as the centralised hub for ENA production, ethanol distillation and liquor bottling.
- Its location near major grain-producing states and central access to high-consumption markets ensures cost-efficient raw material sourcing and logistical leverage.

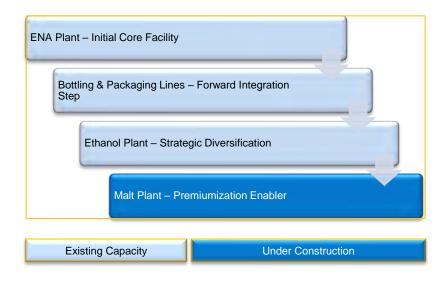
AAB's stepwise integration from ENA to malt builds structural leverage through scale and synergy

Centralised at Khodigram (MP), this model drives efficiency, compliance and control



MP Facility: ENA to Malt - A Complete Liquor-Manufacturing Hub

Designed for agility, the integrated facility lets AAB tap multiple high-margin opportunities.



Source: AAB, Choice Institutional Equities

Integrated Liquor Operations Powering Cost-Efficiency and Strategic Scalability

- Over the years, AAB has steadily scaled its Khodigram facility into a fully-integrated manufacturing hub.
- Starting with potable alcohol in the early 1990s, the company expanded its ENA capacity to 45 MLPA by 2018, with a much higher licensed headroom of 180 MLPA.
- Its co-located bottling lines—now 41 in number—seamlessly serve both, proprietary brands and marquee partners, such as Diageo and Inbrew.
- The ethanol plant, commissioned in January 2024, added strategic optionality with 130 KLPD capacity and full utilisation, supported by by-
- This operational backbone anchors AAB's agility, efficiency and readiness to scale.

product monetisation and in-house power generation.

Crafting Tomorrow: Malt Plant Sets Stage for AAB's Aged Spirits Journey

- Building on this backbone, AAB is now commissioning a 6,000 LPD malt plant in the same premises, aimed at launching its own single malt and tapping premium export and domestic opportunities.
- With production starting July 2025, the plant marks a strategic pivot towards long-term value-creation through Premium aged Spirits.

Adding malt extends AAB's playbook—this time into premium, aged Spirits



Integrated Facility Enables Scale, Efficiency & Market Proximity

- This integration delivers cost advantages through three core efficiencies.
- First, AAB's multi-feedstock flexibility enables dynamic switching between grains optimising procurement when raw materials form up to 70% of costs.
- This adaptability helps safeguard margins amid volatile commodity prices.

Diversified feedstock base

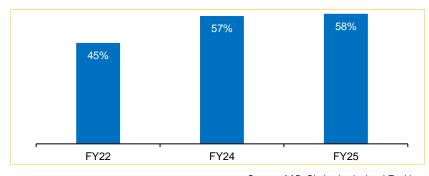


Source: AAB, Choice Institutional Equities

♦ Captive ENA consumption replaces merchant sales to drive margin uplift across liquor segments

- Secondly, over 57% of AAB's ENA is used captively, reducing dependence on third-party supply and ensuring consistent input availability for its liquor portfolio.
- This captive use enables conversion of a lower-margin input (ENA) into higher-margin finished products, such as IMFL and IMIL, materially boosting overall profitability.

Higher in-house ENA use enabling better cost control



Source: AAB, Choice Institutional Equities

Captive ENA drives margin resilience across IMFL & IMIL

- Thirdly, this increasing captive ENA consumption has directly strengthened margin profiles across AAB's proprietary IMFL and IMIL segments.
- By sourcing ENA internally, the company mitigates input cost volatility and secures consistent supply, enhancing conversion economics, especially for proprietary IMFL, where EBITDA margins are 2–3x higher than ENA sales.
- As a result, AAB has preserved healthy gross margins, even amid elevated grain prices.

Layer-by-layer expansion has sharpened AAB's cost edge over the years

One of which is by using multifeedstock sourcing, which reduces

ENA cost volatility and protects

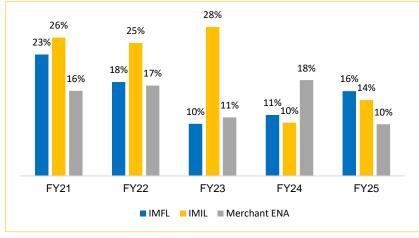
margins

Leading to higher internal ENA usage, which further translates into better cost control and stronger IMFL margins



Shifting away from merchant ENA sales: captive integration driving margin uplift in liquor segments

Thanks to captive integration, AAB's IMFL margins are now nearing industry standards

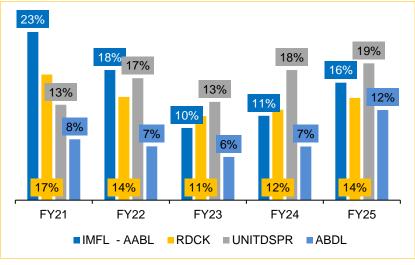


Source: AAB, Choice Institutional Equities

Captive ENA drives margin resilience across IMFL & IMIL

- AAB's pivot from merchant ENA sales towards greater captive consumption marks a strategic shift in how the company builds value in its IMFL business.
- Despite proprietary brands forming a smaller share of total volumes, this transition has significantly improved their EBITDA margin trajectory.
- Making AAB margin-competitive, despite smaller scale.
- By channeling more ENA into its own branded liquor production rather than selling it as a low-margin commodity, AAB has been able to enhance internal value realization and gradually close the margin gap with larger industry peers.
- This structural change has allowed its proprietary IMFL portfolio to scale up both, profitably and competitively, setting the stage for outsized margin gains as premiumization deepens.

Efficient Backward Integration Enables AAB to Compete on Margins with Industry Majors



Source: AAB, Choice Institutional Equities.

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Premiumization and expected IMFL mix to 40%, set the stage for sustained margin to 12%.



- ♦ Premium IMFL scale-up sets stage for structural margin expansion
- As we anticipate IMFL to form 40% of its revenue, its margin profile is set to sustain at 12%.
- IMFL P and IMFL licensed (IMFL L) stand at 12% and 21% of total revenues respectively, yet contributing 46% of total EBITDA, supported by superior 16% margins versus 7–9% for ENA and IMIL.
- Premium brands, such as Nicobar and Hillfort, with realizations 4–10x above average, are driving strong value per case.
- Backward integration, with captive ENA usage rising to 58%, enhances cost-efficiency and margin stability.
- With a growing premium portfolio and wider market reach, we believe this shift in mix towards proprietary IMFL positions AAB to sustain 12% EBITDA margins despite short-term ethanol dilution.



Historically concentrated in MP, Kerala, and Delhi (80%+ of revenue), AAB is now replicating its Kerala playbook, scaled to 1.5Mn cases, across premium-rich states like Maharashtra, UP, Karnataka, and Goa, which account for over 40% of India's premium liquor demand. Backed by a geographical expansion, rising IMFL acceptance (+25% YoY, in FY25), and premium brand launches, the company is well-positioned to drive scale, price-led growth, and revenue diversification. We expect this shift to enable a 8–9% revenue CAGR over the next few years.

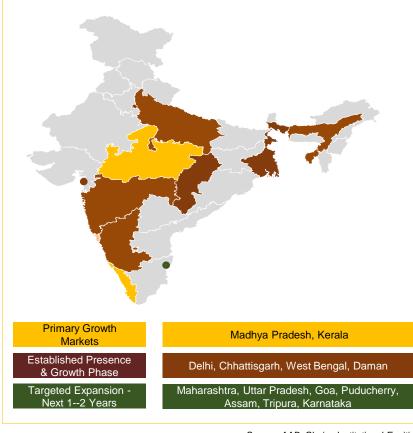
AAB's transition from a regionallyconcentrated player to a national premium Spirits company is under way through state-wise expansion

♦ Transitioning from MP and Kerala base to multi-state premium IMFL play

From local roots to premium ambitions

- AAB began its journey with molasses trading and IMIL production, primarily operating in Madhya Pradesh.
- The company expanded by acquiring distillery assets from its promoter group and shifting to premium liquor manufacturing, targeting higher margins in premium consumption regions.

AAB's expanding horizons: conquering key markets in India



This strategic rollout is visibly progressing towards high-value markets, with Maharashtra, UP, KA and Goa emerging as the next growth frontiers

Source: AAB, Choice Institutional Equities.

Strategic foray: how AAB turned Kerala into a growth engine

- Leveraging its Madhya Pradesh stronghold, AAB entered Kerala in 2018 with the price-sensitive Lemount White Brandy.
- Through effective execution, local manufacturing and efficient distribution, AAB quickly became Kerala's fifth-largest liquor player, achieving 1Mn case sales and 114% revenue growth in FY23.

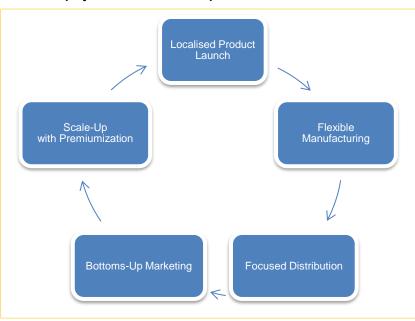
The expansion began with Kerala—where a premium-led, locally bottled, retail-executed model proved to be repeatable



Kerala model proven scalable, margin-accretive and repeatable across states

- Over time, the company has developed a successful playbook, refining it to launch products across various geographies.
- The success in Kerala served as a validated model, enabling AAB to scale in other high-potential, tightly-regulated markets, such as Chhattisgarh, West Bengal and Delhi.
- Focusing on localised products, efficient manufacturing and targeted distribution, the company has been able to scale up effectively while navigating diverse regulatory and consumer landscapes.

