

TLNGR: Integration Progress Supports FY28E Growth

June 1, 2026 | CMP: INR 455 | Target Price: INR 520

ADD

Expected Share Price Return: 14.3% | Dividend Yield: 0.2% | Potential Upside: 14.5%

Sector View: Positive

Change in Estimates	✓
Target Price Change	✓
Recommendation	✓

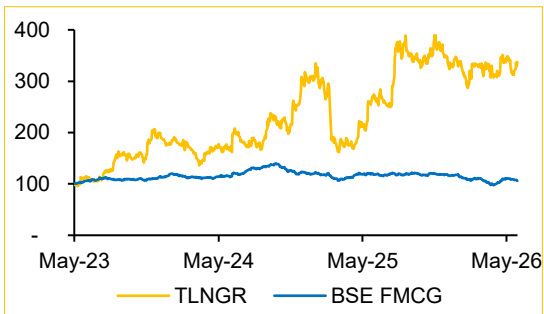
Company Info	
BB Code	TLNGR:IN EQUITY
Face Value (INR)	10
52 W High/Low (INR)	550 / 335
Mkt Cap (Bn)	INR 112.9
Shares o/s (Mn)	247.1
3M Avg. Daily Volume (NSE)	553,797

Change in Estimates						
	FY27E			FY28E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	43.5	52.1	(16.4)	50.8	56.4	(10.0)
EBITDA	6.9	6.3	8.5	8.3	7.6	8.8
EBITDAM%	15.8	12.2	362 bps	16.4	13.6	282 bps
PAT	1.8	2.7	(33.6)	3.5	4.1	(14.4)

Key Financials					
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Net Revenue	13.8	23.5	43.5	50.8	56.5
YoY (%)	(1.0%)	69.9%	85.5%	16.7%	11.2%
EBITDA	2.5	4.2	6.9	8.3	9.7
EBITDAM %	18.5%	17.9%	15.8%	16.4%	17.1%
Adj PAT	2.3	2.5	2.9	3.5	4.8
EPS (INR)	9.0	0.8	7.1	13.9	19.0
ROE %	29.9%	1.1%	5.7%	10.1%	12.6%
ROCE %	26.4%	10.9%	10.4%	12.8%	15.1%
PE(x)	26.4	556.3	64.4	32.8	24.0
EV/EBITDA (x)	23.9	32.6	19.6	15.8	13.2

Shareholding Pattern (%)			
	Sep-25	Dec-25	Mar-26
Promoters	37.2	31.7	31.7
Fils	19.5	18.4	16.9
Dils	3.8	4.9	5.9
Public	39.5	45.0	45.5

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE FMCG	0.3	(7.6)	(10.5)
TLNGR	199.0	103.2	25.3

**75% of Imperial Blue Volumes Captured, Balance by Q4FY27E**

TLNGR, driven by the first full quarter of Imperial Blue (IB) consolidation and stable performance across its legacy brands, delivered Q4FY26 net revenue of INR 9.5 Bn (+148% YoY). IB volumes came in at 4.6 Mn cases, volume growth was supported by momentum in the P&A portfolio. EBITDA margin moderated to 16.3% due to integration-related cost, investments in distribution infrastructure and a higher operating cost base, following the acquisition. In our model, we have also accounted for a total of INR 110 Mn of TSMA expense for FY27E due to transition. We cut our FY27E revenue estimate by ~16% as we assume that TLNGR will be able to fully transition by Q4FY28E only.

View and Valuation

We revise our forecast downwards for both, FY27E and FY28E, as we account for transitional impact to continue in the near-term. We now bake in Revenue / EBITDA / Adj. PAT CAGR of 34.0% / 48.3% / 24.2% over FY26–FY29E, respectively. We cut our TP to INR 520 using the DCF approach, our TP implies a PE of 37x on FY28E fully diluted EPS of INR 13.9. Given an upside of 14.3%, we assign an “ADD” rating to the stock.

