

The Issue	
Type of Issue	Issue size Rs. Mn
Fresh Issue	10,000
Offer for sale	5,000
Total	15,000
Post issue mkt cap*	78,596
Lot size	53 shares

***At Upper Price Band**

Issue Break-Up	
Reservation for	% of Issue
QIB	50%
NII	15%
Retail	35%
Total	100%

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	25 Jun, 2024
Bid/Offer Closing Date	27 Jun, 2024
Finalization of the Basis of Allotment	28 Jun, 2024
Credit of shares	01 Jul, 2024
Listing Date	02 Jul, 2024

Use of Proceeds	Rs. Mn
Payment towards borrowings	7,200

Manager	Nuvama Wealth Management,
Registrar	Link Intime India

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Legacy brand in crowded IMFL market...

Company Overview:

- Allied Blenders aka Officer's Choice is a major player in India Indian-made foreign liquor (IMFL) industry.
- In sales volume terms, they hold a market share of 11.8% and 8.2% in the Indian Whiskey market and overall IMFL market in FY23. Over FY21-23, the total sales volume has grown at a CAGR of 12.4%.
- Revenues from domestic market contributed 98% while exports contributed rest.
- The company specializes in Whisky segment with spirits contributing over 96% of their revenue from operations.
- Their whiskey product portfolio comprises of "Officer's Choice Whiskey (flagship brand), Officer's Choice Blue, Sterling Reserve and ICONiQ Whiskey."
- The company's whisky brands include blends of Scotch malts from the Highland, Lowland and Speyside regions.
- As of December 31, 2023, their product portfolio comprised of 16 major brands of IMFL across whisky, brandy, rum and vodka.
- They have one of the largest PAN-India sales distribution footprints. As of March 31, 2023, their products were retailed across 79,329 outlets across 30 States and Union Territories in India.
- In-house distillation capacity of Extra Neutral Alcohol (ENA) stood at 60mn liters per year. Also, production targets are met through owned bottling facilities (75.8% of revenue) and third party (21.5% of revenue) facilities.
- Forayed into Gin category with the launch of Zoya Special Batch Premium Gin in January 2024.

Valuation and Outlook:

At an upper price band of Rs 281/sh, the IPO is valued at P/S (not PE as D/E quotient is high) of 2.3x on annualized FY24 basis vs 5.4x peers' average. The company's revenue grew at a CAGR of 15.8% over FY21-23 basis. However, EBITDA/APAT de-grew by 2.3/20.1%, respectively over the same period. Out of net proceeds, Rs 7,200mn will be utilized for debt prepayment. This is expected to strengthen balance sheet and aid FCF. Long-term growth outlook remains robust on back of (1) lower per capita alcohol consumption vs global average, (2) increase in disposable income and need for premium quality products, and (3) Improved consumption trends among youth and women. However over the medium term, We believe, company's premium mix and better acceptance of its product should drive volume growth ahead. **We thus assign "Subscribe for Long Term" rating on the IPO.**

Allied Blenders and Distillers Limited

Key Risks:

- Whiskey sales contribute more than 95% to the revenue. Also, its flagship brand Officer's Choice constitutes ~75% of sales volume. Any increase in competition in whiskey segment could materially affect results from operations and cash flow.
- Contingent liabilities constitute 47% of the Net Worth as on December 31st, 2023.
- Top ten consumers contributes over 50% to revenue. Any disruption among these consumers could adversely affect revenue from operations, balance sheet and cash flow.
- Change in regulations including taxation and excise policies might affect the financial performance of the company.

Vs Peers

Particulars	FY21-23			FY24			
	Revenue CAGR	EBITDA CAGR	PAT CAGR	ROE	ROCE	ROA	P/S(x)
Allied Blenders & Distillers	15.8%	-2.3%	-20.1%	5.5%	39.1%*	0.8%*	2.3
Listed Peers							
United Spirits	14.2%	15.6%	76.4%	21.7%	28.7%	13.6%	8.3
United Breweries	33.0%	27.2%	63.6%	10.1%	13.5%	6.2%	6.8
Radico Khaitan	14.9%	-6.3%	-13.2%	11.3%	13.2%	6.6%	6.0
Piccadily Agro	10.7%	9.2%	10.6%	30.7%	29.6%	13.2%	9.0
Tilaknagar Industries	45.6%	59.3%	NA	25.0%	22.3%	13.8%	3.6
Som Distilleries & Breweries	67.4%	NA	NA	18.5%	19.4%	8.3%	1.7
G M Breweries	32.2%	24.9%	11.8%	19.6%	23.5%	17.5%	2.5
Average							5.4

*Return ratios are calculated on 9MFY24 basis.