The Kerala playbook: AAB's state expansion model



Source: AAB, Choice Institutional Equities

From Kerala to the Nation: customising growth, state by state

- AAB's state-specific strategies, based on the Kerala playbook, show a tailored approach to local dynamics.
- In Chhattisgarh, it emphasised on centralised distribution.
- In Delhi, a premium-first strategy with selective placements and experiential marketing was followed
- In West Bengal, AAB deepened distribution with gradual premium launches, to grow in a high-potential market.
- This customised distribution-led expansion model has driven growth, focusing on efficient penetration and value capture in diverse markets.
- We believe this strategy is helping the company drive growth and scale up across states.

AAB's state expansion model utilises flexible bottling and demand-driven marketing to reduce capital costs and accelerate market entry.

Building on this, AAB is entering India's largest premium IMFL markets to unlock scale, pricing power, and de-risk geographic concentration



Market entry matrix: Kerala roots, regional adaptations

The playbook has adapted through localised launches, targeted distribution and MP-backed supply, driving efficient market entry and growth

Criteria	Kerala	Delhi	Chhattisgarh	West Bengal
Localised Launch	~	~	~	Initial
Premium-First Entry	×		~	Initial
Single Distributor	~	~	~	
MP Supply Hub	×	~	∠	
Retail Activation	~	~	~	Initial
Market Uptake		Progressing	☑	Early Days

Source: AAB, Choice Institutional Equities.

From dependence to distribution: de-risking through expansion

- AAB is expanding into high-potential markets, such as Maharashtra, UP, Goa and Karnataka to reduce its reliance on MP, Kerala and Delhi, which currently account for over 80% of its revenue.
- This strategic move aims to drive balanced, sustainable growth by tapping into premium segments across diverse regions.

AAB's Next Step: Consumer & Market Overview

State	Premiumization Level	Strategic Importance for AAB
Maharashtra	High (Wetro-griven)	10x of MP, High-value premium base
Uttar Pradesh	Medium-High	Massive base, urban- rural spread
Karnataka	Very High	Strong Whisky demand, premium Scotch/malt segment
Goa	Very High	Influential for brand- building and trial

Source: AAB, Choice Institutional Equities.

♦ Entering MH, UP, KA and Goa to tap 40%+ of India's premium demand

- Expanding into these new states gives AAB scale, pricing power and regulatory diversification, reducing concentration risk and boosting earnings resilience.
- We believe these states, representing over 40% of India's premium IMFL demand, will drive faster growth for AAB, enabling it to capture higher-margin segments and enhance long-term revenue and market share.

With entry into high-premium markets, such as MH, UP, KA & Goa, AAB is unlocking scale, pricing power and geographic de-risking.



Realization and margin profile of key brands

Nicobar and Hillfort target premium urban markets, while legacy brands drive volume in value segments, balancing AAB's portfolio

Brand	Segment	Realization (INR/case)	Margin Potential
Nicobar	Super-premium Gin	~8,000+	20%+
Hillfort	Premium malt Whisky	~5,000–6,000	20%+
Legacy Brands	Regular IMFL	~1,000–1,500	~10–12%

Source: AAB, Choice Institutional Equities.

Product rollout timeline: driving growth through premium offering



Source: AAB, Choice Institutional Equities.

phase of growth

New premium launches in RTDs, Brandy and tequila will drive the next

Strategic launches to accelerate premium penetration

- Building on its premium-led entry into high-potential markets, AAB is strategically layering its portfolio with innovation-led extensions.
- The recent RTD (Ready-to-Drink) launch strengthens its presence in urban and tourist-centric channels, aligning with evolving preferences for convenience and premium formats.
- Upcoming launches of premium Brandy (Q2 FY26) and tequila (Q3 FY26) are set to deepen market penetration, expand the consumer base and enhance brand recall.
- This strategic approach is expected to accelerate AAB's growth by improving per-case realization and broadening its reach in emerging markets.

We believe these new premium launches will drive deeper premiumization and market penetration across geographies



♦ Premium portfolio and wider reach to drive higher revenue growth

- With premium launches tailored for high-premium markets, such as Maharashtra and Karnataka, and legacy brands serving value-driven segments, AAB's portfolio is strategically positioned across the consumption spectrum.
- This alignment enables the company to capture rising urban demand through higher realizations, while leveraging its established distribution to scale up emerging states.
- The combined effect of premiumization, geographic expansion and brand innovation is set to unlock sustained revenue growth and improved margin trajectory.
- We expect this to drive a sustainable revenue CAGR of 8.2% over the next few years.

We expect this premium-led geographic expansion to drive a sustainable 8–9% revenue CAGR



Over the years, AAB has built a cash-generative foundation through its IMIL business, now complemented by ethanol, both operating under regulated, tender-driven models that ensure volume stability and predictable margins. These segments have consistently funded growth via internal accruals, enabling the company to undertake capex without stretching its balance sheet, as reflected in high free cash flows and low leverage (barring FY23–24). We believe this positions AAB to structurally compound profits, with high-visibility earnings powering the next leg of premium, margin-accretive growth—without compromising balance sheet strength.

♦ Strong base: IMIL and Ethanol as reliable cash flow pillars

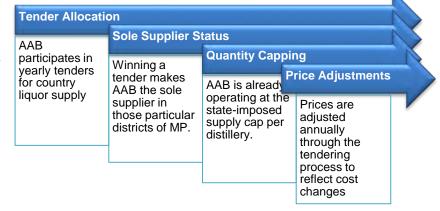
IMIL: low-volatility, high-visibility segment for AAB

IMIL anchors AAB's portfolio with predictable, high-volume revenue...

- Amidst a diversified business portfolio, spanning throughout the liquor value chain, AAB's IMIL continues to function as a predictable and profitable cash-generating core.
- Operating through a state-controlled tendering system particularly in Madhya Pradesh, its largest market IMIL offers a volume-stable and margin-accretive base, even though it's capped by state allocation limits.

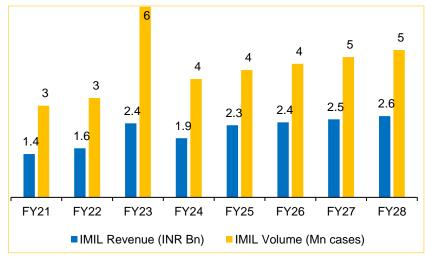
Product rollout timeline: driving growth through premium offering

...Backed by state tenders, AAB operates as the sole supplier in key MP districts...



Source: AAB, Choice Institutional Equities.

Volume scale in IMIL supports stable revenue base



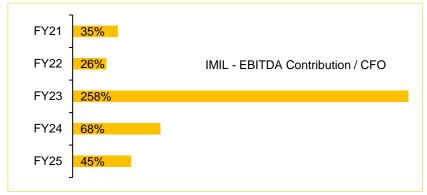
Source: AAB, Choice Institutional Equities.

...This ensures volume stability and steady topline visibility



IMIL: reliable cash anchor amid headwinds

Steady IMIL margins translate into strong, recurring cash flows



Source: AAB, Choice Institutional Equities

Low volatility, high predictability: IMIL as a strategic anchor

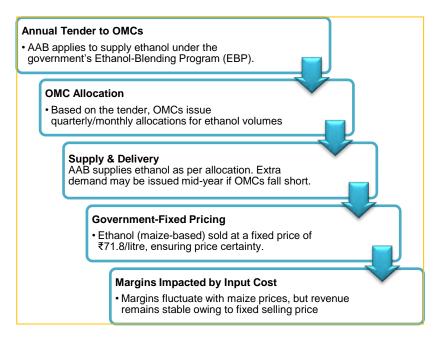
 The IMIL segment offers high revenue predictability owing to its staterun tender-based supply model, limiting volatility, making IMIL a steady, cash-generating segment that enables accurate forecasting and de-risks the business from market fluctuations.

Ethanol adds a second stream of predictable, regulated revenue

Ethanol: AAB's second engine of predictable growth

- Alongside the predictable IMIL business, AAB's ethanol segment has quickly become a second pillar of revenue stability, supported by full capacity utilisation, assured offtake and favourable policies.
- Backed by the government's Ethanol-Blending Policy and fixed-price contracts with OMCs, the segment ensures volume visibility and price certainty.

AAB's ethanol supply chain: from tender to margin impact



OMC allocations and fixed pricing secure off-take and realizations

Source: AAB, Choice Institutional Equities.

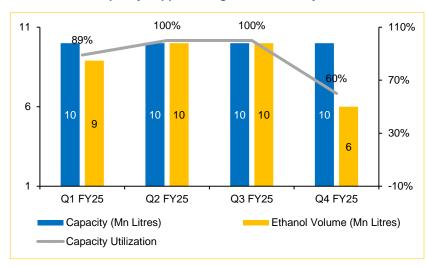


Visibility drives full utilisation at 90-100% per quarter

From commissioning to contribution: Ethanol hits optimum run-rate in FY25

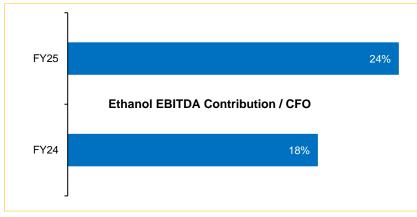
 Commissioned in January 2024, the 130-KLPD plant contributed INR 2.5Bn of revenues in FY25-28 and has consistently been operating at or near its optimum capacity since Q1 FY25, at 9-10Mn liters.

