



Press Release

Inbrew Beverages Private Limited (IBPL)

Revised Press Release

May 9, 2025

This is with reference to the press release dated September 11, 2024. The revised press release stands as below: The revised press release contains restated numbers of Profit After Tax (PAT), Total Debt, PAT Margins (%) and overall gearing (times) post restatement of audited numbers of FY23.

Link for the press release dated September 11, 2024 published on Infomerics Website is provided below:

<https://www.infomerics.com/admin/uploads/pr-Inbrew-Beverages-11sep24.pdf>

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Instruments - Non- Convertible Debenture (ISIN: INE696R07018)	685.00	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	IVR BB/ Stable (IVR Double B with Stable Outlook)	Downgraded	Simple
Total	685.00 (Rs. Six Hundred Eighty Five crore only)				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has downgraded its rating assigned to the non-convertible debenture of IBPL reflects expected deterioration in debt protection metrics and liquidity due to continued net loss in FY24. The downgrade also reflects lower than expected profits during FY24 due to the delay in price hike in the State of Karnataka. Infomerics notes that this will further delay the improvement in liquidity.

The ratings continue to derive strength from experienced promoters and favourable demand outlook for alcohol industry. The ratings however constrained by leveraged capital structure with lower debt protection metrics, working capital intensive nature of business, significant



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refinancing risk and highly regulated business with high duties and taxes albeit high entry barriers benefitting the incumbents.

The ratings have been assigned a stable outlook as IBPL will continue to benefit from the extensive experience of its promoters and growing scale of operations.

Key Rating Sensitivities:

Upward Factors

- Improvement in profitability metrics thereby leading to overall improvement in cash accruals which is significantly higher than Infomerics expectation could lead to a positive rating action.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators or liquidity, subdued industry scenario could lead to a negative rating action.
- Deterioration in capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Stable operating profile expected to improve through FY24-FY26**

IBPL's revenue has increased to Rs.1614.89 crore in FY24 a growth of ~76% as compared to FY23 driven by increased sales of volume of bottles. EBITDA margin has improved to 10.38% in FY24 as compared to 5.96% in FY23, due to lower operating cost.

- **Favorable demand outlook for alcohol industry**

India is one of the fastest growing alcohol markets in the world. Rapid increase in urban population, sizable middle-class population with rising spending power, and a sound economy are certain significant reasons behind increase in consumption of alcohol in India.



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- **Experienced promoters**

Mr. Ravinder Singh Deol, Mr. Rajnikant Tirumala Sabnavis and Mr. G Pulla Reddy are the directors of IBPL. Mr. Ravinder Singh Deol is having around four decades of experience while, Mr. Rajnikant Tirumala Sabnavis and Mr. G Pulla Reddy are having more than two decades of experience in the liquor industry. They look after the day-to-day affairs of IBPL. Promoters are supported by a team of experienced and qualified professionals.

Key Rating Weaknesses

- **Losses at PAT levels**

IBPL has reported losses at PAT levels for FY22-FY24 due to higher depreciation cost and interest expenses. Interest expenses has increased to Rs. 63.45 crore in FY24 (FY23: Rs. 4.01 crore).

- **Leveraged capital structure with lower debt protection metrics**

Adjusted tangible net worth (before adjusting intangibles) has decreased and stood at Rs.324.60 crore as on March 31, 2024 (P.Y.: Rs.364.16 crore), mainly on account of net loss incurred in FY24. Infomerics have considered CCD's as equity as promoters are holders of this instrument and the same can be converted into equity shares anytime at the option of lender after expiry of six months from the date of the final redemption of the NCD. If the option is not exercised, the instrument shall automatically convert at the end of tenth year from the date of issue. Overall gearing (before adjusting intangibles) and TOL/TNW (before adjusting intangibles) have deteriorated and stood high at 2.44x and 3.82x as on March 31, 2024 (P.Y.: 2.04x and 3.18x) due to decrease in tangible network. The debt protection metrics marked by interest coverage stood low at 1.33x in FY24 against 0.84x in FY23. Total debt/GCA remained high at 18.25x in FY24.

- **Working capital intensive nature of business**

The operations of IBPL remained working capital intensive. IBPL's net operating cycle increased to 116 days in FY24 (FY23: 90 days) due to increase in inventory days which stood at 78 days in FY24 (FY23: 59 days). The collection days stood at 67 days in FY24 (FY23: 65 days), due to improved realization. Creditor days stood at 29 days in FY24 (FY23: 33 days).



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- **Significant refinancing risk**

IBPL faces significant refinancing risk during FY25 (P) and FY26 (P) due to lower-than-expected cash accruals against the scheduled repayments. As per management the shortfall will be refinanced through additional debt. The ability of the management to refinance its debt repayments would be key monitorable.

