



**Allied Blenders
and Distillers**

August 05, 2025

To,

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Scrip Code (BSE): 544203	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Symbol: ABDL
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Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of the Earnings Call to discuss Q1-FY26 earnings of the Company, held on July 30, 2025.

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the **Transcript of the Conference Call to discuss Q1FY2026 earnings of the Company, held on Wednesday, July 30, 2025.**

The above transcript is also available on the website of the Company: <https://www.abdindia.com/>

The above is for your information and record.

Thanking you,

Yours sincerely,

For **Allied Blenders and Distillers Limited**

Sumeet Maheshwari
Company Secretary & Compliance Officer
Membership No. ACS – 15145

Enc: a/a

Allied Blenders and Distillers Limited

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**“Allied Blenders and Distillers Limited Q1 FY '26
Earnings Conference Call”**

July 30, 2025

**MANAGEMENT: MR. ALOK GUPTA - MANAGING DIRECTOR
MR. ANIL SOMANI - CHIEF FINANCIAL OFFICER
MR. J. MUKUND - HEAD INVESTOR RELATIONS AND CHIEF RISK OFFICER**

MODERATOR: MR. ABHIJEET KUNDU – ANTIQUE STOCK BROKING LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Allied Blenders and Distillers Limited Q1 FY '26 Results Conference Call hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you for asking questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhijeet Kundu. Thank you, and over to you, sir.

Abhijeet Kundu: Thanks. It is our absolute pleasure to host the management of Allied Benders and Distillers Limited for the Q1 FY '26 Results Conference Call. Over to Mr. Mukund, Head of Investor Relations and Chief Risk Officer, for further proceeding. Thank you.

Mukund: Thank you, Abhijeet. Good evening, everyone, and thank you for joining our Q1 FY '26 Results Conference Call. I hope you have received a copy of our Results Presentation. I would like to urge you to go through this along with the disclaimer slides.

Today, we have with us from the Management of ABD, Mr. Alok Gupta – Managing Director and Mr. Anil Somani – Chief Financial Officer.

Now, would like to hand over the call to our MD, Mr. Alok Gupta, who will give you the summary of the Company's quarterly performance before we open up for Q&A. Over to you, Alok.

Alok Gupta: Thank you, Mukund. Good afternoon, ladies, and gentlemen. Thank you for all joining us today for the Q1 FY '26 Earnings Call of Allied Blenders and Distillers Limited.

This quarter marks approximately one year since our public listing, and I am pleased to share that ABD has entered FY '26 with strong momentum. We have delivered our fourth consecutive quarter of profitable growth, validating our strategy of prioritizing profitable volume growth, portfolio premiumization, cost focus, and agile investment in backward integration to enhance margins.

Our consolidated income from operations reached Rs. 930 crores in Q1 FY '26, representing a 22.5% increase over the same period last year. EBITDA grew at 56.4% year-on-year to Rs. 119 crore, with EBITDA margin expanding to 12.8%, an improvement of 277 basis points on a year-on-year basis as compared to 10% in Q1 FY '25.

Profit after tax for the quarter surged 5x to Rs. 56 crores as compared to Rs. 11 crores in Q1 FY '25.

In the quarter, we delivered 8.5 million cases, up by 17.2% on a year-on-year basis, accompanied by a 6.2% increase in realization per case, driven by favorable product mix and price optimization.

In the Mass Premium category, the overall volume growth was stable, with sales volume maintained at 4.6 million cases in Q1 FY '26 as compared to Q1 FY '25, mainly due to controlled sale on account of continued adoption of state profit governance metrics.

However, the P&A portfolio volume growth continues to outperform the industry, reflecting consistent progress in our premiumization agenda. The P&A category witnessed a strong growth of 46.9% across multiple markets. This growth resulted in increasing our overall P&A salience to 46.2% in volume terms and 55.8% of the sales value in Q1 FY '26 as compared to 36.9% and 46.1% respectively in Q1 FY '25.

Overall, the growth was not only witnessed in opening up of markets such as AP and Delhi, but also certain well-established states of North India.

Now coming to our overall EBITDA performance:

The year-on-year performance was driven by continued strategic focus on maintaining a profitable brand mix across key states, continuous cost benefit on back of rate reset, packaging efficiency, stable commodity prices, particularly on ENA, resulting in improved gross margin by 448 basis points to 43.2% in Q1 FY '26 as compared to 38.7% in Q1 FY '25.

On the OPEX front, the employee cost is at Rs. 50 crores in Q1 FY '26, which is 5.3% of our income from operation as compared to Rs. 46 crores in Q1 FY '25, which was 6.1% of our income from operation, which is mainly on account of setting up of ABD Maestro in Q1 FY '26 and our new distillery in Maharashtra, which was acquired in third quarter of last year.

The other OPEX cost of this Rs. 238 crores in Q1 FY '26 is higher by 37.2% as compared to Rs. 173 crores in Q1 FY '25, mainly on account of higher promotion, sales and distribution of established brands, and new brands in the Super-Premium to Luxury portfolio, and certain increases in the state level.

Overall, on a net basis, the EBITDA margin improved to 12.8% in Q1 FY '26 as compared to 10% in Q1 FY '25.

Now let me discuss about the performance of our key brand:

ICONiQ White, the fastest growing millennial spirit brand globally for second year in a row, continued to expand its reach across Indian market, and has now earned 7 international markets. In just 30 months since launch, it has joined the ranks of the top 20 global whisky brands, resonating strongly with the younger consumer and supported by our extensive retail

distribution. During the quarter, the brand witnessed growth across all states in India, and we expect the strong growth momentum to continue.

Our flagship brand, Officer's Choice, retained its number one position in the Indian Mass Premium category and continues to be India's #1 exported spirit brand. It remains a critical driver of our profitability and cash flows, generating 40% plus gross margins and benefiting from scale, brand strength, and efficient trade spends. We remain sharply focused on sustaining high margin performance through continued operational discipline.

