



**Allied Blenders
and Distillers**

July 21, 2025

To,

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Scrip Code (BSE): 544203	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Symbol: ABDL
Our Reference No. 39 /2025-26	Our Reference No. 39 /2025-26

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - India Ratings upgrades Allied Blenders and Distillers Limited Bank Facilities to 'IND A'/Positive; Rates Additional Limits

Dear Sir/Ma'am,

India Ratings & Research has upgraded Allied Blenders and Distillers Limited ("**Company**"/ "**ABDL**") bank facilities to 'IND A' from 'IND A-'. The Outlook is Positive. The details of the rating actions are as follows:-

Instrument Description	Size of issue (In Million)	Rating assigned along with Outlook/Watch	Rating Action
Bank Facilities	INR10,810	IND A/ Positive/IND A1	Long-term rating upgraded; Short-term rating Affirmed
Bank Facilities	INR 1,940	INDA/ Positive	Assigned

The Press Release issued by India Ratings & Research in this regard, which was received by the Company on July 21, 2025 at 6:44 PM is annexed herewith.

The aforesaid disclosure is being made available on the Company's website <https://www.abdindia.com/>.

This is for your information and records.

Thanking you,

Yours sincerely,

For **Allied Blenders and Distillers Limited**

Sumeet Maheshwari
Company Secretary and Compliance Officer
Membership no. A15145

Encl: a/a

Allied Blenders and Distillers Limited

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India Ratings Upgrades Allied Blenders and Distillers’s Bank Facilities to ‘IND A’/Positive; Rates Additional Limits

Jul 21, 2025 | Breweries & Distilleries

India Ratings and Research (Ind-Ra) has upgraded Allied Blenders and Distillers Limited’s (ABDL) bank facilities to ‘IND A’ from ‘IND A-’. The Outlook is Positive. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank facilities	-	-	-	INR10,810	IND A/Positive/IND A1	Long-term rating upgraded; short-term rating affirmed
Bank facilities	-	-	-	INR1,940	IND A/Positive	Assigned

Analytical Approach

Ind-Ra continues to fully consolidated ABDL and its subsidiaries while arriving at the ratings given the strong operational and strategic linkages among the entities.

Detailed Rationale of the Rating Action

The upgrade reflects the sustained improvement in ABDL's scale of operations with a significant growth in FY25, led by increased contribution from its higher-margin brands as a result of its continued premiumisation efforts. The EBITDAR margins also improved significantly in FY25, supported by its strong expansion in the gross margins. The credit metrics strengthened significantly in FY25 with the net leverage falling below 2.0x. The agency expects the metrics to continue improving in the medium term, supported by likely continued growth in the company’s scale of operations.

The Positive Outlook reflects the agency’s expectations of a further improvement in ABDL’s profitability in the medium term, supported by its ongoing capex towards enhancing backward integration in raw materials and packaging materials.

The rating is, however, constrained by ABDL's elongated net working capital cycle owing to its overdues in receivables from the Telangana government, though the situation is improving gradually. The large scale of contingent liabilities relative to the entity's scale of operations and the risks to the liquidity position in the event of any materiliasation in the contingent liabilities in the medium term also constrains the ratings.

List of Key Rating Drivers

Strengths

- Healthy growth in sales volume in FY25; increased premiumisation likely to drive further revenue growth
- Significant improvement in EBITDAR margin in FY25
- Backward integration projects to further improve EBITDA margins in medium term
- Net leverage likely to remain below 2x in medium term despite debt-funded capex

- Established market share in mass premium and prestige segments; traction in luxury portfolio could further improve profitability in long term
- Established pan-India distribution network; significant barriers for new entrants

Weaknesses

- Elongation in net working capital cycle due to extended receivables from Telangana
- Large scale contingent liabilities; significant materialisation in medium term could impact liquidity
- Competition in luxury segment from established brands
- Risks from price volatility in ENA

