Choice
Institutional Equities

Management Meet Note

# TLNGR Management Meet: IB Integration Synergies Lead to Volume Growth

**BUY**

**August 14, 2026 | CMP: INR 550 | Target Price: INR 680**

**Expected Share Price Return: 23.6% I Dividend Yield: 0.0% I Expected Total Return: 23.6%**

**Sector View: Positive**

| | |
|---|---|
| Change in Estimates | ✓ |
| Target Price Change | ✓ |
| Recommendation | ✓ |

| Company Info | |
|---|---|
| BB Code | TLNGR:IN EQUITY |
| Face Value (INR) | 10 |
| 52-w High/Low (INR) | 563 / 372 |
| Mkt Cap (INR Bn / USD Bn) | 136.1 / 1.43 |
| Shares o/s (Mn) | 247.1 |
| 3M Avg. Daily Volume (NSE) | 651,948 |

Change in Estimates

| | FY27E | | | FY28E | | |
|---|---|---|---|---|---|---|
| **INR Bn** | **New** | **Old** | **Dev. (%)** | **New** | **Old** | **Dev. (%)** |
| Revenue | 45.8 | 45.8 | 0.0 | 51.6 | 51.6 | 0.0 |
| EBITDA | 6.9 | 6.9 | 0.0 | 8.4 | 8.4 | 0.0 |
| EBITDAM% | 15.0% | 15.0% | 0 bps | 16.4% | 16.4% | 0 bps |
| PAT | 1.8 | 1.8 | 0.0 | 4.7 | 3.5 | 33.3 |

**Key Financials**

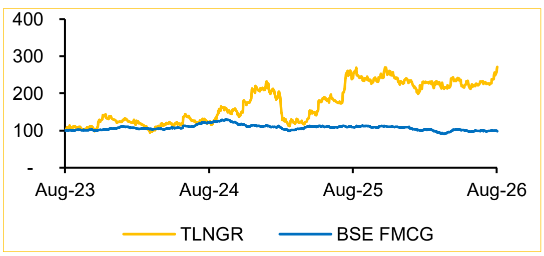
| **INR Bn** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
|---|---|---|---|---|---|
| Net Revenue | 13.8 | 23.5 | 45.8 | 51.6 | 57.1 |
| YoY (%) | (1.0%) | 69.9% | 95.4% | 12.5% | 10.7% |
| EBITDA | 2.5 | 4.2 | 6.9 | 8.4 | 9.8 |
| EBITDAM % | 18.5% | 17.9% | 15.0% | 16.4% | 17.1% |
| Adj PAT | 2.3 | 2.5 | 2.6 | 4.7 | 6.6 |
| Adj. EPS (INR) | 9.0 | 9.9 | 10.2 | 18.4 | 25.8 |
| ROE % | 29.9% | 1.1% | 5.8% | 13.3% | 16.4% |
| ROCE % | 26.4% | 10.9% | 10.4% | 13.0% | 14.8% |
| PE(x) | 26.4 | 55.0 | 53.2 | 29.6 | 21.2 |
| EV/EBITDA (x) | 23.9 | 38.1 | 23.2 | 18.2 | 15.2 |

**Shareholding Pattern (%)**

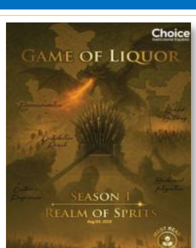
| | **Dec-25** | **Mar-26** | **Jun-26** |
|---|---|---|---|
| Promoters | 31.7 | 31.7 | 31.7 |
| FII | 18.4 | 16.9 | 16.9 |
| DII | 4.9 | 5.9 | 6.3 |
| Public | 45.0 | 45.5 | 45.1 |

**Relative Performance (%)**

| **YTD** | **3Y** | **2Y** | **1Y** |
|---|---|---|---|
| BSE FMCG | (2.0%) | (18.8%) | (10.3%) |
| TLNGR | 171.3% | 120.8% | 7.5% |




**Indian AlcoBev Spirits Industry Thematic**




Click here to read Q1FY27 Result Update

Click here to read Initiating Coverage Report

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With the purpose discussing the company's progress and outlook, we interacted with the senior management team member **Mr. Ameya Deshpande,** Chief Strategy Officer:

- The Imperial Blue integration is expected to provide meaningful scale benefits, with Prag Distillery capacity already expanded to 3.6 Mn cases, supporting higher volumes and improving capacity utilisation
- 90% of transition is complete, except one state, which is still governed by the TSMA
- The company expects zero tax rate atleast till FY29E
- Under TLNGR's dedicated focus, IB has gained market share across most states

## View & Valuation

We update our forward guidance to incorporate zero tax rate until FY29E, thus, revising our PAT forecast upwards for FY28E and FY29E by ~33% each. We maintain our volume, revenue and EBITDA margin estimate same as per our last report. We now bake in a **Revenue / EBITDA / Adj. PAT CAGR of 34.5% / 32.6% / 37.5%** over FY26–FY29E, respectively. We increase our TP to INR 680 (versus INR 520) using the DCF approach. Our valuation implies a PE of 36.9x on FY28E FD EPS of INR 18.4. TLNGR currently trades at a significant discount to its peers. Thus, given an upside of 23.6%, we revise our rating to '**BUY**'.

### Operational Integration

- The IB acquisition was closed on November 30 and the company has already exited 90% of the Transition Services Management Agreement (TSMA)
- There is only one state still governed by TSMA (as of June'26) which is expected to end by March 2027
- The team size grew from 350 to 850 people, including 116 employees, who have transferred directly from Pernod Ricard
- The expansion of the Prag distillery has increased bottling capacity to 3.6 Mn cases per year

### Financial Strategy and Debt

- The management expects net debt to drop from INR 19 Bn to ~ INR 17 Bn by the end of FY27E; further reducing to less than INR 10 Bn by FY29E
- The company expects a zero-tax rate until FY29E

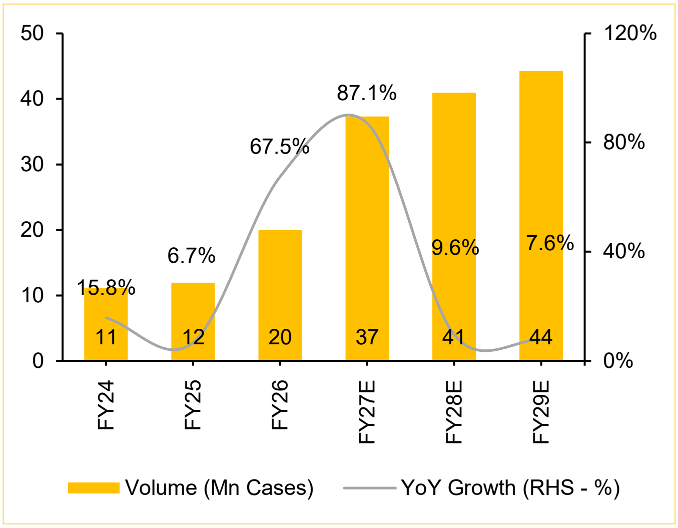
### Growth Drivers and Market Expansion

- Under TLNGR's dedicated focus, IB has gained market share across most states
- Tamil Nadu is a massive 65 Mn-case market, with Brandy being ~50 Mn cases market. Prestige & Above (P&A) is only ~10% of the industry
- The company is targeting a volume of ~50 Mn cases by FY29E
- This includes mid-teen volume growth and revenue growth which outpace volume by 300 basis points
- The potential India–UK FTA is expected to provide a 60 to 100 basis-point margin benefit starting in Q3, as it will lower the cost of imported Scotch used for blending

### Strategic Investments and Luxury Portfolio

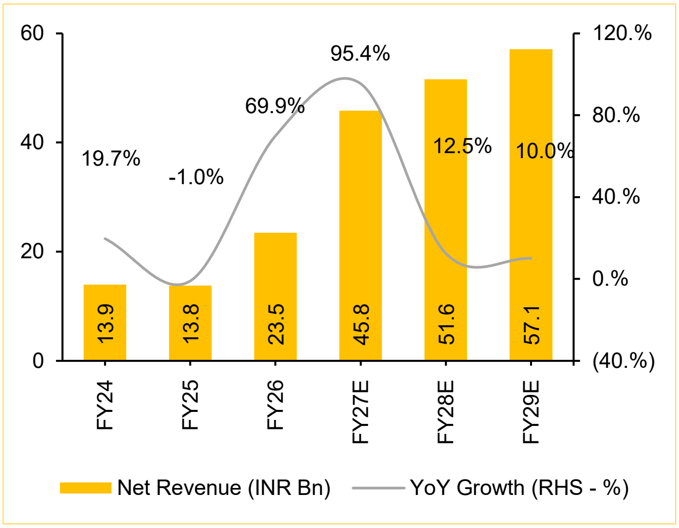
- Samsara's Q1FY27 volumes were 2.2 times higher than the corresponding quarter last year
- The partnership with Bartisans focuses on cocktail mixers, targeting high-end urban consumers through quick commerce and luxury retail channels