For our regional power brands, Officer's Choice Blue, we are focusing on key markets to strengthen its presence, while launching fresh and an engaging campaign to connect better with the consumer.

For the 4th Millionaire brand, Sterling Reserve B7, we are currently focusing on driving new consumer trials and deepening engagement through sharp strategic campaigns. We recently did a campaign in Maharashtra, and based on the encouraging response, we are expanding this initiative to 5 other big states.

This quarter also had significant progress in expanding our premium offering. We launched Golden Mist, a new prestige brandy, in Karnataka in the month of April 25, and more recently, in July 25 in Telangana. The brand is crafted using French oak cask aging and designed to cater to the evolving premium consumption preferences.

Meanwhile, ABD Maestro, a Super-Premium and Luxury brand subsidiary, is scaling rapidly with expanding presence in key Indian cities and select international markets. Brands such as Zoya Gin, Arthaus Blended Malt Scotch Whisky, and Woodburn Whisky are gaining traction among aspiration driven consumers and are well-positioned to capture high margin growth opportunities.

We also expanded into the Super-Premium and Luxury vodka segment with launch of Russian Standard Vodka through a partnership with Roust Corporation. This global brand is now available in key markets of Maharashtra, Goa, and West Bengal.

On the international front, ABD global footprint has expanded from 14 countries to 27 countries, nearly a 2x expansion, complementing our strategy to build a strong consumer franchise across geographies.

In addition to our presence in Middle East and Africa, we have secured approvals for export to Canada, South America, New Zealand, and to European Union region.

Moving to our CAPEX program:

Our Rs. 525 crore CAPEX program is progressing well, and we are on track. The PET manufacturing facility in Telangana is on track for commissioning in Q2 FY '26. We expect the

commercial operation to start from September '25. The margin accretive benefits would start flowing in line with the expectation.

The single malt distillery is progressing well towards a Q4 FY '26 launch in commercial operations. We will witness margin accretive benefits to start flowing from April 2026 onwards.

The ENA Distillery in Aurangabad acquired in December '24 commenced operation in February 2025 and is currently operating at 100% capacity. Regulatory approvals for capacity expansion are under process.

As already stated, these backward integration initiatives are margin accretive and are expected to support approximately 300 basis points of EBITDA margin improvement from Q4 FY '27 onwards.

At the working capital front, strong focus on collection and inventory management has resulted in reduction in overall net working capital. We incurred CAPEX payout in line with the planned CAPEX phasing.

With strong profit performance, net working capital optimization, and planned CAPEX related payout, we generated free cash flow, which helped in marginal reduction in our net debt to Rs. 754 crores as on 30th June '25, as compared to Rs. 766 crores as on 31st March'25. This led to a marginal improvement in net debt to equity to 0.47x in June '25 as compared to 0.49x in March '25, and net debt to EBITDA to 1.5x in June '25 as compared to 1.7x in March '25.

We continue to maintain tight control over working capital with strong focus on optimizing receivables. Additionally, industry wide receivables from Telangana state is anticipated to normalize gradually, further supporting working capital stability.

The external environment continues to support our strategic direction. Consumer sentiment remains upbeat, with the experience-led consumption expected to fuel Premium category growth.

The new tax regime has enhanced disposable income, further encouraging trading up behavior. Input costs, including grain, ENA, and glass, remain soft and are expected to stay stable. Most states have finalized regulatory updates, resulting in relatively stable policy backdrop.

The anticipated UK FDA is expected to improve margins, particularly beneficial for ABD as one of the largest importers of bulk scotch and will enhance accessibility of our Super-Premium and Luxury offerings.

As we look ahead in FY '26, ABD will remain focused on driving net sales value growth, strengthening operational excellence, advancing portfolio diversification, optimizing working capital, and ensuring on time execution of our projects.

We are confident that ABD is well-positioned to participate meaningfully in India's evolving premium consumption story and deliver sustainable value creation. Thank you once again for your continued interest and support.

We now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Abneesh Roy from Nuvama. Please go ahead.

Abneesh Roy: Thanks and congrats on very good numbers. My first question is on Golden Mist. You have entered the prestige category. So, wanted to understand which markets you will be focusing, which are the key competitors here. And if you could also comment on Maharashtra, I did hear your media interview. But in Maharashtra, post tax hike, have most of the players passed it to the end customer? or in many cases, the companies are absorbing the tax hike, which could impact the margins? That is first question.

Alok Gupta: Thank you, Abneesh. Golden Mist is a brandy in the Prestige segment. The two key competitors in this segment are Napoleon Brandy and Mansion House. As we know that more than 95% of brandy sale comes from 4 southern states. We are currently available in Karnataka and in Telangana and are looking forward to launching this brand also in the state of Andhra Pradesh and other smaller territories like Pondicherry and Odisha, where we see sale of prestige brandy. That should all happen within this financial year.

As regards Maharashtra, I think most of the marketers have passed on the tax incident to the customer, some reduction in the margin. And by and large, all the key competitors, the key players have tried to retain and protect their margins and minimize margin losses wherever they could.

Like I said in several media interviews, I think for us to be able to give a view on the overall volume and margin impact, I think the only way to do is by having a greater clarity on the MML policy, which is yet to be announced by the government.

Abneesh Roy: Second question is post-IPO last few quarters; we have seen very good recovery in your margin profile in the P&A salience. So, if you could talk about feet on street, what is the change in the last one year? And similarly, in terms of point of sale and on trade premises, your visibility, what has gone in terms of effort, what has gone in terms of the investment? And next two years, as you further scale up in terms of all these niche investments in terms of the brands and more launches, where do you see the brand spend point of sale and feet on street also?

Alok Gupta: We have roughly 500 people feet on street. That is the total workforce involved in our sales operation. We cover more than 90% of the outlets, which are permitted to sell alcoholic beverages.

Fundamentally, post IPO, three changes have happened. Change number one that happened immediately prior to IPO, but got implemented in the IPO year, is that we moved from volume target to profitable volumes to margin governance metrics, and we redefined the brand and the SKU in each state where we wanted to grow to make sure that the capital is allocated behind profitable state brand SKUs.

