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## Allied Blenders & Distillers



## ALLIED BLENDERS AND DISTILLERS LIMITED

Our Company was incorporated as "You and Me Properties Private Limited", pursuant to a certificate of incorporation dated October 8, 2008, issued by the RoC. The name of our Company was changed to "Moonlight Blenders and Distillers Private Limited", and a fresh certificate of incorporation dated July 22, 2009 was issued by the RoC. Pursuant to a scheme of amalgamation between Allied Blenders and Distillers Private Limited, Our Own Properties Private Limited and our Company, the erstwhile name of which was Moonlight Blenders and Distillers Private Limited, dated April 1, 2009, and an order of the Bombay High Court dated February 5, 2010, the entire business undertakings of Allied Blenders and Distillers Private Limited and Our Own Properties Private Limited were transferred to our Company the erstwhile name of which was Moonlight Blenders and Distillers Private Limited. Consequently, the name of our Company was changed to "Allied Blenders and Distillers Private Limited", and a fresh certificate of incorporation dated April 30, 2010, was issued by the RoC. Subsequently, pursuant to a resolution of our Board dated June 2, 2022 and a resolution of our Shareholders dated June 4, 2022, our Company was converted from a private company to a public company and consequently, our name was changed from "Allied Blenders and Distillers Private Limited" to "Allied Blenders and Distillers Limited", and a fresh certificate of incorporation under the Companies Act, 2013 was issued upon a change in name by the RoC on June 8, 2022.

Corporate Office: Ashford Centre, 3<sup>rd</sup> and 4<sup>th</sup> floor, Shankar Rao Naram Marg, Lower Panel (West), Mumbai - 400013, Maharashtra, India. Telephone: +91 22 43001111. Contact Person: Rishabh Ramesh Shah, Company Secretary and Compliance Officer; Telephone: +91 22 43001111; E-mail: compliance@abdindia.com

Registered Office: 394-C Lammington Chambers, Lammington Road, Mumbai - 400004, Maharashtra, India. Telephone: +91 22 67779777

**OUR PROMOTERS: KISHORE RAJARAM CHHABRIA, BINA KISHORE CHHABRIA, RESHAM CHHABRIA JEETENDRA HEMDEV, BINA CHHABRIA ENTERPRISES PRIVATE LIMITED, BKC ENTERPRISES PRIVATE LIMITED, ORIENTAL RADICES PRIVATE LIMITED AND OFFICER'S CHOICE SPIRITS PRIVATE LIMITED**

INITIAL PUBLIC OFFERING OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 15,000 MILLION ("OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH BY OUR COMPANY AGGREGATING UP TO ₹ 10,000 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("OFFERED SHARES") AGGREGATING UP TO ₹ 5,000 MILLION COMPRISING OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH BY BINA KISHORE CHHABRIA AGGREGATING UP TO ₹ 1,350 MILLION AND [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH BY RESHAM CHHABRIA JEETENDRA HEMDEV AGGREGATING UP TO ₹ 1,250 MILLION (THE "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE OF EQUITY SHARES BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER INCLUDES A RESERVATION OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH AGGREGATING UP TO ₹ 30 MILLION (CONSTITUTING UP TO [•] PERCENT OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEE(S) (THE "EMPLOYEE RESERVATION PORTION"). OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMS"), MAY OFFER A DISCOUNT OF UP TO ₹ [•] TO THE OFFER PRICE TO ELIGIBLE EMPLOYEE(S) BIDDING IN THE EMPLOYEE RESERVATION PORTION ("EMPLOYEE DISCOUNT"). SUBJECT TO NECESSARY APPROVALS, AS MAY BE REQUIRED, THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREAFTER REFERRED TO AS "NET OFFER". THE OFFER AND NET OFFER SHALL CONSTITUTE [•] PERCENT AND [•] PERCENT, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE OFFER PRICE IS [•] TIMES THE FACE VALUE OF THE EQUITY SHARES.

