March 18, 2026

ADS Spirits Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	5.04	5.04	[ICRA]A- (Stable); reaffirmed
Long-term – Fund-based – Cash credit	85.00	85.00	[ICRA]A- (Stable); reaffirmed
Short-term – Interchangeable – Non-fund based	(2.00)	(2.00)	[ICRA]A2+; reaffirmed
Long-term/Short-term – Unallocated	14.96	14.96	[ICRA]A- (Stable)/ [ICRA]A2+; reaffirmed
Total	**105.00**	**105.00**	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmed ratings of ADS Spirits Private Limited (ADS) factor in the established operational track record and extensive experience of its promoters of over two decades in the alcohol beverages (alcobev) industry. The company manufactures and bottles extra-neutral alcohol (ENA), country liquor (CL) and Indian-made foreign liquor (IMFL). ADS witnessed slight revenue contraction in FY2025 and 9M FY2026, impacted by demand slowdown in its key state of Andhra Pradesh and high competition inherent in the industry. However, the volume growth in key geographies such as Delhi, Punjab and Haryana remained steady, supported by increasing penetration of its IMFL brands. The demand in Andhra Pradesh has recovered in the past few months. This, along with the steady penetration in key states and price hikes, is expected to support the growth momentum going forward. The company's operating profitability also remained stable on the back of benign input prices and better realisations in IMFL segment.

The company's limited reliance on external debt, absence of any material debt repayment liabilities and healthy cash flow generation has resulted in a comfortable financial risk profile. ICRA also notes the company's ongoing capex plans of setting up an integrated facility (distillery, bottling and malt manufacturing unit) in Himachal Pradesh, which is expected to be commissioned by FY2028. Total cost on this project is estimated at Rs. 60-65 crore, to be funded by internal accruals and promoter funds. This is likely to support scale and earnings growth over the medium term.

The ratings are, however, constrained by limited pricing flexibility owing to high competitive intensity and business risks inherent in the highly regulated alcobev industry. Moreover, ADS is also exposed to raw material availability issues and fluctuations in input prices, impacting profitability, although the margin profile may be supported by price hikes going forward. The company's working capital intensity continues to remain high on the back of an elevated receivables position, as the majority of customers are state-based Government entities. The ratings also factor in ADS' concentration in a few states, as it derives most of its revenue from Haryana and Delhi, as well as its high dependence on a single brand, Royal Green, in the IMFL segment. This concentration is expected to moderate only gradually, as the company has been expanding its footprint in various northeastern and southern states in recent years. ICRA also notes the intensely competitive IMFL segment with the presence of a few reputed and numerous regional players, which limits pricing power.

The Stable outlook on the [ICRA]A- rating reflects ICRA's opinion that the company will benefit from its track record in the alcobev industry and the healthy demand outlook, supporting growth in its revenues and cash flow generation.

Key rating drivers and their description

Credit strengths

Experienced promoters in the alcobev industry – ADS has been promoted by the Mann family, who have been involved in the alcobev business for more than two decades. Over the years, the company has established a presence in Haryana, which provides access to retail outlets for selling ADS' own brands, especially IMFL. Moreover, ADS has a pan-India presence through the promoters' own bottling units, facilities taken on lease and tie-ups with other bottlers, which largely cater to ADS' operations.

Comfortable financial profile – Over the years, ADS has maintained a comfortable financial profile on the back of a steady earnings trajectory, limited reliance on external debt and healthy cash flow generation. The company's revenues grew at a compounded annual growth rate of 15.4% over FY2021-FY2025 to Rs. 862.2 crore, supported by increasing penetration of its brands across states and steady volumes from key regions. While the company witnessed moderation in revenue growth in FY2025 and 9M FY2026, its operating profitability improved to 13.9% in 9M FY2026 from 11.2% in FY2025, aided by correction in input prices and price hikes. In the past, the working capital requirement was largely funded by cash generation from the business, advances from customers and interest-free unsecured loans from promoters. However, in recent years, elevated working capital requirements have led to increased reliance on working capital debt. Despite this, healthy cash flow generation and the absence of any major debt-funded capex plans resulted in a comfortable capital structure and strong debt protection metrics, as reflected by TD/OPBITDA of 2.3x and 1.9x, and interest cover of 13.0x and 14.3x in FY2025 and 9M FY2026, respectively. Going forward, the company's financial profile is expected to be supported by steady earnings profile, healthy cash flows and a comfortable capital structure.

Upcoming unit in Himachal Pradesh to support scale and earnings profile – Since FY2025, the company has been in the process of setting up an integrated manufacturing facility (distillery, bottling and malt manufacturing) in Himachal Pradesh. The total project cost is Rs. 60-65 crore, which is expected to be funded by surplus cash and promoter funds, if required. The unit is expected to commence operations by FY2028. This facility will enable the company to backward integrate into malt manufacturing, while also increasing production capacity to cater to the rising demand for branded liquor and expansion into newer regions.