The second change that we made was that we realigned the sales promotion incentive for our sales team from volume to value with focus on P&A.

And the third change that has happened starting this financial year is that we have launched a new sales incentive initiative called Jeet, which covers pretty much 90% of the workforce. We have put it on an app where each TSE can actually see the performance that he or she may be recording during the course of the month and essentially create greater visibility and greater pull and push towards their target. We have also, instead of annual targets moved to quarterly payouts.

So, essentially, these three things have happened. Focus has gone from volume to value within that focus on P&A, and now on back of the new program that we put in place, with better incentive, faster incentive, we are hopeful that we continue to drive the growth that we are seeing in our business.

As regards on-premise, I will broadly divide on premise into two types. One is key accounts and premium on-premise. The coverage of key accounts and premium on-premise will be done by ABD Maestro. Just as an example, now we have got listing with three of the largest national hotel chains where the luxury products should get placed in their bars and in the mini refrigerator in the rooms. The traditional on-premise will continue to be covered by the ABD's team. I hope that answers your question.

Abneesh Roy:

Yes, quite useful. Last question, India is seen largely as a whisky market. Now, your two new developments, one is Golden Mist is a brandy offering, and similarly, Russian Standard Vodka, again, vodka. Those are smaller opportunity, and both have very strong entrance players. Brandy, obviously, Tilaknagar is a big player, and vodka Radico is a big player.

So, wanted to understand why these smaller opportunity. And within these smaller opportunities, are you targeting essentially, again, a bit more of the premium end where you would be able to really expand the market? And long term, how do you see your own whisky contribution to sales? What is the plan in terms of the diversification? Are these more of niche opportunities or you think over five years, the whisky contribution would be lesser in terms of diversification?

Alok Gupta:

Well, at a macro level, contribution from whisky over the last 30 years has remained about 65%. So, I think we continue to love and enjoy whisky as a flavor. And we do not expect significant changes in the flavor mix basket. Whisky will continue to be north of 60%. Other brown spirits, brandy and rum will be about 30% and 5% is white. So, I think pretty much that is a stable state over the last 30, 40 years.

If you were to slice the industry, of the 410 million AlcoBev cases last year, roughly 160 million cases were at the prestige price point, which is a price point of, let's say, between Rs. 700 and Rs. 1,000. Of this 160 million, roughly 40 million is non-whisky, which is brandy and vodka.

Golden Mist operates at a prestige price point, which is roughly 16 million to 18 million cases, growing high double digit, excellent margins. And by and large, it has got a sales concentration in the Southern region.

So, Golden Mist is a brand that will operate in a high margin, high growth, prestige brandy market. In the Southern region, we also have a reasonably strong distribution. So, it is not as large as whisky, but in 16 million cases, a double-digit market share gives us an opportunity to create yet another millionaire brand.

Similarly, when we were to look at Prestige Vodka, which is another 14, 15 million cases, again, a reasonable double-digit market share, gives us an opportunity to build another millionaire brand. So, I think these are smaller as compared to whisky, but each of these opportunities gives us the ability to create another millionaire brand.

As regards Russian Standard, Russian Standard competes with Super-Premium and Luxury vodka across the world. They sell this brand in almost 60 countries. And they compete with the global leading Super-Premium and Luxury vodka. Therefore, this brand helps us on the luxury side provide consumer another exciting option, whether it is in the form of a sipping or cocktail or any other mode of consumption. So, the Russian standard does not compete with Magic Moment. It competes more with the like of Tito, Absolut, and Grey Goose.

Abneesh Roy:

One quick follow-up, last question. In both these two sub-segments, you mentioned double-digit market share. That will be a very good achievement, but obviously not easy. What will lead to this? Because this is obviously largely a media dark industry, and obviously current entrenched players will not let it go easy. So, what will lead to this double-digit share? And what is the confidence level in this?

Alok Gupta:

So, if you were to look at two trends in the AlcoBev industry, first trend is premiumization about if you were to go a little bit on the street, premiumization was more visible in whisky as a flavor. But if you look at last two- or three-years' trend, premiumization is happening across all flavors. Therefore, it is happening in rum, it is happening in brandy, it is happening in, of course, all whites.

Secondly, if you look at the growth of flavored variants within even rum and brandy, that indicates that consumers are increasingly wanting to experiment and experience newer variants.

So, I think the way we see the opportunity is that, yes, there is an established player there, but the consumer, especially the younger consumers, would be looking at experiencing newer experiences. And therefore, the way we are positioning, for example, Golden Mist, is more to

talk to the slightly younger consumer who have adopted brandy as their preferred choice, but it talks to them in a language that they would relate with.

So, yes, it's an uphill task, but we are quite committed to make progress here. As regards to confidence level, we would not have launched this brand if the confidence level in our key consumer insight and our go-to-market strategy, we didn't believe we had a good chance of success.

Moderator: The next question is from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Two questions from me. Firstly, thanks for your sort of detailed presentation, which really is fairly transparent and gives out a lot of data. But I wanted to just ask on you have laid out the pricing structure for P&A and Mass Premium and other brand and other price points. But I just want to understand how the margin structure also varies as we move from sort of Mass Premium to Prestige. If you can answer it on sort of a price per bottle or in terms of percentage margins, that would be super useful.

Alok Gupta: Sure, Aditya. So, if you were to look at some of our listed peers, you would see that, I mean, if you look at listed peers where the P&A share of sale is between 70% and 90%, the gross margins are roughly about 42% to 44%, right? So, our Mass Premium segment, which is Officer's Choice, operates at a gross margin of north of 40%. So, it makes the same margin as a percentage that any other P&A whisky does.

When we look at our Prestige segment in whisky and in brandy, as we speak, we are currently just a shade below 40. And a quick response to that is that some of the brands are new. As you know, function of the margin here is in terms of market bottle utilization, some bit of LPB rationalization. So, over the next few quarters, we are of the view that we should be able to cross the 50% hurdle rate on the P&A brand.

