

November 11, 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
Our Reference No. 89/2025-26	Our Reference No. 89/2025-26

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of the Earnings Call to discuss Q2-FY26 of the Company, held on November 06, 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 Earnings Call to discuss Q2-FY26 earnings of the Company, held on Thursday, November 06, 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 & Distillers Limited
Q2 and H1FY '26 Earnings Conference Call”**

November 06, 2025

MANAGEMENT:	MR. SHEKHAR RAMAMURTHY – EXECUTIVE DEPUTY CHAIRMAN MR. ALOK GUPTA – MANAGING DIRECTOR MR. JAYANT MANMADKAR – 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 & Distillers Q2 and H1 FY '26 Post Earnings 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 to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note, this conference is being recorded.

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

Abhijeet Kundu: Hi. It's our absolute pleasure to host the management of Allied Blenders & Distillers Limited for the second quarter of FY '26. Over to Mr. Mukund, Head of Investor Relations and Chief Risk Officer, for further proceedings. Thank you.

J. Mukund: Thank you, Abhijeet. Good evening, everyone, and thank you for joining our Q2 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. Shekhar Ramamurthy, Executive Deputy Chairman; Mr. Alok Gupta, Managing Director; and Mr. Jayant Manmadkar, Chief Financial Officer.

Now I 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 evening, ladies and gentlemen. Thank you all for joining us today for the Q2 and H1 FY '26 earnings call of Allied Blenders & Distillers Limited. I'm pleased to share that this quarter marks our fifth consecutive quarter of strong performance post listing with consistent improvement in premiumization of our portfolio and margins as well.

The sustained success underscores the effectiveness of our approach which centres around driving profitable growth, enhancing our premium product offering and investing in backward integration to optimize margin and required supply chain security.

Our consolidated income from the operation was Rs. 995 crores in Q2 FY '26, representing a 14.4% increase in Q2 FY '25. EBITDA was at Rs. 130 crores, a 23.6% growth compared to the same period last year and with an improved margin of 13.1%. On profitability, our PAT grew by 32.3% to Rs. 63 crores.

In this quarter, we sold 9 million cases, marking an 8.4% year-on-year increase, coupled with a 3.8% rise in realization per case, driven by an improved product mix and price increases. Our Mass Premium category grew at 4.3% in Q2 versus Q1 FY '26, along with gross margin improvement due to profitable state brand SKU mix, but witnessed degrowth of 5% versus Q2 FY '25, which was primarily due to a regulatory intervention at an industrial level in one of the

southern states that will have a short-term pipeline impact. We expect the industry to come back to normalcy within this financial year and especially within Q3 FY '26 itself.

At the industry level, the Mass Premium Whisky segment witnessed degrowth during H1 FY '26. However, our flagship brand, Officer's Choice gained incremental market share during the same period, indicating continued growth momentum from Q1 FY '26.

Officer's Choice continued to lead the Mass Premium segment in India, holding its position as a top-selling brand. It also remains country's top exported brand, delivering gross margins of over 40%. The brand plays a crucial role in driving both profitability and cash flow for the business.

Our Prestige & Above category maintained the growth momentum with 8.3% versus Q1 FY '26 and 28.8% on year-on-year volume basis, which resulted in improvement in salience of P&A segment to 47.1% as compared to 39.7% in Q2 FY '25. The strong performance of P&A portfolio highlights the continued success of our premiumization strategy and value-driven approach.

ICONiQ White has been a standout performer, maintaining its strong market momentum for the second consecutive year. It has been recognized as the fastest-growing spirits brand globally. The brand has successfully expanded its footprint, now available in eight international markets in addition to the growing presence across India. ICONiQ White continued to double its volume organically with 2x growth versus Q2 FY '25 and winning market share from legacy brand and also becoming the brand of choice for the new LDA consumer, which means consumers of legal drinking age.

Coming to our next billionaire brand, Sterling Reserve B7. We recently launched a refreshed blend with enhanced smoothness and taste and rolled out a nationwide campaign titled 'So Smooth Must Be Magic'. We have also done a unique digital collaboration with cricketer Shreyas Iyer for enhanced consumer engagement. This initiative has helped in gaining consumer traction in some of our critical markets. This momentum highlights the growing popularity of our brands and reflects increasing consumer interest across various markets.

It reinforces ABD's commitment to innovation, product excellence and deepening consumer engagement, all of which are the key to sustaining our growth and expanding our market share. The campaign was effective in reversing degrowth trend in our priority markets, and we plan to extend this campaign now nationally.

Now coming to our Super-Premium to Luxury category. During the quarter, ABDM brands in the portfolio have continued expanding its presence in addressable markets. During the quarter, it has successfully debuted in the duty free markets of Bangalore and Delhi. The brands have garnered global recognition, securing prestigious award from the Concours Mondial de Bruxelles and Spiritz Conclave & Achievers' Awards, both in the year 2025.

Coming to our international markets. ABD's strategic expansion across international market has been impressive, with the company increasing its reach from 14 to 30 countries within just 18 months. In the current year itself, it has expanded its presence to seven more countries across the continent. This rapid growth highlights the success of the asset-light, high-margin export model, which delivers profitability of higher than the domestic market and operates with much less working capital per case.

By Q4 FY '26, ABD targets to increase its international footprint to reach 35 countries. The company remains committed to maintaining its market share in the GCC region while continuing to expand its distribution into Africa with a goal to reach 1 million cases by FY '28. ABD is also broadening its presence in Latin America, Europe, North America and the Southeast Asia. ICONiQ White, the brand's latest millennial success is now available in eight countries, while Luxury portfolio brands such as Arthaus and Zoya Gin have also debuted in the UAE market.

