February 04, 2026

To,

BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 **Scrip Code (BSE): 544203**	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 **Symbol: ABDL**
Our Reference No. 114/2025-26	**Our Reference No. 114/2025-26**

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript of the Conference Call to discuss 3QFY26 Earnings of the Company held on Friday, January 30, 2026.

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 3QFY26 Earnings of the Company held on Friday, January 30, 2026**.

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
Digitally signed by SUMEET MAHESHWARI
Date: 2026.02.04 19:09:19 +05'30'

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

Encl.: a/a

"Allied Blenders & Distillers Limited

Q3 & 9M FY '26 Post Earnings Conference Call"

January 30, 2026

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 and Distillers Q3 and 9M FY '26 Post Earnings Conference Call hosted by Antique Stock Broking. 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 the conference call, please signal an operator by pressing star then zero 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, Mr. Kundu.

Abhijeet Kundu: Thanks. It's our absolute pleasure to host the management of Allied Blenders and Distillers Limited for the third quarter of '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 Q3 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; Mr. Jayant Manmadkar, Chief Financial Officer. I would like to hand over the call to our MD, Alok Gupta, who will give 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 Q3 and the 9-month FY '26 earnings call of Allied Blenders and Distillers, and also take this opportunity to wish each one of you the very best for the year ahead. I'm pleased to share that this quarter marks our sixth consecutive quarter of strong performance post listing, with consistent improvement in the premiumization of our portfolio, margins and cash flows.

The sustained performance over the last several quarters underscore the effectiveness of our strategy, which remains firmly centered around driving profitable growth, strengthening our premium portfolio and investing in backward integration to enhance margin and ensure supply chain security.

During Q3 FY '26, our consolidated income from operations stood at ₹ 1,004 crore, representing a 2.8% increase over Q3 FY '25. EBITDA for the quarter was ₹ 137 crore, reflecting a 14.1% year-on-year growth, with an EBITDA margin improvement to 13.6%. This improvement was driven by better product mix, operating leverage and benefits from backward integration, while we continue to invest behind our brand and building our luxury portfolio. On the profitability front, PAT grew by 10.9% year-on-year to ₹ 64 crore during the quarter.

For the 9-month period, our consolidated income from operations stood at ₹ 2,929 crore, representing a 12.4% increase over 9 months FY '25. EBITDA for the period was ₹ 386 crore, reflecting a 28.1% year-on-year growth, with EBITDA margin improving to 13.2% and PAT at ₹ 182 crore, reflecting a 57% year-on-year growth. Our 9-month performance is a performance reflection of strong fundamentals, steady revenue growth, improving margins and strong operating cash flow generation, reinforcing the scalability of our business model and structural benefits of premiumization.

In terms of volume, we sold 9 million cases in Q3 FY '26, marking 1.3% year-on-year increase, supported by a 0.7% improvement in realization per case, driven by an improved product mix and selective price increases.

At the industry level, the mass premium whisky segment softness during Q3 FY '26. As already discussed over Q2 FY '26 earnings call, stocking norms in Telangana were impacted due to the retail license auction process, which led to temporary moderation in the trade inventory levels.

We are expecting normalization during Q3 FY '26 itself and normalization is also visible in January 2026. In Maharashtra, policy-driven price changes affected consumer affordability and buying behavior, resulting in a lower consumer offtake.

Together, these region-specific factors contribute to subdued demand condition across the industry for the quarter. Within our portfolio, Officer's Choice continues to play a pivotal role in the business. The brand maintains its leadership position in the mass premium segment in India and remains country's top exported whisky brand.

Despite category level headwinds, Officer's Choice gained incremental market share during 9 months FY '26 and also in Q3 FY '26, reflecting sustained brand strength and distribution reach. Importantly, the brand continues to deliver improving gross margins now at about 45%, making it a critical driver of profitability and cash flow in the company. Our P&A portfolio continued to demonstrate strong momentum.

Volume grew 16.9% on a year-on-year basis, resulting in a meaningful improvement in the salience of P&A segment to 48.5% in Q3 FY '26 compared to 42% in Q3 FY '25. This sharp improvement reflects the continued success of our premiumization strategy and our focus on building scale with value.

ICONiQ White continues to be standout performer and remains one of the strongest pillars of our premiumization journey. ICONiQ White has also emerged as a brand of choice for the new consumer coming to the legal drinking age, further strengthening its long-term growth potential. The brand continues to expand its presence both domestically and internationally, reinforcing its role as a key growth engine within our P&A portfolio.

For the 9-month period, it has delivered 7.7 million cases compared to 5.7 million cases delivered in the entire previous FY '25. It is well on progress to touch 10 million cases mark in this financial year.

Coming to our next millennial brand, Sterling Reserve B7. In Q2 FY '26, we introduced a refreshed blend with enhanced smoothness and taste supported by a nationwide campaign, "*So Smooth, Must Be Magic"* and a differentiated digital collaboration with cricketer Shreyas Iyer. This initiative will help strengthen consumer engagement and drove traction across select priority markets.

This underscores our continued focus on product improvement and consumer-centric brand building. Building on this momentum, we are progressing towards the launch of a contemporary packaging by Q1 FY '27 aimed at appealing to the new age consumer and supporting further market share expansion.

Officer's Choice Blue, one of our million brands in the Prestige segment continues to be a strong regional power brand, supported by the equity and recall of Officer's Choice franchise. Currently, our focus on refreshing the brand through our international style packaging is well on track, and we expect it to roll out in Q1 FY '27.

Update on the CSD market. CSD is one of the most profitable sales channel for the industry with the annual volume of 10 million to 12 million cases and is strategically important. We are pleased to share that 4 brands of ours have now been approved within the CSD market, Jolly Roger rum, Sterling Reserve B7, Kyron and ICONiQ.

Some of these brands we've also started building. This approval in CSD will become yet another growth track for our brand, especially for SRB7 and ICONiQ Whisky. ABD Maestro made strong progress during the quarter. We launched 3 new brands, Rangeela Vodka, YELLO Designer Whisky, and AODH which is pronounced as A, Irish Whiskey, further strengthening our premium and luxury offering.

These launches are aligned with ABD Maestro's focus on building differentiated design-led brands anchored in quality and craftsmanship and position us well to participate in the fast-evolving premium consumption landscape. Now we have built 9 brand portfolio, with unique flavour price point through a **Build, Buy and Partner** model. Alongside new brand, ABD Maestro continued to expand its presence across key consumption channels.

During the quarter, we introduced our premium portfolio at Mumbai International Airport, adding to the existing duty-free presence at Delhi and Bangalore Airport and enhancing brand visibility among international travellers and premium consumer.

