

November 20, 2023

Som Distilleries & Breweries Odisha Private Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Term loan	24.73	24.73	[ICRA]BBB+ (Stable); outstanding
Long-term Fund-based – Cash Credit	1.00	1.00	[ICRA]BBB+ (Stable); outstanding
Long Term/Short Term – Unallocated	24.27	24.27	[ICRA]BBB+ (Stable)/[ICRA]A2; outstanding
Total	50.00	50.00	

*Instrument details are provided in Annexure-I

Rationale

Material Event

On November 7, 2023, the Income Tax Department commenced search and survey proceedings at the corporate office and other premises of Som Group of Companies. As per ICRA's discussion with the management and their announcement on BSE, the search was concluded on November 11, 2023, and further analysis is continuing, on which the company is cooperating with the Income Tax Department.

Impact of the material event

Based on discussions with the management, ICRA understands that there is no impact on the business operations and operations of the bank accounts of the company as on date. ICRA would continue to monitor closely on any such developments related to this event and take appropriate rating action, if necessary. ICRA notes that the company's liquidity position continues to remain adequate with moderate utilisation of cash credit limit.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of SDBL, WDBPL and SDBOPL.

About the company

Som Distilleries & Breweries Limited (SDBL), incorporated in 1993, is involved in brewing, fermenting, bottling, canning and blending beer and IMFL. It is the flagship company of the Bhopal-based Som Group, with a production capacity of 15.2 million cases per annum (mcpa) and 1.2 mcpa of IMFL. The company's shares are listed on the BSE and NSE. SDBL set up WDBPL, a 100% subsidiary, in Hassan, Karnataka, with a manufacturing capacity of 9.0 mcpa of beer and 1.2 mcpa of IMFL. The commercial production from the Hassan unit commenced from June 2018. SDBL has also acquired a beer manufacturing unit in Odisha for the eastern markets. The acquired company, SDBOPL, has a manufacturing capacity of 8.4 mcpa of beer, and

commenced commercial production from March 2019. On a consolidated basis, the Group has a production capacity of 32.6 mcpa of beer and 2.4 mcpa of IMFL.

Key financial indicators (audited/unaudited)

SDBL Consolidated	FY2022	FY2023	H1 FY2024*
Operating income	365.2	807.6	632.7
PAT	-9.8	60.3	48.5
OPBDIT/OI	5.4%	12.8%	12.0%
PAT/OI	-2.7%	7.5%	7.7%
Total outside liabilities/Tangible net worth (times)	1.4x	1.4x	-
Total debt/OPBDIT (times)	14.2x	2.4x	-
Interest coverage (times)	1.3x	6.5x	13.2x

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore * unaudited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years								
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) *	Date & rating in FY2024			Date & rating in FY2023		Date & rating in FY2021			Date & rating in FY2020	
				Nov 20, 2023	Aug 9, 2023	Apr 6, 2023	Aug 4, 2022	Apr 7, 2022	Feb 23, 2021	Sep 15, 2020	July 20, 2020	July 7, 2020	Feb 27, 2020
1 Cash Credit	Long term	1.00	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); Withdrawn	[ICRA]BBB - (Stable)	[ICRA]BBB - (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Stable)
2 Term Loans	Long term	24.73	24.73	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable); Withdrawn	[ICRA]BBB - (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Stable)
3 Unallocated	Long term/ Short Term	24.27	-	[ICRA]BBB+ (Stable)/ [ICRA] A2	[ICRA]BBB+ (Stable)/ [ICRA] A2	[ICRA]BBB (Stable)/ [ICRA] A3+	-	-	-	-	-	-	-

Source: Company, *as on June 30, 2023

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term Fund-based – Term loan	Simple
Long-term Fund-based – Cash Credit	Simple
Long Term/Short term – Unallocated	NA

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	Cash Credit	-	-	-	1.00	[ICRA]BBB+ (Stable)
NA	Term Loans	October 2018	-	March 2027	24.73	[ICRA]BBB+ (Stable)
NA	Unallocated	-	-	-	24.27	[ICRA]BBB+(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

Company Name	Ownership	Consolidation Approach
Som Distilleries & Breweries Limited	NA*	Full Consolidation
Woodpecker Distilleries & Breweries Private Limited	100%	Full Consolidation
Som Distilleries & Breweries Odisha Private Limited	100%	Full Consolidation

Source: Company, *parent company

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About ICRA Limited:

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Branches



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