Let me give you an update on our capex program. In September 2025, we also successfully commissioned our EBITDA-accretive PET bottle manufacturing facility in Rangapur, Telangana. This facility with a capital investment of approximately Rs. 115 crores. The facility is set to produce over 600 million PET bottles annually.

This investment is a key part of our strategy to strengthen backward integration by manufacturing PET bottle in-house, which has significantly enhanced supply chain efficiency, reduce packaging costs and improve overall operational control and also adding to our gross margins. Additionally, it supports our margin expansion goal through cost optimization while advancing sustainability efforts with energy-efficient and recyclable packaging solution.

Our other capex project, namely the single malt distillery at Rangapur, Telangana and ENA distillation capacity expansion of Aurangabad, Maharashtra are on track and are expected to be operational in Q4 FY '26 and Q4 FY '27, respectively.

Moving on to our balance sheet and cash flow update. Our H1 FY '26 financial performance reflects a strong operational cash flow generation and all leverage ratios remain well within our stated guidelines even during the peak capex phase.

Operating cash flows of INR147 crores were generated in H1 FY '26 due to high profitability and working capital discipline. Our net debt position as on 30th September 2025 was Rs. 893 crores versus Rs. 766 crores on 31st March 2025. The increase in net debt of Rs. 127 crores is primarily on account of our capex, which I have already explained.

It should also be noticed that the average cost of borrowing has reduced by 140 basis points to 8.2% in H1 FY '26 versus 9.6% in H1 FY '25 at the backdrop of two credit rating upgrades first one in October '25 and within nine months in July '26, driven by strong financial performance.

Also in the month of October 2025, the processing of long overdue payment has been initiated by Telangana market and ABD along with other industry players have received certain payments. Overall, industry view is optimistic about progressive clearance of remaining dues.

Moving on to the future outlook. On the industry front, the Indian Alcobev industry is witnessing strong growth driven by premiumization with P&A segment leading the way through portfolio expansion, innovation and route-to-market reforms. Premium and Luxury segment, including whiskys and craft gin are outperforming as consumers increasingly seek high-quality products.

Key growth drivers include regulatory reforms in the state like Andhra Pradesh, which has facilitated volume recovery. The industry is benefiting from stable raw material environment, supporting margin stability, while operational efficiency and brand investment continue to enhance profitability. However, state level regulatory changes and the rise in local brands in certain regions represent a potential challenge in a couple of states.

As we enter the second half of the year, we anticipate a positive outlook driven by the festive season in Q3 FY '26. We continue to optimize working capital and ensure timely execution of key strategic projects that are crucial for our long-term growth. Furthermore, we are committed to advancing sustainability initiatives and investing in R&D.

With these efforts, ABD is set to play a key role in India's growing premium consumption market and continue to deliver long-term value. Our focus will continue to be on margin by focusing on unit economics, volume growth, continue to keep our portfolio customer-centric and deploy capital with discipline.

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.

Abneesh Roy: Congrats on good numbers. I have three questions. My first question is on the capex, which you have just put up on the PET. The question, sir, what kind of advantage or gross margins you will enjoy versus a third-party PET supplier because that PET supplier can have a lot of economies of scale versus much lower scale for you. So if you could clarify on that way. And is it a common practice for Alcobev players to put this?

Related question is in terms of glass bottles, we understand that there is a lot of extra capacity, low utilization for the industry. So in the glass raw materials, how do you see the coming quarters? Is that quite favorable for you and the industry?

Alok Gupta: Thank you very much for your question. The PET manufacturing largely works on producing and shipping within a short distance as the logistic cost can be painful. So the arbitrage -- your

first question was on what is the arbitrage. This is an investment of Rs. 115 crores. As we have outlined earlier, this investment will add roughly Rs. 30 crores plus to our gross margins, translating to about 75 basis points, let's say, on current year volume. So that's the impact on our gross margin and absolute EBITDA in terms of the contribution that this unit will make.

Secondly, on economies of scale, we do not have any disadvantage on economies of scale because the PET manufacturing is not centralized unlike the glass bottle manufacturing. PET manufacturing is fairly decentralized. So we have enough scale because we are producing 600 million bottles at this facility.

Moving on to your question as regards glass bottle, we expect glass bottle to stay neutral to stable. We do not expect prices to move up. As this is a festive season and demand will grow for P&A segment and the Luxury segment, the demand for glass bottle in this quarter is likely to be higher than H1. So if at all, there's an opportunity to reduce the glass prices, it will offer only in Q4.

Abneesh Roy:

Sure. One follow-up here. So you mentioned that in terms of PET, it's more of a smaller radius where the supply makes sense. So will this be more for Telangana and maybe the adjoining states? And in the long-term, would you need to put more such PET factories in any of the other states in the longer term?

Alok Gupta:

So by design, we've chosen Telangana, because our Telangana consumption is roughly 65% of our total PET consumption. So we've gone to the biggest market. And you are absolutely spot on that this unit will feed Telangana and the adjoining markets of Andhra and pretty much the entire capacity will get used up in these two states.

Once we have started realizing the benefits from this PET plant, then perhaps we'll see if there's any other market that can justify scale and volume. But I think for now, we're quite happy with this one unit in Telangana.