Our international expansion strategy continues to deliver strong results. Over the last 21 months, ABD has expanded its footprint from 14 countries to 31 countries, highlighting the effectiveness of our asset-light, high-margin export model. This model delivers high profitability than the domestic business and operates with significantly lower working capital per case. ICONiQ White now is present in 9 countries. ABD Maestro's brand, Zoya and Arthaus is now available in 3 countries in UAE, Ivory Coast and New Zealand. By Q4 FY '26, we are targeting to expand our international presence to 35 countries.

Moving to our Backward integration program, as you all know, has been designed in terms of being EBITDA accretive, and it continues to be executed in a phased manner and a discipline where the focus is on cost of build, time to build and delivering the margin and is aligned with our long-term objective of growth, margin expansion and balance sheet strengthening.

Phase 1, outlined in previous quarters, we had announced ₹ 525 crore of investment program, including a PET bottling manufacturing facility, which is fully commissioned and is running to capacity and adding to the margin. Our 2 other projects of Malt distillery in Telangana and ENA distillery in Maharashtra are on track.

Together, these strategic initiatives are expected to enhance our gross margin by 300 basis points by FY28. In the Phase 2 comprises of incremental growth capex announced in January '26, focused on expanding own capacity across critical nodes of the value chain.

These include an investment of approximately ₹ 110 crore in Uttar Pradesh, which is a large market for us. The investment includes around ₹ 40 crore towards upgradation and commissioning of a fully automated bottling facility, enabling meaningful own versus outsourcing arbitrage with the optionality of future ENA distillation expansion on the site.

This bottling unit is expected to be operational by Q3 FY '27 and will also save us the franchise fee of ₹ 27 per case, which is currently payable. In addition, the company has approved a further investment of approximately ₹ 54 crore in our subsidiary, Minakshi, which is in Maharashtra, towards expansion of bottling capacity at our Aurangabad facility.

This investment will support growing demand in the Western region and international market while improving the operational efficiency, optimizing logistics costs and enhancing margin through high utilization of owned bottling infrastructure. The expanded facility is expected to be operational by Q4 FY '27 and will again add to our EBITDA margins. Overall, our capex strategy remains centered on disciplined capital deployment, deeper backward integration and building scalable margin-accretive capacity while maintaining balance sheet prudence.

Our performance continues to reflect strong operating cash flow generation, supported by robust profitability and disciplined working capital management. During Q3 FY '26, we generated operating cash flow of ₹ 173 crore. Our net debt position stood at ₹ 785 crore as on 31st December '25 compared to ₹ 893 crore as on 30th September '25.

And this reduction in the net debt is during our capex phase and continued investment in our luxury portfolio with leverage metrics remaining well within our stated framework. During Q3 FY '26, some of the long pending overdues were cleared in the Telangana market for the industry participants, including ABD.

The overall industry outlook remains cautiously optimistic with respect to progressive clearance of remaining dues in addition to collection of regular dues. Looking ahead, the Indian alcohol industry continues to witness growth driven by premiumization, portfolio expansion and evolving consumer preference. The P&A segment remains a key growth driver, supported by innovation and improving route-to-market framework.

Regulatory reforms in select states have supported volume recovery with a stable raw material environment that continues to aid margin stability. While state-level regulatory changes and emergence of local brands in certain markets such as Maharashtra remains area to monitor, we remain confident in our ability to navigate this dynamic through a portfolio strengthening, execution discipline and deep market understanding.

Overall, we expect strong top line growth in Q4, underpinned by our focus on consumer-centric growth. As we move forward, our focus remains on improving unit economics, driving value-added volume growth, keeping our portfolio consumer-centric and deploying capital with discipline.

With a strong brand portfolio, expanding international presence and robust manufacturing backbone, ABD is well poised to play a leading role in India's growing premium consumption market and continue delivering long-term value to all our stakeholders Thank you once again for your continued interest and support. We will now open the floor for questions.

Moderator: Thank you. The first question comes from the line of Nitin with Emkay. Please go ahead.

Nitin: My first question pertains to Telangana market. Could you shed some light on what really affected our volume in Telangana market in terms of the route-to-market changes? And it would be great like if you can highlight what is the split of P&A and mass premium in Telangana market? And lastly, in Telangana, as the restocking is progressing, so can we expect equally good Q4 compared to the weaker quarter in Q3? So that's the first question.

Alok Gupta: Thank you, Nitin. As far as Telangana is concerned, it's been an interesting Q3. Therefore, in Q3, what really happened was that the P&A segment actually grew by 17%. ABD portfolio also grew at 17.5%, so marginally ahead of the market. It was a mass premium segment that de-grew at about 7.4%, and we also de-grew about 7%.

Overall, the industry grew at about 9%. So, what really happened was that the licenses came back for rebid. And the rule is that whatever stock is held by a current licensee needs to be sold off, because the government does not take back the stock. And essentially, therefore, the buying by the current licenses come down dramatically. They stop buying because they have to finish all the stocks that they are holding.

And it's only when the new licenses come into place, they start buying. This creates a disruption of about 6 to 8 weeks. That is what we saw in Q3. keeping in mind that they also look at rotation of stock, the margin that they make. Typically, P&A continues to get support, but the stocking gets decelerated on mass premium.

That's why it reflects a continuous growth on the P&A segment and a degrowth of 7% in the mass premium segment. In January, we are already seeing that the stocking patterns are getting back to normal. So Q4, hopefully, will be on track as things said. Your second question was on what is our outlook on Q4. Is that right?

Nitin: Yes, yes.

Alok Gupta: Yes. So, I think just one quick number that if you were to look at our growth without Telangana and Maharashtra, you would find that we've actually grown significantly faster. Now that in Q3, the environment seems reasonably settled in Telangana and seemingly reasonably settled in Maharashtra, we are back on our growth track. So, like we said earlier, we are targeting a double-digit growth in Q4.

Nitin: And with respect to this mass premium sort of seeing a decline, so this is like given we are the sort of having the largest share in this market. So that's where this impact is visible for us unlike the competition. Would that be a fair assessment?

Alok Gupta: So, in Telangana, specifically, the mass premium segment comprises of where we operate. We are virtually 100% of the market, but there is also a growing price point below the Officer's Choice price point. So, the 7% degrowth that you are seeing in the segment is on both, our price point, which is about ₹ 160 and ₹ 130 price point.

Nitin: Okay. Thanks. Second question pertains to this Minakshi Agro like where we are looking to go for ₹ 54 crore of capex. So, like this is an additional capex we announced for the bottling unit. Like I just wanted to know your thoughts around like when we initially wanted to have the distillation capacity, why we have not budget for this? And is this also related to like another question I have in terms of the MML participation, Maharashtra Made Liquor participation. So, is it somewhere related to that? Can you clarify on that?

