DALALBYTES RESEARCH

Associated Alcohols

The House Brand Pivot Inside a Commodity Distillery

A grain to bottle liquor maker
at 13.1x earnings, light debt,
and a premium brand pivot to prove

NSE: ASALCBR · BSE: 507526

October 28, 2026

Reference: Rs 539, NSE close of October 28, 2026.
Market cap about Rs 1,081 cr; 52-week range Rs 524 to Rs 1,277.
Business, financials, competition, management,
valuation vs peers, risks, and FY2029 scenarios.

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VERDICT

64 / 100 : Selective Positive

Associated Alcohols and Breweries Ltd (AABL) is the Kedia family's Indore based liquor maker: one large integrated plant at Barwaha in Madhya Pradesh that turns grain into extra neutral alcohol (ENA), and then sells that spirit four ways, as its own Indian Made Foreign Liquor (IMFL) brands, as licensed and contract bottled liquor, as Indian Made Indian Liquor (IMIL, country liquor) for the Madhya Pradesh government trade, and as merchant ENA and fuel ethanol to others. FY26 consolidated revenue was Rs 1,019.40 cr, down 5.3%, yet EBITDA rose 11.6% to Rs 142.93 cr and PAT rose 8.7% to Rs 88.48 cr, because the mix moved toward the bottle the company owns.

The pivot is now visible in the latest quarter. In Q1 FY27 proprietary IMFL revenue hit a record Rs 79.2 cr, up 58% year on year, on 7.9 lakh cases, lifting own brands to 23% of revenue from 17% in FY26. Management guides proprietary IMFL growth of about 30% for FY27. Promoters raised their holding from 59.29% to 62.35% by converting warrants at Rs 679 a share in March 2026, above today's price, with pledging at 0.00%. Borrowings fell from Rs 102 cr to Rs 69 cr against net worth of Rs 695 cr.

The selective part is equally plain. The ethanol segment lost Rs 8.37 cr at segment level in Q1 FY27 as industry oversupply, lower OMC allocations and high grain prices turned a policy business into a drag, and consolidated PAT fell 24% year on year that quarter to Rs 17.92 cr. Revenue fell in FY26 partly because licensed business moved to a lower revenue contract manufacturing model. Working capital stretched: the cash conversion cycle widened to 110 days in FY26 from 80 days. And the state is the silent partner in every line: excise policy, IMIL tenders and ethanol pricing are all set by governments, not by the company.

At Rs 539 the stock trades at 13.1x trailing earnings against United Spirits at about 48x and Radico Khaitan at about 79x, and it has fallen about 48% in a year and 58% from its Rs 1,277 high while PAT grew. That discount prices the commodity and policy risks in full and the house brand pivot not at all. If proprietary IMFL compounds anywhere near guidance, the mix alone re-rates the earnings quality. If ethanol losses persist and the pivot stalls outside Madhya Pradesh, 13x is fair for a state dependent distillery. Selective Positive.

Reference price: Rs 539 (NSE close, October 28, 2026). Market cap about Rs 1,081 cr. 52-week range Rs 524 to Rs 1,277. Latest quarter is Q1 FY27 (June 2026); Q2 FY27 had not been announced at this report's date.

FY2029 targets: Bear Rs 440 / Base Rs 900 / Bull Rs 1,480. See Section 14 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Associated Alcohols and Breweries Ltd (AABL), HQ Indore, Madhya Pradesh

