

June 30, 2026

Som Distilleries Private Limited: Ratings downgraded; removed from Rating Watch with Negative Implications and Negative outlook assigned

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	23.96	23.96	[ICRA]BB (Negative); downgraded from [ICRA]BB+ and removed from Rating Watch with Negative Implications and Negative outlook assigned
Long-term – Fund-based – Cash credit	42.50	42.50	[ICRA]BB (Negative); downgraded from [ICRA]BB+ and removed from Rating Watch with Negative Implications and Negative outlook assigned
Short-term – Non-fund based	23.50	23.50	[ICRA]A4; downgraded from [ICRA]A4+ and removed from Rating Watch with Negative Implications
Long-term – Unallocated	26.42	26.42	[ICRA]BB (Negative); downgraded from [ICRA]BB+ and removed from Rating Watch with Negative Implications and Negative outlook assigned
Total	116.38	116.38	

*Instrument details are provided in Annexure II

Rationale

The rating action factors in the expected weakening in Som Distilleries Private Limited's (SDPL) credit profile following the rejection of the manufacturing licence renewal for FY2027 by the Excise Department for its Raisen (Madhya Pradesh; MP) plant. The company primarily manufactures and sells country liquor (CL) and Indian-made foreign liquor (IMFL), for which demand is seasonal, with consumption peaking from Q3 of any fiscal. In case the plant remains non-operational for an extended period, SDPL could report operating losses owing to low cost efficiencies. The development is also likely to exert pressure on the company's liquidity position, particularly as its working capital facilities are fully utilised. However, as indicated by the management, SDPL intends to recall loans extended to group entities worth Rs. 44 crore as on March 31, 2026, as and when required. Further, ICRA also understands from the management of the company that it has been permitted to liquidate inventory worth about Rs. 14 crore till now and shall be liquidating the balance inventory worth Rs. 40 crore in the near term.

The ratings also remain constrained by the intensely competitive and highly regulated alcoholic beverages (alcobev) industry. The company is also exposed to geographical concentration risks, with 60-70% of its revenues being derived solely from MP. The ratings further factor in the vulnerability of the company's margins to volatility in raw material prices, which include rice, maize and glass. The ongoing West Asia crisis has led to the firming up of prices for some of these key materials, which is likely to have some impact on SDPL's operating margins in the current fiscal.

The removal of the rating watch and assignment of a Negative outlook reflect the risk of further pressure on SDPL's credit profile if the impact of the licence rejection persists for an extended period. The implications of this development for the company's banking arrangements will also remain a key monitorable.

The ratings, however, draw comfort from SDPL's established business position and the extensive experience of its promoters in the Indian alcohol industry, primarily in the CL and IMFL categories. Business operations have been supported by its well-established brand presence across both categories in key markets such as MP, Karnataka and Delhi. Over the years, SDPL has witnessed strong growth momentum in revenues and net profits, backed by its established and growing brand presence, diversified product portfolio and healthy industry demand.

ICRA also notes that the company has deferred its planned capital expenditure for a malt manufacturing plant at its MP facility until there is greater clarity on the licence renewal. This is expected to moderate the near-term funding requirements and provide some support to liquidity. The company's debt obligations are estimated at Rs. 4-5 crore in FY2027 and FY2028. Consequently, timely funding support from the promoters shall remain a key monitorable.

A timely resolution of the license renewal, supporting an improvement in scale and earnings, would be critical for a revision in the outlook. Conversely, any sustained deterioration in operating performance or financial metrics could exert downward pressure on the ratings.

Key rating drivers and their description

Credit strengths

Established operational track record and extensive experience of the promoters in the alcohol industry – The company benefits from an established operational track record and the extensive experience of its promoters in the alcohol industry, with operations spanning over three decades. The company is promoted by the Bhopal-based Arora family. The promoters have demonstrated strong execution capabilities, enabling the company to scale up operations and sustain its presence across multiple product segments and geographies. This long-standing experience has also helped build stable relationships with regulators, suppliers and distribution networks, supporting operational continuity in a highly regulated environment.