Alok Gupta: Most certainly. So currently, given the size of business in Maharashtra and the fact that we also export ex Maharashtra across the globe, we are currently getting our brands bottled across 4 different units for which ENA has to be moved, let's say, through tankers to all the units.

So, the immediate efficiency that we see coming on back of having bottling at the same premises where ENA distillation is happening is that we will move ENA through pipe. So, it's extremely value accretive in cutting down the transportation cost, one and secondly, cutting down the working capital because currently, we are stocking ENA at 4 different locations. There is ENA, which is in transit.

Here, everything is on a pipeline. So therefore, there's a clear business case merit that the bottling should coexist with the ENA facility. The reason why we have announced now is because as you are aware that we need to get approvals. Only once we got approvals in our hand, have we announced this facility in January. So that answers one.

As far as MML is concerned, I'm sure all of you are aware that there has been a recent development where High Court has advised that all manufacturers should go ahead and file their applications, if they want to participate in MML. Minakshi has indeed filed its application as they qualify for MML. And if MML application of ours is approved, then this bottling facility will also come in handy to serve the MML market. But stand-alone, there is a significant merit for us to have the bottling plant within the ENA premises.

Nitin: Really helpful updates. And lastly, around this realization. So, we have seen sort of a decline in realization for both P&A and mass premium. So, does this pertain to state mix? Or is there anything to read through?

Alok Gupta: Just state mix, nothing else.

Moderator: Next question comes from the line of Abneesh Roy with Nuvama.

Abneesh Roy: Thanks. My first question is on the FTA. So, first is, what will be your take on U.K. FTA delay given U.K. Parliament is yet to approve? Do you think that Q2is the realistic date or H2? Second related question is the EU deal, mother of all deals has been signed, that does suggest gradual reduction in terms of imported spirits from EU. Would you see this as a non-event? Or would you see this as a mild positive or a mild negative?

Alok Gupta: So, as far as the India U.K. FTA is concerned, the feedback that we have is that Q2 looks like the period in which the FTA should come into place. So, for now, we are holding on to the Q2 guidance as far as the India U.K. FTA is concerned. I think the world order has changed significantly, and we are hopeful that, that will also act as a reason to accelerate the FTA implementation.

As far as the India EU FTA is concerned, I think from an India business perspective, it's not a relevant event because what we import from EU is largely vodkas, liquors and branding. It's a very small part of the alcobev consumption in India. I feel that what could be a very interesting opportunity is for us to participate in the EU market. We, for example, are considering setting up a hub in Europe, right, to be able to feed multiple countries within EU. So, our view is that this could be a very interesting opportunity for our luxury portfolio, our mainstream portfolio.

We are already shipping to Spain and Italy. So, we have started our business in Europe. And as our single malt comes on stream in 2029, this route could become very, very effective in terms of driving growth. So, I would say that, interesting opportunity on outbound trade and very negligible impact on inbound trade.

Abneesh Roy: Sure. Your comment that Q4, you are targeting a double-digit sales growth because kind of stability is coming in both the key states where there was an issue in Q3. Specific question is Maharashtra, what will be the additional impact of Maharashtra made liquor because Q4 will see all 3 months see that impact. So, given that, is it a bit early to say that stability is coming in Maharashtra?

Alok Gupta: So, when I mentioned stability, what I meant was that we believe that significant consumer movement has happened in terms of those who are opting for MML and those who are staying with IMFL. So, it's easy for us to model as to what volumes we can get out of Maharashtra. And therefore, when we are talking about our guidance for Q4, we've already factored what sort of volumes will come in Maharashtra. That's the point I was trying to by stability, it's not that the market is back on track. We are saying now we know what the stable state of market is going to look like.

Abneesh Roy: No, I could not fully get it. Simple question is, in Q3, Maharashtra industry has seen a double-digit volume decline. In Q4, also, it will be a decline. So how will it not impact your numbers in that case?

Alok Gupta: So, when you're saying Q4, there will be further decline, that will be on back of what?

Abneesh Roy: No, on a Y-o-Y still, there will be a decline in Q4 versus last year Q4.

Alok Gupta: I've understood your question now. So, I think the way we are saying we have the Q3 numbers, right? So, it's not about what happened in Q4 last year. We have the Q3 numbers for FY '26. And therefore, we've modelled saying what is the likely size of the industry in Q4 FY '26 in Maharashtra.

And where we are talking about overall growth to be double digit, we have factored that Maharashtra will continue to operate at significantly lower level. So, the comparison is not with the degrowth that we will see in Q4 FY '26 versus Q4 FY '25. We have actually modelled this in saying that, the market is down, as you're rightly saying, by high double digits.

Abneesh Roy: So, that does mean that Telangana and rest of India, ex of Maharashtra should compensate for the, say, double-digit decline in Maharashtra even in Q4. Only then it's possible, right?

Alok Gupta: That is right. That is correct.

Moderator: Next question comes from the line of Mehul Girish Desai with JM Financial.

Mehul Desai: Firstly, obviously, you gave a guidance of double-digit growth in Q4, which looks like if we maintain our mid-teens kind of sales growth in P&A, maybe, let's say, 16%, 17%, it looks like the mass premium segment, your assumption should be at least low single-digit decline or flattish on a Y-o-Y basis. So just wanted to get your understanding. Is that understanding correct? And obviously, Q4 double digit, but how do you look FY '27? I mean, you will be lapping up a high base now. So what is your guidance for FY '27, both on P&A side and mass premium segment? If you can give some colour on that? That's my first question.

Alok Gupta: Right. I think there is one more factor to consider when we are talking about our value growth is that the ABDM portfolio is now complete. We have 9 beautiful brands out there. We are already seeing about a 40% width of distribution in the premium on-premise. We've been able to open up the duty-free.

We have started to ship in international market. If you recall, we had said that we are running currently at about a ₹ 40 crore ARR in Q3, which we should double in Q4 and go on to double the next year. So, another significant driver of our value growth is going to be the revenue that will flow to us from our luxury portfolio. So that will be on top of our mainstream legacy portfolio. So that's an important part of how we see our value growth engine getting shaped up.

As far as FY '27 is concerned, there are 2 or 3 things that we are planning. One I've already covered, which is the ABDM accelerated growth. So, we are looking at doubling our ARR in the next financial year. Secondly, we are looking at 1 new launch, one already existing launch in the P&A non-whisky segment, which is really the Prestige Vodka and the Prestige Brandy.

