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Quarterly Results Pick

Allied Blenders & Distilleries Ltd

Aug 20, 2025

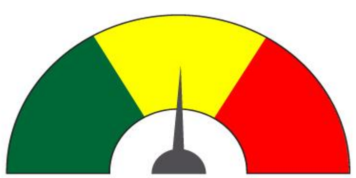
PRIME RESEARCH
Empowering decisions

Allied Blenders & Distilleries Ltd

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Alcobev	Rs 522	Buy in Rs 515-530 band and add on dips in Rs 460-475 band	Rs 573	Rs 625	2-3 quarters

HDFC Scrip Code	ABDL
BSE Code	544203
NSE Code	ABDL
Bloomberg	ABDL:IN
CMP Aug 20, 2025	522
Equity Capital (Rs Cr)	55.9
Face Value (Rs)	2.0
Equity Share O/S (Cr)	27.1
Market Cap (Rs Cr)	14,600
Book Value (Rs)	55.2
Avg. 52 Wk Volumes	7,67,008
52 Week High	540
52 Week Low	279

Share holding Pattern % (June, 2025)	
Promoters	80.9
Institutions	7.6
Non Institutions	11.5
Total	100.0



* Refer at the end for explanation on Risk Ratings

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Our Take:

Allied Blenders & Distillers Ltd (ABDL) is India's largest domestic spirits company by volume and home to a diverse portfolio of more than 25 brands across whisky, rum, brandy, vodka and gin. The company operates through a network of 36 manufacturing facilities, with its products available in more than 79,000 retail stores. ABDL's products are sold across 23 countries (14 in FY24), and its portfolio includes 4 millionaire brands. ABDL's key differentiator lies in its distinct portfolio which covers a wide range of tastes and preferences with product offerings starting from Rs 840 up to Rs 5,300 per bottle.

Over the years, ABDL has evolved from a single whisky brand into a diversified spirits company, known for category-firsts and market leadership. Its flagship brand – **Officer's Choice** was the 5th largest selling whisky brand globally in CY24. With sales of 18.3 mn cases in FY25, the brand retains its leadership in the mass premium whisky segment, commanding a market share exceeding 35%. The company also houses the fastest growing **ICONiQ White Whisky (CY23 and CY24).** ICONiQ White Whisky is distinguished by its exceptional blend, modern and minimalistic packaging, and its sharp positioning as a unisex, youth-centric brand. The brand witnessed ~148% increase in volumes in FY25 to 5.7 mn cases from 2.3 mn cases in FY24.

ABDL continues to invest in new product developments such as Arthaus, a luxury blended scotch malt, and Zoya, a super-premium gin with an aim to create a modern, aspirational portfolio. ABDL has also selectively acquired high-potential brands like Woodburns whisky, Pumori gin, and Segredo Aldeia rum to accelerate presence across key categories. ABDL continues to focus on increasing the share of Prestige & Above (P&A). P&A volume contribution has increased from 25% in FY18 to 40% in FY25.

Q1FY26 Result Update:

- ABDL reported a strong Q1FY26 with net sales increasing by 21.8% YoY in value terms. This was led by a strong volume growth of 17.2% to 8.5 mn cases (7.3 mn Q1FY25) amidst buoyant consumer demand for its core brands.
- P&A continued to register strong growth momentum with 44.4% growth in volume to 3.9 mn cases (2.7mn Q1FY25) and 50.5% YoY growth in value terms. Share of P&A in volume/value terms stood at 45.9%/52.2% in the overall mix.
- Operational performance continued to remain robust on account of improved mix and stable ENA prices, with gross margin improving by 448 bps YoY to 43.2% in Q1FY26 from 38.7% in Q1FY25. EBITDA grew by 50.5% YoY on account of positive operating leverage and EBITDA margin expanded by 231 bps to 12.1% in Q1FY26 from 9.8% in Q1FY25.
- Net Profit grew 405% YoY in Q1FY26, supported by lower finance costs. Net Profit margin stood at 6.1% in Q1FY26 vs.1.5% in Q1FY25.

