IFB
AGRO

IFB Agro Industries Limited
Plot No. : IND-5, Sector -1
East Kolkata Township, Kolkata - 700 107
Phone : 033-39849675
Website : www.ifbagro.in
E-mail : complianceifbagro@ifbglobal.com
CIN : L01409WB1982PLC034590

25th June, 2025

The Manager,
National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza, 5th floor
Plot No. C/1, G. Block
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051
Symbol: IFBAGRO

The Secretary,
BSE Limited.
Phiroze Jeejebhoy Towers,
Dalal Street,
Mumbai-400001
Scrip Code: 507438

Dear Sir,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements), 2015.

Ref:- Information on Credit Rating

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, we are pleased to inform that India Ratings and Research (A Fitch Group Company) has affirmed IFB Agro Industries Limited's exiting rating at 'IND A+'/Stable.

A copy of the report issued by India Ratings and Research (A Fitch Group Company) is enclosed.

This is for your kind information and records.

Thanking you,

Yours faithfully
for IFB AGRO INDUSTRIES LIMITED

Kuntal Roy

Kuntal Roy
COMPANY SECRETARY

(Encl: As above)

India Ratings & Research
A Fitch Group Company

India Ratings Withdraws IFB Agro's Long-term Issuer Rating; Affirms Existing Ratings and Rates Additional Loan at 'IND A+'/Stable

Jun 25, 2025 | Breweries & Distilleries

India Ratings and Research (Ind-Ra) has taken the following rating actions on IFB Agro Industries Limited (IFB Agro) and its debt instruments:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Issuer rating$	-	-	-	-	WD	Withdrawn
Fund-based working capital limits				INR 350	IND A+/Stable/IND A1+	Assigned
Fund-based working capital limits*	-	-	-	INR450	IND A+/Stable/IND A1+	Affirmed
Term loans	-	-	31 March 2026	INR50 (reduced from INR100)	IND A+/Stable	Affirmed
Fund-based limit (Cash credit)#				INR300	IND A+/Stable/ IND A1+	Long-term rating affirmed; Short-term rating assigned

$The issuer rating has been withdrawn at the request of the issuer
*Non-fund-based limit of INR250 million rated at 'IND A1+' is combined with the fund-based limit because of Interchangeability
#Earlier rated as cash credit limit has been now sanctioned as fund-based limits and has been assigned a short-term rating along with long-term rating
WD – Rating withdrawn

Analytical Approach

Ind-Ra continues to take a fully consolidated view of IFB Agro, its wholly owned subsidiaries IFB Agro Marine (FZE) and IFB Agro Holding Private Pte Ltd, and its wholly owned step-down subsidiary (IFB Vietnam Company Limited) as they are in a related line of business of marine exports and act as overseas marketing and trading arms of the parent.

Detailed Rationale of the Rating Action

The affirmation reflects IFB Agro's healthy market position in the West Bengal Indian Made Liquor (IML) market, its strong and conservative consolidated financial profile with a net cash position since more than a decade and a strong liquidity position. IFB Agro's operational EBITDA generation recovered slightly in FY25, led by an improvement in the alcohol segment with a recovery in volumes as well as the imposition of a duty on import of extra neutral alcohol (ENA) from other states, which led to an improvement in spreads. While the upgradation of the shrimp process unit, which led to a planned shutdown during FY24, was completed at end-2QFY24, the division remained loss making as the low output in West Bengal compelled the company to source shrimp from other states at higher costs to fulfil the orders in hand. The losses are likely to dissipate in FY26 as the company has adjusted its orders according to the local availability. Furthermore, according to Ind-Ra the proposed acquisition of the entire commercial compound shrimp feed and freshwater fish feed business from Cargill India Private Limited, in 2QFY26, would improve IFB Agro's business profile, increase the size and scale of profitability and aid the turnaround within the marine segment. The company's ability to turnaround the marine business is the key to an improvement in the overall EBITDA and therefore remains a key rating monitorable.

The ratings also draw comfort from the company's ability to maintain a healthy net cash position of around INR1,792 million at FYE25 despite the tepid operating performance. Ind-Ra expects the company to maintain its net cash position in FY26 although the net cash level could reduce with the proposed acquisition. The ratings, however, remain constrained by the lower-than-Ind-Ra-expected EBITDA generation in FY25 resulting from a weakness in the marine division, along with the company's limited ability to pass input cost fluctuations and high price elasticity of alcohol demand. In addition, the company is exposed to regulatory and political risks in the liquor business and the disease-prone nature of the seafood foods industry.