And we are hopeful of garnering profitable shares from these 2 flavours, which is brandy and vodka put together, there are about 30 million cases. Also in the southern market, we've been able to get some approvals for long pending new brand introduction there, and that will allow us to participate in high-volume profitable segment. So, in Q4, we are expecting these 2 approvals to fall in place that will also create a growth pipeline for us in the next financial year.

Mehul Desai: Understood. Secondly, on the margin front, obviously, your gross margin progression is much faster than what your guidance is of 45% plus in FY '28. You are already at 46-odd percent. And there are a few more backward integration projects that are going to come in FY '27 and obviously something in FY '28 too. To that extent, how do you see this gross margin trajectory also in FY '27? And would you think that your 15% margin guidance of FY '28 can come in FY '27 itself?

Alok Gupta: So, the FY '28 margin guidance, we had revised last quarter. We had taken the margin guidance to 18%, largely on back of the fact that we are seeing a faster gross margin progress on our current portfolio. The capex program will add 300 basis points, of which right now in Q3, we have captured just about 0.7%.

So, there's another 230 basis points to flow in from our capex project. And of course, let's assume that Q2, the India U.K. FTA is up and running, that will add another 200 basis points. So, we are expecting that by FY '28, we should be at least at an 18% margin guidance.

Mehul Desai: Understood. Okay. That's helpful. And lastly, sir, if you could quantify the capex for FY '27, overall capex with all the projects that you are undertaking in FY '27 and FY '28?

Alok Gupta: So, the capex that we had announced till Q3 FY '27 is about ₹ 525 crore. The 2 new capex program that we have announced gets us to about another ₹ 150 crore of capex. So that is about ₹ 700 crore of capex that we have announced so far. Of course, we'll keep looking for opportunities that come our way.

Again, from a guidance perspective, we have said that we would want to get ENA capacity equal to our consumption. We would have needed 3 ENA units. So, one we have in Telangana. Second, we are doing in Maharashtra, and we will need one more ENA unit in a large market like UP or in Andhra. So, we are figuring that out. So that is the capex that we'll announce in the future. But as of now, the total capex commitment is just over ₹ 700 crore.

Moderator: Next question comes from the line of Kaustubh Pawaskar with ICICI Direct.

Kaustubh Pawaskar: Congrats for good margin performance. Sir, just a clarification on the margin guidance. You just mentioned that 230 bps is going to flow through the capex project. So, does it include this Phase 2 of the capex which you are planning to do or that will be the incremental over what the capex you are planning to do in Phase 1?

Alok Gupta: This is from Phase 1. The first phase of the investment, which was roughly ₹ 525 crore, 300 basis points also come from that 70 bps we've realized, which is our PET project. So, the balance 230 basis points will come from the first phase. The second phase will become value accretive in H2 of next financial year.

Kaustubh Pawaskar: Okay. So, there is a scope of further margin expansion because of the second phase?

Alok Gupta: That is correct. I mean in UP alone, for example, once the bottling unit is up and running, we do not have to pay the ₹ 27 franchise fee on a base of about 6 million cases. That itself is better realization in UP.

Kaustubh Pawaskar: Right. And sir, my second question is on the funding of the capex. So, all the capex what you are planning to do, like including the ₹ 150 crore, the additional capex what you are planning to do, it will be largely funded through internal accruals. So, since your cash flows are improving, you are also expecting the Telangana overdue to flow in, in the coming quarte₹ So that should help to have create a good cash flow to fund all this capex?

Alok Gupta: So, first of all, all our investment decisions will be guided by the financial KPIs that we already committed to in terms of net debt to equity and other key financial ratios. So, we'll make sure that all our decisions respect those guidelines. I think we are working with 2 scenarios. One scenario is, as you have mentioned, is Telangana payment coming through. And second scenario is that, if Telangana payments were still slow to come by.

Because these capex programs have a merit on a stand-alone basis, we don't want to link the implementation of the capex program to Telangana receivables. Therefore, if Telangana money was to come through, we will see incremental change in our net debt. But even if Telangana payment does not come through to the level expected, we'll still go out with our capex program because like I said, this 2 new capex program will become value accretive within 6 months. So, there is no point in delaying this capex program.

Kaustubh Pawaskar: Sure. And sir, my last question is on having a bottling unit in Uttar Pradesh. How will it help you to expand your share in the UP market? As we know that UP is one of the largest market. And how will it help us maybe to expand our share in that particular market?

Alok Gupta: Well, there are 2 aspects of the UP investment. One, of course, is the saving on the franchise fee of ₹ 27 a case as it exists today and therefore, becomes margin accretive from day 1. Secondly, UP is a very large state. Therefore, in addition to our own 6 million capacity, we are also exploring, maintaining a second unit for manufacturing because there are significant savings in terms of logistics when we look at inbound costs and outbound costs. So, I think we should be looking at running more than one bottling unit. But the key driver for this unit is really the franchise fee, which is ₹ 27 a case.

Moderator: Next question comes from the line of Aliasgar Shakir with Motilal Oswal Mutual Fund.

Aliasgar Shakir: A couple of questions, sir. First question is on the volumes. So, this year, our P&A has done very well, thanks to the success of ICONiQ. Now you did discuss about the scope opportunity of ABD Maestro and also some of the other brands that you are trying to rejuvenate. So just wondering, I mean, next year, what is the thought in terms of growth?

How much of this P&A growth you are expecting ICONiQ to continue and the new brands to contribute because right now, P&A is largely driven by the ICONiQ growth. That's question number one. Question number two is now you have increased your margin guidance to 18% thanks to the backward integration measures. But a quick question over here is that should we build also some impact coming from 2 areas. Point number one is the new brand that you will be launching or rather you have launched in ABD Maestro and others, what is the investment that will go towards them in the initial period when the scale will be suboptimal?

And also, the projects that we are doing on backward integration will probably take some time to achieve scale until then they may probably operate at suboptimal level and therefore, could be margin dilutive. So, are these 2 impacts already built in your margin when you are building the 18%? And how much is it from these 2?

Alok Gupta: Right. So, let me take the capex question first. I think if you should look, I'm just taking an example. I think at the heart of our capex strategy are 3 simple principles. One is cost of build. Second is time to build and third is targeted margin. So therefore, if you take UP as an example, we have announced the acquisition a few days back. We are targeting the asset to turn around in the next 6 to 9 months. So, we know the cost to build. We know the time to build.

And essentially, we are putting a 6 million cases fully automated, state-of-the-art automated plant. Our current volumes are enough to support the entire capacity utilization. So, I think we are quite conscious that when we are putting capex behind any program, we are quite conscious that our capacity utilization must be at a targeted level only then we will be able to realize the rupee crore EBITDA that we have put into our modelling.