Item	Detail
Incorporated	July 1989 at Kolkata; took over Associated Distilleries in April 1990; IPO December 1994
Group	Associated Kedia Group; sister company Mount Everest Breweries (beer) filed a DRHP in September 2026
Business	Grain distilling and bottling: proprietary IMFL, licensed and contract IMFL, IMIL, merchant ENA, ethanol, malt spirit
Plant	Single integrated complex at Barwaha, Khargone district, MP; bottling also in Uttar Pradesh and Kerala (SDF Industries)
Spirit capacity	ENA production raised to about 50 million litres in FY26; ethanol plant about 40 MLPA; malt spirit plant 6,000 LPD commissioned in FY26
FY26 revenue	Rs 1,019.40 cr (-5.3%); EBITDA Rs 142.93 cr (14.0%); PAT Rs 88.48 cr (+8.7%)
Q1 FY27	Revenue Rs 280.86 cr (+5.3%); PAT Rs 17.92 cr (-24%); proprietary IMFL Rs 79.2 cr (+58%)
Balance sheet	Net worth Rs 695 cr; borrowings Rs 69 cr; CRISIL A- / Positive outlook (October 2025)
Promoters	62.35% (September 2026), Kedia family; pledging 0.00%; warrants converted at Rs 679 in March 2026
Brands	Nicobar gin, Hillfort blended malt whisky, Central Province, Titanium, Bombay Special, Superman Fine, James McGill, Jamaican Magic

2. FOUNDING STORY: FOUR DECADES OF KEDIA LIQUOR IN CENTRAL INDIA

The family came before the company. The Kedia family entered the liquor business about four decades ago in central India. Associated Alcohols was incorporated at Kolkata in July 1989, promoted by Bhagwati Prasad Kedia and Anand Kumar Kedia, commenced business in August 1989, and took over Associated Distilleries in April 1990.

The 1994 IPO built the modern distillery. The December 1994 public issue funded modernisation and expansion of ENA capacity and IMFL bottling, and a grain based alcohol plant to reduce dependence on molasses. That grain decision still defines the company: its feedstock today is rice, maize, jowar and barley, bought in the agricultural heartland around its plant.

One plant, deliberately. Instead of scattering small units, the family concentrated production at Barwaha in Khargone district, which the company describes as the largest single location integrated liquor facility in India. Grain in, ENA out, bottling lines beside the stills, captive power alongside. Concentration cuts unit cost and complicates any exit from Madhya Pradesh policy risk, a trade this report returns to.

The second generation is professionalising the story. Prasann Kumar Kedia is Managing Director. Anshuman Kedia is a promoter director and the public face as CEO in recent profiles. Tushar Bhandari moved from CFO to Whole Time Director in November 2025, with Dilip Kumar Inani appointed CFO. Investor presentations, concalls and segment disclosure have all improved in the last two years, which is itself a data point for a family microcap.

The group is being separated in public. Mount Everest Breweries, the group's beer company (Mount's 6000 and related brands, about 36% production share in Madhya Pradesh beer in FY26 on its DRHP), filed for a Rs 230 cr IPO in September 2026. A non-compete agreement dated April 1, 2026 separates the two: beer sits in Mount Everest, spirits, ENA and ethanol sit in AABL, with separate boards and no overlapping executive leadership. For AABL holders the separation is welcome clarity, and a related party structure to keep watching.

3. WHAT THE BUSINESS ACTUALLY DOES

Grain to spirit. The Barwaha distillery converts grain into ENA, a near pure spirit that is the base of most bottled liquor. Installed distillation is about 160 kilolitres per day on industry profiles, and management said ENA production was enhanced to 50 million litres in FY26 from 47 million litres, through efficiency and lower downtime. Captive consumption, spirit the company bottles itself, rose to 59% in Q1 FY27 from 50% in FY26: AABL is increasingly its own best customer, which is the whole strategy in one ratio.

Proprietary IMFL: the prize. Seventeen own brands across whisky, gin, vodka, rum and brandy, in three tiers. Prestige and premium: Nicobar handcrafted gin and Hillfort blended malt whisky (launched in Maharashtra in May 2025 and Uttar Pradesh in June 2025). Popular: Central Province whisky and vodka, Titanium vodka, Lemount brandy. Economy: Bombay Special, Superman Fine Whisky, James McGill, Jamaican Magic Rum and Mood Marker brandy. Own brand economics are the best in the house: management reported a 22% EBITDA margin in proprietary IMFL in Q4 FY26, its highest ever.