Concall takeaways:

- Key priorities for the management remain profitable volume growth, portfolio premiumization, cost focus, and agile investment in backward integration to enhance margins.
- Reiterated its focus and progress on the premiumization agenda as P&A portfolio volume growth continues to outpace industry.
- While opening up of new markets such as Andhra Pradesh and Delhi aided growth during the quarter, strong growth was witnessed across certain well-established states of North India.
- Management continues to drive 40%+ gross margins in its flagship brand Officer's Choice through operational discipline and continues to focus on key markets for strengthening its Officer's Choice Blue brand.
- ABDL launched its another premium offering – Golden Mist, a new prestige brandy in the southern states of Karnataka and Telangana, where consumption of brandy remains high. It is also continuing to scale its other Super-premium and luxury brands.
- On the international front, ABD global footprint has expanded from 14 countries to 27 countries, nearly a 2x expansion. In addition to our presence in Middle East and Africa, ABDL has secured approvals for export to Canada, South America, New Zealand, and to European Union region.
- ABDL's Rs 525 cr capex plans remain on track with Telangana PET facility expected to commence in Q2FY26, single malt distillery to be operational in Q4FY26 and regulatory approvals received for expansion in ENA distillery at Aurangabad. Backward integration efforts are expected to accrue ~300 bps EBITDA margin improvement, Q4FY27 onwards.
- Industry wide receivables from Telangana is anticipated to normalise gradually, further supporting working capital stability through debt reduction.
- The UK FDA is expected to improve margins, particularly beneficial for ABDL as one of the largest importers of bulk scotch and will enhance accessibility of its Super-Premium and Luxury offerings.

Valuation & Recommendation:

ABDL has created a wide range of product portfolio, catering to price points across the board. Its brands continue to remain market leaders, especially in the mass premium segment. However, over the past few years, the company has pivoted towards curating a portfolio of Super-premium and Luxury brands through both new product developments as well as external acquisitions. This has improved salience of P&A in its mix from 25% in FY28 to 40% in FY25 and is expected to increase going forward. Improved product mix and tight operational controls have also resulted in EBITDA margin expansion from 7.8% in FY20 to 12.2% in FY25. Backward integration efforts are expected to further improve margins over the next few years. Geographical expansion, premiumization and strong brand recall remain key revenue drivers. **We believe the base case fair value of the stock is Rs 573 (55.0x FY27E EPS) and the bull case fair value of the stock is Rs 625 (60.0x FY27E EPS) over the next two to three quarters. Investors can buy in Rs 515-530 band and add further on dips in the Rs 460-475 band (45.0x FY27E EPS).**

Key Risks:

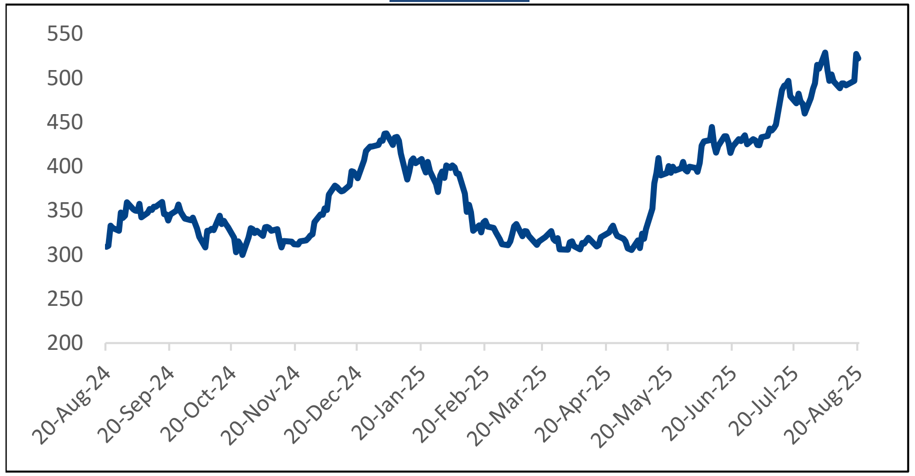
- Hikes taken by state governments on excise duty on alcohol from time to time may impact volumes
- Recovery of receivables from sales made to Telangana continues to remain slow, impacting short term working capital requirements
- Changes in tastes and preferences of consumer for liquor consumption

Financial Summary:

Particulars (in Rs Cr)	Q1FY26	Q1FY25	YoY-%	Q4FY25	QoQ-%	FY23	FY24	FY25	FY26E	FY27E
Operating Income	923	758	22%	921	0%	3,147	3,328	3,520	3,823	4,129
EBITDA	112	74	51%	136	-18%	185	242	431	487	555
APAT	57	11	405%	79	-28%	2	2	195	227	282
Diluted EPS (Rs)	2.0	0.5	339%	2.8	-28%	0.1	0.1	7.2	8.4	10.4
RoE-%						0.4	0.4	20.0	13.7	14.8
P/E (x)						NM	NM	72.7	62.4	50.2
EV/EBITDA						73.1	56.0	31.5	27.7	24.0

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

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Green Rating stocks
This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks
This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.
These stocks
have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks
This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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