So, that's one thing I can assure you that we will not invest in capex where it will take us inordinate amount of time from a capacity utilization. So even if you look at the single malt distillery we are setting up in Telangana, roughly 55% of our volume will go in replacing our current malt that we are buying from third-party and the balance will go into maturation for our own single malt.

So, capacity utilization is going to be the key. Time to build and cost of build is going to be our important drivers of the way our capex decisions are being done. So, when we are giving a margin guidance, all this has been baked into our model. On the growth front, I think I would say that, we have to, and point I made even earlier that I think when we are talking about premiumization in the Indian subcontinent, we have to start focusing on value growth because volume growth may not be a correct indication of what's happening with the consumer. So, we are talking about a mid-double-digit value growth.

A, it will come on back of what we are doing with ABD Maestro because quarter-on-quarter, we are looking at accelerated run rates, about ₹ 40 crore last quarter, hopefully, ₹ 80 crore plus this quarter, so doubling. And we should exit, again, double this run rate in next year. And therefore, it really brings in a significant top line growth.

We are looking at 2 new brands in the P&A brandy and vodka segment. And in the mass premium segment, as you know, in Andhra Pradesh specifically, there is this big profitable brandy price point, which has now gone on to become roughly 12 million cases in which we did not have a presence till last quarter.

And we've been able to get our in-principal clearance, and we are hopeful in this quarter, we'll start participating in this 12 million case market in which we didn't exist till last quarter. So even at a reasonable market share, of x percentage, we should be able to get a very, very large volume, I mean, another millionaire brand in making.

So, I think the volume growth focus will continue both in the mass premium segment, wherever there's a profitable price point and profitable flavour available. We are largely a whisky company. However, this particular opportunity in Andhra, for example, is a brandy.

So, we are expanding our flavour repertoire in mass premium. Earlier, we were only whisky only. Now we'll do brandy as well. And therefore, the volume growth will come from mass premium, it will come from P&A, and it will come through new brands. And the value growth will come on back of both volume growth in our core IMFL portfolio, but also growth in the ABDM portfolio. Sorry, slightly long response, but I hope it clarifies the subject on growth.

Aliasgar Shakir: Yes. This is very, very useful and very insightful. Only point if you can just also clarify on the impact of these new brand launches, will that be margin dilutive in the first year? And is that also built into your margin expectations?

Alok Gupta: The investment that we need to make in our luxury portfolio is already built in, in the margin guidance of 17% to 18% accounts for this investment.

Aliasgar Shakir: Okay. It's 18%, right? Or it's a range of 17% to 18%?

Alok Gupta: 17% to 18%,

Aliasgar Shakir: Okay. Got it. Another question quickly on your impact from Maharashtra and Telangana. So, Telangana, given that now the route to market will be stabilized, all that you have lost, I know you said that you aim for double-digit growth in Q4. But all that you have lost in the revenue for Q3, should be recovered more or less in Q4?

I mean you should be the steady-state volume numbers in Q4? Or should there be any more impact prolonging even in Q4? And what about Maharashtra? Maharashtra should take longer, right?

Alok Gupta: So, Telangana, I think we believe that Q4 is back to normal for us. Maharashtra, like I was trying to explain earlier that we have taken Q3 exit base as a likely market size in Q4. So, that's our assumption that the Q4 market size would be similar to Q3, and we have done our growth modelling on that phase. We are hopeful that it will not materially alter.

Aliasgar Shakir: And how has the trend been post Q3 in Maharashtra? Has it further deteriorated or it has improved.

Alok Gupta: January numbers are yet to come in. I think we'll get to know by mid-February once the industry data comes in, whether our assumption is holding good or not. But so far from what we are seeing, it seems to be okay.

Moderator: Next question comes from the line of Sanjay Manyal with DAM Capital.

Sanjay Manyal: I have a few questions. Firstly, on the ICONiQ White, you have seen a brilliant growth in the last few years in the brand. I believe a decent growth would have been coming from gaining the shares from our competing brand, Imperial Blue. Now have you seen any renewed competition specifically from this brand given that change of brand owner over there?

Alok Gupta: I think we are and we were and we are mentally prepared that with the new owner having acquired Imperial Blue, they would do whatever it takes. So, we have proactively strengthened our sort of program in the market, be it in terms of trade engagement, consumer engagement, be it in terms of what we do at BTL level. So, I think we are reasonably well prepared to ensure that the growth trajectory of ICONiQ is not compromised. So, what is in our control is what we do. What is not in our control is what the competition does.

So, we have proactively taken all required steps. I'm also happy to share with you is that ICONiQ is now sort of running at 1 million case a month, which gets us to a 12 million case ARR any which way. Also, I spoke about earlier that we have received approval for ICONiQ in CSD. That opens up another growth opportunity for us. We are not present there.

And ICONiQ is now getting shipped into 9 countries internationally. We are looking at aggressively expanding the footprint of ICONiQ. So apart from the growth in the market where it's already operating, CSD will become a very important channel for us. International markets will become a very important channel for us. And the brand in any case is currently running at a 12 million case ARR. And that's how we are sort of prepared to ensure that the growth momentum on ICONiQ is maintained.

Sanjay Manyal: Sure. And one on the ABD Maestro, if you can highlight any success of late or which brand seems to be breakeven first or reaching a sort of a benchmark volume number, if you can highlight that?

Alok Gupta: Most certainly, I think January '24 is when we started our journey in buildup of the luxury portfolio. Zoya was our first brand launched in January '24. Extremely happy to share with you that the brand has grown almost 300% since its launch. More importantly, we've spoken about right to win from a consumer point of view. We have launched 2 new flavours, which is the Zoya Watermelon and the Zoya Espresso Martini gin.

Now I'll tell you why I'm talking about these 2 flavours Our thesis was that post-COVID, a lot of consumption has moved in home, but making cocktails is not easy. And the idea was to bring flavours that allow consumer to enjoy cocktail in the comfort of their home. So, Espresso Martini is one of the largest selling cocktails in the bar. With our Espresso Martini gin, all you have to do is to buy a shaker, you can buy Amazon, ice is available, just shake it up and pour in a glass of your choice and your espresso Martini is ready.

And same is the case with the Watermelon gin that you can just put ice in the shaker and pour in a glass of your choice and you want to add a strawberry, get it from market or online on quick commerce apps. So, I think what really is happening with Zoya is that it is just making it convenient for a consumer to enjoy the cocktails. And the interesting data point is that today, 30% of Zoya sale comes from flavour. But more importantly, 95% of the sales happens off-premise, which is an indication that consumers are actually picking it up, taking it home and actually enjoying these flavours.