Stable ethanol capacity supports long-term scalability



Source: AAB, Choice Institutional Equities

Ethanol's growing role in cash generation



Ethanol now materially boosts CFO, enhancing internal accruals.

Source: AAB, Choice Institutional Equities

AAB's Ethanol business: consistent cash flow and resilient margins

- This consistency is enabled by structural levers proximity to grain belts, multi-feedstock flexibility and in-house power supporting healthy margins (7–9% EBITDA).
- Though growth is capped by capacity, tenders and realization changes by government, ethanol remains a low-risk, steady cash flow generator for AAB.

It joins IMIL as a stable, marginaccretive cash engine



Together, IMIL and Ethanol are funding AAB's shift to a premium IMFL portfolio, de-risking expansion into high-value markets and segments

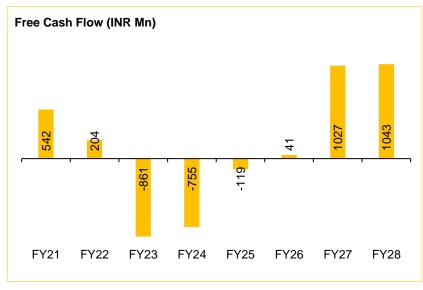
♦ Funding growth the right way: internal accruals over leverage

- With IMIL and ethanol now functioning as reliable, low-volatility cash engines, AAB is strategically channeling these stable inflows into scaling up its IMFL business.
- The predictability of these segments, driven by tenders and fixed government pricing, stabilizes earnings and supports capex, brandbuilding, and expansion without increasing leverage.
- With increased financial flexibility, AAB is accelerating its focus on high-realization proprietary IMFL.
- This includes new launches in Whisky, Gin, and RTD formats, supported by expanded distribution in key markets such as Maharashtra, UP, and Karnataka.
- In our view, this stable base de-risks AAB's transition, from a tender-driven resource supplier to a premium, brand-led AlcoBev franchise.

Portfolio synergy driving next-leg revenue growth

- AAB's approach to financing its growth, particularly for significant projects, such as the ethanol plant and new bottling lines, is rooted in generating and reinvesting its operating cash flows.
- Barring the spike in capex during FY23-FY25 for ethanol expansion, AAB has consistently funded its growth through internal accruals, maintaining a CFO > capex profile.

Capex funded largely through internal accruals



Source: AAB, Choice Institutional Equities

AAB's growth is consistently funded through internal accruals



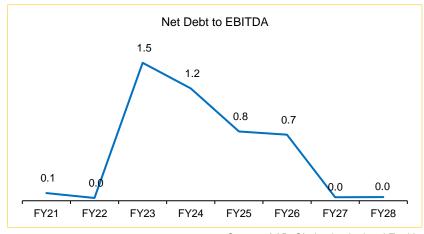
Leverage peaked in FY23, now on a declining trajectory

Even during peak capex, leverage remained moderate

We believe this provides ample headroom for high-ROCE growth in

premium IMFL, driving long-term

profitability



Source: AAB, Choice Institutional Equities

♦ Growth without gearing: IMIL & ethanol cash flows fund next leg

- Even at peak capex in FY23–24, AAB managed to grow with low leverage, reflecting strong internal buffers.
- The sharp CFO rebound in FY25, nearly covering ongoing capex, confirms the mismatch was temporary.
- With stable, government-linked cash flows from IMIL and ethanol both characterised by fixed pricing, assured offtake and margin visibility, AAB has built a predictable earnings base that cushions cash flow volatility.
- Combined with its disciplined approach to funding capex, primarily through internal accruals, this creates a robust financial foundation.
- We believe this will enable the company to confidently accelerate investments in high-growth, margin-accretive IMFL segments particularly premium brands and bottling capacity without materially increasing leverage or compromising return ratios.

9.1.4 Strategic Optionality: Expansion to UP with a Distillery & Bottling Facility

AAB's UP foray adds premium growth optionality, with a phased bottling-distillery plan deepening its national footprint.

- AAB's expansion into Uttar Pradesh reflects a calculated push to unlock premium-rich northern markets as part of its pan-India ambitions.
- Through a dedicated subsidiary, the company has initiated land acquisition and secured regulatory approvals for a phased bottling-cumdistillery project beginning with bottling, followed by ENA production.
- While groundwork is under way, commercial operations are yet to commence, with distillery construction and full land acquisition still pending.
- Funded through internal accruals and warrant proceeds, the facility will anchor AAB's premium portfolio rollout in UP.
- Once operational, it will offer meaningful optionality broadening market access, boosting margin accretion and accelerating AAB's evolution into a nationally scaled, brand-led liquor player.



9.2.1 View and Valuation

- AAB has strategically expanded its presence across six regions and is now actively targeting high-potential markets like Maharashtra, Uttar Pradesh, Goa, and Karnataka.
- The company is also expanding its product portfolio with a focus on premiumization, having launched Nicobar Gin, Hillfort Blended Malt Whisky and an RTD product. With plans for premium Brandy, and tequila by FY26.Additionally, AAB benefits from an integrated manufacturing model, including a 6,000 liters per day malt plant, and a 45 MLPA ENA capacity.
- The company's interest coverage ratio of 19.4x in FY25 highlights its strong financial position and ability to service debt comfortably. The company's self-funded capex model and low net debt/equity ratio (0.04x) further solidify its financial resilience.
- We forecast revenues to grow at CAGR of 8.2% from FY25 to FY28E, backed by increasing premiumization. However, revenue growth remains capped due to INR 3Bn cap for Ethanol and low pricing power in ENA.
- Further, we believe Net Income will grow at a CAGR of 7.9% over FY25 – FY28E, as AAB further gains from its full integration.

Hence, we initiate coverage on AAB with a BUY recommendation and Target Price of INR 1,210 which is an upside of 20.7%, by valuing the company using a DCF-based approach. Our valuation implies a PE of 25x / 23x based on FY27E / FY28E EPS

We recommend 'BUY' on AAB with an upside of 20.7% to INR 1,210, based on DCF valuation method

Key inputs for DCF analysis

DCF Assumpt	ions	
Rm		12.0%
Rf		6.3%
BBG Adj. Beta		1
Cost of Equity		12.0%
Post Tax Cost of Debt		8%
WACC		11.2%
Terminal Growth Rate	Source: AAB. Choice	Institutional Equ 5 ti 0 s%

Valuation output from DCF model

DCF Calculation (INR Mn)	
PV of FCF for forecasting period (FY26E-FY35E)	7,221
PV of terminal cash flow	16,659
Enterprise Value	23,880
Net debt/(cash)	661
Equity Value	23,219
Number of Shares (Mn)	19
Target Price (INR/share)	1,210

Source: AAB, Choice Institutional Equities

Summary Assumptions for AAB

and

Key

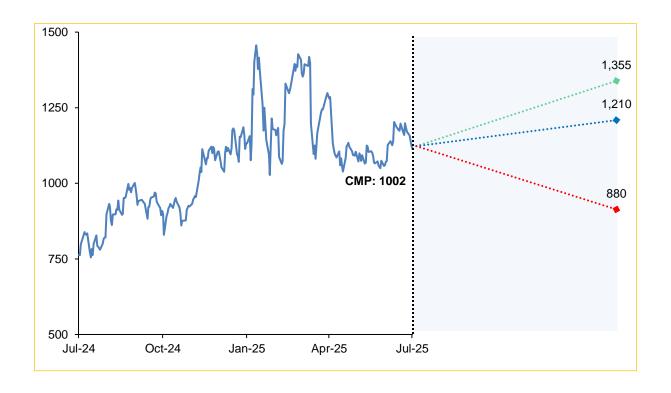
Valuation

Sensitivity analysis - WACC & terminal growth rates

		Terminal Growth Rate %				
		4.0%	4.5%	5.0%	5.5%	6.0%
	9.2%	1,630	1,770	1,940	2,160	2,450
WACC	10.2%	1,310	1,390	1,500	1,630	1,780
	11.2%	1,080	1,140	1,210	1,290	1,390
	12.2%	910	950	990	1,050	1,110
	13.2%	780	810	840	880	920



9.2.2 Bull, Bear & Base Case Scenarios



Source: AAB, Choice Institutional Equities



INR.1,344 34.6% Upside

BULL Assumptions

- Premiumization, ethanol monetisation, and geographic expansion drive sustained growth and margin resilience.
- Revenue growth of 17.1% in FY27E with EBITDA margins decreasing to 10.6%



INR.1,210 20.7% Upside

BASE Assumptions

- FY27E revenue growth of 17.6%, over FY25E
- EBITDA margins expected to remain flat at 12% in FY27E.