Allied Blenders and Distillers Limited

Key financial summary

Financial summary (Rs. Mn)	FY21	FY22	FY23	9MFY23	9MFY24
Revenue	23,484	26,857	31,466	23,757	25,603
EBITDA	1,940	1,963	1,850	1,354	1,824
<i>EBITDA margin (%)</i>	<i>8.3%</i>	<i>7.3%</i>	<i>5.9%</i>	<i>5.7%</i>	<i>7.1%</i>
Adj. PAT	25	15	16	29	42
<i>Adj. PAT margin (%)</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.2%</i>
EPS (Adj for issue)	0.1	0.1	0.1	0.4*	0.2*

* on an Annualized Basis

Pre-issue and post-issue holding structure

Shareholding pattern	Pre-issue	Post-issue*
	Holding (%)	Holding (%)
Promoter & Promoter Group	100.0	80.9
Public	0.0	19.1
Total	100.0	100.0

* At upper price band

Promoter Selling Shareholders	No of Shares	% of OFS	% of Pre-issue Size
Bina Kishore Chhabria	1,33,45,196	75.0%	5.5%
Reshma Chhabria Jeetendra Hemdev	44,48,399	25.0%	1.8%
Total	1,77,93,595	-	-

Particulars	No of shares		Rs in Mn	
	Floor	Cap	Floor	Cap
Fresh Issue	3,74,53,184	3,55,87,189	10,000	10,000
Offer for Sale (OFS)	1,77,93,594	1,77,93,594	4,751	5,000
Net Offer	5,52,46,778	5,33,80,783	14,751	15,000
QIB (50% of Offer)	2,76,23,389	2,66,90,391	7,375	7,500
NII (15% of Offer)	82,87,017	80,07,117	2,213	2,250
Retail (35% of Offer)	1,93,36,372	1,86,83,274	5,163	5,250

Allied Blenders and Distillers Limited

Competitive Strengths:

One of the largest IMFL company in India: The company is the 3rd largest IMFL company in India in terms of sales volume between FY14-2022. In FY23, its IMFL volume market shares stood at 8.2%. Four of its brands, namely, Officer's Choice Whisky, Sterling Reserve, Officer's Choice Blue and ICONiQ Whisky are 'Millionaire Brands' i.e., over million cases are sold annually.

Strong Brand recognition: Officer's Choice Whisky is the market leader in the mass premium segment with a market share of 20.9% in terms of annual sales volumes in Fiscal 2023. Also, their Sterling Reserve Blend 10 and Sterling Reserve Blend 7 are available in premium and semi-premium whisky segments. This has not only enabled the company to gain cater at different price pints but also gain on volume sales.

Access to extensive PAN-India distribution Network: Indian Alco-Bev industry is highly regulated in terms of production and distribution. The regulation varies across states. Through owned and third-party bottling facilities across states, they had placed their products in 79,329 retail outlets across 30 States and Union Territories in India. This already established network and high entry barrier industry norms adds to its strength to achieve high volume sales.

Well positioned to capture Industry Growth tailwind: India's per-capita alcohol consumption in 2023 is 3.2 liters significantly lower compared to global average of 5 liters. Additionally, India's higher demographics of young workforce, greater social acceptance for drinking among women all bodes well for Industry growth. IMFL is the largest segment of India's alco-bev market. Being one of the established and largest IMFL company in India, Allied Blenders is well poised to capitalize on this growth trend.

Business Strategies:

Increase market share of Officer's Choice Whisky across regions: In FY23, sale of whisky accounted for 64% of IMFL sales by volume and 68% by value in India. Mass premium segment constitutes 37% of the total IMFL market in India in FY22. The company's "Officer's Choice Whisky" is the market leader in the mass premium segment with a market share of 20.9% in terms of annual sales volumes in FY23. Management intends to place the brand for younger generation and improve its penetration.