Detailed Description of Key Rating Drivers

Healthy Growth in Sales Volume in FY25 with Increased Premiumisation Likely to Drive Further Revenue Growth:

ABDL's consolidated revenue expanded at a CAGR of 9.44% in FY22-FY25. The revenue grew 5.77% yoy to INR35,198.84 million in FY25 (FY24: INR33,278.51 million), majorly driven by an increase in its overall sales volume of Indian made foreign liquor (IMFL) to 33.07 million cases (31.66 million). The revenue growth was also supported by the significant liberalisation of the Andhra Pradesh (AP) market following the privatisation of its retail market in October 2024, which opened up opportunities for increased penetration for ABDL and other pan-India manufacturers in the state.

The net realisation of IMFL increased to INR1,008 per case in FY5 (FY24: INR978), largely supported by improved salience of sales of the brands in its higher price-point prestige and above (P&A) segment to 40.4% (37.3%) of the overall sales volume. The P&A's contribution to the overall revenue is likely to exceed 50% in FY26, with the growing volumes of Iconiq White whisky yoy. This trend is likely to continue to rise in the medium term, supported by growing consumer shift to premium brands from popular segments. The agency expects the revenue to grow in the medium term, backed by continued growth in the P&A segment and stable volumes in the relatively lower priced mass premium segment.

Significant Improvement in EBITDAR Margins in FY25: ABDL's consolidated operating EBITDAR increased to INR4,305.6 million in FY25 (FY24: INR2,421.33 million), backed by a significant improvement in its EBITDAR margins to 12.23% (7.28%), majorly driven by a 512bp improvement in the gross margins. The significant growth in the gross margin was led by downsizing of lower-margin products in certain markets, improved operational efficiencies, renegotiation of raw material prices with vendors in exchange for shorter credit periods, and an improved contribution from the higher margin P&A segment.

Led by the improved EBITDA margins, the entity's return on capital employed also grew to 17.1% in FY25 (FY24: 15.1%), aligning with the industry average. Ind-Ra expects the improved EBITDA margins to sustain in FY26 with further expansion likely in the medium term.

Furthermore, in May 2025, the government of India entered into a free trade agreement (FTA) with the UK, proposing to revise the custom duty on imports of bulk scotch from the UK to 75% from 150%, with further reduction to 40% gradually over the next 10 years. The move could benefit ABDL's gross margins given the entity's significant bulk scotch imports from the UK for its bottled-in-India scotch brands, unless the industry passes on the cost benefits to customers.

Backward Integration Projects to Further Improve EBITDA Margins in Medium Term: ABDL has three major ongoing projects in Telangana and Maharashtra aimed at increasing its backward integration to reduce external dependence for its raw materials such as extra neutral alcohol (ENA), polyethylene terephthalate (PET) bottles, and malt spirits. The entity had an existing grain-based distillery in Telangana with an installed capacity of 60 million litres per annum (mlpa) at FYE24. In December 2024, ABDL acquired a majority stake in Minakshi Agro Industries LLP (MAILLP) with an existing 11mlpa distillery in Maharashtra for INR720 million increasing its in-house ENA capacity in 4QFY25. The management has undertaken the project to enhance the capacity of its newly acquired distillery by 50mlpa, increasing its overall ENA capacity to 121mlpa after the likely commissioning of the enhanced capacity by 4QFY27.

The entity is also installing a PET bottles manufacturing capacity in Telangana with a production capacity of around 615 million bottles per annum, that would be operational in 2QFY26, leading to savings of around INR360 million in packaging costs for mass premium brands like Officer's Choice Whisky (OCW), as per the management. ABDL also has an ongoing

project for a 4 mlpa malt distillery in Telangana, which would be commissioned in 4QFY26. This will help cater to the blending requirement for existing whisky brands and be a critical enabler for a future launch of ABDL's own single malt whisky brand. The three projects together are estimated to incur an overall cost of around INR3,400 million with around INR260 million having been incurred in FY25 and the rest to be incurred over FY26-FY27. The management expects the enhanced backward integration from these projects to increase the gross margin considerably by FY28. Ind-Ra anticipates the EBITDA margin to remain stable in FY26 and improve from FY27 when the projects become fully operational.