INR.866 13.3% Downside

BEAR Assumptions

- Input cost volatility and regulatory risks could compress margins and delay scale execution.
- Revenue growth of 19.4% in FY27E, over FY25, with EBITDA margins declining to 12.4%



9.2.3 Risks To Our Investment Thesis

Regulatory fragmentation remains a structural drag on scalability and brand-building

- Overdependence on Madhya Pradesh: MP continues to contribute a dominant share of revenue, exposing AAB to concentrated regulatory, climatic and policy risks tied to a single geography.
- Regulatory Overhang on IMIL & Ethanol: IMIL faces sales volume caps, pricing dictated by tenders and high-compliance burdens.
- Ethanol margins and offtake rely entirely on OMC pricing and central blending mandates leaving both segments exposed to abrupt regulatory shifts.
- Early-Stage Brand Equity: While AAB is scaling up its premium IMFL play, proprietary brands, such as Nicobar and Hillfort are still nascent and face an uphill task in building brand recall against entrenched incumbents.

9.2.4 Key Insights From Management Meeting

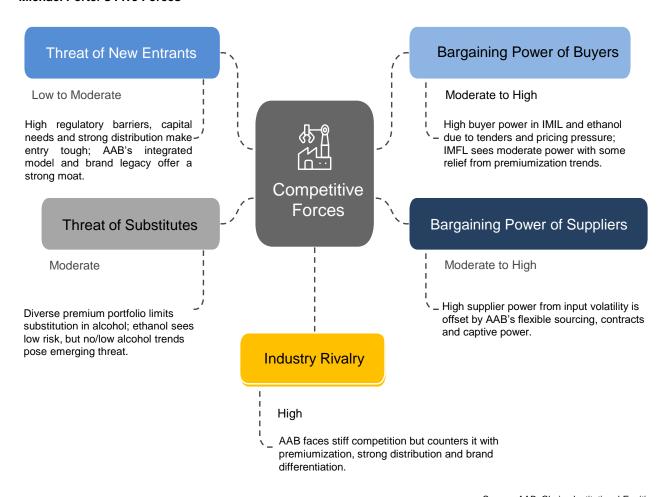
- AAB has invested ~INR 2Bn in capex largely towards ethanol, malt, and bottling with a new plant ready to service clients, such as Diageo and InBrew.
- Riding on this backend, it's aggressively pivoting towards premiumization, aiming to scale up IMFL, from 20% to 50%, led by highmargin brands, such as Hillfort (25% margin) and Nicobar (INR 1,800, 30% margin).
- It's entering whitespaces with a single malt distillery (launching next quarter; maturity by FY27) and India's first tequila brand via a Mexican JV (INR 5,000-7,000, rollout in H2FY26).
- Distribution is scaling up 15,000+ outlets and deeper UP coverage (30–35% shop reach).
- Brandy share has risen in Kerala (5th to 3rd), while A&P spends are set to rise, from 1% to 3–5%.
- With per-case realization at INR 742 and INR 1,249 in IMFL Proprietary and IMFL Licensed, respectively, we expect 8–9% value growth CAGR over the next 3 years.

AAB's capex-backed backend has catalysed premiumization, lifting portfolio mix and margin profile



9.3.1 Porter's Five Forces

Michael Porter's Five Forces



Source: AAB, Choice Institutional Equities.

Five Forces' Competitive Analysis

AAB's integrated ENA-to-malt model and regulatory depth offer high entry barriers, similar to peers, such as RDCK, though premium white spaces remain contestable.

State-run tendering gives buyers strong leverage across the board, but AAB's 35% IMFL share and premium shift provide improving margin control vs IMIL-heavy peers.

AAB's captive ENA (58%) and upcoming malt plant reduce input risk more effectively than most peers still building backward linkages.

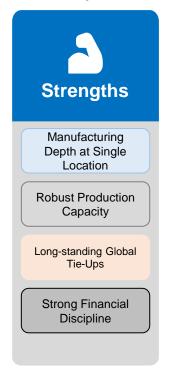
All players face substitution via RTDs and premium shifts, but AAB is agile with launches, such as Nicobar Gin and Kultur, matching larger peers' innovation pace.

Competition is intense, yet AAB's premium ramp-up, expanding state presence and lean integrated platform position it as a high-ROCE challenger to larger incumbents.



9.3.2 SWOT Analysis

SWOT Analysis







Source: AAB, Choice Institutional Equities.

AAB vs peers: key strengths

Among the lowest Net Debt/Equity (0.04x), with a track record of Capex-led growth funded primarily by internal accruals—stronger cash discipline than ABDL (working capital stress) or RDCK (Capex-led debt uptick).

RDCK is fully backward integrated with strong in-house R&D, unlike ENA-dependent UNITDSPR and scaling-phase ABDL

Licensed portfolio (McDowell's, Bagpiper, White Mischief) offers volume stability—unlike TLNGR, which is overly Brandy-heavy, or ABDL, still optimizing mix.

AAB vs peers: key opportunities

While the premium portfolio is expanding, it lags the brand recall of Rampur (RDCK), Officer's Choice (ABDL), or Godawan (UNITDSPR).

AAB is mitigating its Madhya Pradesh-heavy concentration through diversification, unlike peers RDCK, ABDL, and UNITDSPR with wider geographic and portfolio spread.

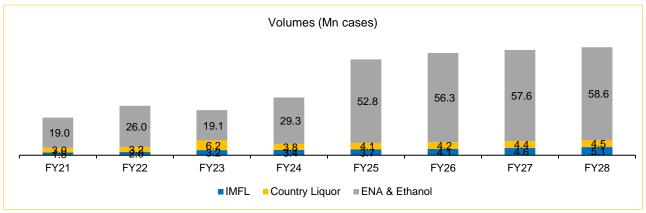
AAB vs peers: key threats

Faces increasing brand clutter in mid- and premium segments from UNITDSPR (portfolio revamp), RDCK (luxury push), and new entrants in gin/single malt.



9.4.1 Operational Ratios

ENA and Ethanol to drive volume growth by FY28, while IMFL and Country Liquor expected to grow by 13.6% over FY25 - FY28.



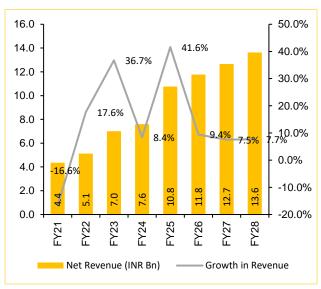
Source: AAB, Choice Institutional Equities

Premium brands and regulated ethanol pricing expected to ensure realization stability.

		1,200	1,200	1,249	1,300	1,353	1,408
1,006	1,004						
708	703	685	701	742	785	795	805
473	494		499	567	573	578	584
		389	433			70	
5 <u>2</u>	5 <u>0</u>	60	77	72	73	73	74
FY21	FY22	FY23	67 FY24	66 FY25	68 FY26	69 FY27	70 FY28
1121	1122	1123	1124	1123	1120	1127	1120
	IMFL P	IMFL L	Coun	try Liquor	——ENA	— Etha	anol

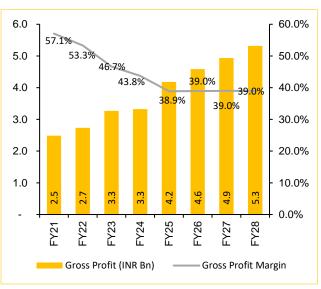
Source: AAB, Choice Institutional Equities

Net revenue to expand at 8.2% CAGR over FY25–28, led by 14.3% CAGR growth in IMFL segment growth



Source: AAB, Choice Institutional Equities

Ethanol-led dilution offsets premiumization gains; gross margins normalise at 39%

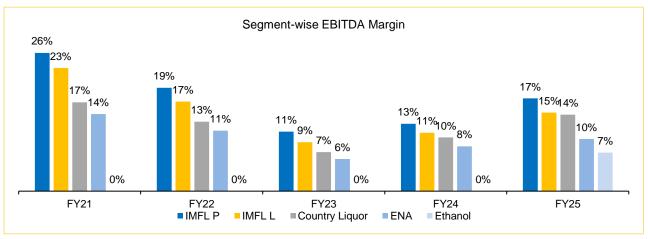


Source: AAB, Choice Institutional Equities



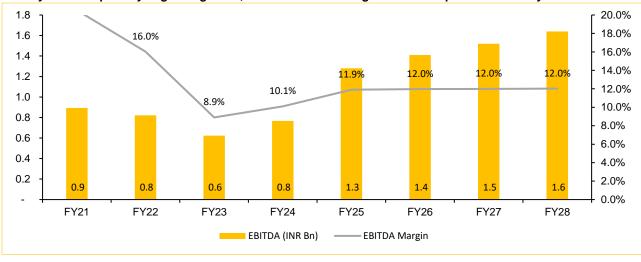
9.4.2 Key Financial Ratios

Margin strength rooted in IMFL proprietary & licensed segments



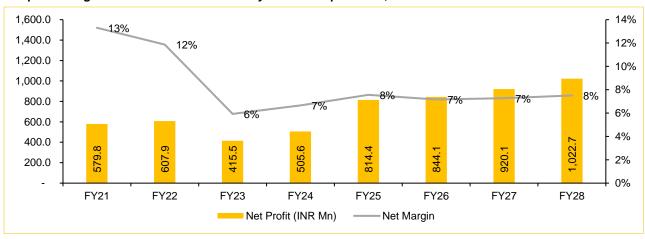
Source: AAB, Choice Institutional Equities

Led by IMFL Proprietary segment growth, overall EBIITDA margin is set to expand to ~12% by FY28.