Imperial Blue volumes kick in for a full quarter

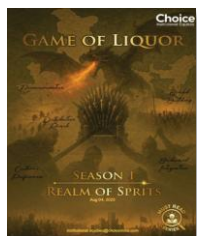
- TLNGR’s volumes (ex-Imperial Blue) remained flat YoY to 3.4 Mn cases for Q4FY26. Imperial Blue volumes came in at 4.6 Mn cases for Q4FY26 thus taking TLNGR’s total combined volume to 8 Mn cases
- NSR for the combined business declined 5% QoQ to INR 1,177
- Net revenue stood at INR 9,495 Mn; however, in this quarter, TLNGR received a subsidy of INR 85 Mn
- Gross margin remained stable YoY; however, EBITDA margin de-grew by 493 bps YoY at 15.5%, adjusted for subsidy
- TLNGR reported a loss of INR 150 Mn due to one-time acquisition-related exceptional expenses. Adjusting for these expenses, PAT came in at INR 476 Mn (INR 391 Mn ex-subsidy) in Q4FY26

Integration 75% Complete, 100% Imperial Blue Volume Capture by Q4FY27E

Three states are expected to continue in the temporary Transaction Services and Manufacturing Agreement (TSMA) for at least another four quarters. This has delayed revenues for about a year. We continue to believe that TLNGR will benefit from its newly acquired nationwide supply chain across both the Imperial Blue and existing portfolios, supporting revenue growth to approximately INR 5.0 Bn by FY28E. Further upside is anticipated from upward revision in margin guidance largely driven by strategic initiatives in packaging, bottling and supply-chain optimisation, which are expected to support margin expansion of 133 bps over FY27E–FY29E. In this quarter, TLNGR also received approval for the six-fold capacity expansion at its Prag Distillery in Andhra Pradesh, enhancing backward integration gains and supply security.

INR Mn	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Volume (Mn Cases)	8.0	3.4	135.4%	5.0	60.6%
Gross Revenue	20,901	8,590	143.3%	14,119	48.0%
Excise Duty	11,406	4,754	139.9%	7,893	44.5%
Net Revenue	9,495	3,836	147.5%	6,226	52.5%
COGS	5,158	2,079	148.1%	3,362	53.4%
Gross Profit	4,337	1,757	146.8%	2,864	51.4%
Gross Margin (%)	45.7%	45.8%	(13.7) bps	46.0%	(32.8) bps
EBITDA	1,546	784	97.1%	1,100	40.5%
EBITDA Margin (%)	16.3%	20.4%	(416.4) bps	17.7%	(138.6) bps
Depreciation	455	73	527.0%	196	132.7%
Interest Cost	689	23	2,904.2%	392	0,075.6%
PBT	(154)	773	(119.9)%	(1,056)	(85.4)%
Tax	0	(1)		0	
Reported PAT	(149)	774	(119.3)%	(1,054)	(85.9)%
Adj. PAT (ex. exc. items)	476	774	(38.4)%	640	(25.6)%
EPS (INR)	1.9	3.1	(38.4)%	2.6	(25.6)%

Source: TLNGR, Choice Institutional Equities

Indian AlcoBev Spirits Industry Thematic
[Click here to read Q3FY26 Result Update](#)
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[Click here to read Initiating Coverage Report](#)
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Management Call – Highlights

Imperial Blue Acquisition

- Q4FY26 marked the first full quarter of Imperial Blue operations under TLNGR ownership, with IB volumes reaching 4.6 Mn cases in this quarter
- ~75% of the IB business has exited the TSMA framework, with only three states remaining to transition by FY27-end

Volume Performance

- Combined volumes increased 134.7% YoY to 8.0 Mn cases in Q4FY26, supported by the first full quarter of IB consolidation
- Excluding IB, the legacy business delivered broadly stable performance; the management indicated ~5% secondary volume growth despite a high base in AP in Q4FY25
- IB (ex-Maha) recorded 9% YoY volume growth in this quarter