As regards Premium and Super-Premium is concerned, that portfolio runs at gross margin close to about 55%.

Aditya Soman: That's very clear. And just in terms of the opportunity on the Super-Premium and, let's say, Super-Premium and Luxury, could you give us some sense of where you see this entire space being in terms of the number of cases for ABD in particular over, let's say, 5-year period or what your aspiration would be?

Alok Gupta: So, the segment, the Super-Premium to Luxury segment, a price point of Rs. 2,000 and above is roughly 3% of the 410 million case market. So, say about 12 million cases, right? It is growing at the highest rate in the AlcoBev space, high double-digit.

On back of the India, UK FTA, some reduction in the BIO and the BII prices, and some bit of margin improvement in the BII scotch prices, our view is that this segment could more than

double in the next 4 years. Therefore, from a 12 million case, the segment could be sitting north of 20 million cases.

For us, this is a year of getting our portfolio ready, building capability in terms of distribution on key on-premise and understanding social media space and mixology and cocktails, and we have built this whole team under ABD Maestro. I think the way we are looking at is that of this 20 million cases, if we can get a high single-digit market share over the next two or three years, we will be in a good space, right?

However, I think by Quarter 3 of this financial year, you will have sort of a better sense on trend and timelines because we are now just about getting into distribution expansion.

Aditya Soman: That's very clear.

Alok Gupta: Thank you, Aditya.

Moderator: Our next question is from the line of Kunal Shah from Jefferies. Please go ahead.

Kunal Shah: My first question is on your volumes and the benefit that they have received from Andhra Pradesh and Delhi, which you mentioned in the opening remarks, if you can quantify it in some way, probably both on P&A and overall?

Alok Gupta: Let me have somebody work on this number. Is there another question that you have? Otherwise, allow me maybe a minute to come back to you on this.

Kunal Shah: Sir, the next question is, what is the total, let's say, cost base or OPEX that ABD Maestro will incur, let's say, on a full-year basis? And let's say, 2, 3 years down, what are your revenue aspirations for this business, if you can give some directional insight on both?

Alok Gupta: So, I think here is an interesting data point. For every 1% volume contribution from the ABD Maestro portfolio, the value contribution is really 9%. So, that is the impact it has in terms of the value growth, right? This year, it is all about getting the portfolio right and building the go-to-market in terms of distribution and special services that or special skills that it requires in terms of cocktail and mixology.

We have five brands ready now, and we are looking at adding two or three more brands to this portfolio within this year. So, that we believe will give us the portfolio width that we have been wanting. It is a combination of whisky, both scotch whisky, non-scotch whisky, Indian whisky, gin, vodka, and one other major white that we are looking at.

And like I was responding to, I think, Aditya earlier that our outlook is that how do we build a high single digit to a double digit, I would say high single-digit, double-digit market share over the next couple of years. So, the segment is currently 12 million cases and growing north of 20% year-on-year. We expect this segment to get bigger and bigger.

So, like I said, I think by H2, we will be in a better position to provide some indication on where we stand. But so far, the distribution expansion is on track.

Kunal Shah: And any comment on the cost structure? I mean, let's say, on operating cost that this entity would have on a quarterly basis or yearly basis?

Alok Gupta: So, the brands that are part of the ABDM, which are luxury brands, we are, for the next two years, following a very simple thumb rule that they need to be whatever money they make at a contribution level, we will reinvest in the brand. And therefore, the only expenses that will come is towards running the organization. And Year 3 is when the brand or the business will become EBITDA positive. So, first 2 years going to be the years of investment.

Kunal Shah: The second question is on Sterling Reserve. So, I remember last call you had mentioned that the brand had seen declines in FY '25. And I heard your opening remark on some initiatives you are taking, but can you give more details and by when do you see this brand turning around?

Alok Gupta: Well, I think on SR B7, we have put a very clear path, stabilize, and grow. I think by end of H1, we are already in Quarter 2, we should see the brand stabilizing. And towards the festive season, we are hopeful with the marketing program we put behind this brand, we should start seeing the green shoots.

On your earlier question of, let me understand. Your question is that what part of our growth will come from Delhi and AP, or individually, what will be the growth in these states?

Kunal Shah: No, sir. Let's say, if I were to take these two out, what would have been the growth for the business in volume terms?

Alok Gupta: If that's the question, just another 30 seconds. Sorry. We I think the data then came to me was what is the growth in the respective states.

Kunal Shah: No worries. We can probably take it later.

Alok Gupta: Yes. No worries.

Kunal Shah: And then just one last bit on ICONiQ White. I mean, 5 million cases plus last year. Any sense you can give on where you see it this year? I mean, do you see any initial signs of now incrementally the brand plateauing out? Or, I mean, anything on those lines that you can share?

Alok Gupta: No, the brand continues to grow. It is on a very strong wicket. We are seeing quarter-on-quarter growth. And I will just request what is the Q1 number for ICONiQ? So, just to answer your first question that if you were to take Delhi and Andhra out versus the 17% volume growth, our growth would have been about 13%. So, that is the contribution of Delhi and Andhra in the overall growth.

And Q1, the brand has done roughly 2.3 million cases. As you would recall, last year we had done 5.7. So, in Q1, the brand has done roughly 50% of what we sold in full year. That will give you some indication of where the brand could head this year.

Kunal Shah: That's very clear. And just last one, bookkeeping question. I see a very sharp reduction in excise duty in the quarter. Any specific reason? I mean, is there some state changed there from...

Alok Gupta: Yes, this is a state of UP where the onus of excise duty has moved from the manufacturer to the wholesaler. Therefore, essentially, this is reflecting in the reduction of our gross sales value.

On like-to-like basis, if there was no change in the UP, you would have seen an incremental Rs. 300 crores, Rs. 350 crores of GSV. But we are happy with this change because it also means that we have been able to release some of our working capital from the state of UP.

Kunal Shah: That's all from my side.