List of Key Rating Drivers

Strengths

- Robust position in West Bengal country liquor market
- Consistently strong and conservative financial profile
- Proposed acquisition to aid turnaround of marine division in FY26
- Improvement in alcohol segment's profitability
- Asset-light business model of IML segment limits capex requirement

Weaknesses

- Lower-than-Ind-Ra-expected EBITDA due to continued losses in marine business; recovery likely in FY26
- Regulatory and political risks in liquor industry
- Disease-prone seafood business; supply risk

Detailed Description of Key Rating Drivers

Robust Position in West Bengal Country Liquor Market: IFB Agro continues to be a leading country liquor seller in West Bengal and one of the largest distilleries in the state. According to the management, the company holds a market share of around 30% in the West Bengal country liquor segment. The market dynamics for ENA remains favourable, with the company benefiting from cost advantage owing to its local presence which safeguards its market position. IFB Agro's brands including Captain, Hero, Dil Se and Joy have a high brand recall in the West Bengal market given its long and established presence, being in the business since almost three decades. West Bengal is one of the largest markets for IML though the segment's price elasticity of demand is high given that IML caters to the low-income bracket unlike premium segments in IMFL that cater to the high-income consumers. This has limited IML's growth potential in the state, with beer grabbing a large part of the overall growth in alcohol consumption of the lower income strata. However, while the growth has been limited, IFB Agro has been able to maintain its market position over the past few years.

Consistently Strong and Conservative Financial Profile: IFB Agro consistently maintained a net cash position over FY12-FY25, led by its moderate working capital requirements and limited capex emanating from the management's conservative financial policy and low risk appetite. The company maintained an average cash and equivalents of around INR1,000 million over FY18-FY25, even during periods of intermittent weakness in operating performance. The unencumbered cash and equivalents in FY25 stood at INR1,792 million (FY24: INR1,328 million), while its gross debt remained low at INR50 million in FY25 (FY24: INR100 million). Furthermore, other group companies IFB Industries Limited (debt rated at 'IND AA-/Stable) and IFB Automotive Private Limited (debt rated at 'IND BBB-'/Stable) have maintained low net debt levels, indicating the group's conservative financial policy. The acquisition of the feed business of Cargill India would involve a payment towards the acquisition of fixed assets on a slump sale basis (exclusive of any borrowings) and net working capital by end-July 2025 for which the company is evaluating its funding mix and may avail some debt to ensure the maintenance of cash around INR1,000 million post-acquisition. A higher-than-Ind-Ra-expected outflow towards the acquisition will be a key monitorable. However, it is likely to maintain a net cash position with the management committed to maintaining cash of around INR1,000 million over the near-to-medium term. Ind-Ra draws comfort from the entity's ability and policy to maintain strong cash buffer across cycles and the continuance of this would remain a key rating monitorable.

Proposed Acquisition to Aid Turnaround of Marine Division in FY26: IFB Agro has entered into an agreement to acquire the entire commercial compound shrimp feed and freshwater fish feed business on a slump sale basis from Cargill India by July 2025. The manufacturing facilities are located at Vijayawada (1,44,000MT capacity) and Rajahmundry 30,000MT (capacity) in Andhra Pradesh. Once completed, the acquired assets are likely to improve the size and scale of IFB Agro's consolidated business, assist in generation of positive EBITDA in the marine segment and improve its business profile. The company's existing marine segment comprises three main divisions i.e. shrimps export, fish and shrimp feed trading and frozen food business which comprise around 49%, 37% and 15% of the segment turnover. The sales under marine food business remain negligible, as IFB Agro's existing marine business is primarily trading. In FY25, shrimp exports increased to 49% (FY24: 35%; FY23: 50%) of the segment turnover with Russia and the US being the key export destinations. The acquisition would improve the share of IFB Agro's own manufacturing as well as it may address the issue of crop supply faced in West Bengal as Andhra Pradesh has a significantly better availability with three shrimp crop seasons compared to two in West Bengal. The acquired assets could potentially account for 25%-30% of the consolidated profitability and aid the turnaround of the marine division which has been loss making in FY24-FY25.