Source: AAB, Choice Institutional Equities

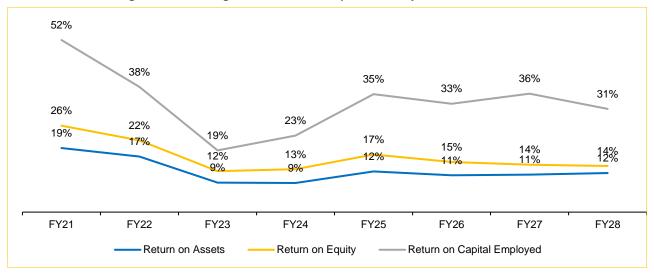
Net profit margin sustains at 7--8% backed by debt-free operations, with a 25% CAGR in Net Income





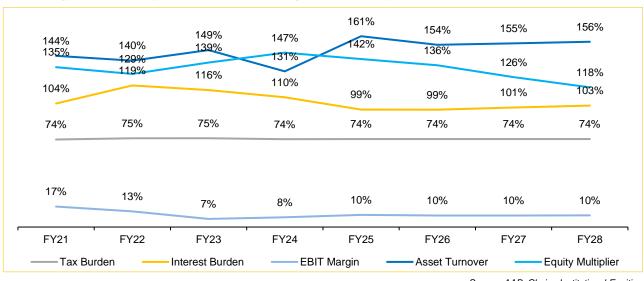
9.4.2 Key Financial Ratios

Returns remain strong as volume-led growth meets low capital intensity



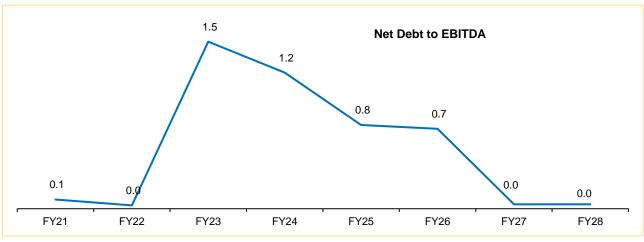
Source: AAB, Choice Institutional Equities

EBIT margin-led RoE story; low debt and improving asset efficiency aid sustainable return profile.



Source: AAB, Choice Institutional Equities

Conservative leverage profile; D/E to reach nil till FY28E, enabling expansion through internal accruals.





9.4.3 Financials

Income Statement (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Gross Revenue	7,645	10,966	12,001	12,903	13,899
Excise Duty	47	207	228	246	267
Revenue	7,598	10,759	11,773	12,657	13,632
Gross profit	3,324	4,183	4,586	4,933	5,317
EBITDA	767	1,281	1,409	1,518	1,640
Depreciation	144	174	262	290	297
EBIT	623	1,106	1,148	1,229	1,343
Other income	96	47	47	47	47
Interest expense	37	57	58	37	13
PBT	682	1,096	1,136	1,239	1,377
Reported PAT	506	814	844	920	1,023
EPS	28	42	44	48	53

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenues	8.4	41.6	9.4	7.5	7.7
Gross Profit	1.7	25.8	9.6	7.6	7.8
EBITDA	23.0	67.0	10.0	7.7	8.0
PBT	23.0	60.7	3.7	9.0	11.2
PAT	21.7	61.1	3.7	9.0	11.2
Margin Ratios (%)					
Gross Profit Margin	43.8	38.9	39.0	39.0	39.0
EBITDA Margin	10.1	11.9	12.0	12.0	12.0
PBT Margin	9.0	10.2	9.7	9.8	10.1
Tax rate	25.9	25.7	25.7	25.7	25.7
PAT Margin	6.7	7.6	7.2	7.3	7.5
Profitability (%)					
ROE	12.9	17.3	15.0	14.2	13.8
ROCE	22.9	35.4	32.5	35.5	31.0
Valuation					
OCF / EBITDA(%)	0.4	0.6	0.7	0.8	0.7
OCF / Net profit (%)	0.6	0.9	1.2	1.2	1.2
EV/ EBITDA (x)	12.4	17.8	16.2	14.4	13.3

Source: AAB & Choice Institutional Equities

Balance Sheet (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Net worth	4,229	5,202	6,016	6,904	7,890
Borrowings	1,037	981	1,081	231	231
Trade Payables	373	449	490	527	567
Other non-current liabilities	119	182	182	182	182
Other current liabilities	430	362	362	362	362
Total Net Worth & liabilities	6,188	7,177	8,132	8,206	9,232
Net Block	2,480	3,473	4,217	4,044	3,923
Capital WIP	633	320	320	320	320
Goodwill & intangible assets	2	1	1	1	1
Investments	437	643	643	643	1,643
Trade Receivables	350	394	431	464	500
Cash & Cash equivalents	94	12	64	171	165
Other non-current assets	298	223	218	212	207
Other current assets	1,894	2,110	2,238	2,350	2,473
Total Assets	6,188	7,177	8,132	8,206	9,232

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows From Operations	284	740	1,041	1,139	1,214
Cash Flows From Investing	-325	-831	-1,000	-111	-1,171
Cash Flows From Financing	127	9	12	-920	-50

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden	74.1%	74.3%	74.3%	74.3%	74.3%
Interest Burden	109.6%	99.1%	99.0%	100.8%	102.5%
EBIT Margin	8.2%	10.3%	9.7%	9.7%	9.9%
Asset Turnover	1.3x	1.6x	1.5x	1.5x	1.6x
Equity Multiplier	1.5x	1.4x	1.4x	1.3x	1.2x
ROE	12.9%	17.3%	15.0%	14.2%	13.8%



9.5.1 Business Overview

Founded in 1989, AAB is one of India's largest distillers, operating the country's largest single-site integrated distillery in Madhya Pradesh with capacities of 16Mn cases (IMFL), 45 MLPA of ENA, and 40 MLPA of ethanol.

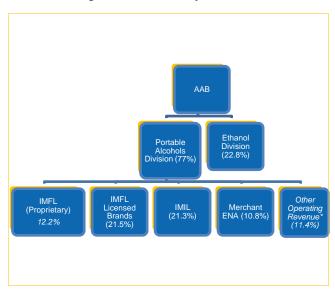
The company is involved across the alcohol value chain—manufacturing premium ENA, IMIL, IMFL, and is also a contract bottling partner for global players like Diageo.

It is also a key country liquor supplier to the Madhya Pradesh government.

Its portfolio spans 9 proprietary IMFL brands across Whisky, Gin, Vodka, rum, and Brandy, with a growing premium focus through Nicobar Gin and Hillfort Whisky, and upcoming entries in RTDs, tequila, and single malt.

Currently present in 5 states, AAB is actively expanding into Uttar Pradesh, Maharashtra, Goa, and other key markets, marking the next phase of its geographic and strategic growth.

AAB: Breaking Down Revenue by Division



Source: AAB, Choice Institutional Equities

*Other Operating Revenue includes revenue from by products, misc. sales and production linked incentives.

Product portfolio: IMFL proprietary



Source: AAB, Choice Institutional Equities.

Product portfolio: IMFL licensed brands & long-term contract manufacturing agreements



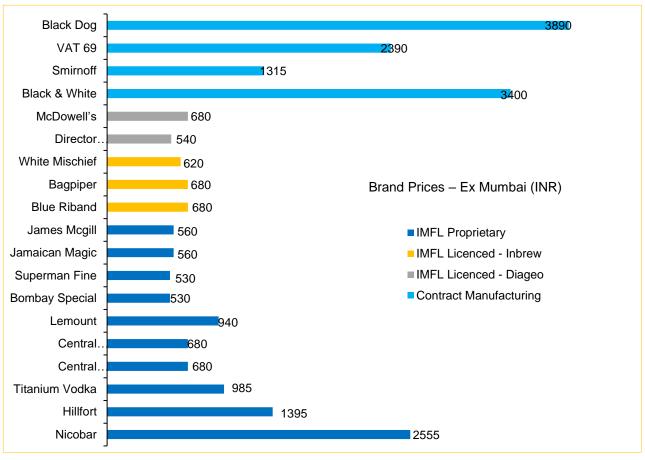


Source: AAB, Choice Institutional Equities



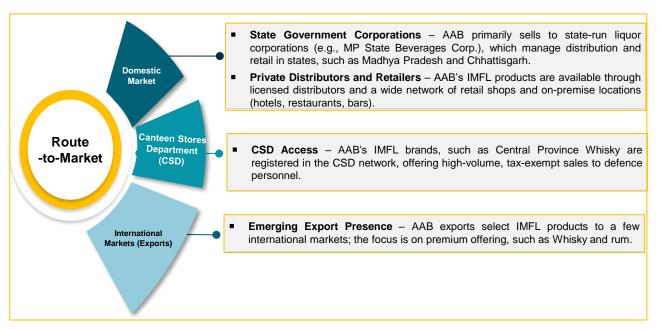
9.5.1 Business Overview

AAB's portfolio spread: from mass to premium



Source: AAB, Choice Institutional Equities.