Margin and Synergies

- The management reiterated its medium-term EBITDA margin target of 16–18% for the combined business over the next 24–36 months
- Margin expansion is expected to be driven by packaging optimisation, bottling and supply-chain efficiency, lower TSMA cost and operating leverage from the larger scale business
- Benefits from a potential Telangana price hike and the India-UK FTA could provide incremental upside to profitability

Capacity Expansion and Operations

- Received approval to commence operations at the expanded Prag Distillery facility in Andhra Pradesh, increasing bottling capacity six-fold, from 0.6 Mn to 3.6 Mn cases annually
- The project is expected to generate annual bottling cost savings of ~INR 100 Mn while improving supply security in a key growth market
- TSMA-related expenses declined, from ~INR 220 Mn in Q3FY26 to ~INR 140 Mn per month in Q4FY26 and are likely to reduce further as additional states transition

Outlook

- The management maintained its guidance of high single-digit to low double-digit volume growth for FY27E, with double digit growth forecast in FY28E
- Revenue growth is anticipated to outpace volume growth through mix improvement and premiumisation initiatives by FY28E
- Net debt is projected to decline to ~INR 17 Bn by FY27-end, with the long-term target of reducing Net Debt/EBITDA below 1x by FY29E

First full quarter of IB ownership with 75% transition completed

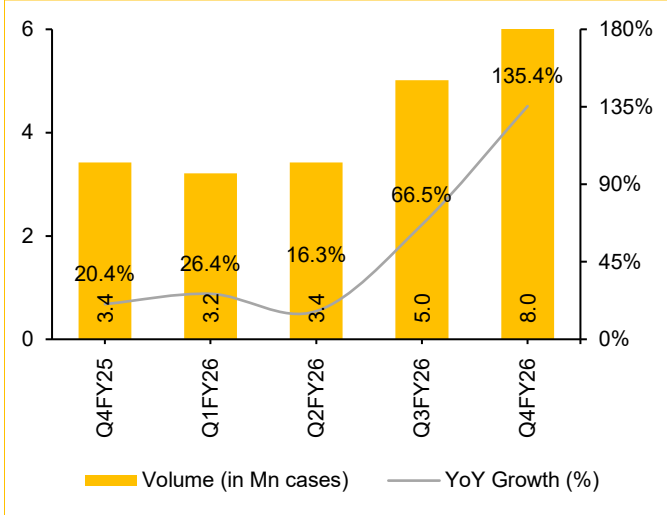
Combined volumes surged, while legacy business delivered stable underlying growth

Operational efficiencies and lower TSMA costs to drive profitability improvement

Expanded Andhra facility expected to lower costs and support growth

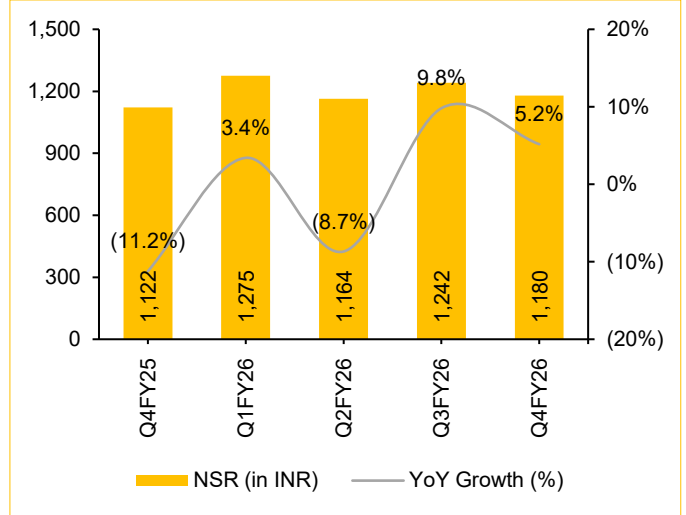
Double-digit growth aspirations supported by integration benefits and premiumisation