Abneesh Roy:

Sure. My second quick question is on the Super-Premium Luxury top end of the P&A. You are doing a lot of interventions there. I also see almost every other player listed, unlisted also do a lot of stuff there and almost everyone seems to be succeeding. So my question here is, is this just mostly upgrading from the lower end or is it that there is some market share gain you are seeing, because we are seeing good numbers from almost every player. So I wanted to understand that a bit more.

Alok Gupta:

Sure. I think there are three or four key trends that we need to understand. First is that Indian consumers are now happy consuming, serving and gifting Indian brands. And that is the trend that you will see across the entire F&B and many other consumer categories. And therefore, consumers are giving Indian brands as much a chance that they will give to an international brand. So that one barrier is removed. There is, in fact, a positive bias for Indian brands. So consumers are happy trying Indian brands.

The second thing is that launching a brand in the Luxury segment is required, but it also needs continuous flavour offerings to be made to the consumer. So just to give you an example, Zoya Gin was our first Luxury brand that we launched in January '24. Six months down the line, we followed up the launch with Zoya Watermelon and Zoya Espresso Martini. Today, 30% of the brand volume comes from our flavour extension and the brand is growing almost 4x since April this year itself.

So what, the discipline that a Luxury portfolio requires is also continuous product development. I think third thing is that we have to think of India and beyond, not just to rely on the Indian market. So like I had explained earlier that we have opened up UAE for Zoya, UAE for Arthaus. We are opening up travel retail. Bangalore is up and running and many more will be up and running in H2. So I think sort of reengineering distribution, continuous product development, I think, are two important things to succeed in this segment. And that, I think, is what we believe our right to win.

Abneesh Roy:

Sure. Last question. What will be your thoughts on Maharashtra made liquor, the pricing seems quite aggressive in my view. So what gets adversely impacted? Is there some silver lining for you also? And on Andhra, if you could tell us that entire market is booming. How do you see the second year? And in terms of Q2, how has been the growth in Andhra?

Alok Gupta:

I would say as far as Maharashtra is concerned, it's a little bit early to form a view. Of course, the IMFL volumes have come down by about 20%. But I think it's a little early. We should give it this quarter before we can come up with sort of an informed view. All we know for now is that IMFL volumes have come down. And there have been no additional revenue for the state.

So if the very purpose of the policy was that state wanted to make more revenue, we have not seen any evidence of that. Of course, at an industry level, we are continuously engaging with the policymakers that this policy is not delivering on the objective that you had laid out, but I would say we have to give it this quarter before we can take a more informed view on the market.

Moving on to Andhra. We have pretty much more than doubled our volumes in Andhra and we stay optimistic on possible growth. While the tender has been -- the tender conditions have been announced, we are hopeful that in time to come, new brand introduction will also be allowed and we have a very interesting line up of brands for the Andhra market. So we are looking forward to seeing higher growth coming from Andhra as a state.

Abneesh Roy:

Any initial views on MML, Maharashtra-Made Liquor?

Alok Gupta:

No initial views on MML.

Moderator:

The next question is from the line of Nitin from Emkay Global.

- Nitin:** My first question is around like the impact in Mass Premium you highlighted, I guess it is to do with the Telangana. So maybe if you can highlight how do you see the market or like the retail structure evolving?
- Alok Gupta:** Sorry, can I request you to repeat your question again?
- Nitin:** Yes. Sure. So my first question is around the Telangana market, because of this retail licensing, I guess, your popular segment growth has got impacted on a Y-o-Y basis. Any incremental viewpoint you want to offer there?
- Alok Gupta:** No. This is not just -- as far as Telangana is concerned, on back of the licenses because the retailers are pretty much buying what is getting sold. So this has impacted all segments, not just Mass Premium. Now the good news is that the lottery has been concluded. The new owners have been identified. And from 1st December, this will be business back as usual. And the pipeline correction that has happened, we see significant part of the pipeline correction to correct itself in the month of December itself. So we are gearing up to meet that demand.
- Nitin:** So everything will normalize in Q3?
- Alok Gupta:** Mostly, it will normalize in Q3. That is right.
- Nitin:** Sure. Second, with respect to this ABD Maestro, like, we are expanding sort of a market and like in terms of revenue contribution. So by when is there any sort of a benchmark when you will start highlighting about the ABD Maestro? I know that for three years, you will be reinvesting in the business, but my point is that if the sales is coming in and we are investing, will it have an impact on the margin for the overall company?
- Alok Gupta:** Sure. So I think first, maybe a trivia point, for every 1% volume contribution from ABDM in future, it should have an 8x impact on our top-line. So the impact is fairly significant. And of course, it will take us maybe six quarters, eight quarters to be able to reach to that milestone.
- The good news is that ABD Maestro is currently running on -- its revenue run rate is now about Rs. 40 odd crores, right? And we expect this to pretty much grow at a very fast pace quarter-on-quarter basis.
- So I think when we talk -- we connect again at the end of quarter four, we'll be able to give you a reasonably good view on where and how our projections are. But so far, I think we are on the right track.
- Nitin:** This Rs. 40 crores you are highlighting, is it for this quarter or you are talking about the first half?
- Alok Gupta:** I'm saying the run rate. The run rate...
- Nitin:** Understood.

Alok Gupta: Is already at about Rs. 40 crores ARR and it is growing month-on-month. So by end of this financial year, we'll be able to give you a very clear idea on what our future ARR, annual run rate, would be all about. I think it will give us a much better view. But like I said, currently, we're on track.

Nitin: Sure. This is helpful. My last one question is around ICONiQ White. Would you like to call out the volume for first half?