DETAILS OF THE OFFER FOR SALE BY PROMOTER(S) AND THE WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE			
Name of the Selling Shareholder	Type	Number of Equity Shares being offered / amount	WACA (in ₹) per Equity Share*
Bina Kishore Chhabria	Promoter	Up to [•] Equity Shares of face value of ₹ 2 each, aggregating up to ₹ 3,750 million	0.03
Resham Chhabria Jeetendra Hemdev	Promoter	Up to [•] Equity Shares of face value of ₹ 2 each, aggregating up to ₹ 1,250 million	0.05

\*As certified by S D T & Co, the Independent Chartered Accountant pursuant to its certificate dated June 18, 2024.

We are an Indian-owned Indian-made foreign liquor ("IMFL") company and our product range includes five main categories of IMFL, i.e., whisky, brandy, rum, vodka and gin. We derive almost all of our revenue from contracts with customer – Sale of goods (IMFL) from the sale of our whisky products.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Net Offer • Non-Institutional Portion: Not less than 15% of the Net Offer

• Retail Portion: Not less than 35% of the Net Offer • Employee Reservation Portion: Up to [•] Equity Shares of face value of ₹ 2 each aggregating up to ₹ 30 million

PRICE BAND: ₹ 267 TO ₹ 281 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH

THE FLOOR PRICE IS 133.50 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 140.50 TIMES THE FACE VALUE OF THE EQUITY SHARES  
BIDS CAN BE MADE FOR A MINIMUM OF 53 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH AND IN MULTIPLES OF 53 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH THEREAFTER  
A DISCOUNT OF ₹ 26 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION  
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR 2023 FOR THE ISSUER AT THE UPPER END OF THE PRICE BAND  
IS AS HIGH AS 4014.29 TIMES AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 62.10 TIMES.  
AVERAGE COST OF ACQUISITION OF EQUITY SHARES FOR THE SELLING SHAREHOLDERS IN IPO IS ₹ 0.03  
WEIGHTED AVERAGE RETURN ON NET WORTH FOR LAST THREE FULL FINANCIAL YEARS IS 0.43%

Potential Bidders may note the following:

This is in furtherance to the draft red herring prospectus of our Company dated January 15, 2024 ("DRHP"), filed with the Securities and Exchange Board of India, and with reference to the directive dated July 4, 2023, issued through an e-mail from the Securities and Exchange Board of India.

Pursuant to a gift on March 7, 2024 from Neesha Kishore Chhabria, one of the member of our Promoter Group, Kishore Rajaram Chhabria and Bina Kishore Chhabria, certain of our Promoters, have acquired certain Equity Shares, as set out below in the advertisement and for more details please refer page 134 of the red herring prospectus dated June 18, 2024 ("RHP").

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated June 19, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section on pages 155-164 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Offer Price" section on pages 155-164 of the RHP and provided below in this advertisement.

In making an investment decision, potential investors must rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

### RISKS TO INVESTORS:

- Significant dependence on one product for our sales, i.e., Whisky:** We are substantially dependent on the sales of our whisky products which generated 97.58%, 96.90%, and 95.38% of our revenue from operations in Fiscal 2021, 2022 and 2023 and 95.76% and 94.33%, respectively, of our revenue from operations for the nine months ended December 31, 2022 and December 31, 2023.
- Fluctuations in Profits:** We have experienced volatile fluctuations in our restated profit after tax for the year/period and PAT Margin in the past.  
Please refer following table for details in relation to periods indicated:
 