Diversified presence in IMFL, IMIL and ENA – The business profile is supported by a diversified presence across the IMFL, Indian-made Indian liquor (IMIL) and extra neutral alcohol (ENA) segments, which provides revenue stability and reduces dependence on any single product category. While IMIL continues to account for a significant share of revenues (40-50% contribution), the increasing contribution from IMFL reflects the company's ability to align with evolving consumer preferences towards premium products. Accordingly, the revenue contribution from the IMFL segment rose to ~25% during 9M FY2026 (~14% in FY2025). Additionally, ENA sales provide an alternate revenue stream, supporting overall business resilience.

Favourable demand outlook for industry supports future growth prospects – The company's growth prospects are underpinned by a favourable demand outlook for the industry, supported by rising disposable incomes, a young demographic profile and increasing urbanisation. The ongoing trend of premiumisation, with consumers shifting from lower to higher-value products, is expected to benefit the company's product mix and realisations over the medium term, thereby supporting revenue growth and margin expansion.

Credit challenges

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 MP. The suspension of operations has resulted in the 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 licence renewal could further pressure earnings and debt coverage metrics in the near term. While liquidity remains supported by interest-free unsecured loans infused by the promoters, any prolonged disruption could weaken the adequacy of cash flows to cover fixed costs, thereby necessitating increased reliance on external funding.

Vulnerability to changes in raw material prices – The company's profitability remains vulnerable to changes in raw material prices, particularly key inputs such as rice, maize 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 elevated inflation or supply chain disruptions. Further, the ongoing West Asia crisis has led to firming up of prices for some of the key materials, which is likely to have some impact on the company's operating margins in the current fiscal. This, along with the suspension of operations shall result in loss of high-margin sales, along with suboptimal utilisation of installed capacities, resulting in weak absorption of fixed costs, thereby keeping the margins moderate.

Highly regulated alcohol industry and intensely competitive alcohol industry – The Indian alcohol industry is highly regulated by state governments, which control sales and distribution, making it susceptible to changes in Government policies. Any change in Government policies with respect to production, distribution, taxation, and state excise duty, or any material change in the duty structure, may impact the industry as well as the company. SDPL's ability to expand its presence for the CL segment, which is a higher-margin business, is dependent on successful bidding amid intense competition among the industry participants.

Liquidity position: Stretched

SDPL's liquidity position is Stretched due to the lack of current cash flow generation, given the halted operations, with almost full utilisation of working capital limits (~93% average for past 12 months ending in March 2026). The liquidity remains supported by unencumbered cash/bank balance of around Rs. 7 crore as of March 31, 2026, and promoter funding in the form of interest-free unsecured loans. The Group has deferred its planned capital expenditure for setting up a malt manufacturing plant until there is greater clarity on the licence renewal. This is expected to moderate the near-term funding requirements and provide some support to liquidity. SDPL's debt repayment obligations are estimated at Rs. 4-5 crore in FY2027 and FY2028. ICRA expects the promoter group to continue to provide funding support to the company in case of further material delay in resumption of operations.

Rating sensitivities

Positive factors – ICRA could revise the outlook to Stable in case of timely resumption of manufacturing operations at the plant, reducing regulatory uncertainty and restoring business stability.

Negative factors – ICRA could downgrade the ratings in case of prolonged delay in resumption of manufacturing operations, leading to weakening of the company's financial risk profile.

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 standalone financials of SDPL.

About the company

SDPL is the oldest company of the Bhopal-based Som Group, established in 1986 by Mr. J. K. Arora. The company manufactures and sells ENA, CL, IMIL and IMFL. It operates an integrated distillery for manufacturing alcohol and produces ENA mainly from broken rice and occasionally from molasses. It has a manufacturing plant at Village Sehatganj, Raisen Road, Distt Raisen, Madhya Pradesh. The company mainly caters to the mass segment, and CL/IMIL has been the major contributor to the company's revenues over the years, with an increased contribution from the IMFL segment in FY2026.