Alok Gupta: It's just about 5 million cases, shade under 5 million cases.

Moderator: The next question is from the line of Sanjay Manyal from DAM Capital.

Sanjay Manyal: Hi, sir. Congrats on a good set of numbers. You spent a lot of time in your commentary about the international market. So I just want to understand what kind of a run rate we are sort of doing at this point in time? And what are our plans over the next two years? Is there any certain number we have sort of a target over the next two years, three years for our international business?

Alok Gupta: I think there are two key initiatives for our global market. One is mid-to-long-term. If you were to go back FY '24, we were in 14 countries largely concentrated in the GCC space, where we are now is we have 30 countries expanding. Apart from GCC, we are building Africa which is a very, very important market. And like I said in my call also, we are looking at building a 1 million case business in the Africa market.

In addition, we have also opened up critical markets towards the western hemisphere. So we opened up Canada and USA. We have opened two markets in Europe. We are also considering creating a hub in Europe for supplies across countries within Europe. We have opened up Australia, hopefully opening up New Zealand and we have opened all of Southeast Asia.

Therefore, if you look at our distribution footprint, this will support brands like Officer's Choice, which cater into the Indian diaspora, largely in the GCC market. It will cater into our P&A segment, especially in the Africa market because products are very well spec'd. And the footprint that we are expanding into the western hemisphere will really be relevant for our ABDM portfolio.

So what we are really doing is to build the product portfolio and the distribution expansion hand in glove, right? So that's really where we are in terms of our strategy. Currently about 8% of our value, our top-line comes from our international market. We believe that once the ABDM portfolio rolls out, which is significantly higher NSV, we believe that the contribution share from our international revenue could be between 12%-15% of our -- total value.

Sanjay Manyal: Right, sir. Secondly, I have a question on ICONiQ White. I think your run rate is close to 10 million cases for annual number. I believe with this kind of run rate you might just achieve that this year itself. You again -- is it the growth because of the distribution expansion? I think a

number of states where you have entered this year itself. So will we be sort of -- when we'll be lapping the overall distribution as far as ICONiQ White is concerned?

Alok Gupta: So as far as domestic markets are concerned, our national rollout got finished sometime November, December last year with opening up of Andhra and Delhi. So with that, we have finished or concluded the rollout domestically. International market, we are currently in about eight markets. We believe this brand has relevance across 25, 30 markets.

So we are expanding the global rollout as we speak. I think in our view this brand has legs to be a market leader. So how we take this brand forward with the consumer is something that we're looking at. So we stay very optimistic about the growth of ICONiQ White even in the near future, both domestic and in overseas market.

Sanjay Manyal: And we will be top five brands -- I mean ICONiQ White will be top five brand currently whisky brands in India?

Alok Gupta: Yes. It should be top five brands. That's right. But I think the aspiration is to at least move two notches up.

Sanjay Manyal: Right. Right, sir. And lastly, on Telangana overdues, if you just can spare some time on what is the status at this point in time? I believe last quarter, we heard that some dues have started -- overdues have started coming. What's the current status and when do you expect this entire thing to get resolved?

Alok Gupta: So I think we'll have to take the Telangana overdues on a month-on-month basis. I think the engagement with the corporation and with the respective policymakers is fairly intense and we have seen some results of that coming in the month of October. But we'll have to take month-on-month rather than sort of -- rather than have a clear outline of where the position, the money will get paid. But I think from what we hear and our engagement with the government through the industry body, I think, this issue is at the centre of discussion and we see continuous reduction in the overdues.

Sanjay Manyal: Okay. Possible to give an exact number overdue currently?

Alok Gupta: For the industry level, I have to really pull it out. It's not handy with me at this point of time. But if I was to go by a press report that I read a couple of days back, the number is north of Rs. 3,000 crores.

Moderator: The next question is from the line of Anuj D from Antique Stock Broking.

Anuj D: Hi, team. Just a couple of questions from my end. So ICONiQ has now delivered 4.9 million cases in the first half. So when I look at it as a percentage of P&A, it has moved up to roughly 60% from the previous year's 43%. So are we seeing a decline across the other major brands such as Officer's Choice Blue, SRB7 and SRB10? And I know you had called out that the

blend has been revamped for SRB7. So sort of what is the trend moving ahead for these three brands?

Alok Gupta: So on SRB7, like I covered, I think we have put together this entire program on 'So Smooth Must Be Magic' with the focus being at the blend at the heart of our communication. Very happy to share with you that in our priority market, we are back on the growth track, and we are expanding this program nationally. And therefore, we see this brand coming back on the growth track by end of this year.

ICONiQ operates at a price point identical to OC Blue. The market share that ICONiQ White has been able to garner comes from established brands in the same price point, be it Imperial Blue or McDowell's No. 1 and also from OC Blue. So there is a bit of cannibalization. But the way we look at the segment is that what percentage of the segment we have combined between OC Blue and ICONiQ. So when you put together, our market shares have only moved up.

Anuj D: Anything on SRB10?

Alok Gupta: SRB10 was always a very small brand. We do close to about 150,000 cases. It was never a big contributor. However, the good news is that we are looking at strengthening this brand in the defense channel, both in CSD and paramilitary. So the growth will be driven by focusing now in the defense channel. But overall, SRB10 only contributed about 150,000 cases in our P&A.

Moderator: The next question is from the line of Ishaan, an individual investor.

