



Associated Alcohols & Breweries Limited

CIN: L15520MP1989PLC049380

29th March, 2024

To,
The Department of Corporate Services
BSE Limited
PJ Tower, Dalal Street,
Mumbai – 400 001
Scrip Code: 507526

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block
Bandra Kurla Complex,
Mumbai – 400 051
NSE Symbol: ASALCBR

Subject: Intimation for clarification regarding rating/rating agency under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

We are writing to provide clarification regarding the rating rationale recently released by CRISIL Ratings, a wholly-owned subsidiary of CRISIL Limited, dated 28th March 2024.

We wish to clarify that our company has consistently cooperated with rating agencies. However, there was a delay in providing the required data to CRISIL Ratings due to a communication gap they initiated. It's important to note that this delay was not a result of any lack of cooperation from our side but rather a procedural oversight by the rating agency.

We have promptly addressed this issue with CRISIL Ratings, and they have assured us that a revised rating rationale will be issued shortly.

Thank you for your attention to this clarification.

Yours Faithfully,
For Associated Alcohols & Breweries Limited

Sumit Jaitely
Company Secretary & Compliance Officer

Rating Rationale

March 28, 2024 | Mumbai

Associated Alcohols and Breweries Limited

Issuer not cooperating, based on best-available information; Ratings migrated to 'CRISIL BBB+/Stable/CRISIL A2 Issuer not cooperating'

Rating Action

| | |
|---|---|
| Total Bank Loan Facilities Rated | Rs.110 Crore |
| Long Term Rating | CRISIL BBB+ /Stable (ISSUER NOT COOPERATING*; Migrated from 'CRISIL A/Stable') |
| Short Term Rating | CRISIL A2 (ISSUER NOT COOPERATING*; Migrated from 'CRISIL A1') |

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

**Issuer did not cooperate, based on best-available information*

Please note that the rating(s) are based on best available information with the credit rating agency; the entity whose debt is being published via this rating rationale did not provide the requisite information needed to conduct the rating exercise or did not provide the No Default Statements (NDS) for the last three months and is therefore classified as 'non cooperative'.

Non cooperation by Issuer

CRISIL Ratings has been consistently following up with Associated Alcohols and Breweries Limited (AABL), through emails and letters dated February 23, 2024, March 15, 2024 and March 19, 2024 among others, apart from telephonic communication, for obtaining management discussion. However, the issuer has remained non-cooperative.

'The investors, lenders and all other market participants should exercise due caution with reference to the rating assigned/reviewed with the suffix 'ISSUER NOT COOPERATING' as the rating is arrived at without any management interaction and is based on best available or limited or dated information on the company. Such non co-operation by a rated entity may be a result of deterioration in its credit risk profile. These ratings with 'ISSUER NOT COOPERATING' suffix lack a forward looking component.'

Detailed Rationale

Despite repeated attempts to engage with the management, CRISIL Ratings failed to receive any discussion on either the financial performance or strategic intent of AABL, which restricts CRISIL Ratings' ability to take a forward-looking view on the entity's credit quality. CRISIL Ratings believes that rating action on AABL is consistent with 'Assessing Information Adequacy Risk'. Therefore, on account of lack of management cooperation, CRISIL Ratings has migrated the rating on bank facilities of AABL to '**CRISIL BBB+/Stable/CRISIL A2 Issuer Not Cooperating**' from 'CRISIL A/Stable/CRISIL A1'.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of AABL and Mount Everest Beverages Ltd (MEBL). This is because both the companies, together referred as the Associated Alcohols group, operate in the same industry, and have operational and financial linkages.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

About the Group

Incorporated in 1989, AABL is the flagship company of the Indore-based Kedia group, promoted by the late Mr Bhagwati Prasad Kedia. The company is run by his sons Mr Anand Kedia and Mr Prasann Kedia supported by a professional board and management. The company produces a variety of alcohol, including rectified spirit, ENA, CL and IMFL, along with bottling for international brands such as Diageo. AABL has a distillery and bottling facility in Khargone, MP, with capacity of 45 MLPA. It is expanding its distillery capacity by 30 MLPA to cater to rising ethanol demand.

MEBL was incorporated in August 1999 by Kedia group and operates a brewery located at Memdi (MP). The company manufactures and sells beer under its own brands, Le Mont, Mount 600 and Dabang, and also undertakes contract manufacturing of beer for UBL. MEBL has installed capacity of 10 lakh hectoliters (120 lakh cases) of beer per annum. It has an assured offtake arrangement to the extent of 10 lakh cases per annum.