**Volumes expected to expand at 30% CAGR over FY26–FY29E**



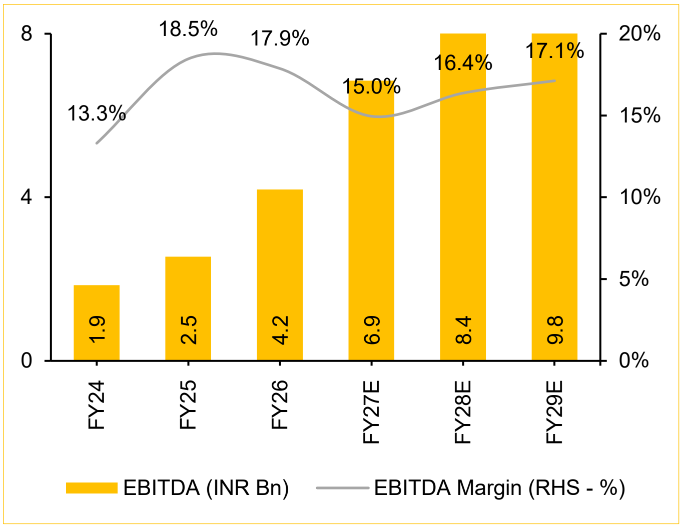

*Source: TLNGR, Choice Institutional Equities*

**Revenue forecast to rise 34.5% CAGR over FY26–FY29E**



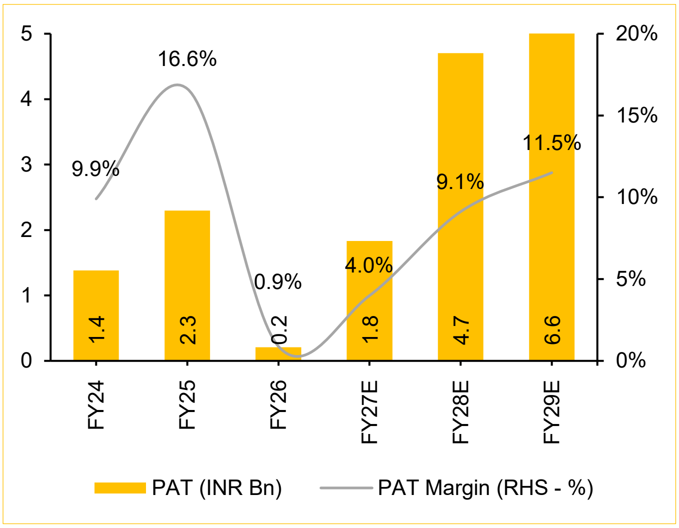

*Source: TLNGR, Choice Institutional Equities*

**EBITDA anticipated to increase 32.6% CAGR over FY26–FY29E**



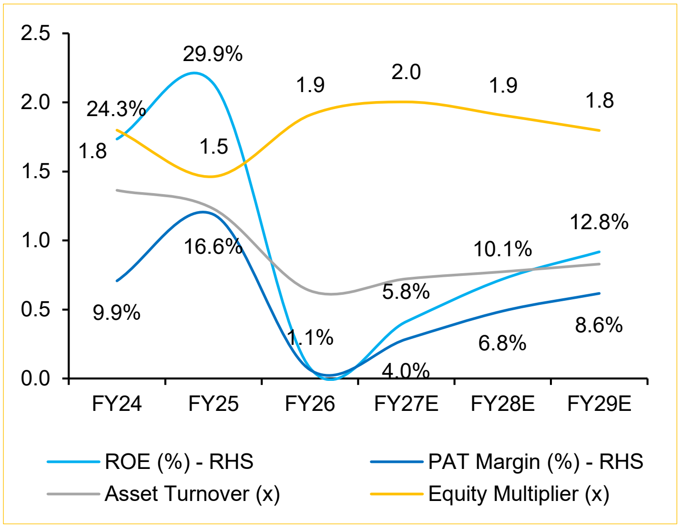

*Source: TLNGR, Choice Institutional Equities*

**Adj. PAT projected to expand to INR ~6.6 Bn**



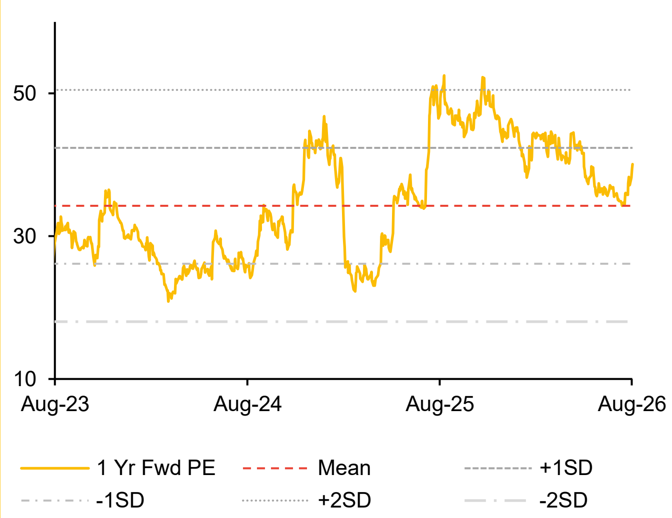

*Source: TLNGR, Choice Institutional Equities*

**ROE driven by higher PAT margin**




*Source: TLNGR, Choice Institutional Equities*

**1-year forward PE band**




*Source: TLNGR, Choice Institutional Equities*

## Income Statement (Consolidated in INR Mn)

| Particular | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Gross Revenue | 31,210 | 52,476 | 1,01,146 | 1,14,623 | 1,26,940 |
| Excise Duty | 17,405 | 29,020 | 55,306 | 63,043 | 69,817 |
| Net Revenue | 13,805 | 23,456 | 45,840 | 51,580 | 57,123 |
| COGS | 7,272 | 12,548 | 25,981 | 27,957 | 30,732 |
| Gross Profit | 6,533 | 10,908 | 19,859 | 23,624 | 26,391 |
| **EBITDA** | 2,549 | 4,192 | 6,855 | 8,444 | 9,781 |
| Depreciation | 305 | 797 | 1,348 | 1,456 | 1,552 |
| Interest Cost | 122 | 1,131 | 3,046 | 2,583 | 2,163 |