So, I think this is one success story, and we'll build on the success story for all our brands. The portfolio has got 9 brands now in which we have a scotch malt, scotch blended malt. We have an Irish whiskey. We've got 2 beautiful Indian whiskies. We've got 2 vodkas, Rangeela, which is sort of the bold face of India and Russian Standard, which is a global brand.

So, the portfolio buildup is complete. But I can walk you through more case studies, but Zoya is the most interesting one because you are a whisky forward company for us getting a success in gin flavour is very enjoyable.

Sanjay Manyal: Right, sir. And lastly, if you can mention one thing that what would be your ENA requirement as of now? And by, say, at the end of FY '27, once new distillery comes on stream, what percentage of ENA would you be sourcing indigenously?

Alok Gupta: Yes. So, I think the way to look at is that what is our forward requirement. So, let's say, even at 50 million cases, our requirement is 200 million liters of ENA. We produce currently about 70 million liters in-house, which is 60 million liters in Rangapur and about 10 million in Maharashtra. With the expansion of the Minakshi distillery, we'll take the number add another 50 million.

So, by FY '27, we should be about 120 million, and that is why we need to invest in more plant of about 60 million to 70 million liters to get us to about 200, so we are targeting 200 million liters, of which we are currently at 70 million. We'll be at about 120 million by FY '27 and balance by end of FY '28.

Moderator: Next question comes from the line of Dhiraj Mistry with ICICI Securities.

Dhiraj Mistry: Congratulations on your margin surprise. Sir, I have only 2 questions. One is, if I look at ex of ICONiQ White, how is the traction, especially in the premium end of the portfolio, let's say, Sterling Reserve B7, B10 and Officer's Choice Blue?

Alok Gupta: Sorry, Dhiraj, I didn't get your question. Can you please repeat it for me?

Dhiraj Mistry: So, I want -- can you comment the growth trajectory for non-ICONiQ part of the portfolio, that is Sterling Reserve B7, B10 and Officer's Choice Blue. How is the volume growth traction in those brands?

Alok Gupta: Dhiraj, as far as our approach has been slightly different. If you look at the 410 million case industry, roughly 120 million case is what we call as prestige whisky, which is really the price point of McDowell's No. 1 Royal Challenge, Royal Stag and Imperial Blue. So, our approach has been that how do we meaningfully profitably carve out market share. So currently, we are at about 15% market share on back Officer's Choice Blue, ICONiQ and SRB7.

And idea is to keep looking at getting market share at an aggregate level. So that's the response in terms of what the approach is. In terms of growth, ICONiQ, of course, is continuing to grow. OC Blue and ICONiQ operate at the same price point. So, we look at OC Blue being a regional brand in core pockets of strength, and we look at numbers together.

SRB7 is where our task is cut out. Currently, we are experiencing a bit of degrowth on the brand. We have put together a program on the new blend, which has given us success. We are also looking at now launching a new pack in Q1 of the next financial year. And I think with that, targeting to bring back growth back in SRB7.

Dhiraj Mistry: And sir, some follow-up question on this part. Is my assertion right that B7 would be much more gross margin accretive compared to ICONiQ White?

Alok Gupta: As a percentage, is that your question?

Dhiraj Mistry: Yes.

Alok Gupta: B7, I think it will be in the same range. Maybe ICONiQ is 150, 200 basis points behind SRB7, but it will be the same range.

Dhiraj Mistry: And second question is on which would be the 5 key states for ICONiQ White? And when I compare it with, let's say, Officer's Choice, which are the 5 top states for Officer's Choice also?

Alok Gupta: So, the top 5 states for ICONiQ would be UP, where the brand is clocking close to 2 million cases. The big state is Telangana, the big state is Andhra, the big state is Haryana. So, I think Haryana, UP in North, Telangana, Andhra in South are the 4 big markets for ICONiQ. Telangana, UP are the 2 top markets for Officer's Choice is the way the stack would be. So, Telangana and UP are common to both the brands.

Moderator: Next question comes from the line of Karan Kamdar with Choice Institutional Equities.

Karan Kamdar: Great set of numbers. I wanted to understand how do you view your playbook for distribution, given that we are growing at a very fast pace, I'm sure the competition is also doing something. So, what are we doing differently from the competition?

Alok Gupta: I think I'll broadly divide this into 2 parts. The first is our portfolio with ABD, which is operating at a price point of, let's say, ₹ 1,500, where the focus continues to be on off-premise. Our distribution width is about 93%. And we have a very strong, what we call as PJP, Permanent Journey Plan discipline. We have automated the sales calling process of our TSEs onto the retail to be able to get enough data and diagnostic in terms of how well we are covering the retail, what is the classification of retail, which outlet needs to be covered how many times.

So, there is a bit of a science that is at play when it comes to off-premise because we're dealing with a very large universe. And combined with a tech intervention and automation, we are now using data to our advantage in terms of figuring out how do we improve and make the sales calls efficient.

we are also using a tech platform to monitor the various incentives that we run for counter salesmen, which allows us the ability to directly communicate with them. So, if I was a salesman in a market, it could be Gorakhpur, it could be Guntur, it could be Dhanbad. I know as an individual, what is the incentive offered to me. I know what am I earning. I know what I need to do to earn that incentive. So, we have seen a significant change in the engagement of the counter salesmen because now we are talking one-on-one. We are not necessarily relying on a salesperson to reach there and inform and guide. Pretty much it's an app on their phone, and they can actually see what they are making.

So, that's really the big focus as far as the off-premise is concerned. On the on-premise side, with the ABDM portfolio, the focus is on key accounts. So, the team that we've built out comes from significant knowledge of managing key accounts, managing travel retail because that requires a very different engagement. As you know, we've been able to get our listing done in The Taj. We've been able to get our listing done in ITC, also partially in Marriott.

So, that's a very different skill set. So, we have to make sure that the teams bring in the skill set, how can we leverage technology, how can we leverage data and how can we start taking decisions that will help us to get that distribution edge. On top of it, one big initiative that we are doing is digitizing the entire training program because till about a year back, 1.5 years back, most of our sales team was really selling Officer's Choice, Officer's Choice Blue, Sterling Reserve B7 and a few other brand ICONiQ.

But now they also need to carry right from Zoya all the way to Arthaus. So, we have now digitized our entire training program in terms of rein selling, in terms of what makes a brand unique, what are the unique cocktails associated with it, what is the trivia.

And once the whole digitization process will get completed, which we are targeting over by end of next quarter, which means every salesman, whether it is in Dibrugarh or it is in Goa, should be able to access information on the brand, quiz, FAQs, should be able to answer the question of the retailer or the consumer. So, combination of the right manpower, technology, data, bringing the right training intervention, is the way we are maintaining our distribution edge.

Karan Kamdar: Sir, if I may ask, what is your on-premise currently? And where do we see it over the next few years as a percentage of sales?