TLNGR volume increased 135% YoY as full quarter IB volumes kicks in



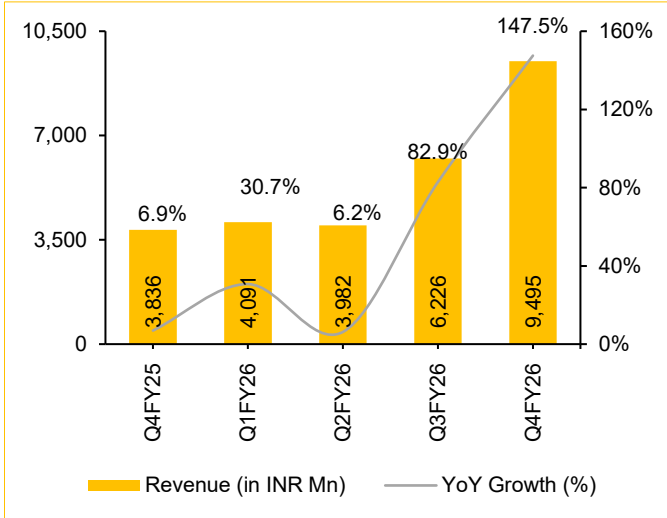
Source: TLNGR, Choice Institutional Equities

Net Sales Realisation (NSR) saw a growth of 5% YoY



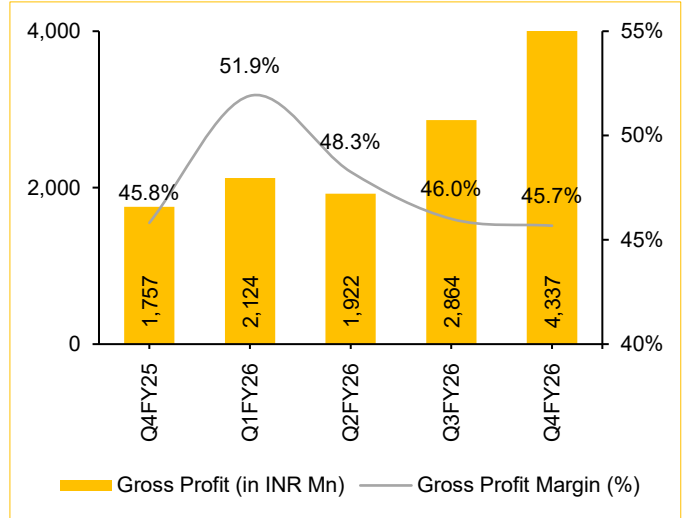
Source: TLNGR, Choice Institutional Equities

Imperial Blue acquisition led to sales growth of 147% YoY



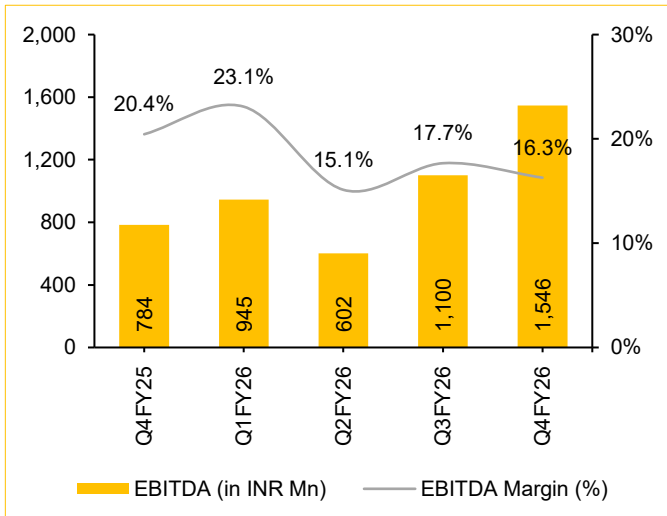
Source: TLNGR, Choice Institutional Equities