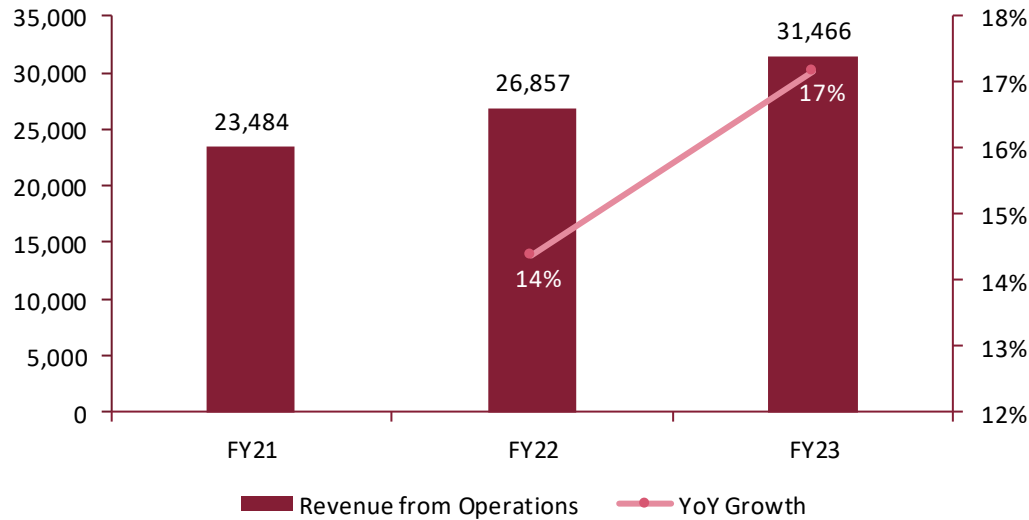
Introduce more premium products: Prestige segment, aka the deluxe segment contributes 51% of the whisky market by volume in India at 124 million cases in FY23. Further semi-premium segment is also expected to post fast growth. They have already forayed into premium gin category with the launch of Zoya Special Batch Premium Gin in January 2024. Management intends to introduce more products in premium and semi-premium and deluxe segment to improve company's profitability and margins.

Enhance brand awareness and engagement through digital marketing: Increasing data connectivity in the country offers many players great opportunity to digitally market their products. In line with this, the company also intends to leverage digital marketing to enhance its brand awareness and customer engagement.

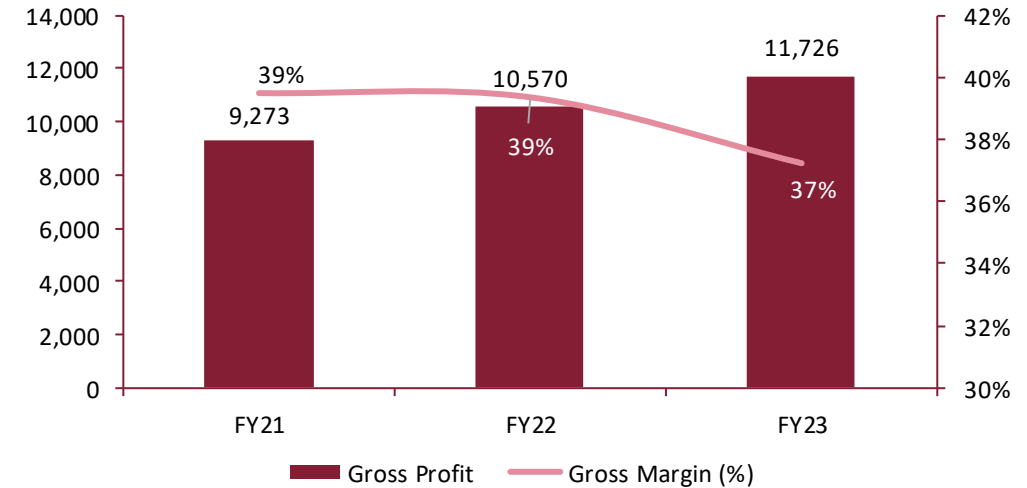
Evaluate growth opportunities through selective acquisitions: In 2017, company acquired the distillery located in Telangana by demerging the bottling and distillery business from Tracstar Investment Private Limited, one of their group companies. To further improve backward integration capabilities, they intend to acquire or build additional distilleries across India. This is expected to rationalize cost and improve margins.