Alok Gupta: So, our on-premise width of distribution is at about 40%, premium on-premise distribution is 40%, which is relevant for ABDM. I think the way to look at is we should see about 5% to 7% increase in distribution quarter-on-quarter. So, we should exit next year, say, at about 65%, 70% distribution reach.

Karan Kamdar: Distribution reach, I mean as a percentage of volumes, what would it be, maybe P&A volumes?

Alok Gupta: So, as far as P&A volumes are concerned, it's really 98, I mean, in P&A, it's largely an off-premise revenue, right? But as far as the ABD Maestro portfolio is concerned, it will be like 25% / 75%, 25% coming from premium HoReCa and 75% coming from retail.

Karan Kamdar: 25%, yes, okay, perfect.

Moderator: Next question comes from the line of Tanmay Gupta with Bank of India Mutual Fund.

Tanmay Gupta: Okay. So, the question is regarding the mass premium segment. So, you mentioned that there has been 7% impact due to Telangana. So even after factoring that, we are seeing around 5% degrowth in last 2 quarters consistently. So, first of all, how do we restrict this loss or losing the market share? Or we should expect that this segment will be like 4.5 million to 5 million run rate quarterly going forward?

Alok Gupta: Right. So, I think going state by state, we are expecting Q4 to be back to normal, and therefore, we expect our regular volumes to pick up in Telangana. So that's one. Secondly, I spoke about the big opportunity in Andhra Pradesh, where currently brandy, let's say, a mass premium branded segment is now 12 million cases in which we currently do not operate. Now we have our approvals in place, and we are hopeful of starting our billing in Q4.

So even with a reasonable market share of 15%, 20%, I think we are looking at another about 2 million cases to come from the mass premium brandy segment in which we were not operating. So, I think the source of growth for us is going to be a Telangana getting back to normal and our entry into the branded segment in the state of Andhra Pradesh in the mass premium segment where we were not operating.

Of course, our focus will continue on growing our volume in another state. For example, UP will continue to deliver growth and many other states will deliver growth. I think one more point which we have not stressed enough is the fact that we have applied through Minakshi, our subsidiary to participate in the MML category.

And we believe that we'll qualify to participate in the MML category. And if we were to get those permission, then that will open up a significant growth opportunity for us. It's not factored into our guidance. This will be on top of whatever guidance we have given. So just wanted to sort of give you a 30,000 feet view on where do we think the growth will come from.

Tanmay Gupta: Okay. So going forward, we can expect like Q4 could be the normalized quarter, and we can expect 5% around mid-single-digit volume growth in this segment. Is that right understanding?

Alok Gupta: Yes. So, I think in the mass premium segment, we should look at a low single-digit growth. I don't want to put a number to it. P&A will continue to grow at double digit and that should get us to a near double-digit growth with a mid-double-digit growth in terms of value.

Tanmay Gupta: So, overall, mid-double-digit growth because of these 2 things?

Alok Gupta: Mid-double-digit growth in terms of value and early double-digit growth in terms of volume.

Tanmay Gupta: Okay, sir. And sir, in P&A, how should we like measure the growth or success story in the ABD Maestro portfolio? I understand you mentioned about Zoya, which is doing phenomenally well. But any KPI, if you want to highlight, which we should track for this portfolio?

Alok Gupta: So, I think the segment is about 12 million cases and continues to grow fastest within the alcobev space. So, if you were to look at the current 12 million, 13 million cases, likely to grow to in the next 3 to 5 years, let's say, 17 million, 18 million cases.

Our portfolio approach is that if we can meaningfully carve out a single-digit market share of this large portfolio, then it should have a significant impact both in terms of value and in terms of the EBITDA that it will make. There is one more opportunity that will come our way, which is post U.K. FTA implementation, we believe that there will be an opportunity for us to participate profitably in the value Scotch segment.

Currently, the value Scotch segment is growing, but there is no money there. So, we are sort of brand ready in the sense that as and when the India U.K. FTA is implemented, we would like to participate in the value Scotch segment. As you know, of the 12 million, 13 million cases in luxury, about 50% is value Scotch. And currently, we are not playing in that segment because there's no money to be made.

So, I think ABD Maestro will have a significant role to play in terms of driving our value growth and also in terms of adding to our margins.

Tanmay Gupta: Okay. And lastly, sir, this P&A volume growth, if I look at it, it clocks at around 19% for this quarter. What is this Telangana impact doesn't have happened, then what would be the growth? Like it should be continued at 25%?

Alok Gupta: Well, actually, for Telangana, like I had mentioned earlier, the P&A industry in Telangana grew at about 17%, and we also grew at about 17.5%. The license disruption in Telangana that happened actually hit just the mass premium segment. P&A grew there at 17%.

Moderator: Next question comes from the line of Vaibhav Gupta with Bowhead India Fund.

Vaibhav Gupta: With regard to your brand launch pipeline, I just wanted to understand, do we plan to launch 2 brandy brands, one in the P&A and one in regular and one more P&A what and what would be the typical price points?

Alok Gupta: Yes. So, we are looking at a brandy launch in the mass premium segment, in the Prestige segment. And we already have Kyron, which is our premium brandy. And the reason I'm mentioning this to you is that, we have a reasonable market share of 25% in the 2 markets that it operates is in Telangana and in Andhra. Now that we have received CSD approval, we are going to look at carving out growth from CSD as well.

Of the million case segment, roughly about 27% of sales comes from CSD. So, it's a very large cohort in terms of driving the Kyron sales. So, a brandy in the mass premium segment, a brandy in the Prestige segment and a brandy in the premium segment. So, 3 brandy brands.

Vaibhav Gupta: Okay. So, I understand Golden Mist would be around ₹ 1,000 price point. How is Kryon placed?

Alok Gupta: Kryon is roughly ₹ 1,400.

Vaibhav Gupta: Okay. Okay. And sir, what about the P&A vodka brand? What are the plans there and a typical price point at which you would be looking to launch?

Alok Gupta: So, we've already launched the brand in Telangana. It's currently at the sort of driving the width of distribution. It's called Golden Mist, and we'll expand it in the coming quarters.

Vaibhav Gupta: Sir, I was asking about P&A vodka brand.

Alok Gupta: P&A vodka brand, we're looking at Q1 next financial year. The segment is large and growing, as you know. And we're quite excited about the new brand launch in the P&A vodka.

Vaibhav Gupta: And just one final clarification. So, our exit run rate in the luxury ABD Maestro portfolio is around ₹ 40 crore, and we would be doubling for the next 2 years to reach around ₹ 160 crore, ₹ 200 crore, right, sir?

Alok Gupta: That's what we are targeting.