Gross profit margin remained flat at ~46%



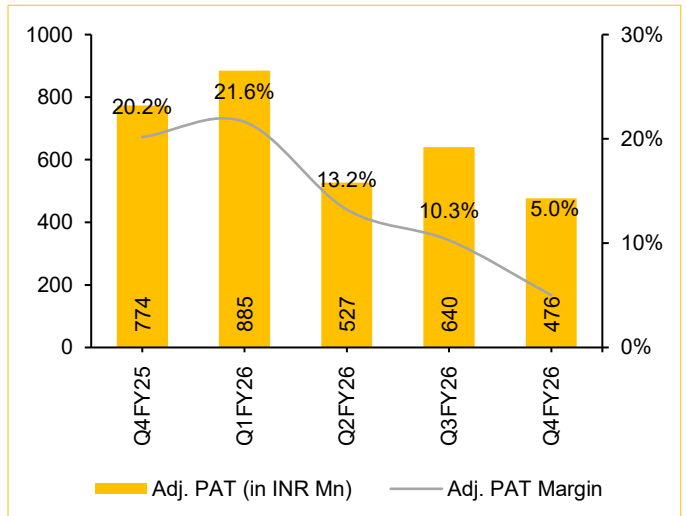
Source: TLNGR, Choice Institutional Equities

EBITDA margin dropped by 416 bps at 16.3%



Source: TLNGR, Choice Institutional Equities

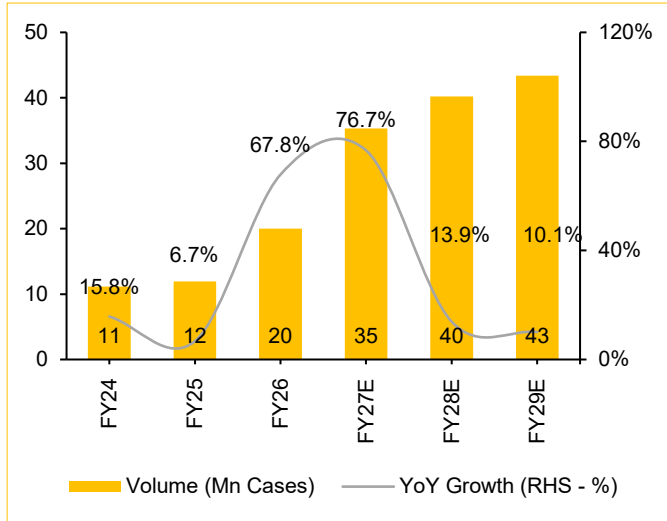
Adjusting for exceptional expenses, PAT came in at INR 476 Mn



Note: PAT excludes exceptional cost

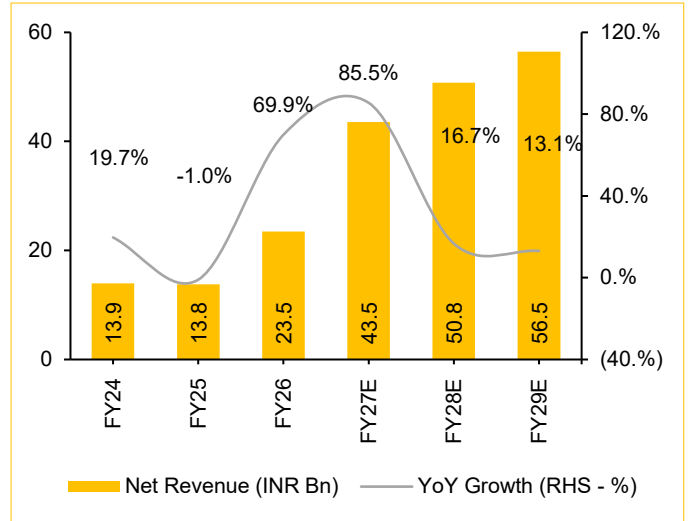
Source: TLNGR, Choice Institutional Equities