Allied Blenders and Distillers Limited

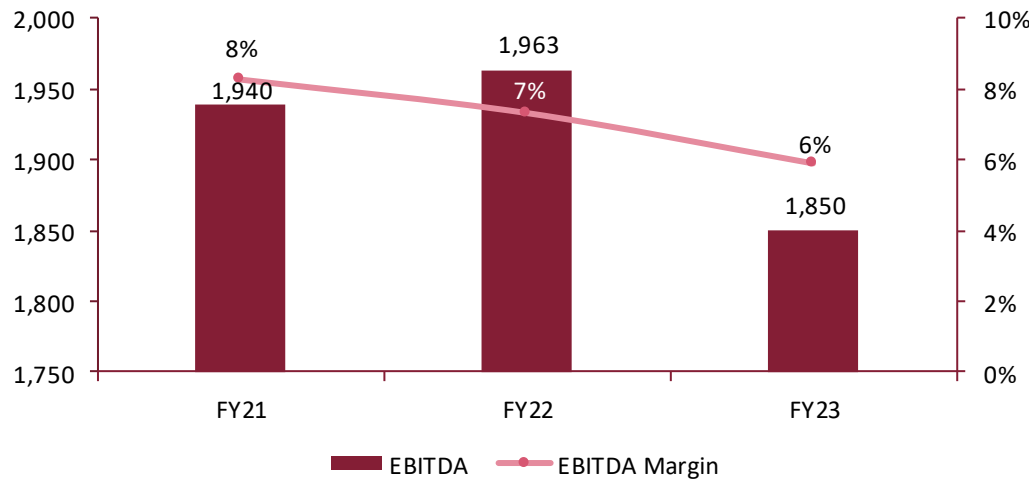
Revenue from operations (Rs. Mn)



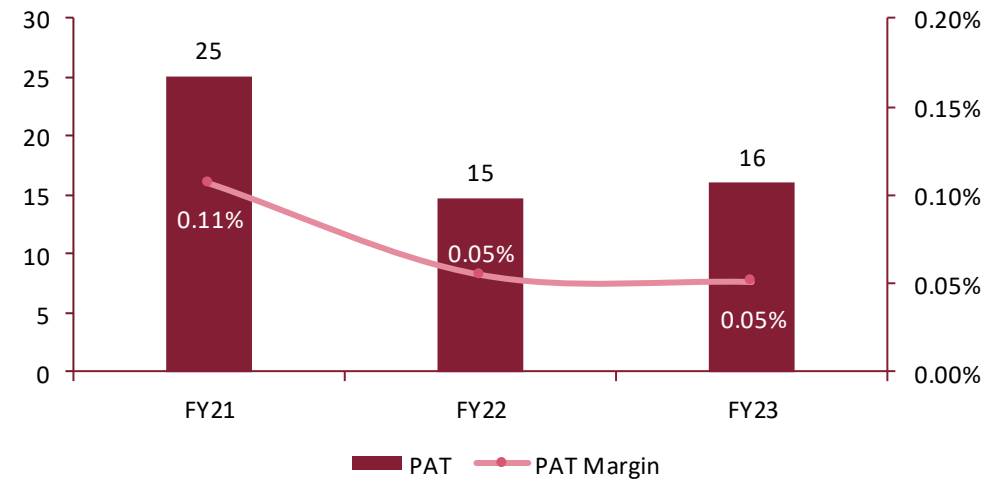
Gross Profit (Rs. Mn) and Gross Margin (%)



EBITDA (Rs. Mn) and OPM (%)

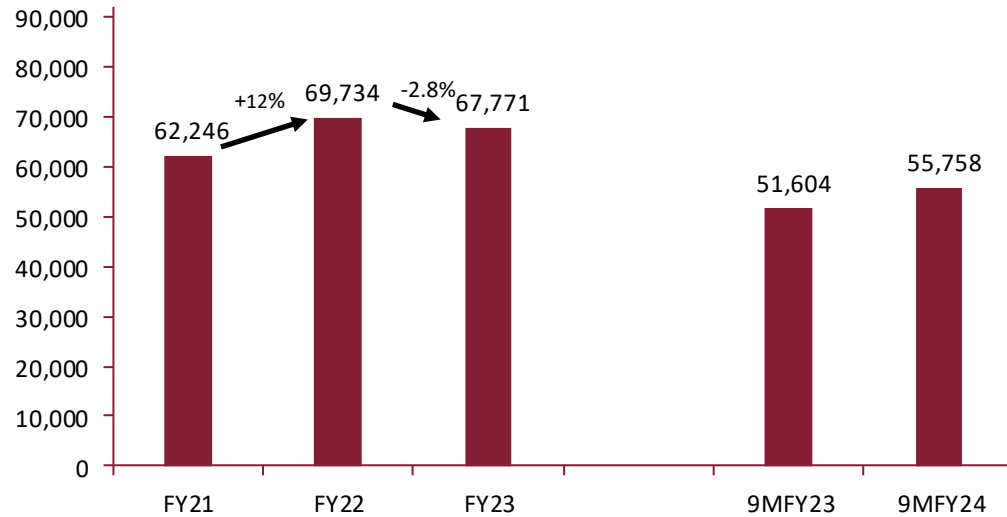


PAT (Rs. Mn) and PAT Margin (%)