Moderator: Next question comes from the line of Chetan with Systematix Group.

Chetan Mahadik: Sir, just wanted to understand our higher A&P spend had, partially offset our gross margins this quarter and which were basically towards the luxury brands. So, going ahead, how should we look at A&P spend? And is this 18% margin guidance taking into consideration, say, the elevated promotional spends, which will come ahead?

Alok Gupta: Yes. So, the 17% to 18% guidance takes into account the increased A&P investment, both in our portfolio at ABD and also the portfolio at ABDM.

Moderator: Next question comes from the line of Avnish Tiwari with Vaikarya Change LLP.

Avnish Tiwari: Since you're making investments in UP and you articulated rationale for them, can you compare the state policy environment in UP in terms of your outlook as well as the competitive environment in the categories which you are trying to go into?

Alok Gupta: I think the framework of UP has been fairly progressive. We have seen a policy that drives premiumization, therefore, healthier margins for the industry. We also saw last year that the incidence of excise duty payment was moved from the manufacturer to the wholesaler that made the entire industry more working capital efficient because the duty funding moved to the wholesaler.

We are also hearing of the fact that the UPML, which is a large category will move from molasses-based ENA to a grain-based ENA. So that is extremely good news because we are looking at setting up a state-of-the-art ENA distillery in UP, which means there'll be a very, very large market for ENA in that state.

And what it has essentially done is that it has created a positive investment environment because when it's a larger market where you're making money and it is working capital efficient, like we are setting up. We've acquired NICOL's assets in UP. We are setting up a state-of-the-art fully automated bottling unit there. We are also looking at expanding the ENA capacity in time to come. The state actually has made itself very attractive in terms of drawing investments.

So that would be my thesis on UP as a state. As far as competitive landscape is concerned, I think it's no different than any other market, except having a large asset base, manufacturing asset base in UP gives you a definite edge, and that's what we are trying to build in UP.

Avnish Tiwari: And within that category, now this is more on the liquor consumption. So, let's say, the categories you are present versus, for example, beers or some other category, where is the UP as a consumer is picking up more, which categories volumes are growing the highest?

Alok Gupta: I am afraid I do not have the numbers on me ready, but we'd be happy to get some data out and share it with you.

Moderator: Next question comes from the line of Abhijeet Kundu with Antique Stockbroking.

Abhijeet Kundu: Great set of numbers. So, I had 2 questions. One was on ICONiQ White. Now everyone has a concern that ICONiQ White has become pretty large and going ahead, the growth may not be as substantial. But still, there should be a good amount of scaling up opportunity, right?

Because about 2 years back, no one thought that this brand would scale up so fast and do so well. And other brands, when they grow to this size, there have been very few such instances of a brand doing so well and scaling up to this size in such a short time. And primarily, it has been driven by these 4 states. So my question was that you would have some more scaling up opportunities in other states also, right?

Because general channel checks also suggest that in West Bengal also, you have been doing well in ICONiQ White. So, there would be such states where you would be getting some fillers and you can still scale up ICONiQ White and still grow that brand even from these levels? My first question was this.

Alok Gupta: Yes. Thanks, Abhijeet. I think I would agree with your thesis that apart from the 4 or 5 large markets that the brand has a reasonable presence. There is an opportunity across many markets. Last year, the brand we did 5.7 million, we should be crossing 10 million.

It is happening because the brand is growing practically in every market in some markets significantly higher in some markets higher, right? So all markets continue to contribute. The brand is already running at 1 million case ARR that gets us to about a 12 million case run rate, put some growth on top of that. We'll maintain our position that this brand has the ability to be a market leader, whether it takes 1.5 years or it takes 2 years. That's a matter of time.

Also, what makes ICONiQ an interesting case is that it is getting larger share of new consumers who are moving into the segment, largely because it's a fresher, more younger brand. And if the first-time consumer who is moving at this price point would look at what are their peers franchising and therefore, ICONiQ comes through the word of mouth, which is very, very strong. In addition, there are 2 more growth hacks. One, like I spoke about is CSD, where we have received our approval. It's a fairly large segment, and therefore, that will also add to the ICONiQ growth.

And international markets, we are currently shipping to about 9 countries. Our footprint will be 35 by the end of this financial year. And therefore, that gives us a very long distribution opportunity even in the international market. So that's really where we are with brand ICONiQ. We stay optimistic.

I think I will just connect to a question that was asked to us. I think the important thing is that we do not take the success for granted, and we continuously stay hungry about driving the growth, and also recognize that there is a change in the competitive landscape, and we have a program that recognizes it and maintains the growth momentum.

Abhijeet Kundu: Okay. Great. My second question was on Zoya. So Zoya, how do you see the brand evolving over the next 2 years? What would be the ARR right now?

Alok Gupta: So, we've said this earlier that when we started our journey in the luxury segment, by design, we are a whisky forward company, 99% of our revenue comes from whisky. So, by design, we said that our first luxury brand, if you make it non whisky, it will be really stress testing our capability in terms of building brands, blend and route to market.

So, I think to that extent, we are quite happy with what we've done with Zoya. Zoya, of course, operates in a segment, which is not the largest segment, but from a gross margin perspective, the highest gross margin category. Gross margins are above 70%.

We've got 2 new flavours launched. We've now shifted to 3 countries. So, I think Zoya will continue its growth journey, both in India and overseas market, but it will be limited by the size of the market. The portfolio that we've now built out, some of the newer brands, for example, the Irish whiskey, as you know, is one of the fastest-growing category in India, and it's a single brand play. So, we are quite excited about A (AODH), which is the Irish whiskey.

If you look at Woodburns and you look at YELLO, the 2 craft whiskies that we have, Indian whiskies that we have, again, very excited about these price points and these products because they will scale up in terms of larger volumes. So, Abhijeet, like I said earlier, I think the way to look at the ABDM portfolio, the ABDM business is at a portfolio level and not at a brand level because it reduces our cost of sale.

When we go to a premium on-premise, we go with one brand, it's binary, either the person buys it or doesn't buy it. When we go with the portfolio, then we have the ability of at least making a sale, and that is proving to be true. So apart from Zoya, I think some of the big volume drivers in time to come to my mind are going to be the A (AODH) Irish whiskey, Woodburn and

YELLO. And once the U.K. FTA is in place, I think the opportunity that will open up in value Scotch is going to be tremendous.

Moderator: Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Alok Gupta: Well, thank you once again for taking the time out and listening in. Thank you for all the questions. I think we are quite excited about Q4 and look forward to connecting again sometime in April and early May.

Moderator: Thank you. On behalf of Allied Blenders and Distillers, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.

2. Figures have been rounded off for convenience and ease of reference.