

May 19, 2026

Som Distilleries & Breweries Odisha Private Limited: Ratings downgraded; continue to be on Watch with Negative Implications

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based – Term loan	17.63	17.63	[ICRA]BBB Rating watch with negative implications; downgraded from [ICRA]BBB+ and continue on Rating watch with negative implications
Long-term Fund-based – Cash credit	20.00	20.00	[ICRA]BBB Rating watch with negative implications; downgraded from [ICRA]BBB+ and continue on Rating watch with negative implications
Short Term – Interchangeable* - Others	(5.00)	(5.00)	[ICRA]A3+ Rating watch with negative implications; downgraded from [ICRA]A2 and continue on Rating watch with negative implications
Long Term/ Short Term – Unallocated	12.37	12.37	[ICRA]BBB/[ICRA]A3+ Rating watch with negative implications; downgraded from [ICRA]BBB+/[ICRA]A2 and continue on Rating watch with negative implications
Total	50.00	50.00	

*Instrument details are provided in Annexure II; *with cash credit limit sanctioned by Punjab National Bank

Rationale

ICRA has taken a consolidated view of Som Distilleries & Breweries Limited (SDBL) and its subsidiaries, Woodpecker Distilleries & Breweries Private Limited (WDBPL) and Som Distilleries & Breweries Odisha Private Limited (SDBOPL), together referred to as the company (or the Som Group) for the rating action. The entities have strong financial and operational linkages as they sell products under the same brands, have cash flow fungibility and share a common management.

ICRA had earlier placed the ratings of WDBPL and SDBOPL on Watch with Negative Implications in February 2026, following the suspension of the manufacturing unit license of SDBL's production facility in Raisen, Madhya Pradesh by the State Excise Department in connection with an old legal case, which led to production halt at that unit.

The manufacturing operations at SDBL remain suspended, which has extended the period of cash flow disruption, prompting the ratings downgrade. Nevertheless, production at the units of the two subsidiaries, viz., WDBPL and SDBOPL, remains unaffected, partially supporting the consolidated cash flows.

SDBL is primarily engaged in the manufacture and sale of beer, demand for which is seasonal, with consumption peaking during the summer months. SDBL accounts for 55-65% of the Group's consolidated revenues and operating profits, indicating its material contribution to the consolidated cash flows. While the two subsidiaries continue operations and partially offset the impact, the overall business stability remains sensitive to the timely renewal of SDBL's manufacturing license. The Som Group's reliance on working capital borrowings has increased considerably in recent quarters, given the high working capital intensity of the business and the funding of sizeable ongoing capex for setting up a beer manufacturing facility in Uttar Pradesh (under subsidiary Woodpecker Greenagri Nutrients Private Limited), primarily through internal accruals. This, coupled with

moderation in earnings, is expected to exert pressure on the debt protection metrics over the near term, leading to a ratings downgrade.

The ratings remain constrained by the intensely competitive and highly regulated alcohol beverages (alcobev) industry. The Group is also exposed to geographical concentration risks, with 80-85% of revenue derived from three states, Madhya Pradesh (MP), Odisha and Karnataka. However, its established brand presence and healthy market share in these states provide rating comfort. The ratings also factor in the vulnerability of the company's margins to volatility in raw material prices, including barley, glass and aluminium cans. The ongoing West Asia crisis has led to a firming up of prices for some of these key materials, which is likely to have some impact on the Som Group's operating margins in the current fiscal.

ICRA understands that the Honorable High Court of Madhya Pradesh, through its judgement in April 2026, has allowed SDBL to apply for a fresh license for FY2027 for its manufacturing facility. The continuation of the watch with negative implications on the rating factors in the uncertainty surrounding the resumption of operations, as a material delay in license renewal can further weaken the Som Group's credit profile.

The ratings draw comfort from the Som Group's established business position and the extensive experience of its promoters in the Indian alcobev industry, primarily in the beer and Indian-made foreign liquor (IMFL) categories. Business operations have been supported by its well-established brand presence across both categories in its key operating markets. Over the years, SDBL has witnessed strong growth in revenues and net profits, reflected in its compounded annual growth rate (CAGR) of 26% and 47%, respectively, over FY2021-FY2025, backed by an established and expanding brand presence, a diversified product portfolio, and healthy industry demand.

