

About the Company

Allied Blenders & Distillers Ltd. (ABD) is a prominent player in the Indian spirits industry. It is known for producing and marketing a range of alcoholic beverages, including whiskey, rum, vodka, and gin. ABD has established itself as one of the fastest-growing spirits companies in India, competing with major international and domestic brands.

The company was founded by Deepak Roy in 2008 and has rapidly expanded its presence in the Indian market. ABD's flagship product is Officer's Choice whisky, which has become one of the largest selling whisky brands globally by volume.

In addition to Officer's Choice, ABD also markets and distributes several other brands such as Jolly Roger Rum, Class 21 Vodka, and Wodka Gorbatschow in India. The company has focused on aggressive marketing strategies and distribution networks to capture a significant share of the Indian spirits market.

Issue Details

Allied Blenders & Distillers Limited	
Issue Opens	25 June 2024
Issue Closes	27 June 2024
Issue Size	Rs. 1,500.00 Cr
Face Value	Rs 2 per share
Price Band	Rs 267-281 per share
Market Lot	53 shares and multiples thereof
Listing	NSE & BSE

ABD's headquarters is located in Mumbai, Maharashtra, and it operates multiple manufacturing facilities across India. The company has been recognized for its innovation and quality in the spirits industry, catering to diverse consumer preferences across various price segments.

Financial Highlights

Particulars (Rs Cr.)	9MFY24	FY23	FY22	FY21
Net sales	2560.30	3146.60	2685.70	2348.40
Net Profit for the period	9.20	1.60	1.50	2.50
EBITDA (%)	7.10	5.90	7.30	8.30

PEER COMPARISON - FY23				
(In Rs crores)	Allied Blenders & Distillers	Radico Khaitan	United Spirits	Tilaknagar Industries
Sales	3147	3133	10612	1164
EBITDA margins	5.90%	11.50%	13.20%	11.80%
RoCE	12%	12%	20%	16%
P/E - FY25E	54x	80x	57x	31x

About the Issue

Allied Blenders and Distillers IPO, which is worth Rs. 1,500 crore, comprises a fresh issue of Rs. 1,000 crore, and an offer-for-sale (OFS) of Rs. 500 crore worth equity shares by the promoters and other investors. In the OFS, promoters Bina Kishore Chhabria, and Resham Chhabria Jeetendra Hemdev will off load the shares.

The IPO of Allied Blenders and Distillers opens for bidding on June 25 and can be subscribed till June 27. The company is offering its shares in the fixed price band of Rs 267-281 apiece. Investors can apply for a minimum of 53 equity shares and its multiples thereafter.

Incorporated in 2008, Allied Blenders and Distillers is an Indian-made foreign liquor (IMFL) company. The company offers five Indian-made foreign liquor categories: whisky, brandy, rum, vodka and gin. In addition, they sell packaged drinking water under the Officer's Choice, Officer's Choice Blue, and Sterling Reserve brands.

Allied Blenders and Distillers raised Rs 449.1 crore from anchor investors on Monday as it finalised allocation of 1,59,82,206 shares at a price of Rs 281 apiece. Goldman Sachs, Integrated Core Strategies, Societe Generale, Authum Investment, Winro Commercial, MAIQ Growth, LC Radiance Fund VCC and several mutual funds participated in the anchor book.

Investment Rationale

Doms ABD is known for its flagship brand Officer's Choice whisky, which is one of the largest-selling whisky brands globally by volume. The company's established market presence and brand recognition in the Indian alcoholic beverages sector could indicate a stable revenue stream.

Spirits market has been growing steadily, driven by increasing disposable incomes, changing consumer preferences, and urbanization. ABD's strategies for expanding its product portfolio and market reach could capitalize on this growth potential.

ABD offers a range of alcoholic beverages including rum, vodka, and gin under different brands. A diversified product portfolio can mitigate risks associated with reliance on a single product.

Efficient manufacturing processes and distribution networks are critical in the competitive spirits industry. ABD's ability to manage costs, optimize production, and expand distribution channels could enhance profitability.

Strong brand equity and consumer loyalty, especially for Officer's Choice whisky, can support pricing power and market share gains, contributing to sustained revenue growth.

Investors would assess ABD's financial health, including revenue growth trends, profitability margins, cash flow generation, and debt levels. Transparent financial reporting and a history of stable financial performance could enhance investor confidence.

Understanding regulatory environments, market competition, and consumer trends within the alcoholic beverages industry is essential. ABD's ability to adapt to regulatory changes and capitalize on emerging trends could drive long-term growth.

Risks

The performance of ABD's IPO can be influenced by broader market conditions, including economic factors, market sentiment, and investor confidence. If the market experiences downturns or volatility, it could affect the IPO price and subsequent trading performance.

ABD operates in the highly competitive alcoholic beverages industry, which is subject to regulatory changes, consumer preferences, and economic cycles. Changes in government policies, tax regimes, or health regulations could impact ABD's business operations and financial performance.

Investors should assess ABD's business model, financial health, and growth prospects. Factors such as supply chain disruptions, changes in raw material prices (like grains for whisky production), and operational challenges could affect ABD's profitability and stock performance.

ABD's financial statements, debt levels, and cash flow dynamics should be thoroughly evaluated. High levels of debt, inadequate cash reserves, or declining profitability could pose risks to the company's ability to grow and meet its financial obligations.

Newly listed IPO stocks may experience lower liquidity initially, which could affect the ease of buying or selling shares at desired prices.

Compliance with regulatory requirements, including alcohol-related regulations, environmental standards, and labor laws, is essential for ABD. Legal disputes or regulatory fines could impact the company's operations and reputation.

Outlook

Concentration of revenue on one single brand poses risk as diversification and launch of premium brands is necessary to fuel growth. Investors can apply for listing gain and can accumulate it at a lower level on correction post listing.

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SHRIRAM INSIGHT SHARE BROKERS LTD. | SEBI Reg. No. : NSE-CM [INB 230947033] | BSE-CM [INB 010947035] |
NSE-F&O [INF 230947033] | NSE_CDS [INE231348633] | Main Office: CK-5, Sector-II, Saltlake City, Kolkata - 700091 | Tel :
2359 4612, 2359 4614, 2359 4877 | Fax : (033) 2321-8429 | E-mail : research@shriraminsight.com |
www.shriraminsight.com |