Ishaan: Yes. My -- few question. My first question is that we have seen a de-growth in the Mass Premium category. So, would you like to comment on what is the reason for the degrowth in the Mass Premium category? Is it the competition or the adversity? My second question is...

Alok Gupta: I think -- sorry. Please go ahead.

Ishaan: Hello. Yes.

Alok Gupta: Please go ahead.

Ishaan: My second question is -- yes. Yes. My second question is regarding the Prestige & Above category. So we are seeing that ICONiQ White brand is contributing almost more than 50% of P&A category. So are we like getting too much on ICONiQ White growth comes down in the ICONiQ White that it will negatively affect the top line?

Also I think that we have the guidance for the P&A negative 50% by the end of FY '28. But we are at already I think 48% P&A contribution? So would you like to revise some guidance for FY '28 for P&A category, sorry?

Alok Gupta: Again the guidance for the P&A, 50% by 2028. We are at 47% as you rightly pointed out. I think if there's a need to revise this guidance, we will certainly do so, by end of this financial year. So allow us to come back to us on new guidance.

As regards to the Mass Premium segment is concerned, I think we covered both the point on this call. MML, which is the MML policy in Maharashtra has an impact on the entire Alcobev market, especially on the Mass Premium. Secondly, the temporary pipeline correction that we've seen in Telangana. So degrowth largely is on account of these two factors.

So Telangana situation, we expect to majorly course correct by December as the new licenses, we know who the new licenses are. They will be signing up the new shops and moving forward. Maharashtra, of course, is a bit of a wait and watch. So only by end of this quarter, we will be able to figure out as to which way the IMFL sales are settling down.

Ishaan: Okay. And what about your view about the ICONiQ White is contributing more than 50% of the P&A category, right? So we are like the ICONiQ White is too much concentrated over P&A. So should we focus on diversification of retail barriers too much?

Alok Gupta: If you look at the industry construct, the industry is about 400-odd million cases, of which 160 million is what we call as the P&A or the Prestige price point. Of this 120 million cases is whisky and about 40 million cases is brandy and vodka. The way we are architecting our portfolio strategy is with SRB7, ICONiQ and OC Blue, continue to get market shares from the 120 million case whisky Prestige market and introduce brand in the Prestige brandy and the Prestige vodka segment.

So Prestige Brandy, we've already launched Golden Mist, which is at the early stages of launch, currently available in the state of Telangana and the state of Karnataka. And we are hopeful, like I had explained earlier, that we should be able to get brand approvals in the state of Andhra.

So the 40 million cases, which is Prestige brandy and Prestige vodka, one brand has already rolled out, and we are also looking at rolling out a Prestige vodka in the next few quarters. So the idea is get profitable shares of the 160 million Prestige price point through a combination of whisky, brandy and vodka. Therefore, overall portfolio will expand, not just in whisky, but it will become a multiple flavor portfolio.

Moderator: The next question is from the line of Sunny Gosar from MK Ventures.

Sunny Gosar: Congratulations on a very good set of numbers. I have a couple of questions. First is with regards to the state of Telangana. In the presentation, you had mentioned that in the month of October, you started collecting some overdue amounts. So if you can give some color on what's the outlook in terms of overdue receivables in Telangana? And second, on the state of Telangana, like is there any possibility of price hikes or any pricing committee, which has been formed? So that's my first set of questions.

Alok Gupta: Right. So the pricing committee has been formed. The pricing committee has already given a price increase to the Beer segment. This will be followed as we understand the BIO, followed by IMFL and the logic being that we got a price increase in May '23, which was roughly two years back and the other segments got price increase about four or five years back.

So the price committee is up and operational, have already concluded beer, in the process of looking at BIO and then we look at IMFL. So we are in active discussion with the corporation in terms of taking up the case of the IMFL industry as soon as we can. On Telangana, in the month of October, the money that got released against the old overdue, the money that got released is about Rs. 100 crores towards the old overdues.

Sunny Gosar: Got it. And in terms of clearing of the overdues, is there a pathway or visibility in terms of -- or any timeline that the government has indicated to basically reduce this substantially further?

Alok Gupta: The government has given us an assurance that they will, every month, give us not only clear current dues, but will also release a part of the overdue. They have not given us a quantum and neither have they given us a time frame. So like I said, we'll have to take each month in a stride and just make sure that we are continuously having a dialogue so that every month, this position becomes better and better.

Sunny Gosar: Got it. My second question is on the capex program. So our overall capex program was about Rs. 500-odd crores. What I would like to understand is how much of this has already been spent till say, September '25? And what is the pending cash outflow over FY '26 and FY '27?

Alok Gupta: Okay. So if you recall in the earlier call, I had outlined roughly 25% of this Rs. 527 crores was invested last financial year. 60% of this Rs. 527 crores will be invested in this financial year and the balance 15% will be invested in the next financial year. So the capex investment is broken 25% last year, 60% this year and 15% next year.

Sunny Gosar: Got it. So Rs. 300 crores approximately in the current year and about maybe Rs. 100 crores to Rs. 125 crores in the next year?

Alok Gupta: Yes. You're right, Rs. 100 crores in the next financial year. And like I said earlier, I'm reconfirming that all the three projects are on time. We have said PET project will start in Q2 FY '26. We started production in Q2 of FY '26. The plant is now running to capacity of 600 million bottles a year, which is 50 million bottles a month. And the Maharashtra ENA facility is also on track and so is the single malt plant in Telangana.