Moderator: Thank you. Our next question is from the line of Sanjay Manyal from DAM Capital. Please go ahead.

Sanjay Manyal: I have few questions, specifically on ICONiQ White. So, just want to understand what would be the contribution from the state of Maharashtra, and what would be the impact of this excise hike, which has happened last month?

Alok Gupta: I will just give it to you. See, on Maharashtra, I deeply believe that only once you get the MML pricing will we really get to know where does IMFL sit. So, very difficult to speculate what will happen to the industry, right?

ICONiQ in the state of Maharashtra was operating at a price point of quad price point of Rs. 680, and now it is moving to roughly Rs. 900. So, that is a change in the pricing. Relative competitors are Imperial Blue, which has also gone from Rs. 680 to Rs. 880, and McDowell's No.1, which has gone from Rs. 640 to Rs. 900.

So, from a relative MRP parity, it continues to be competitively priced versus the benchmark competition, but there is about a 25%, 30% increase in the MRP. So, we are yet to see what impact it will have on the segment.

Sanjay Manyal: And from a Maharashtra state perspective, means ICONiQ White is a bigger brand. So, what kind of contribution you have from the Maharashtra state?

Alok Gupta: So, Maharashtra contribution is less than 10%. The number that I shared earlier of about 2.3 million, less than 10% comes from Maharashtra.

Sanjay Manyal: Secondly, you have launched this new brand.

Alok Gupta: Just one point. If I can just one point about ICONiQ Maharashtra specifically. Like I said, I will wait for the MML duty structure to be announced. I think the way I am looking at ICONiQ specifically in Maharashtra is that it has got the high price point has moved from Rs. 780 to Rs. 1,070. So, I think the way we will have to understand this cascade in Maharashtra, not at a price point level, but what will happen to consumer who are earlier at Rs. 780, who are now moved to Rs. 1,070? Will they take something like an ICONiQ at 900 or spend Rs. 1,100?

So, I think consumer will be faced with these choices, and our view is that, fingers crossed, ICONiQ could actually benefit a little bit from this price change because as consumers from higher price segment start looking at what their alternatives are, ICONiQ being a newer and a fresher brand could benefit, but like I said, the jury is out.

So, just also keep in mind that the Royal Stag price point is moving from Rs. 780 to Rs. 1,070, Royal Challenge moving from Rs. 780 to Rs. 1,070. So, movement from Rs. 780 to Rs. 900 is relatively easier versus Rs. 780 to Rs. 1,070. So, just keep this in back of your mind. However, like I said that, what choices consumer make, we will find out.

Sanjay Manyal: You mentioned 2.3 million cases for the quarter means...

Alok Gupta: Yes.

Sanjay Manyal: Can we say the saliency of means for the quarter-on-quarter is similar? So, are we looking at anywhere between 9 million to 10 million cases for the year or maybe lower?

Alok Gupta: I wish I had a crystal ball to answer the question. But I have said this earlier. I will say it again. This brand has the ability to be a market leader. So, I mean, if you can see the performance of the brand even in this financial year in context of where I think this brand could be, that may just answer the question.

Sanjay Manyal: So, secondly, on the overdue, what is the expectation that this overdue from Telangana, by when we can expect that the full payment we can get?

Alok Gupta: It is status quo in Telangana. So, regular payments are being released. Overdue, very tiny portion was released in the month of April and May, but June and July, we have not seen release of any overdue payment.

So, I think clarity will emerge after the Panchayat election, which are stated in the month of August. So, that is when the government will be available for re-engaging on the Telangana overdues at industry level. That is really what our understanding is at this point of time.

Sanjay Manyal: And one last question I have about the UK FTA. What I believe that the custom duty reduction is very gradual over the next 10 years. So, you think really it will benefit given the fact that over the next 10 years, this can be offset by the excise hikes by the respective state governments because it is really a very...

Alok Gupta: The custom duty reduction is from 150% to 75%, and thereafter, reduction to 40% over the next 10 years. So, there is one big reduction now to 75%.

Sanjay Manyal: And that is immediately, you are saying?

Alok Gupta: Immediately. And then over the next 10 years, 75 needs to come down to 40. So, from our modeling perspective, we have taken the first 75 reduction. What happens thereafter, we still not baked into our model into our projection.

Sanjay Manyal: That's all from my side.

Moderator: Our next question is from the line of Kaustubh Pawaskar from ICICI Securities. Please go ahead.

Kaustubh Pawaskar: Most of my questions have been answered, sir. I just have a question on one of your initial comments of 300 bps expansion in EBITDA margins from Q4 FY '27. So, you mean to say whatever benefits which you are going to derive from backward integration will start flowing in from Q4 of FY 2027. Is it a right understanding? Because some of the facilities we are going to start from Q2 FY '26.

So, initially, the view was, like, from Q2, some of the benefits should start flowing in and the incremental benefits, what we are expecting, should come in from your Q4 of FY '27. So, just wanted to understand on that.

Alok Gupta: You are absolutely right. The full benefit will come, the full benefit will accrue from Q4 FY '27. Partial benefit from our ENA distillery in Minakshi in Maharashtra have already started to accrue, and the PET project will start in September '25. So, that benefit will start accruing. And by Q4, FY '26, our single malt distillery will be up and running. So, benefits will start accruing. We will start seeing EBITDA, positive EBITDA impact starting Q2 FY '26, and it will scale up gradually, but the full impact will be visible to us in Q4 FY '27.

Kaustubh Pawaskar: So, a follow-up question on ICONiQ. This quarter, we have seen 2.5 million cases of sales volume. So, is it mainly because of the fact that we are expanding into rural states or even the repeat attraction to the brand is quite strong? So, any understanding on that?

Alok Gupta: So, from a footprint expansion, ICONiQ was launched across all states of the country in the last financial year. So, footprint expansion is largely now in the international market. We have now shipped ICONiQ to about 7 new countries, and we will expand the footprint going forward. But from a domestic play perspective, we had finished our entire national rollout in the last financial year. So, the volume that you are seeing is just repeat consumer and newer consumers that are coming in.