Credit challenges

Vulnerability to changes in raw material prices – ADS' margins remain exposed to volatility in raw material prices, particularly broken rice for the distillery, glass bottles for IMFL and coal/husk prices for its captive power plant. The increase in grain prices during FY2024-FY2025 resulted in moderation of its OPM to 11.2% in FY2025 and 12.1% in FY2024 as against about 15% in earlier periods. However, the same improved to 13.9% in 9M FY2026 on the back of correction in input prices and price hikes. The company's ability to obtain commensurate price increase approvals and thereby support its margins remains crucial.

Moderate geographical concentration risk in Haryana and Delhi; single-brand concentration is high – ADS derives about 40-45% of its IMFL sales volume from the key states of Haryana and Delhi, exposing the company to geographical concentration risks. The company has a distillery in Haryana and its entire CL production is sold in the state and is regulated by the Haryana Excise Policy. In the last 2-3 years, the company has increased its presence in the eastern and southern markets, which should diversify revenues to some extent in the medium term. This apart, the company derives 70-80% of its IMFL sales volume from a single brand, Royal Green; hence, any notable decline in demand will impact its revenue.

High working capital intensity led by elevated receivable cycle – Due to the increasing scale of operations and evolving regulatory policies, the company's working capital requirements have increased considerably in recent years. Elevated receivable levels due to some delays in receipt of payments from Telangana resulted in high working capital intensity for the company in recent periods. However, the same is expected to reduce gradually and remains a key monitorable.

Intense competition in the highly regulated alcohol industry – The alcobev industry is intensely competitive due to the presence of numerous small players and a few organised entities. Moreover, the sector is highly regulated, with state governments controlling sales and distribution, making the company susceptible to changes in Government policies. Any change in Government policies with respect to the production and distribution of liquor, taxation, and state excise duty, or any material changes in the duty structure, may impact the industry and, subsequently, the company.

Liquidity position: Adequate

ADS' liquidity is adequate, aided by modest cushion (Rs. 10-15 crore) in the cash credit limit and steady cash flow generation of Rs. 70-80 crore per annum, which are sufficient to fund the planned capital expenditure of Rs. 20-40 crore each for FY2026 and FY2027, and additional working capital requirements, if any. The promoters have also been providing funding support by way of interest-free unsecured loans, as and when needed. Moreover, the company has minimal debt repayment obligations of Rs. 1-3 crore per annum over the next two fiscals, which can be adequately funded through surplus funds.

Rating sensitivities

Positive factor – The ratings may be revised upwards if the company reports a sustained scale-up in operations through greater diversification of its product profile and geographical presence, while maintaining healthy profitability and debt metrics.

Negative factor – Pressure on the ratings will emerge, if there is a high reliance on external borrowings or a prolonged delay in realisation of elevated debtors results in deterioration in debt metrics and weakening of the overall liquidity position on a sustained basis. Additionally, total debt/OPBDITA of more than 2.3 times, on a sustained basis, would be a negative rating factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

ADS was incorporated in 2010. The company operates a 60-kilo litre per day (KLPD) grain-based distillery in Jhajjar, Haryana, for manufacturing Extra Neutral Alcohol (ENA), which is the main ingredient used in the production of country liquor/Indian Made Indian Liquor (CL/IMIL) and Indian Made Foreign Liquor (IMFL). ADS commenced its manufacturing operations in March 2013. The company also manufactures and undertakes bottling for CL and IMFL (whisky, gin and vodka), which are retailed under its own brands. While CL is sold exclusively in Haryana, IMFL is sold in 10-15 other states across India (either through own production or through a network of contractual bottlers). The plant also produces DDGS (distilled dry grain solvent) at its manufacturing facility, which is a key by-product of distillery operations. In addition, the company has a 2.5 MW captive coal-based/husk-fired power plant, which supports the power requirements of the manufacturing unit and also supplies steam for the production process.