Key financial indicators (audited)

SDPL (standalone)	FY2024	FY2025	FY2026*
Operating income (OI)	466.0	462.7	467.9
PAT	6.6	7.6	7.8
OPBDIT/OI	4.8%	5.3%	6.4%
PAT/OI	1.4%	1.6%	1.7%
Total outside liabilities/Tangible net worth (times)	2.0x	1.5x	1.5x
Total debt/OPBDIT (times)	3.6x	3.4x	2.7x
External debt ^/OPBDIT (times)	1.8x	2.1x	1.8x
Interest coverage (times)	4.8x	6.4x	5.5x

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: Brickworks has kept the ratings under Issuer Not Cooperating category at BWR C/A4 via its press release dated April 10, 2025

Any other information: None

Rating history for past three years

		Current rating (FY2027)				Chronology of rating history for the past 3 years					
		FY2027				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	June 30, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	42.50	[ICRA]BB (Negative)	May 21, 2026	[ICRA]BB+ Rating Watch with Negative Implications	May 02, 2025	[ICRA]BBB- (Stable)	Jun 25, 2024	[ICRA]BBB- Rating Watch with Negative Implications	Aug 14, 2023	[ICRA]BBB- (Stable)
						Feb 16, 2026	[ICRA]BBB- Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB- (No Outlook) Rating Watch with Negative Implications	Nov 20, 2023	[ICRA]BBB- (Stable)
Fund-based – Term loan	Long term	23.96	[ICRA]BB (Negative)	May 21, 2026	[ICRA]BB+ Rating Watch with Negative Implications	May 02, 2025	[ICRA]BBB- (Stable)	Jun 25, 2024	[ICRA]BBB- Rating Watch with Negative Implications	Aug 14, 2023	[ICRA]BBB- (Stable)
						Feb 16, 2026	[ICRA]BBB- Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB- (No Outlook) Rating Watch with Negative Implications	Nov 20, 2023	[ICRA]BBB- (Stable)
Unallocated limits	Long term	26.42	[ICRA]BB (Negative)	May 21, 2026	[ICRA]BB+ Rating Watch with Negative Implications	May 02, 2025	[ICRA]BBB- (Stable)	Jun 25, 2024	[ICRA]BBB- Rating Watch with Negative Implications	Aug 14, 2023	[ICRA]BBB- (Stable)
						Feb 16, 2026	[ICRA]BBB- Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB- (No Outlook) Rating Watch with Negative Implications	Nov 20, 2023	[ICRA]BBB- (Stable)

			-	-	-	Feb 16, 2026	[ICRA]BBB- Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]BBB- (No Outlook) Rating Watch with Negative Implications	Nov 20, 2023	[ICRA]BBB- (Stable)
Non-fund based – Others	Short term	23.50	[ICRA]A4	May 21, 2026	[ICRA]A4+ Rating Watch with Negative Implications	May 02, 2025	[ICRA]A3	Jun 25, 2024	[ICRA]A3 Rating Watch with Negative Implications	Aug 14, 2023	[ICRA]A3
				-	-	Feb 16, 2026	[ICRA]A3 Rating Watch with Negative Implications	Oct 18, 2024	[ICRA]A3 Rating Watch with Negative Implications	Nov 20, 2023	[ICRA]A3

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 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 FSR 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 – Non-fund based	Simple
Long-term – Unallocated	Not applicable

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	-	-	-	42.50	[ICRA]BB (Negative)
NA	Term loans	April 2017	-	March 2027	23.96	[ICRA]BB (Negative)
NA	LC/BG	-	-	-	23.50	[ICRA]A4
NA	Unallocated	-	-	-	26.42	[ICRA]BB (Negative)

Source: Company

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

Annexure III: List of entities considered for consolidated analysis – Not applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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