| PBT | 2,298 | 206 | 1,830 | 4,704 | 6,572 |
| Tax | -1 | 0 | 0 | 0 | 0 |
| **Adj. PAT** | 2,297 | 2,528 | 2,613 | 4,704 | 6,572 |
| **Adj. EPS (INR)** | 9.0 | 9.9 | 10.2 | 18.4 | 25.8 |

| Ratio Analysis | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Growth Ratios (%)** | | | | | |
| Revenue | (1.0) | 69.9 | 95.4 | 12.5 | 10.7 |
| Gross Profit | (4.6) | 67.0 | 82.1 | 19.0 | 11.7 |
| EBITDA | 37.4 | 64.5 | 63.5 | 23.2 | 15.8 |
| PAT | 70.0 | 10.1 | 3.3 | 80.0 | 39.7 |
| **Margin Ratios (%)** | | | | | |
| Gross Profit | 47.3 | 46.5 | 43.3 | 45.8 | 46.2 |
| EBITDA | 18.5 | 17.9 | 15.0 | 16.4 | 17.1 |
| PBT | 16.6 | 0.9 | 4.0 | 9.1 | 11.5 |
| PAT | 16.6 | 0.9 | 4.0 | 9.1 | 11.5 |
| **Profitability (%)** | | | | | |
| ROE | 29.9 | 1.1 | 5.8 | 13.3 | 16.4 |
| ROCE | 26.4 | 10.9 | 10.4 | 13.0 | 14.8 |
| ROIC | 26.4 | 10.9 | 10.4 | 13.0 | 14.8 |
| **Working Capital (Days)** | | | | | |
| Inventory Days | 83 | 117 | 117 | 117 | 117 |
| Debtor Days | 109 | 198 | 120 | 120 | 120 |
| Payable Days | 76 | 169 | 90 | 120 | 120 |
| Cash Conversion Cycle | 115 | 146 | 147 | 117 | 117 |
| **Valuation Metrics** | | | | | |
| PE (x) | 26.4 | 55.0 | 53.2 | 29.6 | 21.2 |
| EV/EBITDA (x) | 23.9 | 38.1 | 23.2 | 18.2 | 15.2 |
| EV/Sales (x) | 4.4 | 6.8 | 3.5 | 3.0 | 2.6 |
| Price to BV (x) | 6.9 | 4.7 | 4.1 | 3.7 | 3.3 |