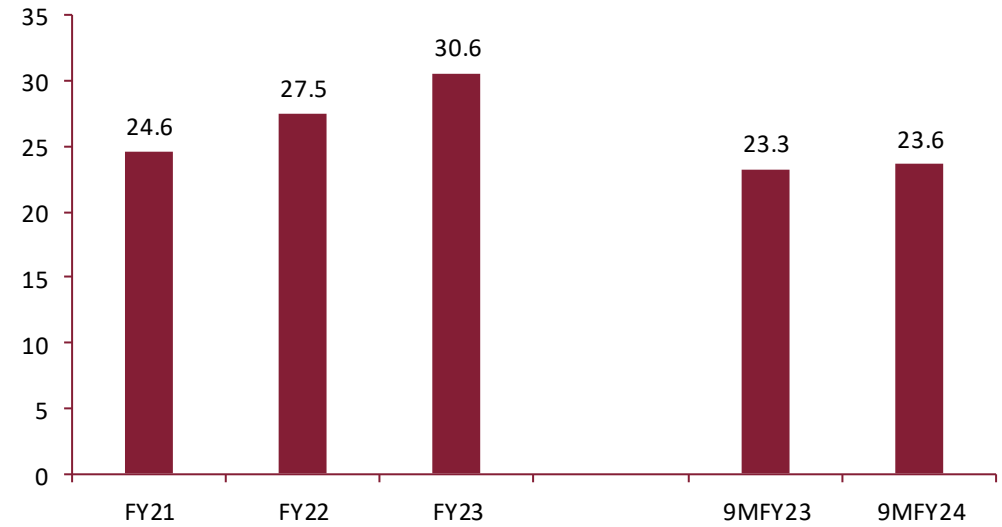


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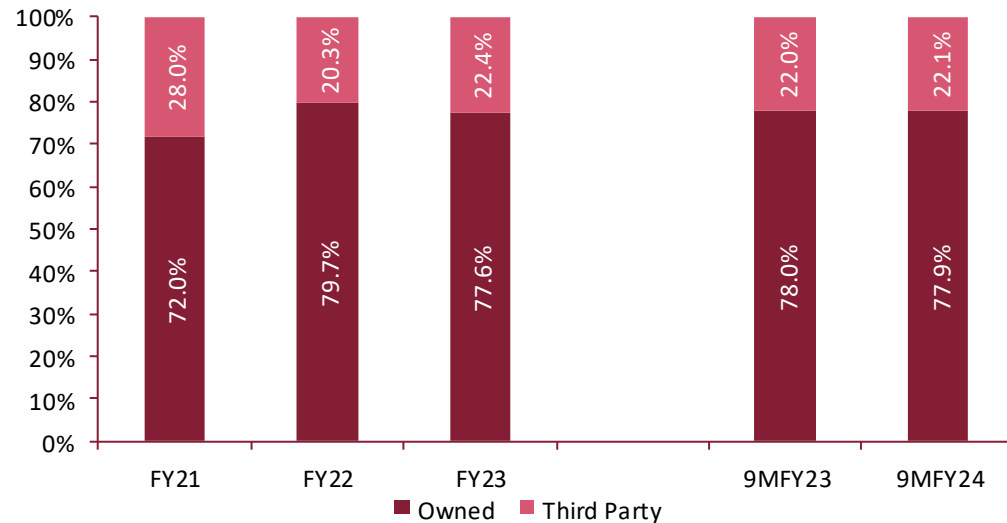
Revenue Trend of Whisky (Constitutes >95% of Sales)