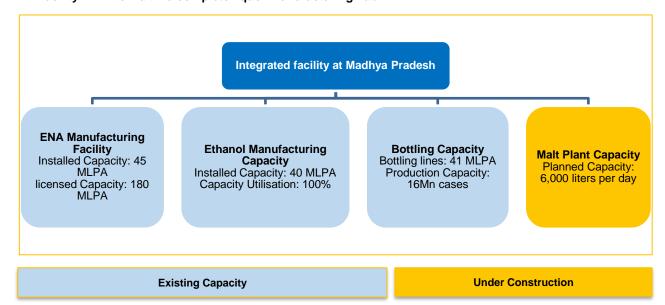
AAB's route-to-market spanning Domestic, CSD and Global fronts





9.5.1 Business Overview

MP facility: ENA to Malt - a complete liquor manufacturing hub



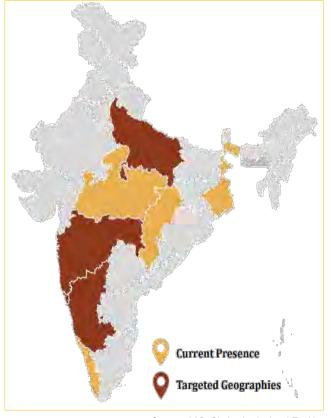
Source: AAB, Choice Institutional Equities

AAB's expanding horizons: conquering key markets in India

- Historically reliant on MP and Kerala for over 80% of total revenues, AAB has successfully replicated its Kerala model in states like Delhi, West Bengal, and Chhattisgarh.
- Building on this momentum, the company is planning to expand into premium-led markets, such as Maharashtra, Karnataka, Goa and Uttar Pradesh, with phased launches planned through FY25–FY26.
- The expansion is anchored by a premium portfolio including Nicobar Gin, Hillfort Whisky, RTDs (Kultur), Brandy and tequila, positioning AAB to drive richer mix, higher realization and long-term brand equity.
- With this calibrated rollout, AAB is transitioning from a regional stronghold to a brand-led national player.



Source: AAB, Choice Institutional Equities



Source: AAB, Choice Institutional Equities



9.5.2 About The Management

Key Managerial		
Personnel	Designation	About the Board
Mr. Anand Kedia	Promoter	Anand Kumar Kedia, promoter with 30+ years of experience, drives AAB's strategy and growth. His leadership has strengthened governance, improved efficiency and reinforced the company's focus on quality and customercentricity.
Mr. Prasann Kedia	Managing Director	With a postgraduate qualification and over three decades of industry expertise, he excels in business development and brand development. His seasoned professionalism is a testament to his strategic acumen and impactful leadership.
Mr. Anshuman Kedia	Whole Time Director & CEO	A Regent's University London graduate with over 8 years of industry experience, he is actively involved in supply chain management and procurement. He contributes to organisational efficiency and drives strategic sourcing initiatives.
Mr. Tushar Bhandari	Whole-time Director & Chief Financial Officer	An MBA specialising in finance with over 16 years of experience, previously as an investment banker, he brings a wealth of expertise. With over 12 years in the liquor industry, he significantly contributes to the business and brand development, as well as operations management.
Mr. Debashis Das	Independent Director	He is an engineering graduate with 42 years of extensive experience. Of this, he served at USL (Diageo) for 21 years. He was involved in executing greenfield and brownfield projects.
Dr. Swaraj Puri	Independent Director	He is a distinguished retired IPS officer with a Ph.D. from IIT Delhi (2013) and an MBA. He brings over 35 years of expertise in administration, training, crisis management and strategic planning at national and international levels, excelling in leadership and team management.
Ms. Apurva Joshi	Independent Director	A seasoned forensic accountant, she brings extensive experience in governance, ethics and compliance. Her valuable expertise significantly contributes to fortifying the company's ethics' framework.

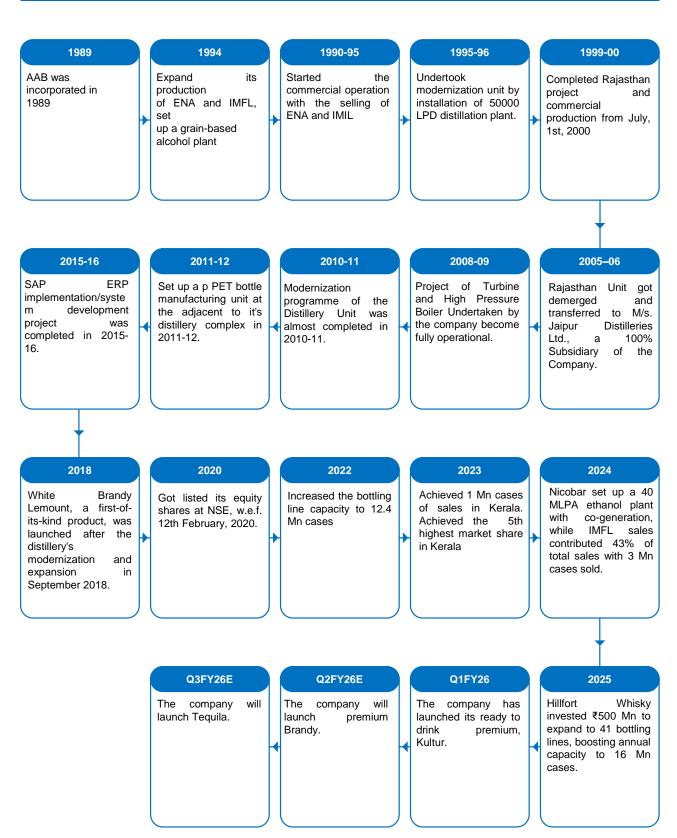


9.5.2 About The Management

Board of Directors	Designation	About the Board
Mr. Ankit Agrawal	Group Chief Financial Officer	He is a chartered accountant and company secretary with over 14 years of diverse experience in finance, audit, taxation, IPOs, mergers, acquisitions and project management. He has worked in various roles with companies, such as Prataap Snacks, EY and PWC.
Mr. Arun Sahni	Unit Head	Mr. Sahni is a seasoned operations leader with over 39 years of experience in Project Management, Operations Management, Risk Assessment & Resources Management
Mr. S.R. Dubey	Group Sales Head	With over 30 years of experience at Pernod Ricard India and United Spirits, he is skilled in business development, sales and distribution. His leadership will further strengthen the group's operations.
Mr. Abhinav Mathur	Company Secretary	A qualified company secretary with more than 16 years of experience in listed companies, he has worked with reputed companies, such as Torrent Power Limited
Mr. Rajeev Nema	Head Human Resources	He is a seasoned professional with over 25 years of experience in HR and administration. His earlier stints were at organisations, such as Ruchi Soya and IPV Vikram.
Mr. Sanjeev Kumar Tulsyan	Mr. Sanjeev Kumar Tulsyan	A seasoned marketing veteran, he brings over 30 years of invaluable experience to AAB, elevating the company's sales and marketing strategies with his proven expertise and industry insights.

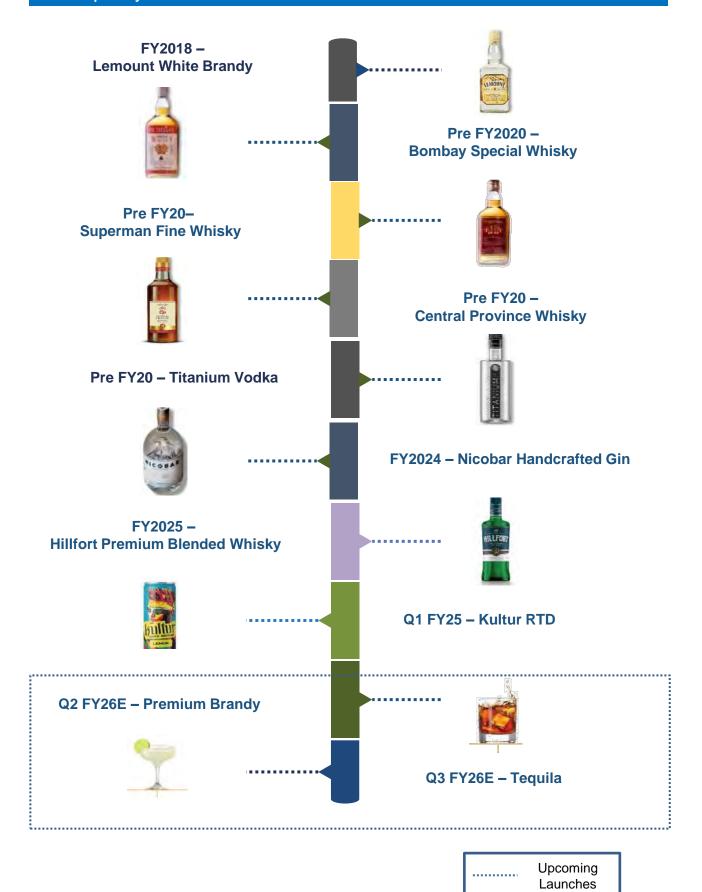


9.5.3 Key Milestones





9.5.4 Proprietary Brand Launch Timeline





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1.1 INTRODUCTION



Operations over 160+ countries, PR is one of the largest Spirits companies globally

- Largest Spirits company by volume in India (23% market share)
- India is 2nd largest market for PR with Pan-India presence

- Has strongest Whisky portfolio and strong Vodka portfolio with Absolut Vodka
- Gin and Wine comprise smaller share in the portfolio

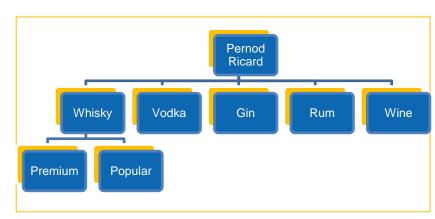
Pernod Ricard - Global Overview

- Pernod Ricard is a France-based multinational and one of the world's largest Spirits and wine companies, formed in 1975 through the merger of Pernod and Ricard.
- It owns a portfolio of globally renowned brands such as Absolut Vodka, Chivas Regal, Jameson, Ballantine's, The Glenlivet, Royal Salute, and Martell, among others.
- With operations in over 160 countries, Pernod Ricard emphasizes premiumization, innovation, and sustainability in its global strategy.