Licensed and contract bottling: the volume filler. AABL bottles for others at scale. It has a two decade relationship with Diageo's United Spirits and describes itself as one of four exclusive Diageo contract manufacturing partners, bottling brands in the Bagpiper, White Mischief, Smirnoff, Black and White, VAT 69 and Black Dog families, and it bottles licensed brands for Inbrew including Blue Riband gin. This business brings volume, plant utilisation and credibility, at job work margins. In FY26 part of the licensed book moved from a buy sell model to contract manufacturing, which cut reported revenue while protecting margin: the main reason group revenue fell while profit rose.

IMIL: the state tender annuity. Country liquor supplied into the Madhya Pradesh government system. In Q4 FY26 IMIL volumes were 9.8 lakh cases, revenue Rs 62 cr, and the segment ran at about a 20% EBITDA margin. Growth is modest by design: management guides 3 to 5%, tenders decide volumes, and new pack formats (a lower strength variant and a 90 ml pack) drove a recent bump. IMIL is unglamorous, cash generative, and entirely policy priced.

Ethanol and merchant ENA: the commodity swing. The ethanol plant (about 40 MLPA) sells fuel ethanol to oil marketing companies under the national blending programme. Merchant ENA is sold to other bottlers.

Both are price and allocation businesses. Q4 FY26 showed the good version: merchant ENA volumes up 129% to 6.9 million litres at a 14% EBITDA margin. Q1 FY27 showed the bad version in ethanol: oversupply across the industry, lower allocations and firm grain prices produced a segment loss of Rs 8.37 cr on Rs 74.38 cr of segment revenue (segment revenue includes inter segment sales).

Malt spirit: the newest leg. A 6,000 LPD malt spirit plant was commissioned and stabilised at Barwaha in FY26. Malt must mature before it can be sold as premium or single malt whisky, so this is capital spent now for a category entry years out. It strengthens the Hillfort story and lengthens the cash conversion story by the same act.

4. WHERE THE REVENUE COMES FROM

Line (Q4 FY26 unless noted)	Volume	Revenue (Rs cr)	EBITDA margin	Note
Proprietary IMFL	6.6 lakh cases (+37%)	50	22%	Q1 FY27: Rs 79.2 cr (+58%), 7.9 lakh cases
IMIL	9.8 lakh cases	62	20%	MP tender based
Merchant ENA	6.9 mn litres (+129%)	47	14%	ENA output 50 mn litres in FY26
Ethanol	4.0 mn litres (-35%)	24	10% in Q4; loss in Q1 FY27	Q1 FY27 segment result -Rs 8.37 cr
Licensed and contract IMFL	n.d.	Balance of potable	Job work level	Model shift cut FY26 revenue

Two reported segments hide four different businesses. Statutory reporting splits Potable Alcohol and Ethanol. In Q1 FY27 potable revenue was Rs 219.16 cr with a segment result of Rs 34.27 cr, while ethanol revenue was Rs 74.38 cr with a segment result of minus Rs 8.37 cr (segment figures include inter segment transfers, so they do not sum to consolidated revenue of Rs 280.86 cr). Inside potable sit a 22% margin brand business, a 20% margin tender business and a thin job work business. The investment case is the speed at which the first of those grows inside the blend.

Geography is widening from an MP base. The home state remains the profit core, above all through IMIL and Central Province. Proprietary IMFL now sells across a widening state list that company material puts at Madhya Pradesh, Chhattisgarh, Kerala, Delhi, Uttar Pradesh, West Bengal, Maharashtra, Goa, Pondicherry, Assam and Tripura. Two capacity moves support the push: a bottling presence in Uttar Pradesh, and the acquisition of Thrissur based SDF Industries in Kerala for Rs 30.85 cr, bringing about 4.3 million cases a year of bottling capacity. A canned ready to drink launch, Kultur, followed in June 2026, with premium tequila and brandy launches discussed on the Q1 FY27 call.