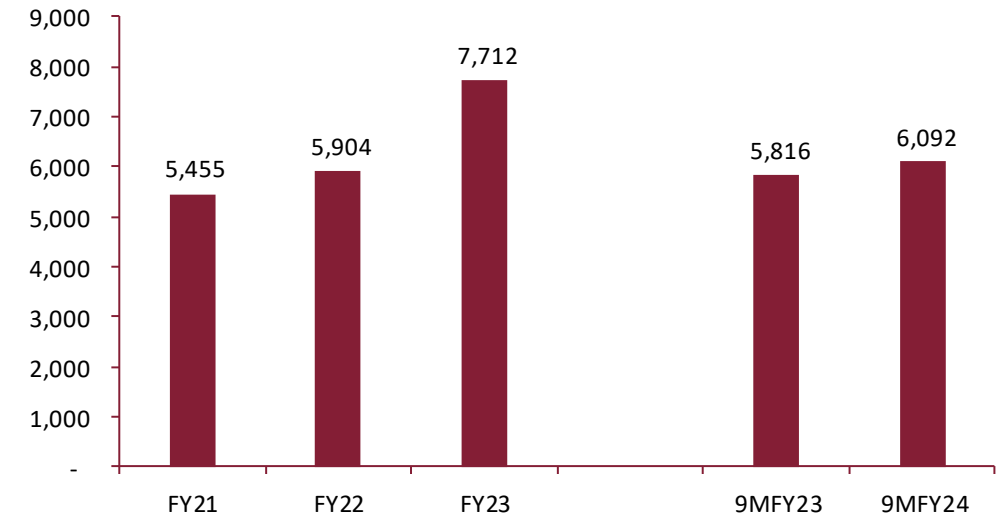
Whiskey Sales Volume (Cases in Mn)



Net Revenue from Operations from Bottling Facilities




















Cost of Extra Neutral Alcohol (ENA)



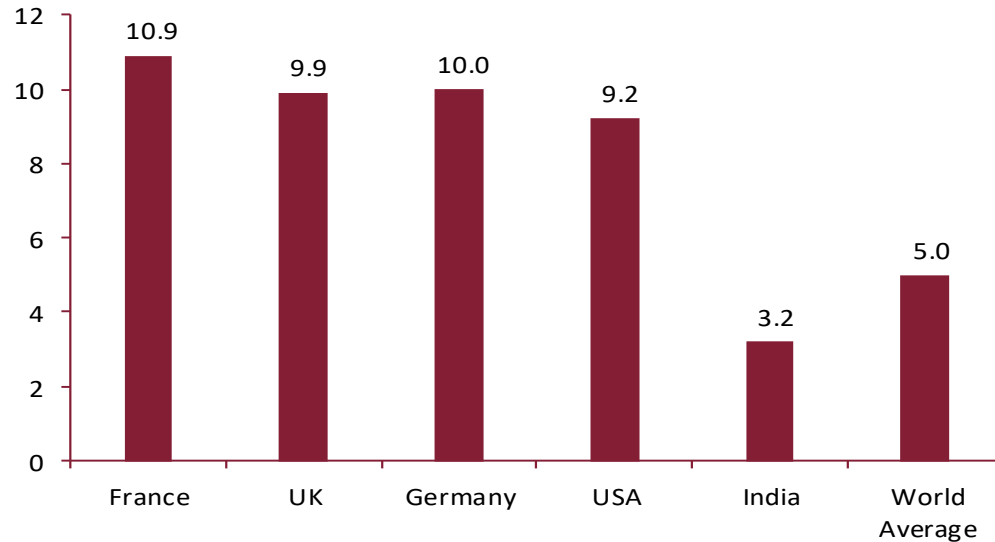
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Product Portfolio