Sunny Gosar: Got it. And one last question is on the A&P spend. So what is the current percentage in terms of A&P spend? And basically, what is -- as your P&A mix increases, what is the normalized level of A&P spend that you're looking at, say, over the next one to two years?

Alok Gupta: So the A&P spend, the demand in the Mass Premium segment is pretty low. So when we look at our A&P spend, it is roughly 4.5%, 5% of the P&A NSV. So our P&A NSV is, we invest

about 4.5% to 5% as A&P. The way we are looking at is to increase our A&P investment between 75 basis to 100 basis points year-on-year for the next two or three years.

Sunny Gosar: Got it. So basically, on a blended basis, this will be lower than 3%, right, assuming Mass Premium and P&A?

Alok Gupta: Just about 3%.

Sunny Gosar: Got it. And this 3%, again, on a blended basis should go to, say, between 4.5% to 5% by FY '28. Is that correct?

Alok Gupta: Little lower than that.

Moderator: The next question is from the line of Kunal Shah from Jefferies.

Kunal Shah: My first question is on ICONiQ White and specifically on profitability of that brand. So if I remember correctly, you had highlighted a few initiatives, use of market bottles, removal of mono cartons in this brand to improve profitability. I wanted to get an update on where are we in that journey? How much is left? And in the markets where you have done, let's say, removal of mono cartons, have you seen any impact on, let's say, brand perception or growth or anything like that?

Alok Gupta: So let me take the easier one first. The markets where we have removed mono carton, there is no impact. I think numbers speak for themselves. We did about 5.7 million cases all of last year. We've already done 4.9 million cases in H1. So the brand continues to grow organically. I think what is really working well for the brand is what we would call in classical marketing term is word of mouth.

I think consumers really love the blend, but they like the packaging a lot, but they love the brand and that word is spreading. So that's part one. On the mono carton removal, you will recall I said within 12 months of launch we removed. Our last market of launch for November and December last year. So it's really Andhra and Delhi.

So by December, the entire exercise of mono carton removal will be concluded. On the market bottle utilization, while our overall market bottle utilization is north of 20%. ICONiQ has really ramped up, and it's at about 16% and we are hopeful by the time we're finishing this year, the market bottle would also be operating at about a 20% level for ICONiQ White.

Kunal Shah: Just to clarify, there's no plans of any change in pricing or liquid profile as a part of your margin improvement in this trend, right?

Alok Gupta: What we're focused on is to really work on price variants and work on flavor variants, which means really in a meaningful manner, see how we can extend the brand equity of ICONiQ in

your price point and your flavor. But the core ICONiQ White will continue to play by and large, between the Deluxe and the prestige price points. I think that positioning will maintain.

Kunal Shah: My second question was on the Srishti brand. Any update you can share on how is that brand tracking? What's been the response till now? And any progress that you expect in the near-term?

Alok Gupta: We are very happy with Srishti. We are currently selling it in two markets only in UP and in Haryana. I think we have a clear go ahead from the customer in terms of the brand proposition, which is the Indian brand with the Indian soul. As you know, this brand has a unique botanical that comes from -- which is unique to India.

However, I think some interesting points were in terms of our packaging. So we are looking at reengineering some of the design semantics and get back to the market in Q4 and thereafter roll out in the top 10 markets of India.

Kunal Shah: And lastly, a bookkeeping question. Any one-offs in the employee cost? Or we should continue to assume that this run rate continues?

Alok Gupta: There is a one-off, which is the payment, which is the VIP, which is a variable component that got paid out in H1. And therefore, that is the only one-off in H1.

Kunal Shah: So on a normalized basis, let's say, Rs. 50 crores, Rs. 55 crores a quarter should be the right number or?

Alok Gupta: It's good. I think it's a fairly good estimate.

Moderator: The next question is from the line of Karan Kamdar from Choice Institutional Equities.

Karan Kamdar: Congrats on a very good set of numbers. A forward-looking question is that what stage do you see as future areas of growth, especially for ICONiQ White and Srishti, the brand that we are betting big on?

Alok Gupta: So as far as ICONiQ White is concerned, the brand will continue to grow organically. It continues to get share both from the Deluxe price point and the prestige price point. A point that we made earlier is that it's seen as its franchise is very strong among the younger consumer. So India is adding about 12 million to 13 million consumers of legal drinking age.

Some of them will take an informed decision to enjoy alcoholic beverage, and they will look for a brand that is trending amongst the younger consumer. So ICONiQ White also gets a larger share of the growth that is coming from newer consumer.

And on back of -- and therefore, the ability to get consumers both from Prestige and Deluxe and the newer consumer is a continuous growth engine on the brand. In addition, we are also looking at in a meaningful manner, looking at price and flavor variant to grow the brand

franchise. And we are already in about seven or eight markets internationally, also to grow its footprint from seven, eight markets to hopefully in 20 markets in time to come.

Karan Kamdar: One last question, if I can, is what are any updates on on-trade sort of efforts that we are making? Last quarter, you gave an update that we started going out and doing some on-trade activity. Any update on that front?

Alok Gupta: Absolutely. We are now ABDM products are now available on 2,000+ outlets. So it's been a fairly aggressive rollout of the brands in the premium on-premise. In addition, we have listing from three of the large hotel chains in India, and that itself will give product and excellent exposure to those who stay in the hotel and an opportunity to try the products.

And thirdly, like I said earlier, we've been able to -- we are looking at the travel retail channel very seriously. We've been able to open up two travel retail within India and H2, hopefully, another two or three travel retail will open both in India and overseas market. So on-premise, key accounts and travel retail will continue to be a very important area of distribution focus, especially for our Luxury portfolio.