5. FINANCIALS: REVENUE STALLED, MIX CARRIED PROFIT

Year	Revenue (Rs cr)	YoY	EBITDA (Rs cr)	EBITDA margin	PAT (Rs cr)	Diluted EPS (Rs)
FY22	513	+18%	82	16%	61	34
FY23	701	+37%	62	9%	42	23
FY24	760	+8%	77	10%	51	28
FY25	1,076	+42%	128	12%	81	43
FY26	1,019	-5%	143	14%	88	46
Q1 FY27	281	+5%	30	11%	18	9

Consolidated, company presentation basis. FY22 PAT included higher other income, which flatters that year. FY25 revenue step up reflects the ethanol ramp and licensed volumes; FY26 revenue fell on the licensed model shift and weaker ethanol, while EBITDA and PAT rose on mix. Q1 FY27 EBITDA margin fell on the ethanol loss.

Read the five years as three acts. Act one, FY22 to FY24: an ENA and IMIL house earning 9 to 16% EBITDA margins with PAT between Rs 42 cr and Rs 61 cr, volatile with grain and ENA prices. Act two, FY25: scale, as revenue jumped 42% to Rs 1,076 cr on ethanol and higher volumes and PAT reached Rs 81 cr. Act three, FY26 into FY27: mix, as revenue gave back 5% but EBITDA margin expanded 200 basis points to 14% and proprietary IMFL became the growth engine at 29% growth in FY26 and 58% in Q1 FY27.

Returns are respectable, not elite. Screener puts FY26 ROCE at 18.0% and ROE at 14.6%. Those are honest numbers for a distillery carrying a young ethanol plant, a maturing malt inventory build and bottling assets in new states. The direction matters more than the level: every point of revenue that moves from ethanol or job work to proprietary IMFL carries roughly double the margin of the blended business.

The Q1 FY27 warning is real and specific. Consolidated revenue rose 5.3% to Rs 280.86 cr, operating profit fell to Rs 29.99 cr from Rs 37.12 cr, and PAT fell to Rs 17.92 cr from Rs 23.66 cr. Management attributed the margin fall mainly to ethanol. That is the bear case in miniature: a record brand quarter was not enough to offset a policy priced commodity segment in a bad quarter.

6. BALANCE SHEET AND CASH FLOW: LIGHT DEBT, HEAVY WORKING CAPITAL

Item (Rs cr)	FY24	FY25	FY26
Net worth	n.a.	520	695
Borrowings	96	102	69
Fixed assets	351	395	395

Item (Rs cr)	FY24	FY25	FY26
Investments	4	64	108
Operating cash flow	28	74	52
Free cash flow	-72	-12	0
Dividend per share (Rs)	1.00	2.00	2.00

Borrowings, net worth and assets on Screener consolidated basis; cash flow rounded. FY24 operating cash flow from cash flow compilations. Dividend payout was 5% in FY26.

The debt picture is comfortable. Borrowings of Rs 69 cr against net worth of Rs 695 cr is a debt to equity of about 0.10. Interest cost was Rs 6.2 cr in FY26 against EBITDA of Rs 142.93 cr, cover above 20x. CRISIL reaffirmed A- and revised the outlook to Positive in October 2025. The warrant conversion in March 2026 brought promoter and investor money in at Rs 679 a share and lifted equity capital from Rs 18.08 cr to Rs 20.08 cr (2.008 cr shares). Dilution of about 11% is the cost; a stronger equity base is the receipt.

Working capital is the leak. Debtor days are excellent at 15, but inventory days rose to 125 in FY26 from 98, and payable days fell to 30 from 32, stretching the cash conversion cycle to 110 days from 80. Some of that is malt and spirit maturation, which is inventory by design in premium whisky. Some is ethanol and grain stocking in a falling price environment, which is not. The distinction will show in whether FY27 margins recover as the inventory is sold.

Cash conversion through the cycle is weak. Operating cash flow of Rs 52 cr in FY26 converted only about half of operating profit, free cash flow was about zero after capex, and FY25 free cash flow was negative Rs 12 cr on the same compilations. The ethanol plant, the malt plant, SDF Industries and the UP bottling build were all funded in this window, so the capex was growth capex with names attached. But a business that has not yet strung together two strong free cash flow years does not earn the benefit of the doubt on this pillar.