- **Intense competition from distributors of other liquor manufacturing principals**

IBPL faces intense competition from distributors of other liquor manufacturing principals. However, IBPL established presence more than four decades gives it some comfort. Further, the discretionary nature of the expenditure also may sometimes limit demand, especially in times of subdued incomes.

- **Highly regulated business with high duties and taxes albeit high entry barriers benefitting the incumbents**

Liquor industry is highly regulated in India with each state controlling the production, sales and duty structure independently including control on pricing. Beside this, there is a ban on all forms of direct and indirect advertising for liquor in the country, leading to market players resorting to surrogate advertising. The complexity of the industry further lies in the different types of distribution models followed in various states like government-controlled agencies, private distribution system and auction. The uncertainty evolving around any regulatory norms make the industry vulnerable and profitability susceptible to any unforeseen changes.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)



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Liquidity – Stretched

The liquidity of the company remains stretched as the company faces significant refinancing risk during FY25 (P) and FY26 (P) due to lower-than-expected cash accruals against the scheduled repayments. As per management any shortfall will be refinanced through additional debt. Ability of the management to refinance its debt repayments would be key monitorable.

About the Company

IBPL was incorporated in the year 1972. IBPL is engaged in manufacturing wide range of alcoholic beverages (beer and spirits). In the year FY23, IBPL has completed acquisition of United Spirits Limited's (USL) 32 brands and franchise of 11 other brands. Mr. Ravinder Singh Deol, Mr. Rajnikant Tirumala Sabnavis and Mr. G Pulla Reddy are the directors of IBPL.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	899.41	1614.89
EBITDA	53.60	167.61
PAT	-53.74 #	-56.66
Total Debt	743.57 #	792.42
Tangible Net Worth @	-173.00	-180.52
EBITDA Margin (%)	5.96	10.38
PAT Margin (%)	-5.85 #	-3.50
Overall Gearing Ratio (x) @	-4.30 #	-4.39
Interest Coverage (x)	0.84	1.33

* Classification as per Infomerics' standards.

Re-stated financials for FY22-23 as per the annual report for FY23-24.

@ After adjusting intangible assets.

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:



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Sr. No.	Name of Security/Facilities	Current Ratings (2024-25)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
							-
1.	Non-Convertible Debenture (ISIN: INE696R07018)	Long Term	685.00	IVR BB-/Stable	IVR BB/ Stable (February 14, 2024) IVR BB-/Negative; INC (September 6, 2023)	IVR BB/ Stable (September 12, 2022) IVR BB/ Stable (September 6, 2022)	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.



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For more information and definition of ratings please visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

Name of Facility/Security	ISIN	Date of Issuance	Coupon Rate/IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/Outlook
Non-Convertible Debenture	INE696R07018	September 29, 2022	12.50%	September 28, 2025	685.00	IVR BB-/Stable

Annexure 2: Facility wise lender details: Not applicable

Annexure 3: Detailed explanation of covenants of the rated Security/facilities:

Particulars	Terms & conditions
Security Name	12.50% INR 685,00,00,000 listed and rated senior secured non-convertible debentures
ISIN	INE696R07018
Issuance / Type of Instrument	Senior, Secured, Listed, Rated, Redeemable, Non-Convertible Debentures
Nature of Instrument	Secured
Seniority	Senior
Mode of Issuance of Debentures	Private Placement
Issued amount	Rs.685.00 crore
Minimum Subscription	Rs.10,00,000/-
Debenture Trustee	Catalyst Trusteeship Limited
Use of Proceeds	(i) payment in part of the Acquisition Consideration; (ii) financing the payment (or reimbursement) of the Acquisition Costs;



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Particulars	Terms & conditions
	(iii) payment of any fees, costs and expenses in connection with the transactions contemplated under the Finance Documents (including under Clause 18 (Indemnity and Costs and Expenses)) of the Deed; and (iv) any other purpose expressly agreed by the Debentures (acting on the instructions of all the Debenture Holders).
Tenor	36 months
Coupon Type	Fixed
Coupon Rate	12.50% p.a.
Coupon Payment Frequency	Monthly
Coupon Payment Dates	Coupon Payment Date means: (a) the last day of each Interest Period; (b) each Scheduled Redemption Date; and (c) the Final Redemption Date.
Default Interest	17.50% per annum (Being 12.5% as the Coupon Rate and 5% as the Default Interest)
All Covenants to the Issue	<p>Financial statements The Issuer shall supply to the Debenture Trustee in sufficient copies for all the Debenture Holders:</p> <p>(a) as soon as they become available, but in any event within 120 days after the end of each of Issuer's Financial Years (or, in respect of its Financial Year ending on 31 March 2022, 150 days), the audited annual consolidated financial statements of the Issuer for that Financial Year; and</p> <p>(b) as soon as they become available, but in any event within 30 days after the end of each of its Financial Quarters, the unaudited quarterly consolidated financial statements of the Issuer for that Financial Quarter.</p> <p>2. Compliance Certificate (a) The Issuer shall supply to the Debenture Trustee, with each set of financial statements delivered pursuant to paragraphs (a) and (b) of paragraph 1 (Financial statements), of Part A (Information Undertakings) of schedule 4 (Covenants and undertakings) of the Deed, a Compliance Certificate setting out:</p> <p>(i) (in reasonable detail) computations as to compliance with paragraph 2 (Financial Condition) of Part B of schedule 4</p>