Net Leverage Likely to Remain below 2x in Medium Term despite Debt-funded Capex: ABDL's credit metrics improved significantly in FY25 with the improved EBITDA margins, and the successful completion of its initial public offering and primary issue of INR10 billion in July 2024. The gross interest coverage (operating EBITDAR/gross interest expense) improved to 3.44x in FY25 (FY24: 1.40x) with reduced effective interest costs following the clearance of overdue statutory liabilities using the IPO net proceeds of INR9,759 million. The net leverage (Ind-Ra adjusted net debt including lease liabilities/operating EBITDAR) reduced significantly to 1.86x in FY25 (FY24: 3.26x) despite a rise in overall debt to INR9,052.47 million (INR8,347.43 million). The management has marked further brand acquisitions for FY26 and a new bottling plant in addition to the capex for backward integration and tentatively plans to fund at the most 75% of the overall capex through term loans, subject to the position of internal funds.

Ind-Ra expects the net leverage to not be impacted significantly and remain below 2x in the medium term, backed by expectations of a sustained improvement in the internal accruals. Nevertheless, the extent of free cash flow generation, and the scale of any additional organic or inorganic expansions undertaken by the entity will determine the debt levels and the net leverage in the medium term and will remain a key rating monitorable.

Established Market Share in Mass Premium and Prestige Segments; Traction in Luxury Portfolio likely to Improve Profitability in Long Term: ABDL has a market share of around 8% in the overall IMFL segment of around 400 million cases annually with the entity having four millionaire brands in its portfolio in the mass premium and prestige segments. With its position established in the lower-to-mid tier segments, ABDL launched its luxury portfolio in FY25 which will cater to a smaller but more affluent customer base. The luxury segment, despite being small in volumes, contributes a significant portion to the industry profits. Since the launch, the entity has been rapidly expanding its luxury portfolio through inorganic acquisitions of existing luxury brands and launch of own brands. The luxury portfolio is also likely to further improve ABDL's penetration in the international markets where luxury brands find a higher acceptance compared to the Indian mass premium brands; the entity has already secured approvals for exports in FY26 to Canada and European Union in addition to existing international markets such as the US, Russia, Middle East, Africa, and Southeast Asia. While the agency expects the profitability from the luxury portfolio to be largely muted in the medium term, a successful ramp up can provide upside to the margins in the longer term.

Established Pan India Distribution Network; Significant Barriers for New Entrants: The Indian alco-beverages industry is highly regulated, with the presence of many regional players and low concentration of pan-India players. ABDL is among the few liquor manufacturers with a pan-India bottling and distribution network. In addition to its two distilleries, the entity has nine own-bottling plants and 25 third-party bottling plants for manufacturing alcoholic beverages, spreading its coverage across more than 30 states and Union territories of India; the entity has a presence in every state except the states where alcohol consumption is prohibited. The alcohol industry is highly segmented wherein each state within India has separate policies for licensing, distribution, pricing, and taxation. Operating in a complex regulatory environment requires significant time, and a deep and diverse understanding of the market, creating significant barriers for entry at pan India level.

Furthermore, distilleries also require a huge investment creating financial barriers for regional players to grow into pan-India competitors.

Elongation in Net Working Capital Cycle due to Extended Receivables from Telangana Market: ABDL's net working capital cycle has historically remained at 120-135 days. However, in FY25, the net working capital cycle elongated significantly to 215 days (FY24: 120 days), due to the rise in debtor days (on sales net of excise) to 187 (141). Around 17% of the entity's gross revenue (net revenue + excise) comes from sales in Telangana, which is a corporation market where Telangana State Beverages Corporation Limited (TSBCL) acts as the sole distributor of alcohol. The corporation deferred the payments against the monthly bills by the entity for May 2024 - August 2024, consistent with the deferrals of

other manufacturers' payments. From September 2024, the collections from the corporation against the monthly bills resumed; however, the entire overdue receivables for the earlier period remained in arrears till March 2025, leading to the average debtor days (on gross sales including excise) rising to around 196 in FY25 compared to 55 days in other states.