Kaustubh Pawaskar: Sir, any thought process on the other launches, what you have done in past six to seven months, which of the brand you expect to be, I am not saying that it will be a next ICONiQ, but a little closer to that where you are seeing good traction?

Alok Gupta: So, I think we are excited about all new brands. However, if you were to pick brands that can give us scale in terms of volume and are also high margin, then I would say Woodburns is a brand we are extremely excited about. It is a Rs. 3,000 MRP product. It is what I call a daily affordable luxury, which is Rs. 100 a day kind of a thing. So, I think that is a brand we are really excited about.

If you look at our Golden Mist brandy that we have recently launched in a large 15 million segment, high margin, high growth, we are extremely confident about that it can give us scale and the margin.

We also have a hidden gem in our portfolio brand called Srishti, which is an Indian brand with an Indian soul. We are currently selling it in three markets of North. We are extremely happy with the early results that we have and the playbook that we have on the brand, and we will expand it in the course of the year.

The idea of picking up these three brands is largely from the fact that these three brands offer a scale and high margin. Of course, the work that is happening on Zoya with its two flavor variant, which is Watermelon and Espresso, has started to deliver good results for us. So, we are excited about I think these three brands will give us scale and margin bump up.

Kaustubh Pawaskar: Also one final question on Maharashtra. You said that it is very difficult to comment on the impact as of now on the excise duty hike, maybe from the customer point of view. But on the HORECA, are you seeing any kind of impact of saying like they are maintaining lower inventory? Or is there any down trading as you were talking about as an opportunity for you in institutional or HORECA side of the business?

Alok Gupta: See, if you look at the Premium, Super-Premium and Luxury segment, the increase in MRP is marginal. It is single digit from 3% to 5%, right? So, the structure of excise duty is such that it is increasing, it has increased the excise duty on the Mass Premium and the Prestige price point, has offered MML as a category, be it more affordable MRP. But in Premium, Super-Premium, and Luxury, there is hardly any change in MRP. Therefore, from a HORECA perspective, we do not expect that this policy will impact any which way the current consumption pattern.

Moderator: The next question is from the line of Harsh Shah from Bandhan AMC. Please go ahead.

Harsh Shah: Hi, Alok. Firstly, if we look at your volumes ex of ICONiQ this quarter, there would be a volume degrowth, right? And a question here is that even in the previous question, you have spoken about the brands you were excited about, right? Woodburns and Zoya and the other brands. But, I mean, how do we think of, let's say, brands which are already, let's say, which has crossed million cases like OC Blue or Sterling Reserve? How do we think of those brands? Because even, I mean, they are also, let's say, how do we think of expanding millennial brands? How do we think of getting growth back in those brands?

Alok Gupta: So, Harsh, my earlier response was in context of the question that amongst the new brands that we are launching, which are the one we are excited about. So, the response was in context of the new brands, not in context of the portfolio. So, that is an important point I wanted to make, right?

If you were to ask me a brand that we are excited about, we are extremely excited about Officer's Choice. It is our flagship brand, largest exported brand out of the country. The margin governance framework has got our gross margin north of 40%. This brand requires fairly low levels of LPB and promotional support. So, net retained cash is very high. And we have our guidance is single-digit growth with focus on our gross margin because this really is a cash cow. So, very, very excited. We are doing some...

Harsh Shah: This is Officer's Choice or Officer's Choice Blue?

Alok Gupta: This is Officer's Choice. I will cover our brands. So, there are different reasons. For each brand, there is a different reason to be excited about. So, that is Office's Choice. We are doing some very interesting work in terms of innovation on this brand, which hopefully, Quarter 3 we can talk about. So, as market leaders, we are thinking about how do we expand the segment, how do we bring in excitement in the segment. So, we are working on that.

Officer's Choice Blue, it used to sell more than a million cases in the market of Delhi. And because there was policy uncertainty in Delhi, we had taken a back step in Delhi, and our volume were down to about 10,000, 12,000 cases a month, which is about a 150,000 cases a year.

Now that the policy for Delhi has been announced for the next 9 months, we are ramping up Delhi in terms of our market share. And therefore, Officer's Choice Blue has always been a regional powerhouse, and therefore, there are two or three states. Delhi, of course, is the leading state here where we will see volume growth coming back on Officer's Choice Blue.

The third brand, SR B7, we have covered, stabilize and grow. And we are targeting towards H1, able to stabilize the brand. And then from H2, we will start seeing some green shoots on the brand. So, that those really are our 3 core brands. I have covered Golden Mist and Srishti, which is a new brand in our portfolio.

One more notable mention here would be that two of our Premium brands, especially Kyron, where we have 25% share in the domestic market, this brand is approved in the defense vertical. And this year, SR B10 and Kyron, we will focus on CSD as a channel.

From the export footprint, again, the growth will come up in the entire pieces of India and beyond, not just India. We have grown our footprint from 17 countries in FY '24 to 23 countries in FY '25. We are already operating in 27 countries, and we are looking at expanding our footprint further. So, from 17 countries in FY '24, by end of the year, we are looking at least a 2x increase, which means at least 33 to 35 countries where we start exporting.

So, like I said, different brands give us different opportunities. As far as ICONiQ is concerned, the market share it is getting, it is getting market shares from brands like McDowell's No.1 and Imperial Blue, and needless to say, even OC Blue. So, we also see the two brands together as to how OC Blue and ICONiQ together are getting market shares. So, I hope that provides you a response to the question that you were looking for.

Harsh Shah:

No, it is very helpful. Secondly, basically, I mean, when I look at your presentation, we are currently at 46% in terms of P&A volume share, right? And you have called out an aspiration to reach 50% P&A volumes in 3 years, right? That is something which, let's say, given that the slide on your new launches, everything we are doing is in prestige. Right?