7. EXPANSION AND DEALS: SMALL TICKETS, POINTED AT BRANDS

Move	Size	Terms and status
Ethanol plant	About 40 MLPA	Commissioned earlier in the decade; FY26 hit by oversupply and lower allocations
ENA efficiency upgrade	Output 47 to 50 mn litres	Delivered in FY26 through debottlenecking, per Q4 FY26 call
Malt spirit plant	6,000 LPD	Commissioned and stabilised at Barwaha in FY26; output must mature before premium sales
SDF Industries, Kerala	Rs 30.85 cr acquisition	Thrissur bottling, about 4.3 mn cases a year; secures Kerala bottling in house

Move	Size	Terms and status
Uttar Pradesh bottling	Not disclosed in reviewed material	Supports Hillfort and proprietary sales in UP, where Hillfort launched in June 2025
Warrant conversion	11 lakh shares at Rs 679	March 2026: promoters Anand and Prasann Kedia took 4.5 lakh shares each; two outside investors 1 lakh each
Mount Everest separation	Non-compete, April 1, 2026	Beer group company filed a Rs 230 cr IPO DRHP in September 2026; AABL stays spirits, ENA and ethanol

The deal pattern is disciplined in size. Nothing on this list bets the company. The largest strategic risk is not any single ticket; it is the accumulation of long gestation assets (malt maturation, new state bottling, RTD) whose payoffs all arrive after FY27 while the ethanol asset already on the books is earning below its cost of capital in the current oversupply.

8. ROADMAP AUDIT: WHAT WAS PROMISED, WHAT ARRIVED

Commitment	Promised	Delivered	Score
Proprietary IMFL growth	30 to 35% growth guided through FY26 calls	FY26 proprietary revenue up about 29%; Q1 FY27 up 58%	Met
FY27 proprietary IMFL guide	About 30% volume and revenue growth	Q1 FY27 ahead of guide; full year pending	On track
Premium launches	Nicobar and Hillfort as the premium wedge	Both launched; Hillfort in Maharashtra (May 2025) and UP (June 2025)	Met
ENA capacity	Raise output via efficiency	47 to 50 mn litres in FY26	Met
Malt spirit plant	Commission at Barwaha	Commissioned and stabilised in FY26	Met
Kerala bottling	Secure in house capacity	SDF Industries acquired for Rs 30.85 cr	Met
RTD entry	Launch guided, then delayed	Kultur canned RTD launched June 2026	Met, late
Ethanol profitability	Blending programme tailwind	Q1 FY27 segment loss of Rs 8.37 cr on oversupply and grain cost	Missed
Licensed model	Grow licensed volumes	Shift to contract manufacturing cut reported revenue in FY26	Partial

The audit is unusually clean for a microcap, with one big miss. Brand promises, plant promises and launch promises have largely landed, and the FY27 guide was set at a level Q1 has already beaten on revenue. The miss is ethanol, and it is partly outside management's control: national capacity was built faster than allocations grew. The test is capital discipline from here: whether management throttles ethanol exposure or keeps feeding a policy market because the plant exists.

9. MANAGEMENT AND GOVERNANCE

Promoter behaviour is the strongest signal in the file. The Kedia family held 58.45% for years, moved to 59.29% in FY24, then converted warrants in two steps to reach 61.22% in September 2025 and 62.35% by March 2026, at a warrant price of Rs 679 a share, which is 26% above the October 28, 2026 market price. Pledging is 0.00%. Promoters putting in roughly Rs 61 cr of warrant money at Rs 679 (their 9 lakh shares) is alignment that can be counted, not just quoted.

Ownership beyond the family is thin. At September 2026 FIIs held 1.02%, domestic institutions 1.36% (mutual funds close to nil on some compilations), and the public 35.26%, across about 41,000 shareholders. There is no institutional anchor to discipline or to validate the story, and average daily traded value on the NSE line is modest (about Rs 0.8 cr on recent exchange data, higher on some vendor compilations). Exit liquidity is a real constraint.