Improvement in Alcohol Segment's Profitability: After a weakening in FY24, the alcohol segment's EBITDA margins bounced back to around 14% in FY25 (FY24: 8%, FY23: 14%) due to a combination of an imposition of a duty of INR5 per bulk litre on the import of ENA from other states by the West Bengal Government in July 2024 which helped improve ENA price realisations, stable grain prices over FY25 (after having increased over FY24 and impacting FY24 gross spreads) and an increase in volumes. As a result, the alcohol segment EBITDA (including other income) rebound to INR883 million (FY24: INR457 million; FY23: INR851 million) while the revenue (net of captive sales) grew 10% yoy to INR6,434 million in FY25. IML accounted for around 60% of the alcohol division revenue and the company is backward integrated into ENA, around 40% of which was used captively in FY25 with the excess being sold to other IML and IMFL manufacturers. The entity is also putting up a small ethanol capacity to improve its cash flows by distilling the inferior quality spirit in addition to cost reduction measures such as heat integration for steam reduction and increasing the proportion of solar power. Ind-Ra expects single-digit growth in the alcohol segment revenue in the near-to-medium term, as there remains a steady demand potential for country liquor, given the increasing disposable income and rural consumption, in addition to a favourable demography in terms of young population. While brand and quality consciousness are increasing in both the segments, the price gap between Indian made foreign liquor and country liquor ensures visibility for the latter.

Asset-light Business Model of IML segment Limits Capex Requirement: IFB Agro has been using the facilities of tied-up manufacturing units rather than setting up its own new bottling capacity to keep capex in check. The company has a total bottling capacity of 278 million bottles per annum during FY25 (FY24: 267 million bottles per annum), of which 39% is through seven tie-up units. While this model reduces capex and increases flexibility to scale down, if required, it also exposes the company to quality risks. The company is successfully operating in the alcohol division using the same model but its marine division faced quality issues in tied-up units, leading to the company reducing its reliance on this model in the marine segment.

Lower-than-Ind-Ra-expected EBITDA due to Continued Losses in Marine Business; Recovery likely in FY26: Despite turning positive in FY25, the EBITDA of INR368 million was significantly lower than Ind-Ra's expectation as well as the average of INR550 million-600 million witnessed over FY18-FY23 (FY22-FY23: around INR700 million), as the EBITDA margin came in at 3.5% compared to 6%-8%. This was largely on account of the underperformance in the marine segment even as the alcohol segment witnessed a strong rebound. The marine segment continued to witness EBITDA losses in FY25 (FY25: loss of INR277 million; FY24: loss of INR219 million) due to the lower shrimp available during the second crop season in West Bengal on account of which the company had to rely on procurement from other states including Orissa and Andhra Pradesh at a higher landed cost (due to the higher freight costs) to meet committed orders. In FY24, the profitability was impacted due to planned shutdown for the upgradation of the shrimp processing unit which led to an under-absorption of fixed costs arising from the low plant capacity utilisation. The losses are likely to dissipate in FY26 as the company has adjusted its orders according to the local availability. The existing marine assets have the capability of generating a positive EBITDA of around INR190 million, as witnessed in FY23.

However, Ind-Ra expects the consolidated profitability to improve in FY26, primarily on account of the marine segment with the segment turning EBITDA positive due to the acquired marine segment assets and a more efficient procurement. The ability of the company to turnaround the marine business is the key to improvement in the overall EBITDA and therefore remains a key rating monitorable. After high contribution made in electoral bonds in FY24 of INR500 million (FY23: INR183 million; FY22: INR240 million), the same was discontinued in FY25 with the Supreme Court of India striking down the electoral bonds scheme in February 2024.