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Particulars	Terms & conditions
	<p>(Covenants and undertakings) for any applicable Relevant Period but only to the extent such Relevant Period ends on a Test Date as at which those financial statements were drawn up; and</p> <p>(ii) that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it),</p> <p>(a) provided that acceptance of the Compliance Certificate by the Debenture Trustee shall not constitute waiver of any Default specified therein.</p> <p>(b) Each Compliance Certificate shall be signed by a director of the Issuer.</p> <p>3. Requirements as to financial statements</p> <p>(a) Each set of financial statements delivered by the Issuer pursuant to paragraph 1 (Financial statements) of Part A (Information Undertakings) of schedule 4 (Covenants and undertakings) of the Deed shall be certified by a director of the relevant company to which the financial statements relate, in each case, as giving a true and fair view of (in the case of any such financial statements which are audited) or fairly representing (in the case of any such financial statements which are unaudited) the financial condition of such company as at the date as at which those financial statements were drawn up.</p> <p>(b) The Issuer shall procure that each set of financial statements delivered pursuant to paragraph 1 (Financial statements) of Part A (Information Undertakings) of schedule 4 (Covenants and undertakings) of the Deed is prepared using the applicable GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the applicable Original Financial Statements unless, in relation to any set of financial statements, it notifies the Debenture Trustee that there has been a change in the applicable GAAP, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of that person) deliver to the Debenture Trustee:</p> <p>(i) a description of any change necessary for those financial statements to reflect the applicable GAAP, accounting practices and reference periods upon which that person's Original Financial Statements were prepared; and</p>



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Particulars	Terms & conditions
	<p>(ii) sufficient information, in form and substance as may be reasonably required by the Debenture Trustee, to enable the Secured Parties to determine whether paragraph 2 (Financial Condition) of Part B of schedule 4 (Covenants and undertakings) of the Deed has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and that person's Original Financial Statements.</p> <p>(b) Any reference in the Deed to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.</p> <p>(c) The Issuer shall procure that each set of financial statements delivered pursuant to paragraph 1 (Financial statements) of Part A (Information Undertakings) of schedule 4 (Covenants and undertakings) of the Deed of the Deed includes a balance sheet, profit and loss account and cashflow statement.</p> <p>Financial condition The Issuer must ensure that, in respect of each Relevant Period ending on a Test Date that falls on or after the First Test Date, Onshore Net Leverage for that Relevant Period is not greater than 4.25:1.0.</p> <p>(Further details of entire debenture trust deed is mentioned on part of the rating note as annexure)</p>
Covenants	
Events of Default	<p>Each of the events and circumstances set out below will independently constitute an Event of Default.</p> <p>1. Non-payment A Transaction Obligor or Aheadco Services does not pay on the due date any amount payable pursuant to a Finance Document, at the place and in the currency in which it is expressed to be payable unless:</p> <p>(a) its failure to pay is caused by:</p> <p>(i) administrative or technical error; or</p> <p>(ii) a Disruption Event; and</p> <p>(b) payment is made within three Business Days of its due date.</p>