Key financial indicators (audited)

ADS -Standalone	FY2024	FY2025	9MFY2026*
Operating income	917.7	862.2	611.1
PAT	74.9	59.9	54.8
OPBDIT/OI	12.1%	11.2%	13.9%
PAT/OI	8.2%	7.0%	9.0%
Total outside liabilities/Tangible net worth (times)	0.7x	0.7x	0.6x
Total debt/OPBDIT (times)	1.7x	2.3x	1.9x
Interest coverage (times)	35.1x	13.0x	14.3x

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts in Rs. crore; * provisional*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 18, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash Credit	Long term	85.00	[ICRA]A- (Stable)	28-Mar-2025	[ICRA]A- (Stable)	18-Mar-2024	[ICRA]A- (Stable)	21-Mar-2023	[ICRA]A- (Stable)
Term Loans	Long term	5.04	[ICRA]A- (Stable)	28-Mar-2025	[ICRA]A- (Stable)	18-Mar-2024	[ICRA]A- (Stable)	-	-
Interchangeable – Non Fund Based	Short Term	(2.00)	[ICRA]A2+	28-Mar-2025	[ICRA]A2+	-	-	-	-
Unallocated	Long term/ Short Term	14.96	[ICRA]A- (Stable)/ [ICRA]A2+	28-Mar-2025	[ICRA]A- (Stable)/ [ICRA]A2+	-	-	-	-
Unallocated	Long term	-	-	-	-	-	-	21-Mar-2023	[ICRA]A- (Stable)

Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term- Fund Based- Term Loan	Simple
Long Term- Fund Based- Cash Credit	Simple
Short Term- Interchangeable - Non-Fund Based	Simple
Long Term / Short Term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA’s website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loans	FY2024	8-8.5%	FY2028	5.04	[ICRA]A- (Stable)
NA	Cash Credit	NA	NA	NA	85.00	[ICRA]A- (Stable)
NA	Interchangeable – Non Fund Based	NA	NA	NA	(2.00)	[ICRA]A2+
NA	Unallocated	NA	NA	NA	14.96	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis: Not Applicable

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Deepak Jotwani
+91 124 4545870
deepak.jotwani@icraindia.com

Charvi Sagar
+91 22 6114 3421
charvi.sagar@icraindia.com

Shubham Gupta
+91 124 4545 399
shubham.gupta2@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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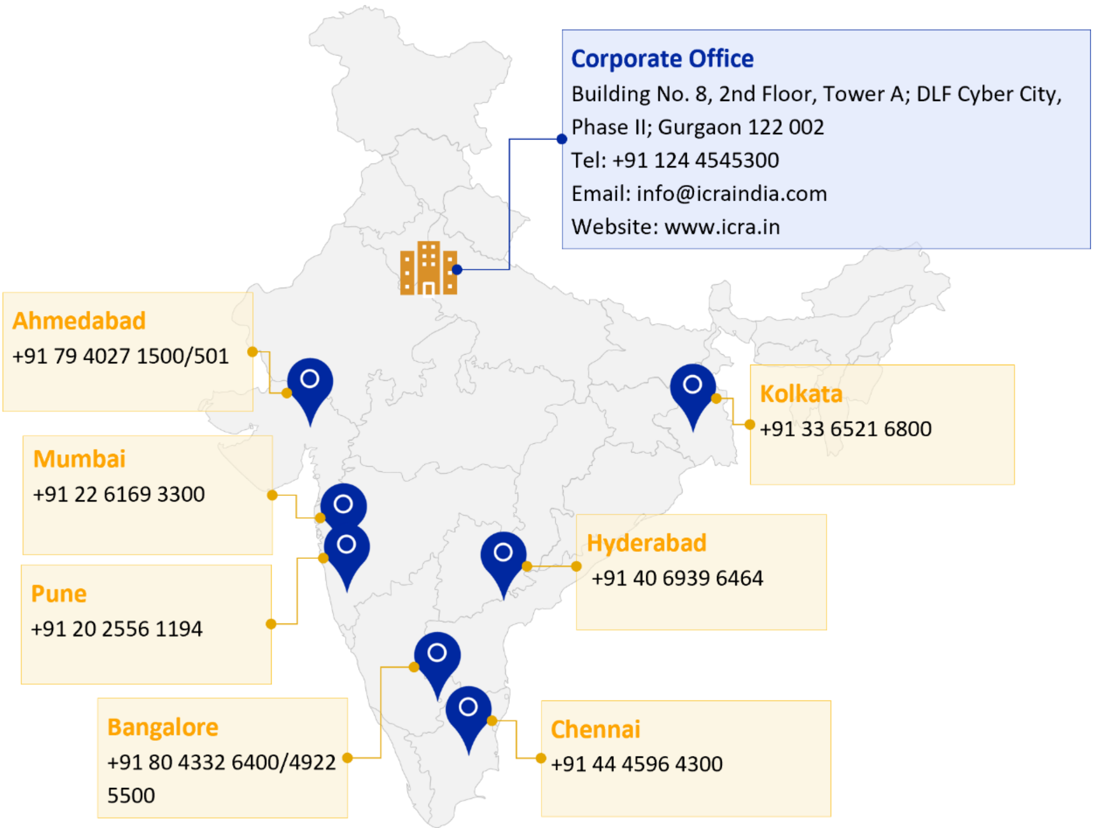
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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