Key Financial Indicators

AABL

| As on / for the period ended March 31 | | 2023 | 2022 |
|--|-----------------|---------------|---------------|
| Operating income | Rs crore | 702.76 | 514.22 |
| Reported profit after tax (PAT) | Rs crore | 41.55 | 60.80 |
| PAT margin | % | 5.92 | 11.84 |
| Adjusted debt/Adjusted networth | Times | 0.26 | 0.01 |
| Interest coverage | Times | 45.76 | 109.22 |

MEBL

| As on / for the period ended March 31 | | 2023 | 2022 |
|--|-----------------|--------------|-------------|
| Operating income | Rs crore | 517 | 283 |
| Reported profit after tax (PAT) | Rs crore | 36.64 | 4.04 |
| PAT margin | % | 7.09 | 1.42 |
| Adjusted debt/Adjusted networth | Times | 0.48 | 0.55 |
| Interest coverage | Times | 19.51 | 4.78 |

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale

published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)*

| ISIN | Name of the instrument | Date of Allotment | Coupon Rate (%) | Maturity Date | Issue size (Rs. Crore) | Complexity Level | Rating assigned with outlook |
|------|---------------------------------|-------------------|-----------------|---------------|------------------------|------------------|---|
| NA | Bank Guarantee | NA | NA | NA | 4 | NA | CRISIL A2/Issuer Not Cooperating |
| NA | Bank Guarantee | NA | NA | NA | 1 | NA | CRISIL A2/Issuer Not Cooperating |
| NA | Bank Guarantee | NA | NA | NA | 6 | NA | CRISIL A2/Issuer Not Cooperating |
| NA | Cash Credit | NA | NA | NA | 3 | NA | CRISIL BBB+/Stable/Issuer Not Cooperating |
| NA | Cash Credit | NA | NA | NA | 8 | NA | CRISIL BBB+/Stable/Issuer Not Cooperating |
| NA | Cash Credit | NA | NA | NA | 6 | NA | CRISIL BBB+/Stable/Issuer Not Cooperating |
| NA | Proposed Fund-Based Bank Limits | NA | NA | NA | 2 | NA | CRISIL BBB+/Stable/Issuer Not Cooperating |
| NA | Term Loan | NA | NA | Jul-2028 | 80 | NA | CRISIL BBB+/Stable/Issuer Not Cooperating |

*Issuer did not cooperate; based on best-available information

Annexure – List of entities consolidated

| Names of Entities Consolidated | Extent of Consolidation | Rationale for Consolidation |
|---|-------------------------|---|
| Associated Alcohols and Breweries Limited | 100% | Operational and financial linkages; common management |
| Mount Everest Beverages Ltd | 100% | Operational and financial linkages; common management |

Annexure - Rating History for last 3 Years

| Instrument | Type | Current | | 2024 (History) | | 2023 | | 2022 | | 2021 | | Start of 2021 |
|---------------------------|------|--------------------|---|----------------|----------|-----------------|-----------------|----------|-----------------|----------|------------------|---------------|
| | | Outstanding Amount | Rating | Date | Rating | Date | Rating | Date | Rating | Date | Rating | Rating |
| Fund Based Facilities | LT | 99.0 | CRISIL BBB+/Stable(Issuer Not Cooperating)* | | -- | 05-06-23 | CRISIL A/Stable | 30-12-22 | CRISIL A/Stable | 01-11-21 | CRISIL A-/Stable | Withdrawn |
| | | | -- | -- | 04-01-23 | CRISIL A/Stable | -- | -- | -- | -- | | |
| Non-Fund Based Facilities | ST | 11.0 | CRISIL A2 (Issuer Not Cooperating)* | | -- | 05-06-23 | CRISIL A1 | 30-12-22 | CRISIL A1 | 01-11-21 | CRISIL A2+ | Withdrawn |
| | | | -- | -- | 04-01-23 | CRISIL A1 | -- | -- | -- | | | |

All amounts are in Rs.Cr.

* - Issuer did not cooperate; based on best-available information

Annexure - Details of Bank Lenders & Facilities

| Facility | Amount (Rs.Crore) | Name of Lender | Rating |
|---------------------------------|-------------------|-----------------------------|--|
| Bank Guarantee | 4 | IDBI Bank Limited | CRISIL A2 (Issuer Not Cooperating)* |
| Bank Guarantee | 1 | HDFC Bank Limited | CRISIL A2 (Issuer Not Cooperating)* |
| Bank Guarantee | 6 | Kotak Mahindra Bank Limited | CRISIL A2 (Issuer Not Cooperating)* |
| Cash Credit | 3 | IDBI Bank Limited | CRISIL BBB+/Stable (Issuer Not Cooperating)* |
| Cash Credit | 8 | HDFC Bank Limited | CRISIL BBB+/Stable (Issuer Not Cooperating)* |
| Cash Credit | 6 | Kotak Mahindra Bank Limited | CRISIL BBB+/Stable (Issuer Not Cooperating)* |
| Proposed Fund-Based Bank Limits | 2 | Not Applicable | CRISIL BBB+/Stable (Issuer Not Cooperating)* |
| Term Loan | 80 | HDFC Bank Limited | CRISIL BBB+/Stable(Issuer Not Cooperating)* |

* - Issuer did not cooperate; based on best-available information

Criteria Details

| Links to related criteria |
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| CRISILs Approach to Financial Ratios |
| Rating criteria for manufacturing and service sector companies |
| CRISILs Bank Loan Ratings - process, scale and default recognition |
| Assessing Information Adequacy Risk |
| CRISILs Criteria for Consolidation |

| Media Relations | Analytical Contacts | Customer Service Helpdesk |
|--|--|--|
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