Key rating drivers and their description

Credit strengths

Long operational track record and extensive experience of promoters in the alcobev industry – Som Group has maintained a long operational track record¹ in operating as a key player in the alcobev industry since the mid-1980s. The company is promoted by the Bhopal-based Arora family, which has extensive experience of more than three decades in the industry. SDBL manufactures and sells beer and IMFL, while its subsidiary WDBPL runs a brewery and bottling unit for IMFL and addresses the markets of South India through its established manufacturing unit in Hassan (Karnataka), having commenced production in July 2019. Further, its other subsidiary, SDBOPL, has a manufacturing capacity for beer and commenced commercial production in March 2019 to cater to the eastern market.

Well-established brand presence in key markets – The Group enjoys a well-established brand presence in its key markets of MP, where it holds a leading position, along with a growing footprint in Odisha and Karnataka, supported by its diversified product portfolio across beer, rum, whisky, vodka, and brandy. With 90% of the top line being derived from the beer segment, the company has key millionaire brands (sales volume >1 million cases per annum), such as Hunter, Black Fort, and Power Cool, primarily sold in MP and Chhattisgarh, while Woodpecker is its established brand in Karnataka. In the IMFL segment, SDBL has key brands across whisky – Milestone, Bhimbetka, Pentagon, and Legend; vodka – White Fox and Milestone; rum – Black Fort XXX and Pentagon; and brandy – Milestone and Legend. The Group's portfolio of brands has achieved meaningful acceptance in price-sensitive markets, supported by consistent product quality and distribution reach. The Group's ability to introduce new products and expand brand penetration, particularly in southern markets through subsidiaries, provides incremental growth avenues, and the same shall remain a key monitorable over the medium term.

Growth in revenue and profitability in subsidiaries – The Group has demonstrated healthy growth in revenues and earnings across its subsidiaries over the years, partially offsetting challenges faced by the parent entity. Entities such as WDBPL and SDBOPL have maintained stable operations and contributed to revenue diversification. The improving scale and operational

¹ The Group has another promoter-owned company, Som Distilleries Private Limited (SDPL), which manufactures ENA, IMFL and IMIL.

efficiency of these subsidiaries, along with new product launches and market expansion, have supported consolidated performance, especially during periods of disruption at the parent company level.

Credit challenges

Vulnerability to changes in raw material prices – The Group’s profitability remains vulnerable to changes in raw material prices, particularly key inputs such as barley and packaging materials. Given the regulated nature of the industry, with limited flexibility to pass on cost increases to consumers, any adverse movement in input costs can directly impact operating margins, especially during periods of high inflation or supply chain disruptions. Further, the ongoing West Asia crisis has led to a firming up of prices for some key materials, such as glass and aluminium cans, which is likely to have some impact on the Som Group’s operating margins in the current fiscal. This, along with the suspension of operations during the peak demand season, shall result in the loss of high-margin sales, along with sub-optimal utilisation of installed capacities, leading to weak absorption of fixed costs and thereby keeping the margins moderate. While the subsidiaries’ performance provides some cushion to absorb fixed overheads, their ability to consistently support the Group would depend on the scale and stability of their operations. In the event of any prolonged disruption at the parent level or weaker-than-expected performance of subsidiaries, the adequacy of cash flows to cover fixed costs could come under pressure, thereby necessitating increased reliance on external funding.

Moderation of the financial risk profile due to extended plant closure- The financial risk profile has moderated due to the extended plant closure at key manufacturing facilities in Madhya Pradesh. The suspension of operations has resulted in a loss of revenue during peak demand periods and lower absorption of fixed costs, thereby impacting profitability and cash flows. Continued uncertainty regarding the timing of license renewal could further pressure earnings and debt coverage metrics over the near term.

Working capital intensive nature of operations – The business is inherently working capital intensive, driven by relatively high inventory holding requirements of 60-70 days and a receivable cycle of 25-30 days from state agencies. While the company benefits from creditor support owing to longstanding relationships with suppliers, the Group’s reliance on working capital limits has increased in the recent period following the plant shutdown, reflecting pressure on internal cash flow generation. In the event of any further delay in license renewal and sustained shutdown of operations, the dependence on external funding and working capital borrowings is likely to increase further due to the absence of operating cash flows and continued funding requirements for fixed costs, thereby exerting additional pressure on liquidity and the overall financial risk profile.

Exposed to geographical concentration risk – The company derives 80-85% of its total sales volume from its key states of MP, Karnataka, and Odisha. Hence, it is exposed to high geographical concentration risk. In recent years, MP contributed 40-45% of total sales, followed by Karnataka (30-35%) and Odisha (15-20%). Although any adverse regulatory changes, licensing issues, or demand fluctuations in these key markets can materially impact the Group’s overall revenues and profitability, its established brand presence and healthy market share in these regions provide comfort. The ongoing capex towards the Uttar Pradesh plant is expected to enhance geographical diversification and reduce dependence on existing core markets once operations scale up.