Particulars	As of and for the Years ended March 31,			As of and for the nine months ended	As of and for the nine months ended
	2021	2022	2023	December 31, 2022	December 31, 2023
(₹ million, except percentages)					
Restated Profit after tax for the year/period	25.08	14.76	16.01	28.81	42.29
PAT Margin	0.11%	0.05%	0.05%	0.12%	0.17%
- Product Concentration Risk:** We are significantly dependent on the sale of our whisky products under the Officer's Choice brand which constituted 83.76%, 82.29%, 75.85%, 76.78% and 73.02% of our total sales volume in Fiscal, 2021, 2022 and 2023 and nine months ended December 31, 2022 and December 31, 2023.
- Geographical Concentration Risk:** We depend on sales of our products in India, in particular the States of West Bengal, Telangana and Uttar Pradesh, which contributed 51.41%, 49.74%, 38.85%, 39.53%, and 41.70% to our revenue from contracts with customer – Sale of goods (IMFL) during Fiscal 2021, 2022 and 2023 and nine months ended December 31, 2022 and December 31, 2023.
- Regulatory Action:** SEBI has in the past taken action against one of our Promoters, Kishore Rajaram Chhabria for non-compliance with listing agreement and applicable Takeover Regulations and the matter was eventually settled by way of Supreme Court order dated March 7, 2005.
- Customer Concentration:** Our business is dependent on the sale of our products to key customers. Our top 1 customer contributed 19.71%, 17.40%, 16.25%, 16.21%, 17.57% of our revenue from contracts with customer – sale of goods (IMFL) while our top 5 customers contributed 53.83%, 52.86%, 41.81%, 41.59% and 43.59% of our revenue from contracts with customer – sale of goods (IMFL) for Fiscal 2021, 2022, 2023 and nine months ended December 31, 2022 and December 31, 2023, respectively.
- Sales concentration to various state-Government controlled agencies:** A significant portion of our sales are to various state-Government controlled agencies which contributed 54.06%, 54.28%, 47.14%, 46.32% and 47.68% of our total revenue from contracts with customer– sale of goods (IMFL) in Fiscal 2021, 2022, 2023 and nine months ended December 31, 2022 and December 31, 2023, respectively.
- Competition Risk:** The IMFL industry is highly competitive in India, with our main competitors being United Spirits Limited, Pernod Ricard India Private Limited, Radico Khaitan Limited, John Distilleries, Tilak Nagar Industries, Jagatjit Industries and Globus Spirits. (Source: Technopak Report) Increasing competition in the IMFL industry may create certain pressures that may adversely affect our business, prospects, results of operations, cash flows and financial condition.
- Dependence on third-party bottling facilities:** During Fiscal 2021, 2022 and 2023 and nine months ended December 31, 2022 and December 31, 2023, our Net Revenue from Operations from third party bottling facilities was 27.68%, 19.89%, 21.96%, 21.50% and 21.52%, respectively.
- High tax component:** An increase in taxes rate or a change in the tax calculation method may cause us to increase the price of our products, resulting in lower volume of consumption and, therefore, cause a decrease in revenue from operations. As we are a manufacturer of alcoholic products, we are subject to excise duty in India levied by various state governments. During Fiscal 2021, 2022 and 2023 and nine months ended December 31, 2022 and December 31, 2023, excise duty paid by us represented 63.18%, 62.68%, 55.72%, 55.92% and 56.69% of our revenue from operations.
- Delays in payment of Statutory Dues:** There have been delays in payment of statutory dues on account of which we have paid interest on delay in payment of statutory dues of ₹ 92.86 million, ₹ 212.58 million, ₹ 333.30 million, ₹ 234.14 million and ₹ 311.61 million, respectively in Fiscal 2021, 2022 and 2023 and nine months ended December 31, 2022 and December 31, 2023.
- Dependence on one central distillery for significant portion of total distillation capacity:** We have one distillery located in Rangapur, Telangana. Our business is highly dependent on our distillery at Rangapur, Telangana, which currently represents a significant portion of our total distillation capacity for our products. Our distillery was operational for 203 days, 303 days, 294 days, 224 days and 230 days, respectively, during Fiscal 2021, 2022 and 2023, and in the nine months ended December 31, 2022 and December 31, 2023.
- Unsecured loans availed:** Our Company and certain of our Subsidiaries have availed unsecured loans. As of March 31, 2024, unsecured loans availed by our Company and Subsidiaries

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