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Particulars	Terms & conditions
	<p>2. Financial Covenants and other key undertakings</p> <p>(a) Subject to paragraph 4 (Equity Cure) of Part B of schedule 4 (Covenants and undertakings) and paragraph 5 (Deemed Remedy) of Part B of schedule 4 (Covenants and undertakings), any requirement of Part B (Financial Covenants) of schedule 4 (Covenants and undertakings) is not satisfied.</p> <p>(b) The Issuer does not comply with any provision of paragraph 4 (Negative pledge), paragraphs 5 (Disposals) to 8 (Loans and guarantees) (inclusive), paragraph 15 (No share issue, distributions or dividends), paragraph 18 (Anti-Corruption Laws) to paragraph 20 (Anti-Money Laundering) (inclusive), paragraph 27 (Authorised Signatories), paragraph 32 (Filings with the Stock Exchange) or paragraph 34 (Conditions Subsequent) of Part C of schedule 4 (Covenants and undertakings).</p> <p>(c) Any requirement under paragraph 1 (Financial statements) and paragraph 2 (Compliance certificate) of Part A (Information undertakings) of schedule 4 (Covenants and undertakings) is not satisfied within the timelines set out therein.</p> <p>3. Other obligations</p> <p>(a) A Transaction Obligor or Aheadco Services does not comply with any provision of the Finance Documents (other than those referred to in paragraphs 1 (Non-payment) and 2 (Financial covenants and other key undertakings)).</p> <p>(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within fifteen days of the earlier of (i) the Debenture Trustee giving notice to the Issuer and (ii) the relevant Transaction Obligor or Aheadco Services or the Parent becoming aware, of the failure to comply.</p> <p>4. Misrepresentation</p> <p>(a) Any representation or statement made or deemed to be made by any Transaction Obligor or Aheadco Services in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor or Aheadco Services under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made by reference to the facts and circumstances then existing.</p> <p>(b) No Event of Default under paragraph (a) above will occur if the circumstances or event giving rise to the misrepresentation is capable of remedy and is remedied within 15 days of the earlier of (i) the Debenture Trustee giving notice to the Issuer and (ii) the</p>



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Particulars	Terms & conditions
	<p>relevant Transaction Obligor or Aheadco Services becoming aware, of the misrepresentation.</p> <p>5. Cross-default</p> <p>(a) Any of the following occurs in respect of any Transaction Obligor or Aheadco Services or Group Member:</p> <p>(i) any Financial Indebtedness is not paid when due nor within any originally applicable grace period;</p> <p>(ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity date as a result of an event of default (howsoever described);</p> <p>(iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor of any Transaction Obligor or Aheadco Services or Group Member as a result of an event of default (however described);</p> <p>(iv) any creditor of any Transaction Obligor or or Aheadco Services Group Member or the Parent becomes entitled to declare any Financial Indebtedness of any Transaction Obligor or Aheadco Services or Group Member due and payable prior to its specified maturity as a result of an event of default (however described); or</p> <p>(v) any Event of Default occurs and is continuing under (and as defined in) the Offshore Note Subscription Agreement.</p> <p>(b) No Event of Default will occur under subparagraphs (a)(i) to (iv) (inclusive) of paragraph 5 if:</p> <p>(i) the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraph (a) is less than USD 2,500,000 (or its equivalent in other currencies);</p> <p>(ii) it is in respect of Financial Indebtedness subordinated pursuant to the Intercreditor Agreement; or</p> <p>(iii) it is in respect of Financial Indebtedness owed between Group Members.</p> <p>6. Insolvency</p> <p>(a) A Transaction Obligor or Aheadco Services or any Group Member:</p> <p>(i) is or will be unable or admits inability to pay its debts as they fall due (in each case other than solely as a result of balance sheet liabilities exceeding its balance sheet assets);</p> <p>(ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;</p> <p>(iii) suspends making payments on any of its debts; or</p> <p>(iv) by reason of actual or anticipated financial difficulties, commences</p>



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Particulars	Terms & conditions
	<p>negotiations with one or more of its creditors (excluding any Holder in its capacity as such) with a view to rescheduling any of its indebtedness.</p> <p>(b) A moratorium takes effect by operation of law or is declared in respect of any indebtedness of any Transaction Obligor or Aheadco Services or Group Member. If a moratorium occurs or is declared, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.</p> <p>(c) The value of the assets of any Transaction Obligor or Aheadco Services is less than its liabilities (taking into account contingent and prospective liabilities).</p> <p>Insolvency proceedings</p> <p>(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:</p> <p>(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, provisional supervision or reorganisation (by voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor or Aheadco Services or Group Member;</p> <p>(ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor or Aheadco Services or Group Member, or an assignment for the benefit of creditors generally of any Transaction obligor or Aheadco Services or Group Member, or a class of such creditors;</p> <p>(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, provisional supervisor, resolution professional, interim resolution professional, provisional supervisor or other similar officer in respect of any Transaction Obligor or Aheadco Services or Group Member, or any of their respective assets;</p> <p>(iv) subject to the qualifications set out in paragraph (c) below, the filing of an application for the initiation of an insolvency resolution process under IBC or any other analogous law or regulation in respect of any Transaction Obligor or Aheadco Services by any person;</p> <p>(v) the admission of an application for the initiation of an insolvency resolution process under IBC or any other analogous law or regulation in respect of the Issuer;</p>



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Particulars	Terms & conditions
	(vi) a demand notice under the SARFAESI Act or any other analogous law or regulation is issued to any Transaction Obligor or Aheadco Services; (vii) preparation of a resolution plan for the Issuer or any other Transaction Obligor or Aheadco Services, pursuant to the Resolution of Stressed Assets – Revised

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