Intense competition in highly regulated alcohol industry – The alcobev industry is intensely competitive due to the presence of numerous small players. The industry is also 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 may impact the alcobev industry and, subsequently, the company.

Liquidity position: Adequate

SDBL's consolidated liquidity remains adequate so far on account of healthy annual cash flow generation from business worth Rs. 60-80 crore, notwithstanding the production disruption. While the utilisation of the cash credit limits has remained high, SDBL also maintains Rs. 10-15 crore of free cash at any point in time. The company has scheduled sizeable capex over the next two fiscals for its Uttar Pradesh facility. Moreover, it has debt repayment liabilities of Rs. 25-50 crore per annum (including those for fresh debt to be availed for ongoing capex) over the next two fiscals, which can be adequately funded through healthy cash flow generation.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings in the event of timely resumption of manufacturing operations, reduction in regulatory uncertainty, and restoration of business stability, leading to a sustained improvement in revenues, profitability, and liquidity position.

Negative factors – ICRA could downgrade the ratings in the event of a prolonged delay in the resumption of manufacturing operations, leading to a further weakening of the company's financial risk profile. In terms of specific credit metrics, a DSCR being sustainably below 1.5 times would be a negative rating trigger.

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, whereby ICRA has taken a consolidated view of SDBL and its subsidiaries, WDBPL and SDBOPL

About the company

SDBL, incorporated in 1993, is involved in the brewing, fermenting, bottling, canning, and blending of beer and IMFL. SDBL is the flagship company of the Bhopal-based Som Group, which has two subsidiaries: WDBPL – owned 78.87% by SDBL and based in Hassan, Karnataka; and SDBOPL – owned 100% by SDBL and based in Cuttack, Odisha. On a consolidated basis, the company has a production capacity of 38.2 million cases per annum (mcpa) of beer and 3.9 mcpa of IMFL. The Group's key established brands are Hunter, Power Cool, Black Fort and Woodpecker in the beer segment, and Legend, Milestone, Pentagon, Bhimbetka, and White Fox in the IMFL segment. The company's shares have been listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) since September 1994.

Key financial indicators (audited):

SDBL – Consolidated	FY2024	FY2025	9M FY2026*
Operating income	1,282.7	1,446.6	1,048.5
PAT	86.5	104.5	67.0
OPBDIT/OI	11.8%	12.6%	12.4%
PAT/OI	6.7%	7.2%	6.4%
Total outside liabilities/Tangible net worth (times)	1.0x	0.7x	-
Total debt/OPBDIT (times)	1.3x	0.9x	-
Interest coverage (times)	12.7x	16.4x	-

Source: Company, ICRA Research; * Results; All ratios as per ICRA's calculations; Amount in Rs. crore; 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 ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		
			May 19, 2026	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	20.00	[ICRA]BBB; Rating Watch with Negative Implications	Jan 28, 2026	[ICRA]BBB+ (Stable)	Jun 25, 2024	[ICRA]BBB+ (Stable)	06-Apr-2023	[ICRA]BBB (Stable)
				Feb 16, 2026	[ICRA]BBB+; Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB+ (Stable)	09-Aug-2023	[ICRA]BBB+ (Stable)
						Mar 11, 2025	[ICRA]BBB+ (Stable)	20-Nov-2023	[ICRA]BBB+ (Stable)
Term loans	Long term	17.63	[ICRA]BBB; Rating Watch with Negative Implications	Jan 28, 2026	[ICRA]BBB+ (Stable)	Jun 25, 2024	[ICRA]BBB+ (Stable)	06-Apr-2023	[ICRA]BBB (Stable)
				Feb 16, 2026	[ICRA]BBB+; Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB+ (Stable)	09-Aug-2023	[ICRA]BBB+ (Stable)
						Mar 11, 2025	[ICRA]BBB+ (Stable)	20-Nov-2023	[ICRA]BBB+ (Stable)
Interchangeable*	Short Term	(5.00)	[ICRA]A3+; Rating Watch with Negative Implications	Jan 28, 2026	[ICRA]A2	Oct 18, 2024	[ICRA]A2	-	-
				Feb 16, 2026	[ICRA]A2; Rating Watch with Negative Implications	Mar 11, 2025	[ICRA]A2		
Unallocated	Long term/ Short term	12.37	[ICRA]BBB Rating Watch with Negative Implications /[ICRA]A3+; Rating Watch with Negative Implications	Jan 28, 2026	[ICRA]BBB+ (Stable)/ [ICRA]A2	Jun 25, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	06-Apr-2023	[ICRA]BBB (Stable)