Pay and payouts are modest. The dividend was Rs 2.00 a share for FY26, a payout of about 5% of PAT, and the yield at Rs 539 is 0.37%. A family that owns 62% and pays itself a 5% payout is retaining for growth, which fits the capex record, but minority holders should note the return of cash is almost entirely expected through price, not distributions.

Watch items, stated plainly. First, the group structure: Mount Everest Breweries shares promoters and history with AABL, and the April 2026 non-compete and separate boards need to hold in practice as the beer IPO proceeds. Second, disclosure: segment reporting lumps three unlike potable businesses together, and realisations per case by tier are not published. Third, a personal matter involving promoter Anand Kumar Kedia (a Madhya Pradesh High Court costs order in a property demolition notice case in 2026, reported by LiveLaw) is not a company financial matter, and this report records it only as a governance headline to monitor, with no company funds involved on the reporting reviewed.

10. COMPETITION: GIANTS OWN THE SHELF, REGIONALS OWN THE STATE

Competitor	Position	Quantified comparison (October 28, 2026)
United Spirits (Diageo)	India's largest spirits company; also AABL's contract partner	Price Rs 1,229; P/E about 48x; market cap about Rs 90,952 cr; AABL both supplies it and competes with it
Radico Khaitan	Premium IMFL leader (Magic Moments, Rampur)	Price Rs 4,178; P/E about 79x; market cap about Rs 55,873 cr

Competitor	Position	Quantified comparison (October 28, 2026)
Allied Blenders and Distillers	Mass premium whisky scale (Officer's Choice)	Price about Rs 700; P/E about 70x on vendor data; market cap about Rs 19,362 cr
Tilaknagar Industries	Brandy leader (Mansion House), expanding	Price about Rs 504; market cap about Rs 12,163 cr
Som Distilleries	MP and central India regional rival in beer and spirits	Price Rs 72.59; market cap about Rs 1,361 cr; the closest geographic comp
Globus Spirits	ENA, IMIL and IMFL in northern states	Price about Rs 740; P/E about 25x; market cap about Rs 2,295 cr; the closest business mix comp

The moat question is state by state. Spirits in India are sold state by state, under state excise regimes, state corporations and state specific labels. AABL's defendable assets are its Madhya Pradesh IMIL position, its Central Province franchise in the popular segment, a single site cost structure that larger rivals with scattered plants cannot easily match in central India, and the Diageo manufacturing relationship, which validates its quality systems to every state excise department that reads it.

What it does not have. No national brand in the top tier of any category, no pricing power against state corporations, and premium brands (Nicobar, Hillfort) that are two to three years old competing against Diageo and Radico portfolios with decades of shelf presence. Premiumisation is the industry's direction (Radico's multiple is the market's verdict on owning it), but AABL is buying its ticket with malt inventory and new state spending, not collecting it yet.

11. STRENGTHS

What to watch

Proprietary IMFL above 30% of revenue for two quarters, ethanol back to segment profit, and a full year of free cash flow above Rs 60 cr. Proof of mix, not one record quarter, is what an upgrade waits for.

- 1. The mix pivot is measured, not promised: proprietary IMFL at 22% EBITDA margin grew 29% in FY26 and 58% in Q1 FY27 to 23% of revenue, and group EBITDA margin rose 200 basis points in a down revenue year.
- 2. Promoter alignment in cash: holding up from 59.29% to 62.35% via warrants at Rs 679 a share, pledging at 0.00% across every quarter checked.
- 3. A light balance sheet for a distiller: borrowings down to Rs 69 cr, net worth Rs 695 cr, interest cover above 20x, CRISIL A- with a Positive outlook.
- 4. Single site integration: grain, ENA, bottling and captive power at Barwaha, with captive ENA use at 59% in Q1 FY27, capturing margin at every step it keeps in house.