So, this 50% would, I mean, it is something which we should be there, I think, by the end of this year, right? And so, in terms of target, I think, wouldn't the P&A volume contribution be much higher given what we are talking about doing in terms of ABD Maestro and currently that what we are seeing in ICONiQ as well over next three years? And 50, I mean, it is very I think a low number. What are your thoughts on that?

Alok Gupta:

No. When we had indicated that we would like to be 50%, at that point of time, we were only 37% of P&A, right, which is FY '24. Of course, we ended the year with about 42%. We are at 46%.

So, we continue to grow the way we are growing, and especially with the addition of Golden Mist and roll out of Srishti in many markets, we should be looking at closing down the gap between 46% and 50%.

There is massive amount of work that we are currently doing on Office's Choice as a brand, and we are hopeful that and this is largely in the space of innovation and sort of engaging the consumer differently.

So, we are also hopeful that we are able to stimulate growth in this price point or in this segment, which is high single digit. So, honestly, if we are able to get Officer's Choice to grow high single digit, we will be quite happy with hitting 50% because it is really a big cash generator for us.

Harsh Shah:

And just even in terms of your margin bridge, right, so we are currently TTM basis, we are at 13% EBITDA, and aspiration is 15%, right, over next 3 years. So, will that margin bridge be linear in a way that we see expansion every year, or as you previously commented that this is a year of building your ABD Maestro portfolio, which would also mean that you would want to invest more in terms of brand building this year, right? So, I mean, will it be, like, taking one step back and then two steps ahead, or will it be a linear journey?

Alok Gupta:

I think let's put it this way. We are currently, let's say, at about 13% EBITDA margin. There are two big levers of margin expansion. One is FTA, which, let's say, Q4 of this financial year should come into play. That itself should add about 200 basis point margin improvement.

And second is the backward integration, which we have said by Q4 FY '27, we should realize the full 300% benefit, right? So, it is a staged, so it is not linear in many way. It is linked to very specific milestone.

In addition, there are two areas of investment. One is on brands. Both the ABD portfolio, we are looking at improving our A&P as a percentage of NSV by 75 to 100 basis point this year, another 75 to 100 basis point next year to ensure that brands like OC Blue and Sterling B7 and ICONiQ continue to get the A&P support.

So, the numbers that I am sharing with you is after providing for that investment, and also ABD Maestro, like I said, for the first two years, is likely to lead investments. And therefore, going from 13% to north of 15% is after providing for investments in the brand and also people, process, and tech infrastructure. We are strengthening. We are moving from ECC to HANA, for example, this year. That is a big transition for us in terms of the tech platform.

I earlier spoken about that how we are putting our sales force practices, including our sales incentive program, Jeet, as part of our automation program, our risk factors. We are looking at investing in our S&OP digitization practice.

So, the numbers, the outlook that we have given on EBITDA is after providing for investments on our co-brands, investment on ABDM, and also investment in people, tech, and processes. So, you will see over the next balance 7 quarters, you will see gradual progression on the EBITDA numbers.

Harsh Shah:

And just one data point on I think one previous participant asked you about the operating, let's say, cost structure for ABD Maestro. I mean, can you share a number there? I mean, in terms of annual basis, FY '26, FY '27, what would be the kind of cost structure there in terms of OPEX?

Alok Gupta:

I think little early days. Like I said, I think on ABD Maestro, let's talk in Quarter 3. We will have a better sense on ABD Maestro. Right now, the focus in H1 is the portfolio. We are building two hubs for manufacturing. One is in Aurangabad, which is Maharashtra to service the market of West and South. The second hub is in Haryana. You know, Haryana is the largest market in North. So, second hub is in North, which is Saha, our unit in Haryana, which is going live this month, has gone live this month.

So, brands, manufacturing, the team is in place, listing is on key accounts. We already have three large national hotel chains where we have got our listings. So, I think the focus right now is just about getting the fundamentals in place so that we can grow from there. But I think Q3 onwards, we should be able to talk a lot more about numbers there.

Harsh Shah:

And just one last question from my side. I mean, after this, excise duty hike in Maharashtra, what is the consumer behavior which you are picking up in the last one month?

- Alok Gupta:** Too early. The retail still has stock of the old prices, right? I think towards 1st week of August, the new MRP inventory will roll out. We are as keen as you are to understand what will happen in Maharashtra, but these are early days.
- Harsh Shah:** Fair to say July had no, July had very less primaries?
- Alok Gupta:** July, it is not about primaries. The distributor and the retail outlets were carrying enough and more inventory. So, from a consumer point of view, let's say retailer was carrying x week of inventory and the distributor was carrying y week of inventory. Therefore, from a consumer point of view, even now, in many markets, old MRP stocks are available. We have started to see the new MRP stocks coming on the shelf.
- So, I think by 7th and 10th of August, we will start getting the retail order in terms of what's happening to consumer behavior. Anything that I tell you right now will hold no good because it is a mix situation, old MRP, new MRP.
- Harsh Shah:** No, my question is more from the primary, your sales to distributor, right? So, was that impacted in July because of the stocking up of old MRP?
- Alok Gupta:** Everybody is impacted because...
- Harsh Shah:** Everybody.
- Alok Gupta:** Everyone wants to understand what will happen in the market. Absolutely. Goes without saying.
- Moderator:** Our next question is from the line of Akhilesh Bhattar from IKIGAI Asset. Please go ahead.
- Akhilesh Bhattar:** Sir, congratulations on a good set of numbers. I just want clarification regarding your guidance for working capital this year. So, you mentioned that Telangana receivables are again coming at a very slow pace. So, how should we look at working capital this year? Would it be a big drag similar to what it was last year?
- Alok Gupta:** No, not at all. I think, operations, the EBITDA that we generate this year should be more than sufficient to meet the entire growth capital requirement for the business. In fact, it will leave free cash on the table. So, the only reason we may need to borrow is for our projects that we have already discussed.
- But from an operation point of view, the business is self-sufficient and will generate free cash. And if the Telangana money was to go in, we will see significant reduction in our net debt as well.
- Moderator:** Our next question is from the line of Nikhil Kapoor from LIC Mutual Fund. Nikhil, sir, please go ahead.