We expect volumes to expand at 29% CAGR over FY26–FY29E



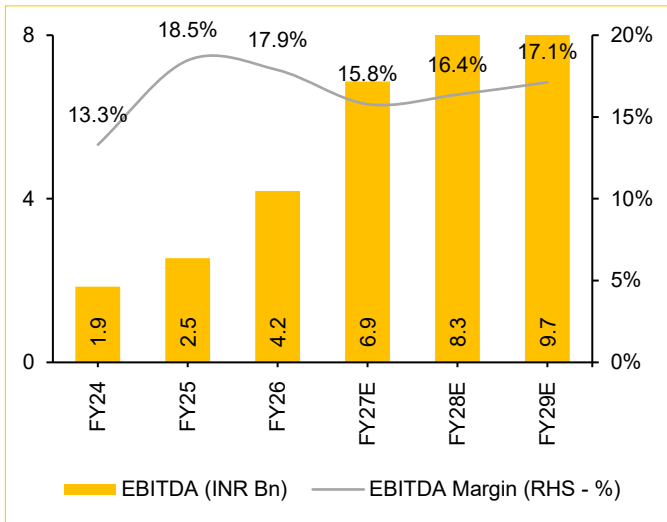
Source: TLNGR, Choice Institutional Equities

Revenue forecast to expand at 54% CAGR over FY26–FY29E



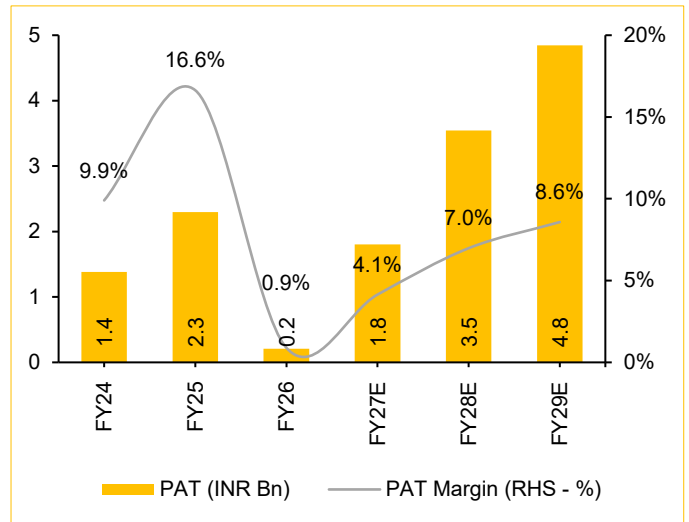
Source: TLNGR, Choice Institutional Equities

FY28E absolute EBITDA is expected to be 3.2x that of FY25



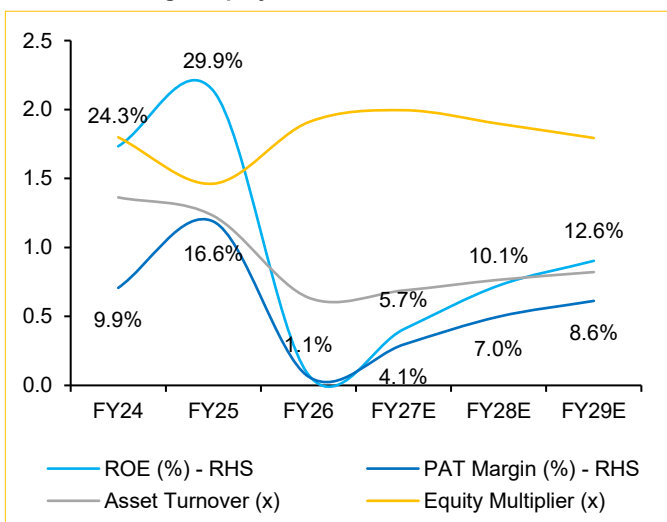
Source: TLNGR, Choice Institutional Equities

Net income for FY27E affected by one-off transition expenses



Source: TLNGR, Choice Institutional Equities

Net income margin is projected to drive ROE



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	96,715	112,848	125,532
Excise Duty	17,405	29,020	53,193	62,066	69,042
Net Revenue	13,805	23,456	43,522	50,782	56,489
COGS	7,272	12,548	23,806	27,524	30,391
Gross Profit	6,533	10,908	19,715	23,258	26,098
EBITDA	2,549	4,192	6,871	8,313	9,672
Depreciation	305	797	1,348	1,456	1,552
Interest Cost	122	1,131	3,003	2,583	2,163
PBT	2,298	206	1,804	4,725	6,460
Tax	-1	0	0	1,181	1,615
PAT	2,297	209	1,804	3,544	4,845
EPS (INR)	9.0	0.8	7.1	13.9	19.0