- 5. The Diageo relationship: two decades as a contract partner and one of four exclusive partners, a quality credential and a volume base.
- 6. Valuation asymmetry: 13.1x trailing earnings and about 1.6x book against listed spirits peers at 48x to 79x, after a 58% fall from the high while PAT rose 8.7%.

12. WEAKNESSES AND RISKS

- 1. Ethanol is a policy commodity in oversupply: a Rs 8.37 cr segment loss in Q1 FY27, volumes down 35% in Q4 FY26, and pricing and allocations set by the government and oil companies.
- 2. The state is everywhere: IMIL tenders, excise duties, label registrations and state corporation payments decide revenue and margins in the home market, and a Madhya Pradesh policy change reaches every segment at once.
- 3. Single location concentration: one plant at Barwaha carries distilling and most bottling; a fire, a water order or a local compliance action is a company level event.
- 4. Working capital stretched: cash conversion cycle of 110 days, inventory at 125 days, operating cash conversion near half of operating profit, and free cash flow of about zero in FY26.
- 5. Grain is the raw material and the risk: rice and maize prices flow straight into both ENA and ethanol margins, with no hedging disclosure in reviewed material.
- 6. Scale and shelf: proprietary brands are subscale nationally against Diageo, Radico and Allied Blenders, and premium launches (RTD, tequila, single malt) are unproven and cash hungry.
- 7. Governance and liquidity watch items: a shared promoter group with the listing bound Mount Everest Breweries, lumped segment disclosure, near nil mutual fund holding, and thin traded value.

13. VALUATION VS PEERS

At Rs 539 (October 28, 2026): P/E 13.1x on trailing EPS of about Rs 45.92 diluted (Screener shows Rs 44.05 on its basis), P/B about 1.56x on book value of Rs 346 a share, P/S about 1.06x, dividend yield 0.37%.

Company	Price (Rs)	P/E (x)	Market cap (Rs cr)	Note
Associated Alcohols	539	13.1	1,081	FY26 PAT Rs 88 cr; proprietary IMFL 17% of revenue, 23% in Q1 FY27
United Spirits	1,229	48.3	90,952	Diageo owned; premium and luxury led
Radico Khaitan	4,178	79.4	55,873	Premiumisation benchmark

Company	Price (Rs)	P/E (x)	Market cap (Rs cr)	Note
Allied Blenders	700	about 70	19,362	Vendor P/E; mass premium scale
Globus Spirits	740	about 25	2,295	Closest mix comp: ENA, IMIL, IMFL
Som Distilleries	73	n.m.	1,361	Regional MP comp; earnings volatile
GM Breweries	811	11.7	1,837	Country liquor, Maharashtra; the low multiple anchor for state tender liquor

How to read the discount. Part of it is earned: AABL is smaller, state concentrated, part commodity, and thinly traded, and GM Breweries shows that tender liquor alone earns about 12x in this market. Part of it is the question the report is asking: Globus, with a similar mix and weaker recent brand momentum, trades near 25x, and every spirits name with a credible premium brand story trades at a multiple of AABL's. DalalBytes' view: 13x fairly prices the distillery and the tender book; it prices the proprietary IMFL pivot at close to zero, two quarters after that pivot began printing 30 to 58% growth. That gap is the Selective Positive.

14. FY2029 SCENARIOS (INR)

Built off FY26 revenue of Rs 1,019.40 cr and PAT of Rs 88.48 cr; 2.008 cr shares; assumptions explicit. DalalBytes estimates, not guidance.

Scenario	Revenue CAGR FY26-29	FY29 revenue (Rs cr)	PAT margin	FY29 PAT (Rs cr)	EPS (Rs)	Exit P/E	Target (Rs)
Bear	4%	1,146	7.0%	80	40	11.0x	440
Base	10%	1,357	9.5%	129	64	14.0x	900
Bull	16%	1,590	11.0%	175	87	17.0x	1,480

Bear Rs 440: ethanol stays loss making through the oversupply, grain stays firm, proprietary IMFL growth halves as new states prove slow, and the PAT margin falls back to 7%. The stock de-rates toward the tender liquor anchor. Net worth of Rs 695 cr (Rs 346 a share) and Rs 69 cr of borrowings limit the fall, but at 1.27x book the bear case is not extreme.