*Source: TLNGR, Choice Institutional Equities*

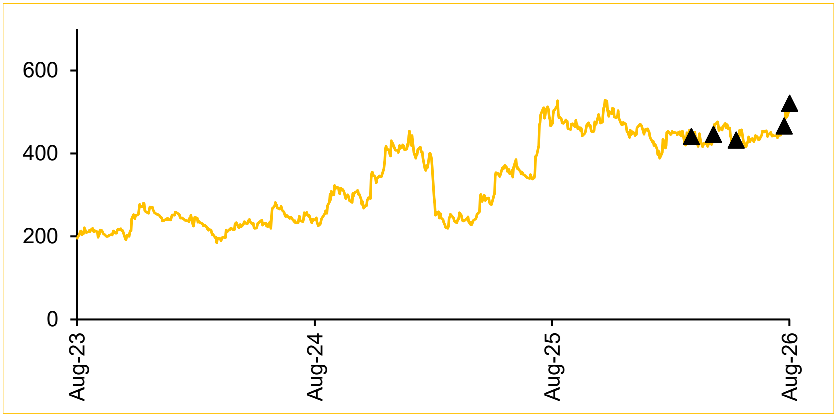
## Balance Sheet (Consolidated in INR Mn)

| Particular | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Net Worth | 8,822 | 29,817 | 33,573 | 37,336 | 42,594 |
| Borrowings | 424 | 22,949 | 19,949 | 16,949 | 13,949 |
| Trade Payables | 1,478 | 3,369 | 6,406 | 9,191 | 10,104 |
| Other Non-current Liab. | 553 | 2,757 | 2,757 | 2,757 | 2,757 |
| Other Current Liab. | 850 | 2,709 | 2,709 | 2,709 | 2,709 |
| **Total Equity & Liabilities** | **12,128** | **61,601** | **65,394** | **68,942** | **72,112** |
| Tangible Fixed Assets | 3,692 | 4,992 | 4,044 | 2,788 | 1,436 |
| Capital WIP | 34 | 603 | 603 | 603 | 603 |
| Trade Receivables | 4,105 | 12,718 | 15,071 | 16,958 | 18,780 |
| Cash & Cash Equivalents | 1,028 | 3,604 | 1,690 | 3,974 | 5,786 |
| Other Non-current Assets | 946 | 1,372 | 1,372 | 1,372 | 1,372 |
| Other Current Assets | 2,319 | 5,582 | 9,885 | 10,517 | 11,406 |
| Other Intangible Assets | 4 | 31,780 | 31,780 | 31,780 | 31,780 |
| Goodwill | 0 | 950 | 950 | 950 | 950 |
| **Total Assets** | **12,128** | **61,601** | **65,394** | **68,942** | **72,112** |

| Cash Flows (INR Mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Cash Flow from Operations | 1,784 | (4,446) | 2,605 | 9,008 | 8,489 |
| Cash Flow from Investing | (769) | (35,702) | (400) | (200) | (200) |
| Cash Flow from Financing | (944) | 42,173 | (4,120) | (6,524) | (6,477) |

| DuPont Analysis | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **ROE (%)** | **29.9%** | **1.1%** | **5.8%** | **13.3%** | **16.4%** |
| Net Profit Margin (%) | 16.6% | 0.9% | 4.0% | 9.1% | 11.5% |
| Asset Turnover (x) | 1.2 | 0.6 | 0.7 | 0.8 | 0.8 |
| Financial Leverage (x) | 1.5 | 1.9 | 2.0 | 1.9 | 1.8 |

## Historical Price Chart: TLNGR




| Date | Rating | Target Price |
|---|---|---|
| February 16, 2026 | BUY | 600 |
| April 17, 2026 | BUY | 540 |
| June 1, 2026 | ADD | 520 |
| July 28, 2026 | ADD | 520 |
| August 14, 2026 | BUY | 680 |



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|---|---|
| **Large Cap*** | |
| 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** | |
| NOT RATED (NR) | The stock has no recommendation from the Analyst |
| 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 stasis 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**
***Mid & Small Cap: Less Than INR 20,000 Cr Market Cap**

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