The entity has started receiving collections from TSBCL against the overdue arrears in tranches of INR200 million per month on average since March 2025, in addition to the collection against the monthly billing. With a traction in collection of the overdue receivables, Ind-Ra expects the debtor days to moderate in FY26 but remain higher than the historical levels. The inventory days also increased to 103 in FY25 (FY24: 73), due to higher imports of bulk scotch in March 2025, anticipating a price rise in the near term for the new luxury brands and elevated inventories at a few southern depots. The management stated that the finished goods Inventory levels corrected in 1QFY26.

The elongated net working capital cycle in FY25 was adequately funded from the IPO proceeds, new working capital limits availed by the entity at lower costs of borrowing, and unsecured promoter loans of INR1,821.47 million at FYE25. The movement in receivables and the net working capital cycle will be a key monitorable for the agency.

Large Scale Contingent Liabilities; Significant Materialisation in Medium Term Could Impact Liquidity:

Manufacturers in the alcohol segment are subject to multiple regulations and a high tax incidence due to levies by various authorities such as income tax, different excise and value-added tax authorities of each state, and local municipal bodies. ABDL has had a high quantum of contingent liabilities towards various disputed and pending litigations. The total contingent liabilities increased significantly to INR8,448.6 million in FY25 (FY24: INR2,486.6 million) owing to a new aggregate income tax demand of INR6,181.9 million served upon the entity in 4QFY25 relating to the past 10 assessment years. Given the significant size of the demand, the promoters have publicly assured investors — through a filed declaration — that any financial impact arising from the materialisation of the said demand will be met from their personal funds, ensuring no ultimate financial burden on the company.

Ind-Ra derives adequate comfort from the promoter and the management assurance that the income tax demand will not impact ABDL's cash flows. Nonetheless, the outcome of the proceedings of the demand along with the movement in the overall contingent liabilities will remain a key rating monitorable. Any significant materialisation of the contingent liabilities in the medium term leading to deterioration in the company's liquidity position could result in a negative rating action.

Competition in Luxury Segment from Established Brands: ABDL is venturing into a new segment with the launch of its luxury portfolio which will be operated by ABD Maestro Private Limited (AMPL), a subsidiary of ABDL, incorporated in FY25 with an 80% stake in a creative partnership with two other investors. The market for the luxury segment is characteristically distinct from the lower tier segments, and ABDL has also launched products such as gin and vodka in the segment, where the entity has a very low market share compared to whisky. The luxury segment in India is dominated by large players with already established brands having wide customer acceptance. The export market in the luxury segment also poses challenges including different legal standards for quality and maturation period for whiskies in countries such as the US, the UK, and Canada. Significant spending of overheads and promotional expenditures to increase market share in the luxury portfolio could impact the profitability if the ramp up in the luxury portfolio is slower than expected.

However, this risk is mitigated by ABDL's professional management which has historically demonstrated capabilities of creating its own space in established markets with new launches.

Risks from Price Volatility in ENA: ABDL is exposed to risks from volatility in the prices of its main raw material, ENA, as the entity does not have completed backward integration for ENA at present. ENA prices have been highly volatile and increasing since 2023 due to rising demand for ethanol in petroleum products following government initiatives. As per the management, the ENA prices stabilised in FY25 and are unlikely to increase significantly in the medium term. The agency derives comfort from the entity's measures to increase the backward integration in both ENA and PET in the medium term. Nevertheless, a significant upside in the ENA or grain prices in the near- to medium term could impact profitability as the ability to pass on cost increase to output prices is constrained by government pricing regulations in the company's operational geographies.

