



SNJ Breweries Private Limited

Instruments	Amounts (Rs.crore [*])	Rating action
Long-term – Term loan facilities	45.00	[ICRA]BBB- (Stable), assigned
Long-term – Fund based facilities	35.00	[ICRA]BBB- (Stable), assigned

ICRA has assigned the long-term rating of [ICRA]BBB- (pronounced ICRA triple B minus) to the Rs.45.00 crore term loan facilities and the Rs.35.00 crore fund based facilities of SNJ Breweries Private Limited (“SBPL” / “the Company”)[†] The outlook on the long-term rating is stable.

The assigned rating considers the financial profile of the Company characterised by healthy profit margins, and profitability. The capital structure and coverage indicators of the Company are also at comfortable levels post adjusting for the interest free unsecured loans from the promoters. The rating also draws comfort from the robust growth rate of the Tamil Nadu (TN) liquor industry in the past decade and the Company’s established presence in the market with a market share of 18.5% where only six other licensed beer manufacturers are present in the state. The rating also derives comfort from the expected improvement in margins owing to the recent price hike by Tamil Nadu State Marketing Corporation (TASMAC) across all beer categories and price point segments. The Company is also one of the two TN based players to have a canning capacity installed; recent approval for production of canned beer and exports offer entry to markets outside TN.

The rating is however constrained by the inherent regulatory risk in the TN liquor industry with TASMAC controlling the entire supply chain from indent placement, production, marketing, pricing and distribution, thus exposing the Company’s profits to volatility in price movements of key raw materials. Going forward, while realization is entirely dependent on the procurement price of TASMAC, the volume growth is dependent on the market acceptance of the Company’s brands to secure steady order volumes from TASMAC.

Company Profile

SNJ Breweries Private Limited (“SBPL” / “the Company”) was incorporated in 2009 by Mr. N Jayamurugan and his wife Mrs. J Geetha. The Company is engaged in the manufacture of Beer in Tamil Nadu. The Company with a bottling capacity of 8.0 lakh cases and canning capacity of 2.0 lakh cases per month is among seven units licensed to manufacture Beer within Tamil Nadu. SBPL currently manufacture five brands, out of which four are owned by SBPL and the remaining for SABMiller’s (tie-up partner) Haywards 5000 brand.

The Company is part of the SNJ Group, which comprises of two other entities namely SNJ Distillers Private Limited (SDPL, rated [ICRA]BBB (Stable)) and SNJ Sugar & Products Limited in which SDPL and SBPL jointly own 29.1% stake, while the remaining is held by Mr. N Jayamurugan and Mrs. J Geetha.

Recent Results

During 2014-15 (provisional and unaudited), SBPL’s profit after tax (PAT) stood at Rs.9.5 crore on an operating income of Rs.151.9 crore. During 2013-14, the Company reported a PAT of Rs.2.1 crore on an operating income of Rs.109.7 crore.

July 2015

^{*} 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA’s website (www.icra.in) or other ICRA Rating Publications.



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