Base Rs 900: proprietary IMFL compounds near the 30% guide in FY27 and moderates after, reaching roughly a third of revenue by FY29; IMIL grows at its 3 to 5% tender pace; ethanol returns to a small profit as allocations normalise; group margin holds as mix does the work. A 14x exit multiple keeps a wide discount to every branded peer.

Bull Rs 1,480: Hillfort and Nicobar become genuine multi state premium brands, the malt programme begins contributing, RTD scales beyond its launch states, ethanol turns cash positive, and proprietary brands pass 40% of revenue with group PAT margin at 11%. Even then the exit multiple of 17x is a third of United Spirits' current multiple, which is the right humility for a two state profit core.

15. WHAT WOULD CHANGE THE VERDICT

Upgrade triggers: proprietary IMFL above 30% of revenue for two consecutive quarters with segment disclosure to prove its margin; ethanol back to segment profit for two quarters; a full year of free cash flow above Rs 60 cr; the cash conversion cycle back under 90 days; a first mutual fund holding above 1% signalling institutional validation.

Downgrade triggers: any promoter pledging or a fall in promoter holding; ethanol losses widening past FY27; a Madhya Pradesh excise or IMIL tender change that cuts volumes; inventory days rising above 140; related party transactions with group companies at non commercial terms.

16. WHY IT MATTERS

AABL is a clean test of the only question that matters in Indian liquor microcaps: can a family distillery convert a commodity spirit stream into owned brands before policy and grain prices convert it back? The record so far is better than the multiple. The family has put its own money in above the market price, kept debt low, delivered its plant and brand promises, and grown the one segment that deserves a multiple at 29 to 58%. The failures are equally specific: an ethanol plant earning below its keep in an oversupplied policy market, and a working capital cycle lengthening as premium inventory builds. At 64/100 Selective Positive, the verdict is that the brand pivot is real, early and mispriced, and that ethanol and Madhya Pradesh policy, not competition, are the hands on the other side of the rope.

SOURCES

- Company filings and presentations: Annual Report and Directors Report FY26 (revenue Rs 1,019.40 cr, EBITDA Rs 142.93 cr, PAT Rs 88.48 cr, proprietary IMFL growth about 29%, malt plant 6,000 LPD), Q4 and FY26 earnings call transcript (NSE filing, May 2026: segment volumes, margins, ENA output 50 mn litres), Q1 FY27 results and call coverage (revenue Rs 280.86 cr, PAT Rs 17.92 cr, proprietary IMFL Rs 79.2 cr, segment results), Q1 FY26 investor presentation (value chain, Diageo partnership, brands)

- Market and financial data: Screener consolidated (price Rs 539 on October 28, 2026, market cap Rs 1,081 cr, P/E 13.1, book value Rs 346, ROCE 18.0%, ROE 14.6%, shareholding, ratios, cash flow), Finnhub (October 28, 2026 closes and multiples for ASALCBR, United Spirits, Radico Khaitan and Som Distilleries)

- Shareholding and promoter actions: warrant conversion disclosures (March 2026, 11 lakh shares at Rs 679, Anand and Prasann Kedia 4.5 lakh shares each), Equitymaster and MarketsMOJO shareholding

compilations (promoters 62.35%, pledging 0.00%)

- Competition and group: Mount Everest Breweries DRHP reporting (September 2026, non-compete dated April 1, 2026, group structure), Kalkine and Bajaj Finserv peer tables (Allied Blenders, Tilaknagar, Globus Spirits, GM Breweries), CRISIL rating update (October 2025, A- / Positive)

- SDF Industries acquisition and Q1 FY27 product detail: Sahi and GuruFocus call summaries, EduInvesting Q1 FY27 analysis (segment split, Kultur RTD, captive use 59%)