Liquidity

Adequate: ABDL's Ind-Ra-adjusted cash flow operations (reported cash flow from operations less net finance costs paid) deteriorated to negative INR7,991.72 million in FY25 (FY24: positive INR177.71 million) owing to the elongation in the net working capital cycle. With capex of INR1,848.01 million incurred in FY25 (FY24: INR460.43 million), including the investment in AMPL and the luxury brand acquisitions, the free cash flow remained negative at INR9,839.73 million (negative INR282.72 million). However, the negative free cash flows were funded adequately from the IPO net proceeds and timely infusion of unsecured loans from the promoters. The unencumbered cash and cash equivalents, hence, increased to INR1,038.67 million at FYE25 (FYE24: INR446.02 million).

The entity also repaid its existing working capital loans and term loans from the IPO proceeds and availed new working capital limits of INR6,500 million at significantly better interest rates. As the collection against current monthly billings from Telangana is now regular and the overdue receivables are also expected to be gradually cleared, the cash flow from operations and the free cash flow are likely to turn positive in FY26. The management stated that it will avail the additional term loans only considering the free cash flows and the liquidity position. With the repayment of the overdue statutory liabilities, the current ratio also improved significantly to 1.42x in FY25 (FY24: 0.94x). The average maximum utilisation of the fund-based working capital limits for the 12 months ended May 2025 was 87.64%.

Rating Sensitivities

Positive: Developments that could, individually or collectively, lead to a positive rating action include:

- maintaining business growth trajectory while sustaining the improvement in the EBITDA margins
- gross leverage (gross total debt/operating EBITDAR) reducing below 1.75x
- an improvement in the net working capital cycle, specifically the debtor days on a sustained basis with improved collection cycle from the Telangana state corporation

Negative: A lower-than-expected EBITDA generation, or a further elongation in working capital cycle, or any substantial increase or materialisation of contingent liabilities with ultimate financial impact on ABDL, or the gross leverage remaining above 1.75x, on a sustained basis, would lead to the revision of Outlook to Stable.

Any Other Information

Not applicable

About the Company

ABDL manufactures IMFL and is a publicly listed company in India. Its flagship products are Officers Choice Whisky, Officers Choice Blue, ICONiQ White and Sterling Reserve, among others. ABDL also manufactures vodka, brandy, rum and gin. The Company has two Distilleries with an installed capacity of 71mlpa proposed to be enhanced to 121mlpa by FY27, and 34 bottling plants providing pan India manufacturing and distribution capabilities.

Key Financial Indicators

Particulars (Consolidated)	FY25	FY24
Revenue (INR million)	35,198.84	33,278.51
Operating EBITDAR (INR million)	4,305.60	2,421.32
EBITDAR margin (%)	12.23	7.28
Gross interest coverage (x)	3.44	1.40
Gross Leverage (x)	2.10	3.45
Net leverage (x)	1.86	3.26
Source: ABDL; Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings/Outlook	Historical Rating/Outlook				
				3 October 2024	22 May 2024	20 October 2023	17 May 2023	18 November 2022
Issuer rating	Long-term	-	-	-	-	WD	IND BBB+/Rating Watch with Negative Implications	IND BBB+/Rating Watch with Developing Implications
Bank loan facilities	Long-term/Short-term	INR10,810	IND A/Positive/IND A1	IND A-/Positive/IND A1	IND BBB+/Rating Watch with Developing Implications/IND A2/ Rating Watch with Developing Implications	-	IND BBB+/Rating Watch with Negative Implications/IND A2/ Rating Watch with Negative Implications	IND BBB+/Rating Watch with Developing Implications/IND A2/ Rating Watch with Developing Implications
Bank loan facilities	Long-term	INR1,940	IND A/Positive	-	-	-	-	-
Term loan	Long-term	INR3,875.2	-	WD	IND BBB+/Rating Watch with Developing Implications	-	IND BBB+/Rating Watch with Negative Implication	IND BBB+/Rating Watch with Developing Implication

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Term loan	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity- indicators>.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit www.indiaratings.co.in.

Solicitation Disclosures

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

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