Pernod Ricard - India Overview

- Pernod Ricard India (PRI), a wholly-owned subsidiary of the global group, is the largest Spirits company in India followed by UNITDSPR (Diageo).
- It dominates the premium and semi-premium segments, with brands like Royal Stag, Blenders Pride, Ballantine's, Imperial Blue (recent sale to TLNGR) and its global portfolio
- India is 2nd largest market by volume for Pernod Ricard's, and it has
 maintained profitable and consistent double-digit growth driven by
 aspirational consumption, a premium portfolio, and a strong distribution
 network.

Segmentation





Source: Company, Choice Institutional Equities



Product Portfolio

Royal Stag is the 2nd highest selling Whisky in India

Well positioned across price points but thrives in premium tiers

200+

Pernod Ricard India has a premium-leaning product portfolio spanning across Whisky, Vodka, Gin, rum, and liqueurs, with a strong focus on brand equity and consumer aspiration.

Its flagship brands include **Royal Stag**, **2**nd **highest-selling premium whiskies in India**, selling over **27Mn cases** annually, and commanding a major share in the mid-premium segment.

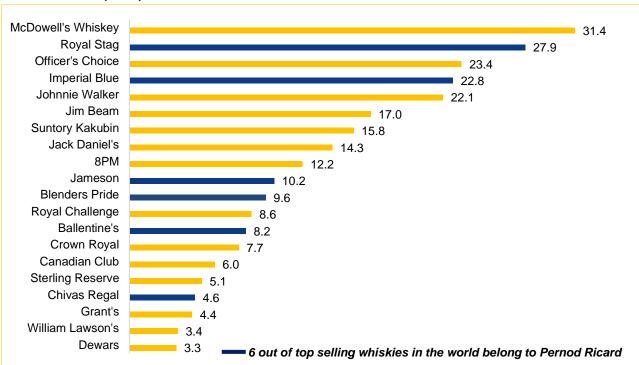
Blenders Pride, another core Whisky brand, dominates the semipremium space with over 7Mn cases per year.

In the Vodka category, **Absolut** is the market leader in the premium segment positioned as a trendy, global brand with wide acceptance in metro cities.

Jameson Irish Whisky, though a relatively smaller volume player in India, is one of the fastest-growing imported whiskies.

Overall, PR's portfolio spans multiple segments but derives its strength from a stronghold in the premium Whisky and Vodka categories.

No. of cases sold (in Mn)



With a focus on strengthening its footprint in India

With existing 25 manufacturing facilities, PR is opening the largest malt distillery in India with 13Mn litres PA pure alcohol capacity

Pernod Ricard India currently operates at least **25 manufacturing facilities nationwide**, including its flagship distillery in Nashik (Maharashtra), along with **28 bottling sites** spread across the country.

In 2024, Pernod Ricard launched an **INR 17,850Mn project** to build the **largest malt distillery and maturation facility in Asia**, located in Nagpur, Maharashtra with capacity to produce up to 13Mn pure alcoholic litres per annum.



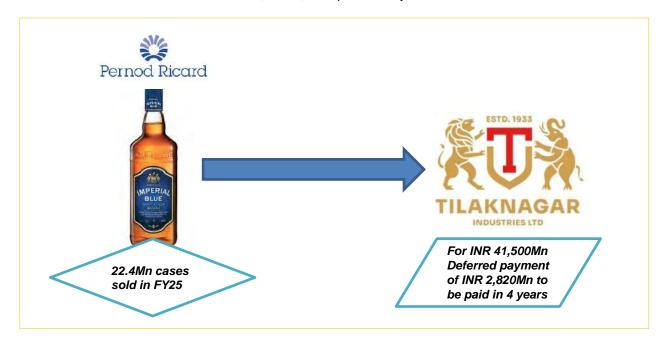
Following Diageo's footsteps and selling off popular brands to focus on premium brand

Imperial Blue is the 4th best selling Whisky in India

Paving into premiumization, the Company has decided to sell off it's 3rd largest Spirits by volume brand 'Imperial Blue' to TLNGR.

Pernod Ricard sold 22.4Mn cases of Imperial Blue Whisky in the fiscal year ended March 2025 across India and other markets.

TLNGR acquired the brand Imperial Blue from PR for INR 41,500Mn in an all-cash deal. The transaction includes, deferred payment of INR 2,820Mn, to be paid in four years after the deal



SWOT Analysis



Strong core brands such as Royal Stag, Jameson & Blender's Pride

Strategic shift away from popular products. E.g. Selling Imperial Blue

Currently the largest Spirits maker in India

Leveraging a vast and effective distribution network



Weaknesses

Limited presence in mass market, restricting market reach

Portfolio cannibalisation with certain brands overlapping in price bands

Weaker brand presence for other Spirits apart from Whisky

Tough regulatory structure, has frequently violated India trade laws



Opportunities

Growing premiumization trend in India

Adoption of E-commerce for greater digital reach

Leveraging its premium international portfolio for greater diversification

Creation of the Asia's largest distillery



Threats

Strong competition from domestic and international companies, e.g. RDCK, UNITDSPR

Macro economic disruption such as demonetization or global slowdowns

Stringent & complex Indian regulations with high import taxes

Raw material volatility



Some financials for Pernod Ricard India

In INR Mn	MAR '22	MAR '23	MAR '24
Income Statement			
Revenue	2,29,607	2,51,421	2,67,732
Revenue growth	17.6%	9.5%	6.9%
EBITDA	22,192	20,902	
EBIT	20,429	19,068	
Net Income	14,591	13,433	16,205
Net Margin (%)	6.4%	5.3%	6.0%
Balance Sheet			
Inventories	12,634	18,036	
Accounts Receivables	32,038	35,089	
Other Current Assets	4,854	4,688	
Property Plant & Equipment - Gross	7,117	8,164	
Other Assets	27,033	27,706	
Total Assets	83,677	93,682	
Shareholders Capital	474	474	
Total Shareholders' Equity	36,489	43,470	
Accounts Payable	21,697	23,403	
Other Current Liabilities	5,598	5,723	
Total Non-Current Liabilities	1,350	1,368	
Total Liabilities	47,188	50,212	
Total Liabilities & Shareholders' Equity	83,677	93,682	

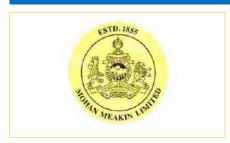
Ratios	MAR '22	MAR '23
Net Margin (%)	6.35	5.34
EBITDA Margin (%)	9.67	8.31
EBIT Margin (%)	8.90	7.58
Return on Assets (%)	17.44	14.34
Return on Equity (%)	39.99	30.90
Receivables Turnover (x)	7.17	7.17
Inventory Turnover (x)	18.17	13.94
Total Assets Turnover (x)	2.74	2.68
Current Ratio	1.31	1.38

Turnover calculated on gross revenues

Source: Factset



1.1 INTRODUCTION





Solan No.1 is one of India's oldest selling Whisky brands.

Old Monk Dark Rum is still very popular due to extensive customer loyalty

Has seen a 4 year CAGR of ~20%

- due to:
 premium product launches such
 as The Solan Gold Indian Malt
 Whisky
- Increase in sale of IMFL products
- Favourable Indian demographics

Mohan Meakin Overview

Mohan Meakin, established in 1855, is the result of an amalgamation of several companies. It has a rich history, including the creation of Asia's oldest brewery and being India's oldest liquor company.

The company's legacy is inextricably linked to household names in alcoholic beverages, most notably Old Monk Rum, one of the world's largest-selling rums and a cultural staple across India and beyond.

Mohan Meakin's portfolio also includes Lion Beer (Asia's first Beer), Golden Eagle Beer, and an array of whiskies, gins, and vodkas such as Solan No. 1, Diplomat Deluxe, Colonel's Special, and Big Ben. These brands collectively anchor its reputation as a diverse, innovative leader in alcobev manufacturing

Mohan Meakin has successfully diversified into adjacent fields, producing non-alcoholic beverages, breakfast cereals, malt extracts, and glass bottles. Strategic innovation and relentless adaptation have enabled the company to maintain its competitive edge

Mohan Meakin's Portfolio: Diversifying Across Indian Market



*RTD: Ready to Drink Source: Mohan Meakin, Choice Institutional Equities

Key Financials - IND AS						
INR Mn	FY20	FY21	FY22	FY23	FY24	
Net Revenue	710	762	1,020	1,267	1,467	
YoY (%)		7	34	24	16	
EBITDA	427	564	676	893	1,113	
EBITDAM %	60	74	66	70	76	
Adj PAT	264	403	515	684	847	
EPS	31.0	47.4	60.5	80.4	99.6	
ROE %	22	29	28	28	26	
ROCE %	30	35	32	33	31	
Debt/Equity	0	0	0	0	0	



