

November 20, 2023

## Som Distilleries & Breweries 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	28.13	28.13	[ICRA]BBB+ (Stable); outstanding
Long-term Fund-based – Cash Credit	28.00	28.00	[ICRA]BBB+ (Stable); outstanding
Short Term – Non fund based	15.00	15.00	[ICRA]A2; outstanding
Long Term – Unallocated	35.19	35.19	[ICRA]BBB+ (Stable); outstanding
<b>Total</b>	<b>106.32</b>	<b>106.32</b>	

\*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	<a href="#">Corporate Credit Rating Methodology</a>
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:** Brickworks has kept the ratings under Issuer Not Cooperating category at BWR B+ (Stable) /A4 via press release dated August 8, 2023.

**Any other information: None**

## Rating history for past three years

Instrument		Current rating (FY2024)				Chronology of rating history for the past 3 years										Date & rating in FY2020
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) *	Date & rating in FY2024			Date & rating in FY2023			Date & rating in FY2021					
					Nov 20, 2023	Aug 09, 2023	Apr 06, 2023	Aug 04, 2022	Apr 07, 2022	Feb 23, 2021	Sep 15, 2020	Aug 07, 2020	Jul 20, 2020	Jul 07, 2020	April 07, 2020	
1	Cash Credit	Long term	28.00	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB - (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	-	[ICRA]BBB+ (Stable)
2	Term Loans	Long term	28.13	28.13	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB - (Stable)	[ICRA]BBB- (Negative)	[ICRA]BBB (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	[ICRA]BBB+ (Negative)	-	[ICRA]BBB+ (Stable)
3	LC/BG#	Short term	15.00	-	[ICRA]A2	[ICRA]A2	[ICRA]A3+	[ICRA]A3+	[ICRA]A3	[ICRA]A3	[ICRA]A3+	[ICRA]A2	[ICRA]A2	[ICRA]A2	-	[ICRA]A2+
4	Unallocated	Long term	35.19	-	[ICRA]BBB+ (Stable)	[ICRA]BBB+ (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB - (Stable)	-	-	-	-	-	-	-
5	Issuer Rating	Long term	-	-				-	-	-	-	-	-	-	[ICRA]BBB+ (Stable) Withdrawn	[ICRA]BBB+ (Stable) Notice of Withdrawal

Source: Company, #Letter of credit/Bank guarantee, \*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
Short Term – Non fund based	Very Simple
Long 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	-	-	-	28.00	[ICRA]BBB+ (Stable)
NA	Term Loans	April 2017	-	March 2026	28.13	[ICRA]BBB+(Stable)
NA	LC/BG	-	-	-	15.00	[ICRA]A2
NA	Unallocated	-	-	-	35.19	[ICRA]BBB+ (Stable)

Source: Company

#### 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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