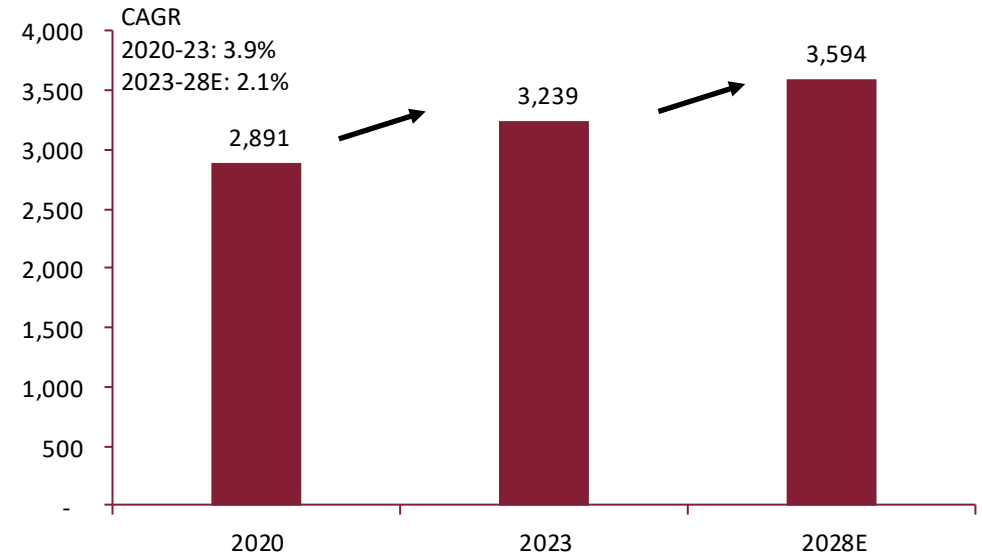
Segment	Brand		
Premium	 <i>Zoya Special Batch Premium Gin</i>	 <i>Sterling Reserve Blend 10 Whisky</i>	 <i>Kyron Premium Brandy</i>
	 <i>Sterling Reserve Premium Cellar Brandy</i>		 <i>X&O Barrel Premium Whisky</i>
Semi-Premium	 <i>Sterling Reserve Blend 7 Whisky</i>	 <i>Sterling Reserve B7 Whisky Cola Classic Mix</i>	 <i>Srishti Premium Blended Whisky</i>
	 <i>Officer's Choice Blue Whisky</i>	 <i>Jolly Roger Rum</i>	 <i>ICONiQ White International Whisky</i>
Mass Premium	 <i>Officer's Choice Whisky</i>	 <i>Officer's Choice Star</i>	 <i>Officer's Choice Brandy</i>
	 <i>Officer's Choice Rum</i>	 <i>Class 21 Vodka</i>	 <i>Cheval Fort Cafe Rum</i>

Industry Outlook

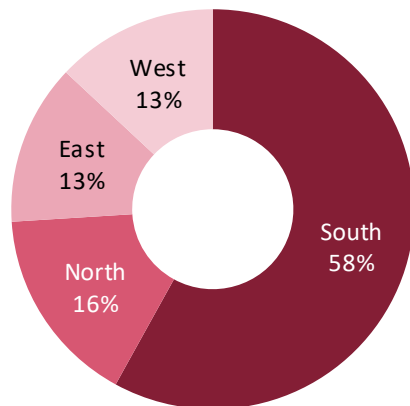
World Per Capita Consumption of Pure Alcohol (in Liters) - 2023



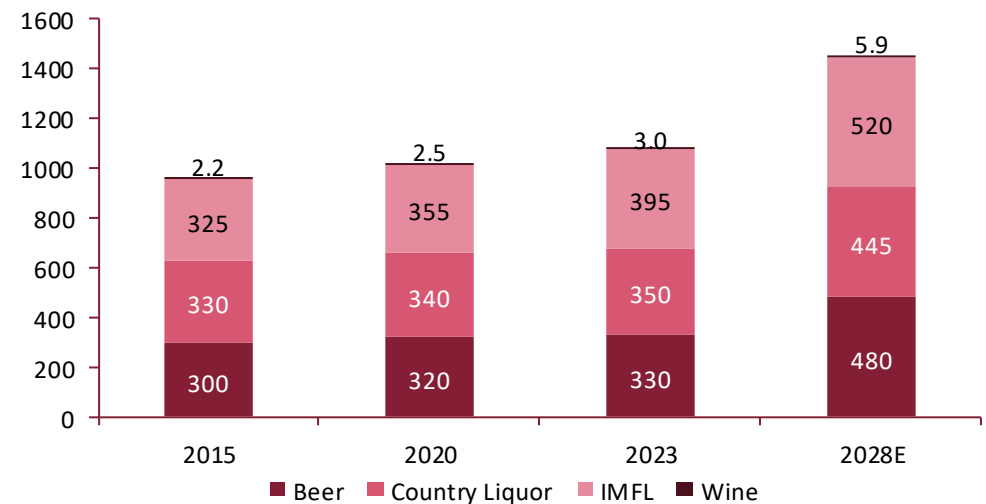
Indian Alco-bev Market Size of Pure Alcohol (in Mn Litres)



Regional Split of IMFL market for Fiscal 2023



Alco-beverage consumption in India (in Mn cases)