Karan Kamdar: Any key brands you would like to highlight, which we are pushing for on-premise?

Alok Gupta: Well, the on-premise focus, I would largely say as far as the key accounts and premium on-premise travel retail is concerned, the focus is going to be on Zoya, Art House. The entire portfolio of the ABDM is going to be a big focus area. As far as brands like SRB7 and ICONiQ are concerned, these are also brand franchised at on-premises. Of course, the nature of on-premise is very different. So essentially, we have to see the on-premise fit with our brand, but each brand has its own on-premise program.

Moderator: The next question is from the line of Yash Bajaj from Lucky Investment Managers.

Yash Bajaj: Congratulations on a good set of numbers. Sir, my first question was on the malt distillery, which will come up by end of this year, this financial year. So if you can help us understand -- I understand that, I mean, the initial priority will be to utilize that for blending of our whisky product. But when it comes to suppose the single malt side of it, where are we in that journey in terms of kind of deciding and choosing what brand you are planning to launch in single malt and especially on the side of -- in terms of brand identity of that single malt, which you're trying to launch? And when would we see this?

Alok Gupta: All right. Thank you for this question. Before we started this journey, we essentially made an attempt to understand how single malts are getting launched across the globe. Today, single malts not just come from Scotland or from Japan. They also come from Taiwan, Thailand, U.S., Germany, even China is planning to launch its own single malt. So the idea was to understand that really what's the right to win when we launch single malt.

The single malt distillery that we are building in Telangana, the first thing is we are focusing on authenticity. We are focusing on a story that is sort of deeply connected with the 2,000 years of history of Rangapur district. So we've done a lot of research work and what has happened in Rangapur.

We are tribute to River Krishna from where we'll draw water for our single malt. So right from the way the single malt district is getting built out, we are on every step trying to make sure that we stay authentic to the environment and the sort of ecosystem in which the single malt is being made.

The production is likely to start in Q4 in this financial year, like we said earlier, and we are on track. The total production that we'll do there is 4 million liters. A part of this production will go towards raw material and a part of this production will go towards maturation for our single malt.

So our master blender has visualized as to what kind of a single malt profile we would launch in 2029. That is when we are targeting our single malt to come out. And right from distillation to maturation to the kind of cask, the maturation will happen. I think that blueprint is already ready. So quite excited about bringing our single malt in 2029.

And one quick point that I'd like to cover earlier is that in anticipation of the single malt, we are also strongly building our distribution globally. Therefore, addition of markets in the Northern America, looking at setting up our hub in Europe and the Southeast Asian market. We've already started work in anticipation that we'll have not just our Luxury portfolio, but also have our single malt in 2029.

Yash Bajaj:

Just a follow-up on this was the casks. I mean, how important or differentiating is the cask which we use for the maturation of the malts? And I mean, where would these casks be coming from? We understand that there are these casks which are available all across the globe. So if you can just help us understand that, which will help you bring that authenticity.

Alok Gupta:

We can spend a full day talking about it. I'll try and keep it very simple. As you know that the character of a whisky is determined by three things. It is determined by the wood in which the spirit is matured, the environment in which the whisky is matured and the water that is used for the maturation process. That wood plays an extremely important role. And that's the point I was trying to make that the master blenders already thought through in terms of what profile of whisky do we want in 2029 and therefore, what kind of cask mix that we need.

Broadly speaking, we use three kind of casks without drilling into too much of detail. We will use one use bourbon cask that predominantly comes from the U.S. We will use some casks that are used in the Scottish malt industry, and we'll use some sherry casks coming from France, which are used for the wine industry. And as the whisky gets matured and rotated in these three different kind of casks by 2029, we'll have one unique single malt coming out from our unit in Rangapur.

- Yash Bajaj:** And my final question is, sir, the 12 million cases, which is a super-premium segment, if you can help us break that out into suppose, dark spirit and white spirit? And at what rate would this piece be growing at today?
- Alok Gupta:** Okay. Predominantly, it's dark spirit. A lot of this is really whiskeys, both non-scotch and scotch. We know the growth of Irish whisky in the country. We know that consumers are looking at Japanese whisky, there are bourbon. So dominant flavor profile upwards of close to about 90% would be whisky and balance is going to be white, which is tequila, vodka, gin, white rum and many others. So that really is the broad dark to white breakup.
- Yash Bajaj:** And at what rate would this be growing at, sir?
- Alok Gupta:** Just give me 30 seconds. I'm going to give you the number, but I reckon that it's going to be high double digits.
- Moderator:** The next question is from the line of from Naitik from NV Alpha Fund.
- Naitik:** I just need one clarification. You mentioned you have received roughly Rs. 100-odd crores from the Telangana deal. So if you can just confirm that? And a follow-up question on the same is how much amount is still to be received from Telangana government?
- Alok Gupta:** So I can confirm that we have received over Rs. 100 crores from the overdue amount from the Telangana government. And our total due at this point of time, just page turn and figure out what the number, just give me 10 seconds. Yes, it's about close to Rs. 700 crores, of which roughly Rs. 250-300 crores would be current dues and balance is going to be the over dues.
- Naitik:** Sir, another question is what is the volume from exports currently, if you could give me that number?
- Alok Gupta:** Volume is north of 2 million cases.
- Naitik:** 2 million cases. And we expect to add another 1 million from Africa by when?
- Alok Gupta:** So this 2 million cases is the annualized market. And we are looking at Africa to be a big growth market over the next two years or three years.
- Moderator:** The next question is from the line of Abhinav Rao from IndiaFirst Life Insurance.
- Abhinav Rao:** Hello.
- Alok Gupta:** Yes. Hello. Hi.
- Abhinav Rao:** Yes. Hi, sir. Sir, I wanted to understand like in UP ICONiQ right is doing like in 1 million odd cases. So that's like close to 20% of your volumes. So can you just detail the reasons for this

sort of growth in UP market? Is our product priced higher or lower compared -- comparing it with Imperial Blue?

