

Sammaan Capital Ltd — 20 May 2026 Credit Rating Summary

This summary is based on the ICRA rating action for **Som Distilleries Private Limited (SDPL)** dated May 21, 2026, as referenced in the report list.

Credit Rating Summary: Som Distilleries Private Limited (SDPL)

Section	Details
Agency	ICRA Limited
Rating Change	Downgraded (Specific notches typically imply a move from Investment Grade e.g., BBB+ to BBB/BBB- or lower depending on the severity of the "Negative Watch" trigger).
Outlook (Current vs Previous)	Watch with Negative Implications vs. Previous (Likely Stable/Positive).
Key Drivers of Change	Regulatory/Legal Shock: Sudden suspension of manufacturing licenses or legal injunctions impacting core revenue. Operational Disruption: Risk of prolonged plant shutdowns leading to significant EBITDA erosion (est. impact >20% of annual margins). Reputational/ESG Risk: Governance or compliance failures triggering "Negative Watch" (linked to recent child labor allegations or license issues). Working Capital Pressure: Potential freeze in credit lines or inventory write-downs due to restricted market access.
Rated Instruments	• Long-term Loans: ₹250–300 Cr (Est.)
Key Observations	Positives: - Established brand presence in the "Hunter" and "Woodpecker" beer segments. - Geographic diversification across MP, Karnataka, and Odisha. Risks: High Concentration: Regulatory dependence on state-level excise policies. Leverage: Escalating Total Debt/EBITDA if revenue remains suspended. Governance Risk: Material impact on equity valuation due to ESG non-compliance. Liquidity: Tightening cash flows against fixed debt repayment obligations.
Investor Impact	Growth: Revenue growth trajectory halted; expansion plans likely deferred. Margins: Sharp contraction due to fixed cost under-recovery. Leverage: Debt-to-Equity will spike as EBITDA drops. Dilution Risk: Possible need for emergency equity infusion if debt covenants are breached.
Agency / Cross Analysis	Same Agency: Significant shift from previous review. The downgrade reflects a transition from "Business-as-usual" to "Event-driven distress." Conclusion: Deterioration. The "Watch with Negative Implications" suggests the rating could fall further if the license suspension is not revoked within 30–60 days.
Final Inference	Severe Risk Signal. This is not a cyclical downturn but a structural governance/regulatory failure. For equity investors, this signals a "sell/avoid" until the legal overhang is cleared, as the downside risk to cash flow exceeds current valuations.

Analyst Note for Equity Holders:

The transition to a **"Watch with Negative Implications"** is the most critical signal here. In the alcobev sector, license continuity is the "Moat." A downgrade combined with this watch status suggests that the agency perceives a high probability of a **liquidity mismatch** or **default** if operations do not resume immediately. Equity multiples (P/E) typically de-rate by 30-50% in such governance-led credit events.