Allied Blenders and Distillers Limited

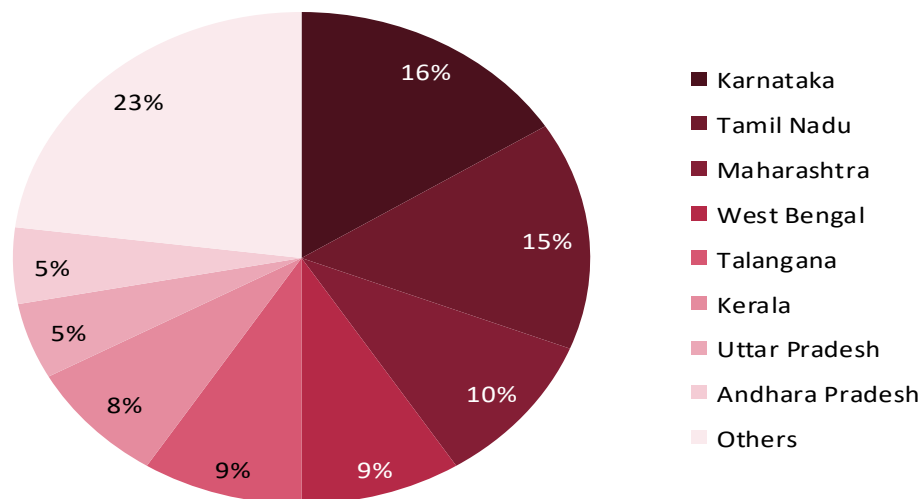
Industry PAT Margin

Companies	FY21		FY22		FY23	
	PAT	Margin	PAT	Margin	PAT	Margin
United Spirits	362	4.5%	811	8.3%	1,126	10.6%
Pernod Ricard India	1,070	13.3%	1,459	14.8%	1,343	11.3%
Radico Khaitan	264	11.0%	249	8.7%	204	6.5%
Jagatjit Industries	2	0.5%	1	0.2%	7	1.3%
John Distilleries	44	5.2%	28	2.8%	-9	-0.8%
Allied Blenders	3	0.1%	1	0.1%	2	0.1%
Tilaknagar Industries	-38	-7.0%	45	5.8%	72	6.2%
Globus Industries	144	11.7%	187	11.9%	122	5.8%

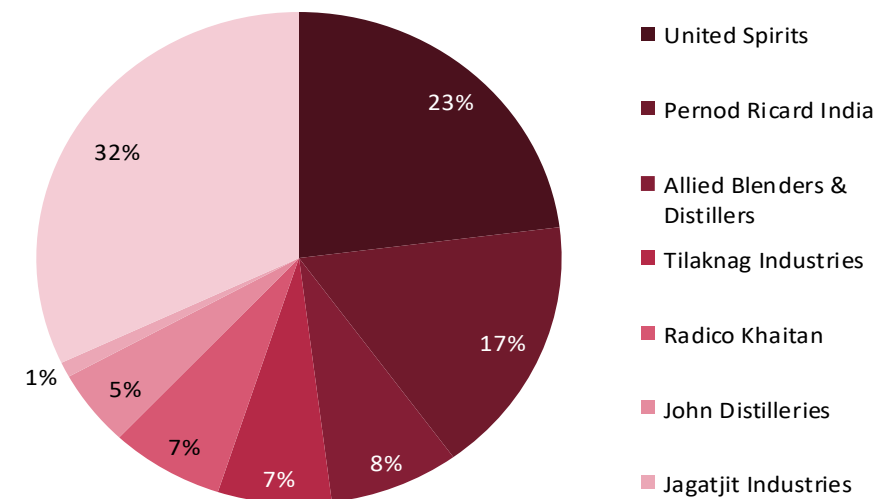
Industry ROE

Companies	FY21	FY22	FY23
United Spirits	8.9%	16.6%	18.8%
Pernod Ricard India	32.5%	40.0%	30.9%
Radico Khaitan	14.7%	12.3%	9.3%
Jagatjit Industries	4.2%	1.5%	10.3%
John Distilleries	17.0%	9.8%	-3.2%
Allied Blenders	0.7%	0.4%	0.4%
Tilaknagar Industries	68.9%	33.8%	14.9%
Globus Industries	24.4%	24.2%	13.8%

IMFL State-wise Market Share in India



IMFL Market Share in India



INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

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