		[ICRA]BBB+; Rating Watch with Negative Implications / [ICRA]A2; Rating Watch with Negative Implications	Feb 16, 2026	Oct 18, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	09- Aug- 2023	[ICRA]BBB+ (Stable)
				Mar 11, 2025	[ICRA]BBB+ (Stable)/ [ICRA]A2	20- Nov- 2023	[ICRA]BBB+ (Stable)

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI

6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI’s grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 – Interchangeable - Other	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 II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	20.00	[ICRA]BBB; Rating Watch with negative implications
NA	Term Loans	FY2020-2022	8.5-9%	March 2027	17.63	[ICRA]BBB; Rating Watch with negative implications
NA	Interchangeable*				(5.00)	[ICRA]A3+; Rating Watch with negative implications
NA	Unallocated	-	-	-	12.37	[ICRA]BBB; Rating Watch with negative implications / [ICRA]A3+; Rating watch with negative implications

Source: Company; * with cash credit limit sanctioned by Punjab National Bank

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Som Distilleries & Breweries Limited	NA*	Full consolidation
Woodpecker Distilleries & Breweries Private Limited	78.87%	Full consolidation
Som Distilleries & Breweries Odisha Private Limited	100.00%	Full consolidation
Woodpecker Greenagri Nutrients Private Limited	100.00%	Full Consolidation

Source: Company, *parent company

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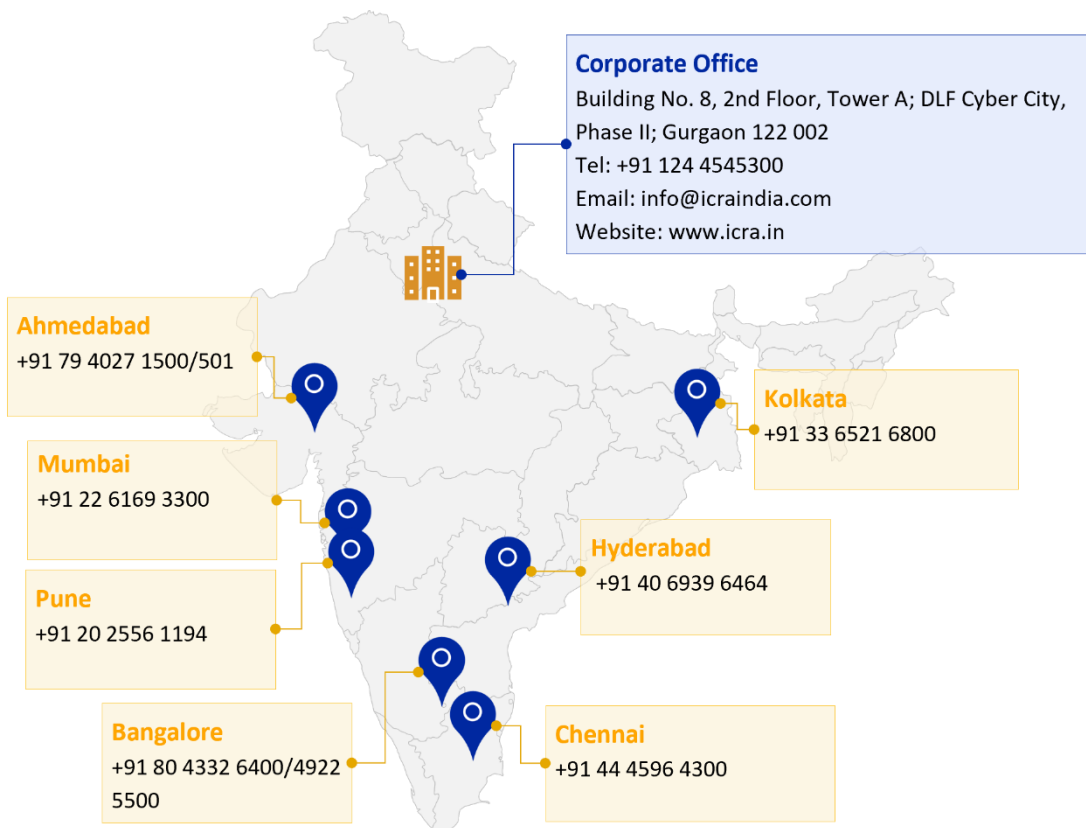
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