Nikhil Kapoor: Just one question. Most of my questions have been answered. Just one thing. I know too early days, but this new category of Maharashtra made liquor, which was talked about in the excise policy, would we be able to quantify if any benefits that will flow to us under this category?

Alok Gupta: The answer is yes. We have what this category will need is capacities, and we have geared up and ramped up our capacities in MML. So, we definitely see an upside on the volumes.

Nikhil Kapoor: But difficult to quantify it too early days.

Alok Gupta: Policy is not out. So, the reason is that policy for only the duty structures announced, which is 270 days price, but until we don't get to see contours of policy, it is very difficult to understand.

Nikhil Kapoor: That's all from my side.

Moderator: Our next question is from the line of Dhiraj Mistry from ICICI Securities. Please go ahead.

Dhiraj Mistry: Hi, Alok. Hi, Mukund. Sorry, I joined a bit late, but I would like to know what is the growth rate excluding, let's say, AP market and Telangana, Delhi market, which was kind of a one-off and that market has reopened? Sorry if you have answered that question.

Alok Gupta: Not at all. I am happy to answer the question again. Our Q1 growth is 17%. And without Andhra and Delhi, this growth would have been about 13%, 14%.

Dhiraj Mistry: And see, more from this, like, new product launches, so, yes, definitely, we have increased our aggression in terms of product launches in Luxury and Premium segment. But now that the incremental many players have been coming in this segment and this space is any which way is getting more crowded in a way, what is the growth trajectory, let's say, going ahead you expect from this? And how does saliency of this or, let's say, the profitability of this segment would move in three to four years period of time, especially when we are into investment phase in this segment?

Alok Gupta: Your question is related to the Super-Premium, Luxury segment?

Dhiraj Mistry: Yes.

Alok Gupta: So, like I said, of the 410 million cases, the volume sale is about 3%, transforming to about 12 million cases. It accounts for 20% of industry profit. A typical case NSV is about 8x to 10x versus brands that operate in prestige segment. Gross margin profile about north of 55%.

Our outlook is over the next two years, whatever money we make on the brands, we will reinvest in the brands. Therefore, we do not expect these brands to contribute to our EBITDA. There will be some costs associated with the organization and manpower, but the brand will take care of themselves from a marketing A&P point of view. And Year 3, we are targeting the EBITDA for it to start contributing to EBITDA.

But from just a unit economics comparison, NSV is about 8x of the prestige segment. Margins for us are, let's say, 40-odd percent on our ABD portfolio where margins are about north of 55%, but that too on a much higher NSV. Therefore, if over the next three or four years, we can get to a single-digit market share of 15, 20 million case segment, that's about a million cases, it should make significant difference both in terms of top line and bottom line.

Dhiraj Mistry: And for next three years basis, it would be more of a margin dilutive from the portfolio level point of view or, let's say, on an aggregate basis level?

Alok Gupta: For the first two years.

Dhiraj Mistry: For the first two years. Got it. And, sir, lastly on this backward integration, the benefit of this, let's say, the PET bottle, which should be finished in, let's say, couple of month of time, what kind of saving we are expecting on an annualized basis from this project?

Alok Gupta: The PET project alone, the annualized addition should be north of 30 crores.

Dhiraj Mistry: That's it from my side. And once again, congratulation on good sets of number.

Moderator: Our next question is from the line of Nikhil Gupta from Vayu Capital. Please go ahead.

Nikhil Gupta: My first question is, I think, related to Rock Paper Rum. I think it is quite some time we have approved the investment. So, what is happening on that front? Can you please elaborate?

Alok Gupta: Thank you for this question. It's just been getting the Q1 on track and growing. Nothing else. Just a matter of finding time. And hopefully, we will announce soon.

Nikhil Gupta: So, the investment has been already made, or it is still in the signing phase?

Alok Gupta: No. We have not made any investment in the business so far.

Nikhil Gupta: So, that is what I was trying to ask. I mean, I think we approved in the Q4.

Alok Gupta: Like I said, I think just we just got busy with our Q1 operations, and therefore, it just, you know, we felt that let's just right now put all our energy behind getting Q1 off on a good start and depending closure and the investment thereof, we will focus in Q2 now.

Nikhil Gupta: And what is our target? Like, how many cities we want to expand that? And what's the dream? Like, what is the target strategy before that?

Alok Gupta: So, this brand operates in sort of a Premium, Super-Premium rum segment. The size of segment is roughly 3 million cases. It has one notable competitor. So, the idea would be over the next couple of years to target a double digit or a higher market share. The relevant market in terms of numbers would be about 10 to 12.

The brand is already registered and operating in 7 of those 12 markets. The balance 5 we will need to open up over the next few quarters, and we have distribution in place. So, once we get this brand up and running, we should see quick results coming off.

Moderator: Our next question is from the line of Naitik from AV Alpha Fund. Please go ahead.

Naitik: Sir, my first question is when I actually look at your numbers and I compare Q-o-Q, while our revenues are sort of similar, but our expenses have increased. So, just wanted to, if you could quantify where we have spent the extra amount, that would be really helpful.

Alok Gupta: So, we have had a slightly higher expense on people, creation of the ABDM team, also our Minakshi Distillery, also announce the increments for FY '26. So, there has been an increase in our people cost. The second big element is the higher investment in the in the A&P behind the brands. These are two big ticket items where bulk of the investments have gone in.

Naitik: And sir, just wanted one clarification. You mentioned that due to the UK FTA, the import duty coming down, the benefits would be closer to 400 basis points. Is that correct?

Alok Gupta: 200 basis points.

Naitik: 200, right.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for closing comments. Please go ahead. Thank you, and over to you, sir.

Alok Gupta: Well, thank you once again for taking the time out. I hope we have been able to provide you data queries and clarifications to the extent possible. However, if there is anything that remain unanswered or you need a follow-up, please reach out to Mukund. We will be happy to provide the data. Thank you once again for taking the time out.

Moderator: Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.