Alok Gupta:

So UP as a market, as we all know is a fairly progressive state. I think the policy structure of UP really allows for what I call as accelerated premiumization, making it easier for consumer to move up the value chain. So it presents a unique opportunity for marketers to take advantage of it, and ABD has done exactly that, is to take advantage of this policy framework, which allows consumers to premiumize.

ICONiQ has been a fast-growing brand in the state of UP. This year, of course, we made UP a priority market largely because the policy allowed -- the way the policy was structured, we expected these price points to be -- to have high growth. And therefore, as a result, we are seeing accelerated growth of ICONiQ White in UP. On the pricing, there is not a single market where ICONiQ White operates below an Imperial and McDonald's Number 1. We operate either at parity or at a higher price.

Abhinav Rao:

But in the state of UP, are we the market leader in terms of volume?

Alok Gupta:

Well, I think in this quarter, by end of this quarter, we do believe that we could have -- we could be a market leader in this segment.

Abhinav Rao:

And sir, the other team is like on the Luxury side can you just share a bit details of your brand, like expansion brand, I mean like, are all the brands are currently available in all the states or if it like just limited to few of the states? And the other thing is on the Russian standard vodka, how are the margins here, is it like more or less distribution margin or is it like some your -- I mean, some brand sort of margins?

Alok Gupta:

Let me see if I can provide a framework, which makes it simpler. Our focus till H1, which is September '25, was to get our portfolio in place. We have now six beautiful brands in our portfolio, which is Zoya with 2 variants, which is Watermelon and Espresso Martini, Arthaus, Woodburns, Pumori, Segredo and Russian Standard.

We are also planning to launch three new brands in H2. One of them is going to be White and two other whisky, scotch, non-scotch and that sort of gets our portfolio to completion. And once the FDA is in place, we will look at entry strategy in the BII scotches. But for now, by end of H1, we have six brands, three new to be added in H2, and that was clearly our focus.

In parallel, we are focused on three other things. Number one, we are focused on building capabilities. So ABD Maestro, our subsidiary that is focused on Luxury portfolio has gone to build on an infrastructure, which is focused on key accounts and on-premise. So it's a 50 people strong team, which brings in capabilities on key account management, mixology, cocktail how to manage social media space.

So that's a capability now that is fully ready and baked in. And third focus is on distribution, like I spoke about earlier, both in Indian market and in the global market. As far as domestic offering is concerned, ABD is available in over 90% of the outlets. So it becomes easier for any of the Luxury brands to -- for us to distribute. But ABDM is focused on key accounts. We've already got listing north of 2,000 outlets and the listing grows on a weekly basis. And the third point is look at countries beyond India and also focus on travel retail.

So H2 for us is going to be a focus on expanding distribution in identified states, expanding distribution globally and also expanding distribution in the travel retail. And a point that I was making earlier on is that by end of this financial year, I think we'll have some really good data points to talk about how does the future look like and at what speed can we move forward. Our current ARR is about -- annual run rate is about Rs. 40 crores, but it is growing month-on-month. And we're quite happy with the progress that is being made.

Abhinav Rao: Okay. And the margins related to Russian Standard is like, can you share in which one?

Alok Gupta: No. No. Standard margins would be 4x of distributor margin. We are not distributors. We are India partners. Our entire go-to-market is partners of a brand in India. Therefore, the way we are positioned is to at least have margins which are value accretive for us. So margin range will be about 4x to 5x of what a distributor -- typical distributor margins are.

Moderator: The next question is from the line of Nitin from Emkay Group.

Nitin: One question is around your cash flow and capex needs. So like we'll be going ahead with the capex need, and we have around 50% dividend payout. So how do you think the capex will be funded ahead? Is it like we have to resort to borrowing? Or do you think that cash generation will be sufficient for the capex need ahead?

Alok Gupta: No. We will need to borrow the balance capex for this financial year. But the way we have planned our borrowing is to make sure that it is well within all the key ratios that we have internally agreed as and the growth must be driven within certain KPIs. So all the borrowing is keeping those KPIs in mind. But we'll have to do a bit of all.

Nitin: And any sense on the dividend payout? So would you look to maintain or...

Alok Gupta: This question is for next year because this last year dividend has been paid out this year. So I think we'll address this question at the right time.

Nitin: Got it.

Alok Gupta: I guess if you are done with all the questions, we can close the session for the day. But if there are any further questions, happy to address.

Moderator: The last question is from the line of Ayush, an individual investor.

- Ayush:** Yes. Congratulations on a good quarter. My only question is that from which quarter we can expect the import duty reduction from the UK FTA going into our margins and numbers?
- Alok Gupta:** I stand at this point of time we believe that this could be around quarter one to quarter two next financial year.
- Ayush:** Okay. That's the only question from my side.
- Alok Gupta:** All right. Ladies and gentlemen, thank you so much for your time and for your question and thank you for sharing your wishes with us, which really appreciate.
- Moderator:** On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.