Product Portfolio

	Luxury (INR >2,000)	Premium (INR 900-2000)	Prestige & Above (INR 350-900)
Whisky	The Solan Gold Indian Single Malt	Singhasan Finest Indian Blended, The Rockford Reserve Fine & Rare	Rips Royal Superior Blended Grain, Rockford Classic Finest Blended, Solan Number One Black Rare and Premium
Brandy		Nautilus Premium Blended XO Extra Ordinary	
Vodka		Artic Pure Vodka	Knight Rider Premium Lemon, Solan Number One Black Rare and Premium, Rockford Classic Finest Blended
Gin	Jamun the Himalayan Juniper Dry	IQ London Dry	
Rum		Old Monk The Legend Rum Very Old Vatted, Old Monk Gold Reserve Select, Old Monk Blended With 20 Years Old Amber Mellow & Matured, Old Monk Coffee Xo Extra Ordinary Coffee Flavored Premium	Old Monk Lemon Original Citrus, Old Monk White, Very Old Vatted Old Monk Premium

Manufacturing Facilities

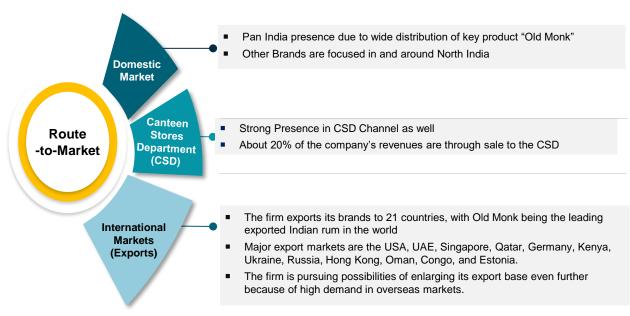
- · Mohan Meakin operates multiple facilities across Ghaziabad, Solan, Kasauli, Lucknow, Khopoli, and others
- It has a total installed capacity of over 100Mn cases annually
- Its integrated Ghaziabad facility spans malt houses, distillery, glass production, and cold storage, reflecting a highly backward-integrated setup.

Location	Usage
Solan Brewery	Brewery & Spirit Bottling
Kasauli	Distillery (Producing Malt Spirit)
Mohan Nagar (Ghaziabad)	Brewery Distillery Glass Factory Food Products Factory Mineral Water Division Fruit Juice Factory Malt Extract Factory Ice Factory Cold Storage Mohan Engineering Works
Lucknow	Distillery & Spirit Bottling Plant
Mohangram P.O. Bhankarpur Distt. Mohali	Spirit Bottling Plant



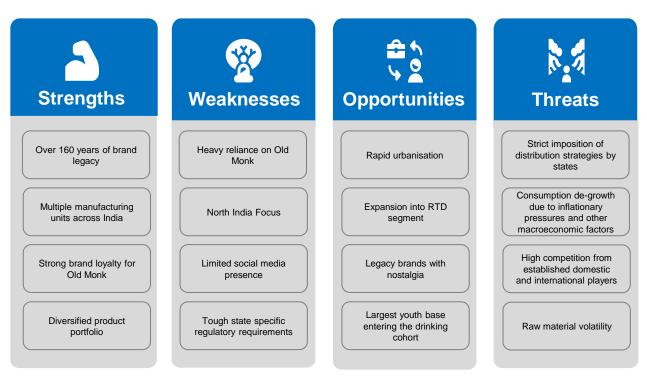


Route to Market

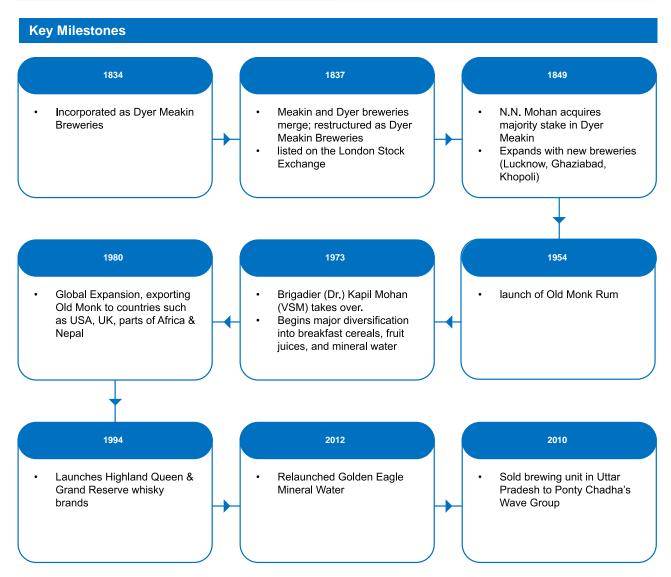


Source: Mohan Meakin, Choice Institutional Equities

SWOT Analysis









Recent Policy Updates

Global Changes

This agreement is expected to double Scotch's market share and add significant export growth for UK distillers.

This is essentially positive for Diageo backed UNITDSPR as it relies on importing Scotch and bottled Spirits

UK-India FTA

Uttar Pradesh:

introduced.

The FTA will halve tariffs on Scotch Whisky and Gin from 150% to 75% initially, then to 40% over ten years thus boosting premium imports and potentially lowering prices by ~20–22% in India

State-wise Changes

With RDCK's largest distillery in UP along with UNITDSPR and ABDL's strong presence in UP, this will boost retail reach and lower input costs

Premium-focused players like UNITDSPR and RDCK stand to benefit more, while brands like UBBL may face short-term margin pressure (due to increase in duty on Beer)

Karnataka:

- Proposal to auction defunct & unused licenses
- Increase in Duty on Beer
- Reduction in prices for Premium IMFL
- Lower slabs to bear additional Duty burden
- · Digitization of processes for further efficiencies
- Indian Made Liquor brought to parity with other states in terms of pricing.

Introduction of composite shops serving Beer and IMFL New Category of UP Made Liquor (UPML) with tax benefits

Model Shops in NOIDA, Ghaziabad, Agra & Lucknow

Liquor Tasting allowed in wineries, breweries & Distilleries

Grain ENA export fees reduced to INR 2 per liter from INR 3 per liter Promotion of responsible tourism in distilleries, wineries & breweries Smaller 90ml category introduced for "Popular" category of IMFL

Indicates rising competition and strong demand and benefiting active and expanding players like UNITDSPR, RDCK, ABDL and TLNGR (strong South India presence)

Telangana:

Received 694 applications from various brands for registration

TLNGR's Brandy-focused portfolio (especially in South markets) stands

to gain from premiumization and wider distribution access

Andhra Pradesh:

- State to privatise retail distribution
- Tenders for 3736 private vends
- Premium Retail Category Introduced to be started in 12 stores
- CCTV & GPS mandated for Liquor Vends & Trucks
- Low priced 99 INR liquor introduced
- Retailers to earn 20% margins on issue price

Maharashtra:

- Excise duties have risen significantly (40-60% increase in MRP expected) on Popular categories, this is likely to impact volumes esp. for UNITDSPR.
- Beer and Wine maintained at earlier Excise Rates
- Introduction of Maharashtra Made Liquor (MML) which would have country liquor tax structure
- Country Liquor has seen minimal increase in Duties
- Al controlled monitoring to track distilleries and liquor companies

UNITDSPR likely to face volume pressure due to sharp duty-led MRP hikes in the Popular segment. AAB would also be negatively affected as its core Popular segment may see demand erosion



Acronym	Full Form	Explanation	
BII	Bottled In India	Imported alcoholic beverage brands whose bulk alcohol is imported but bottled domestically in India.	
вю	Bottled In Overseas	Alcoholic beverages that are fully manufactured and bottled outside India and then imported.	
CSD	Canteen Stores Department	A government-controlled retail chain supplying subsidised liquor to defence personnel.	
DDGS	Distillers Dried Grains with Soluble	A byproduct from alcohol production, used as nutrient-rich animal feed.	
EDP	Ex- Distillery Price	The price of alcoholic beverages when they leave the distillery, before taxes and transport costs.	
ENA	Extra Neutral Alcohol	Highly purified ethanol used as a base for manufacturing spirits, flavour extracts, and more.	
EWP	Ex- Warehouse Price	The price of alcoholic beverages at the point of dispatch from the warehouse, excluding subsequent retail margins.	
FTA	Free Trade Agreement	Agreements between countries that reduce tariffs and barriers for traded goods, including alcoholic beverages.	
HORECA	Hotel, Restaurant & Catering Sector	The industry segment comprising hotels, restaurants, and catering services.	
IMFL	Indian Made Foreign Liquor	Spirits manufactured in India using imported or locally produced ingredients, styled after foreign liquors.	
IMIL	Indian Made Indian Liquor	Locally manufactured liquor	
MML	Maharashtra Made Liquor	Liquor produced and marketed within the state of Maharashtra, India.	
Off-Trade		Retail sale of alcoholic beverages through liquor stores or shops for consumption off premises.	
On-Trade		Sales and consumption of alcohol in licensed venues like bars, restaurants, and hotels.	
P&A	Prestige & Above	A premium segment of alcoholic beverages, denoting higher-quality and price brackets.	
PET	Polyethylene Terephthalate	A type of lightweight, recyclable plastic commonly used for beverage bottles.	
RTD	Ready To Drink	Pre-mixed alcoholic beverages sold in a convenient, ready-for-consumption format.	
RTM	Route to Market	The strategy and channels used to distribute alcoholic beverages from producers to consumers.	
UPML	Uttar Pradesh Made Liquor	Liquor produced and marketed within the state of Uttar Pradesh, India.	

Source: Company, Choice Institutional Equities

Source: Company, CEBPL



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BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
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UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in statis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

^{*}Large Cap: More Than INR 20,000 Cr Market Cap
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