



IPO NOTE

ALLIED BLENDERS AND DISTILLERS LIMITED

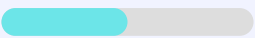


Rating:
AVOID



ISSUE OFFER

Issue Opens on	JUNE 25, 2024
Issue Close on	JUNE 27, 2024
Total IPO size (cr)	₹1,500.00
Fresh issue (cr)	₹1,000.00
Offer For Sale (cr)	₹500.00
Price Band (INR)	267 - 281
Market Lot	53
Face Value (INR)	₹2
Retail Allocation	35%
Listing On	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion		50%
NII Portion		15%
Retail Portion		35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
244,113,665	279,700,854

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	28-06-2024
Refunds/Unblocking ASBA Fund	01-07-2024
Credit of equity shares to DP A/c	01-07-2024
Trading commences	02-07-2024

Indian-made Allied Blenders and Distillers is a foreign liquor manufacturer. The company sells whiskey, brandy, rum, and vodka—four types of foreign liquor created in India. Furthermore, they market drinking water in packages under the Sterling Reserve, Officer's Choice, and Officer's Choice Blue brands.

OBJECTS OF THE ISSUE

- Scheduled repayment of a portion of certain outstanding borrowings.
- General corporate purposes.

OUTLOOK & VALUATION

While Allied Blenders and Distillers boasts a strong brand presence, a diverse product portfolio, and an extensive pan-India distribution network, its suitability for investment requires careful consideration.

The company's financial performance has been volatile, characterized by low-profit margins and high debt levels. Additionally, the Indian Made Foreign Liquor (IMFL) industry faces intensifying competition, potential tax hikes, and a highly regulated environment. Additionally, the current IPO valuation appears exceptionally high, with a P/E of 4014x.

Given the aforementioned risks and the high valuation, we recommend avoiding the Allied Blenders and Distillers IPO.



KEY MANAGERIAL PERSONNEL

01

Kishore Rajaram Chhabria

Chairman and Non-Executive Director of the Company. He holds a bachelor's degree in commerce from University of Bombay. Prior to joining the Company, he was previously associated with Shaw Wallace & Company Limited (as a managing director) and B.D.A. Limited. He has over 19 years of experience in the field of management.

02

Resham Chhabria Jeetendra

Whole-Time Director (Vice Chairperson of the Company). She has passed the third year of bachelor's degree in commerce (three year integrated degree) from University of Mumbai and has completed the Management Development Program from Aresty Institute of Executive Education, The Wharton School, University of Pennsylvania

03

Ritesh Ramniklal Shah

Company Secretary and Compliance Officer of the Company. He has been associated with the Company since June 15, 2015. He holds a bachelor's degree in commerce from University of Bombay, and Bachelor of Law (LL.B.) from University of Mumbai.

04

Ramakrishnan Ramaswamy

Chief Financial Officer of the company. Stanley Retail Limited. He has been associated with the Company since May 5, 2010. He holds a bachelor's degree in commerce from University of Bombay. Prior to joining the Company, he was associated with Essel Propack Limited and Jubilant Oil & Gas Private Limited.



COMPANY PROFILE

- The company's entry into the mass premium whisky market came in 1988 with the release of Officer's Choice Whisky. In terms of yearly sales volumes from 2016 to 2019, it is among the whisky brands with the highest sales volumes worldwide.
- As a top exporter of IMFL and one of just four spirits companies in India with a nationwide sales and distribution network, the company's projected market share (measured in terms of sales volume) in the Indian whiskey industry was 11.8%.
- In 1988, Officer's Choice Whisky made its debut in the mass premium whisky market. Between 2016 and 2019, Officer's Choice Whiskey ranked among the best-selling whisky brands worldwide in terms of yearly sales volumes.

COMPETITIVE STRENGTHS

- Among the largest IMFL companies in India with a diversified and contemporary product portfolio.
- Strong brand recognition.
- Access to extensive pan-India distribution network with ability to scale.
- Well-positioned to capture tailwinds in the Indian IMFL industry.
- Experienced Board and senior management team and supported by a committed employee base.

KEY STRATEGIES

- Increase market share of Officer's Choice Whisky across regions.
- Introduce new products within the premium, semi-premium and deluxe segments to strengthen presence in other categories.
- Continue to focus on improving operating efficiencies.
- Evaluate growth opportunities through selective acquisitions.
- Enhance brand awareness and engagement through digital marketing.

KEY CONCERNS

- The company has experienced volatile fluctuations in the profit after tax for the year/period and PAT Margin in the past.
- Increasing competition in the IMFL industry.
- An increase in taxes or a change in the tax calculation method may affect the product demand and could adversely affect the business.
- The company's operations are subject to extensive Central and State regulations.
- The company has certain contingent liabilities

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In Cr.)	RoNW (%)
Allied Blenders and Distillers Limited	0.07	64.65	-	71,167.49	7.72%
Peer Group					
United Spirits Limited	16.01	277.83	73.16	2,78,885.00	13.55%
Radico Khaitan Limited	16.48	1,162.12	95.87	1,27,533.19	13.82%
Globus Spirits Limited	42.39	174.52	17.26	28,302.98	18.58%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2023	FY 2022	FY 2021
Equity Share Capital	471.13	471.13	471.13
Other reserves	3,572.76	3,569.85	3,278.51
Net Worth	4,060.99	4,040.98	3,817.82
Total Borrowings	1,386.64	1,883.84	2,014.32
Revenue	71,056.80	71,969.20	63,787.76
EBITDA	1,960.61	2,075.51	2,129.96
Profit before Tax	59.46	38.22	127.45
Net Profit of the Year	16.01	14.76	25.08


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