Regulatory and Political Risks in Liquor Industry: The liquor industry is highly regulated and is subject to high taxation. Prices of IML are fixed by the state government and accordingly any increase in raw material prices without a commensurate increase in IML prices could impact the margins within the liquor business. Also, an increase in IML prices could also result in a fall in consumption from consumers who are largely within lower income groups whose consumption decisions are price elastic. For instance, in January 2023, the West Bengal government imposed a 30% increase in excise duty resulting in substantially higher liquor prices. On the other side, the company has benefited from the imposition of import duty of INR5 per bulk litre of ENA by the West Bengal Government in July 2024 on ENA imports into the state. Post imposition, the cost competitiveness of the ENA produced over and above the portion captively consumed has improved resulting in an increase in sales volumes. Any change in state government policies towards liquor consumption or prohibition would significantly impact the liquor business. Furthermore, there are restrictions across the value chain through manufacturing and distribution, pricing and advertising. While discontinued since FY25, the company made high contribution in electoral bonds during FY22-FY24 (FY24: INR500 million, FY23: INR183 million, FY22: INR240 million) which affected profitability.

Disease-prone Seafood Business; Supply Risk: Shrimp farming is disease prone as there are a variety of lethal viral and bacterial diseases that affect shrimp. While the agency draws comfort from the absence of any major outbreak over the past few years, the marine business was affected due to unavailability of shrimp in West Bengal during the second crop season.

Liquidity

Adequate: The consolidated cash and equivalents (comprising cash and bank balances and investments in mutual funds) increased to INR1,792 million at FYE25 (FYE24: INR1,328 million, FY23: INR2,047 million). The cash balance and net cash position is likely to witness some reduction post the proposed acquisition thereby reducing the quantum of surplus cash available for debt servicing from former levels, though the management has articulated that the company would maintain a liquidity of around INR1,000 million on the balance sheet. The cash flow from operations and free cash flow have been positive in four of the past five years but have been volatile on account of the profitability movement each year. The consolidated cash flow from operations turned positive in FY25 after been negative in FY24 (FY25: INR 688 million, FY24: negative INR313 million, FY23: INR325 million) due to higher EBITDA.

The company's average utilisation of its fund- and non-based limits was around 18% in the 12 months ended March 2025, indicating the availability of sufficient cushion. However, considering the incremental working capital requirement on the acquired assets, the fund-based utilisation could increase. The company has historically depended on bank funding to meet its funding requirements and thus have a limited track record in accessing the capital markets. The company has scheduled repayment of INR50 million in FY26 which is likely to be met comfortably by the available cash balance and operational cash flow generated. IFB Agro may avail a further term debt during the year, but the liquidity is likely to sufficient to meet near-term repayments. Other than the proposed acquisition, the company has articulated that it is likely to incur minimal capex of INR200 million-INR300 million each year over FY26-FY27, largely towards routine capex. In FY25, the company incurred capex for heat integration, steam reduction in the distillery plant and distillery column installation of INR100 million, with the balance INR100 million to be incurred in FY26.

Rating Sensitivities

Positive: An improvement in the business risk profile, driven by business diversification and/or a higher value addition in the marine business, resulting in an improved and stable profitability margin, along with a continued negative net debt position, on a sustained and consolidated basis, could lead to a positive rating action.

Negative: Lower-than-Ind-Ra-expected recovery in the profitability and/or large debt-funded capex, leading to net adjusted debt/EBITDA exceeding 1.0x and/or a weakening of the liquidity position, on a sustained and consolidated basis, could result in a negative rating action.

Any Other Information

Not applicable

About the Company

Incorporated in 1982, West Bengal-based IFB Agro is engaged in the manufacturing of ENA and bottling of country liquor, as well as trading of shrimp and fish feed, marine exports and domestic retail.

Key Financial Indicators

Particulars (Consolidated)	**FY25**	**FY24**
Revenue (INR million)	10,592	9,316
EBITDA (INR million)	368	-105
EBIDTA margin (%)	3.5	-1.1
Interest coverage (x)	37.5	NM
Net leverage (x)	net cash	net cash
NM: Not meaningful Source: IFB Agro, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook	
				30 April 2024	15 February 2023
Issuer Rating	Long-term	-	WD	IND A+/Stable	IND A+/Stable
Fund-based limit (cash credit)	Long-term/Short term	INR300	IND A+/Stable/ IND A1+	IND A+/Stable	IND A+/Stable
Fund-based working capital limits	Long-term/Short-term	INR800	IND A+/Stable / IND A1+	IND A+/Stable / IND A1+	IND A+/Stable / IND A1+
Term loan	Long-term	INR50	IND A+/Stable	IND A+/Stable	IND A+/Stable

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Fund-based limit (cash credit)	Low
Fund-based working capital limit	Low
Term Loan	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage

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