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios (%)					
Revenue	(1.0)	69.9	85.5	16.7	11.2
Gross Profit	(4.6)	67.0	80.7	18.0	12.2
EBITDA	37.4	64.5	63.9	21.0	16.4
PAT	70.0	10.1	14.5	22.4	36.7
Margin Ratios (%)					
Gross Profit	47.3	46.5	45.3	45.8	46.2
EBITDA	18.5	17.9	15.8	16.4	17.1
PBT	16.6	0.9	4.1	9.3	11.4
PAT	16.6	0.9	4.1	7.0	8.6
Profitability (%)					
ROE	29.9	1.1	5.7	10.1	12.6
ROCE	26.4	10.9	10.4	12.8	15.1
ROIC	26.4	10.9	10.4	9.6	11.3
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	556.3	64.4	32.8	24.0
EV/EBITDA (x)	23.9	32.6	19.6	15.8	13.2
EV/Sales (x)	4.4	5.8	3.1	2.6	2.3
Price to BV (x)	6.9	3.9	3.5	3.2	2.9

Source: TLNGR, Choice Institutional Equities

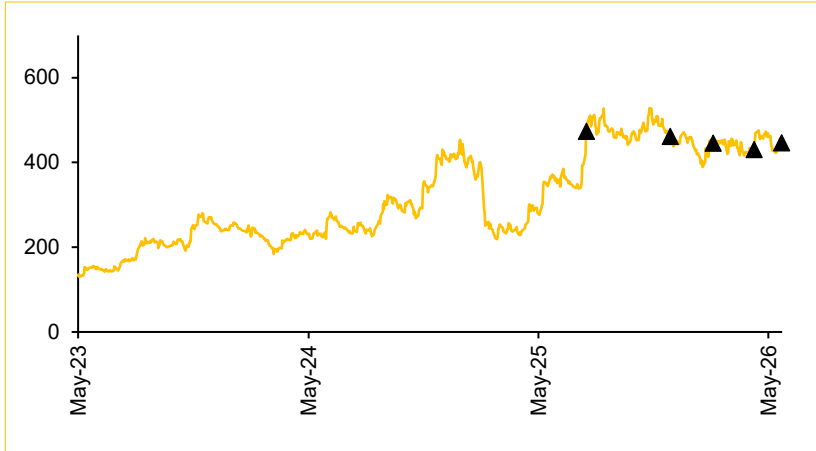
Balance Sheet (Consolidated in INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	8,822	29,817	33,552	36,387	40,263
Borrowings	424	22,949	19,949	16,949	13,949
Trade Payables	1,478	3,369	5,870	9,049	9,992
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	64,837	67,851	69,669
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	14,309	16,695	18,572
Cash & Cash Equivalents	1,028	3,604	2,591	3,284	3,661
Other Non-current Assets	946	1,372	1,372	1,372	1,372
Other Current Assets	2,319	5,582	9,188	10,379	11,297
Other Intangible Assets	4	31,780	31,780	31,780	31,780
Goodwill	0	950	950	950	950
Total Assets	12,128	61,601	64,837	67,851	69,669

Cash Flows (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Cash flow from Operations	1,784	(4,446)	3,459	7,185	6,708
Cash flow from Investing	(769)	(35,702)	(400)	(200)	(200)
Cash flow from Financing	(944)	42,173	(4,072)	(6,292)	(6,132)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
ROE (%)	29.9%	1.1%	5.7%	10.1%	12.6%
Net Profit Margin (%)	16.6%	0.9%	4.1%	7.0%	8.6%
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 share price chart: TLNGR



Date	Rating	Target Price
August 04, 2025	BUY	650
November 17, 2025	BUY	650
February 16, 2026	BUY	600
April 17, 2026	BUY	540
June 1, 2026	ADD	520

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
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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